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## **PUBLICATION OF THE OFFERING CIRCULAR**

**HAFOO CO., LTD 哈富有限公司**

*(incorporated with limited liability in the British Virgin Islands)*

**U.S.\$300,000,000 2.00 PER CENT. GUARANTEED NOTES DUE 2024 (the “NOTES”)**  
**(Stock Code: 40952)**

**Unconditionally and Irrevocably Guaranteed by**



**EAST MONEY INFORMATION CO., LTD.**

**(東方財富信息股份有限公司)**

*(incorporated with limited liability in the People’s Republic of China)*

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”).

Please refer to the offering circular dated 24 November 2021 (the “**Offering Circular**”) appended herein in relation to the issuance of the Notes. As disclosed in the Offering Circular, the Notes were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) (“**Professional Investors**”) only and have been listed on the Hong Kong Stock Exchange on that basis.

**Notice to Hong Kong Investors:** Each of Hafoo Co., Ltd 哈富有限公司 (the “**Issuer**”) and East Money Information Co., Ltd. (東方財富信息股份有限公司) (the “**Guarantor**”) confirms that the Notes are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and the Guarantor, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

Hong Kong, 3 December 2021

*As at the date of this announcement, the sole director of Hafoo Co., Ltd 哈富有限公司 is Mr. KWONG Chi Kong Andy.*

*As at the date of this announcement, the directors of East Money Information Co., Ltd. (東方財富信息股份有限公司) are Mr. QI Shi, Mr. ZHENG Likun, Mr. CHEN Kai, Ms. HUANG Jianhai, Mr. CHEN Gui and Mr. XIA Lijun.*

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

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**Restrictions:** The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

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## OFFERING CIRCULAR

### HAFOO CO., LTD 哈富有限公司

(incorporated with limited liability in the British Virgin Islands)

U.S.\$300,000,000 2.00 PER CENT. GUARANTEED NOTES DUE 2024

unconditionally and irrevocably guaranteed by



### EAST MONEY INFORMATION CO., LTD.

(東方財富信息股份有限公司)

(incorporated in the People's Republic of China with limited liability)

ISSUE PRICE: 99.936 PER CENT.

The 2.00 per cent. guaranteed Notes due 2024 (the “Notes”) will be issued in the aggregate principal amount of U.S.\$300,000,000 by Hafoo Co., Ltd 哈富有限公司 (the “Issuer”) and are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes will be unconditionally and irrevocably guaranteed (the “Guarantee of the Notes”) by East Money Information Co., Ltd. (東方財富信息股份有限公司) (the “Guarantor” or the “Company”). The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The Notes will bear interest from 2 December 2021 at the rate of 2.00 per cent. per annum. Interest on the Notes is payable in arrear on 2 June and 2 December in each year (each, an “Interest Payment Date”), commencing on 2 June 2022.

The Notes will constitute senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law. The Guarantor will enter into a deed of guarantee in respect of the Notes (the “Deeds of Guarantee”) on or around 2 December 2021 (the “Issue Date”). The Guarantee of the Notes (as defined in the terms and conditions of the Notes (the “Terms and Conditions”)) will constitute senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Payments on the Notes will be made without withholding or deduction for taxes of the British Virgin Islands and PRC (as defined herein) to the extent described in “Terms and Conditions of the Notes — Taxation”.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on 2 December 2024 (the “Maturity Date”). The Notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of British Virgin Islands or the PRC. See “Terms and Conditions of the Notes — Redemption and Purchase — Redemption for tax reasons”. Furthermore, at any time following the occurrence of a Relevant Event (as defined in “Terms and Conditions of the Notes”), each Noteholder will have the right, at such Noteholder’s option, to require the Issuer to redeem all but not some only of such Noteholder’s Notes on the Put Settlement Date (as defined in “Terms and Conditions of the Notes”) at 101 per cent. of their principal amount (in the case of a Change of Control), or 100 per cent. of their principal amount (in the case of a Non-registration Event), together with accrued interest to (but not including) such Put Settlement Date. See “Terms and Conditions of the Notes — Redemption and Purchase — Redemption for a Relevant Event”.

The Guarantor undertakes to register or cause to be registered with the State Administration of Foreign Exchange or its local counterparts (the “SAFE”) the Deed of Guarantee within 15 PRC Business Days after the Issue Date in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014, which came into effect on 1 June 2014 (the “Cross-Border Security Registration”). The Guarantor shall complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline (as defined in “Terms and Conditions of the Notes”) and comply with all applicable PRC laws and regulations in relation to the Guarantee of the Notes.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) (the “NDRC Circular”) issued by the National Development and Reform Commission of the PRC (“NDRC”) on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Notes with NDRC and obtained a certificate from NDRC on 8 November 2021 evidencing such registration and which remains in full force and effect. The Guarantor intends to provide the requisite information on the issuance of the Notes to NDRC within the prescribed time period after the Issue Date.

Application will be made to The Stock Exchange of Hong Kong Limited (the “HKSE”) for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) (“Professional Investors”) only. This Offering Circular is for distribution to Professional Investors only.

The HKSE has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer or the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

You are advised to read and understand the contents of this Offering Circular before investing. If in doubt, you should consult your advisor.

**Notice to Hong Kong investors:** The Issuer and Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer and Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investor should carefully consider the risks involved.

**Singapore Securities and Futures Act Product Classification** — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Investing in the Notes involves certain risks. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See “Risk Factors” beginning on page 17 for a description of certain factors to be considered in connection with an investment in the Notes.

The Notes and the Guarantee of the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in compliance with Regulation S under the Securities Act (“Regulation S”). For a description of these and certain restrictions on offers and sales of the Notes, the Guarantee of the Notes and the distribution of this Offering Circular, see “Subscription and Sale”.

The Notes will be represented by beneficial interests in a global note certificate (the “Global Note Certificate”) in registered form, which will be registered in the name of a nominee of, and deposited on or about 2 December 2021 (the “Issue Date”) with, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

The Notes are expected to be rated “BBB-” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). Such rating of the Notes does not constitute a recommendation by S&P to buy, sell or hold the Notes and may be subject to suspension, reduction, revision or withdrawal at any time by S&P. Such rating should be evaluated independently of any other rating of the Issuer or the Guarantor or of the other securities of the Issuer or the Guarantor. The Guarantor is rated “BBB-” by S&P.

#### Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

ICBC International

ICBC (Macau)

Bank of China

Shanghai Pudong Development Bank  
Hong Kong Branch

CMB International

HSBC

BofA Securities

Nomura

#### Joint Lead Managers and Joint Bookrunners

Industrial Bank Co., Ltd.  
Hong Kong Branch

BOSC International

China Minsheng Banking Corp., Ltd.,  
Hong Kong Branch

China CITIC Bank International

Guotai Junan International

CMB Wing Lung Bank Limited

SPDB International

BOCOM International

Bank of Communications

China Everbright Bank  
Hong Kong Branch

Standard Chartered Bank

Offering Circular dated 24 November 2021



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## IMPORTANT NOTICE

Each of the Issuer and the Guarantor, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that to the best of its knowledge and belief that (i) this Offering Circular (including any amendments and supplements thereto) contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries taken as a whole (the Issuer, the Guarantor and their respective subsidiaries together, the “**Group**”), the Notes, the Guarantee of the Notes which is material in the context of the issue, offering, sale, marketing or distribution of the Notes and the giving of the Guarantee of the Notes (including all information which is required by all applicable laws or, according to the particular nature of the Issuer, the Guarantor, the Group, the Notes and the Guarantee of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group, and of the rights attaching to the Notes and the Guarantee of the Notes), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) the statements of fact contained in this Offering Circular are in every material respect true and accurate and not misleading and there are no other material facts in relation to the Issuer, the Guarantor, the Group, the Notes and the Guarantee of the Notes, the omission of which would in the context of the issue, offering, sale, marketing or distribution of the Notes make any statement in this Offering Circular misleading, (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances known to the Issuer, the Guarantor and the Group and based on reasonable assumptions, (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements, and (vi) all statistical, industry and market related data and forward-looking statements included in this Offering Circular are derived from sources which are accurate and reliable.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, ICBC International Securities Limited, Industrial and Commercial Bank of China (Macau) Limited, Bank of China Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, CMB International Capital Limited, The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Asia Pacific) Limited, Nomura International (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, BOSCO International Company Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China CITIC Bank International Limited, Guotai Junan Securities (Hong Kong) Limited, CMB Wing Lung Bank Limited, SPDB International Capital Limited, BOCOM International Securities Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Everbright Bank Co., Ltd., Hong Kong Branch and Standard Chartered Bank (each, a “**Joint Lead Manager**” and together, the “**Joint Lead Managers**”), the Trustee and the Agents (as defined in “*Terms and Conditions of the Notes*”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering

Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

No person has been or is authorised in connection with the issue, offer, sale, marketing or distribution of the Notes to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Notes or the Guarantee of the Notes, other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group, or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer, the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes offered by this Offering Circular is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes or the Guarantee of the Notes, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents or advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantor, the Group and the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, employees, agents or advisers.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the Group.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS ACTING IN ITS CAPACITY AS THE STABILISATION MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE “STABILISATION MANAGER”) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

Listing of the Notes on the HKSE is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group, the Notes or the Guarantee of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group and the terms of the offering of the Notes, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes. The Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents or advisers are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

**Singapore Securities and Futures Act Product Classification** — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes this information to be reliable, such information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to an investment in the Notes. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.



## PRESENTATION OF FINANCIAL INFORMATION

The Offering Circular contains the audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020. The audited consolidated financial information of the Guarantor as at and for the year ended 31 December 2018 is derived from the audited consolidated financial statements of the Guarantor as of and for the year ended 31 December 2019 (the “**2019 Audited Financial Statements**”). The audited consolidated financial information of the Guarantor as at and for the year ended 31 December 2019 and 2020 is derived from its audited consolidated financial statements of the Guarantor as of and for the year ended 31 December 2020 (the “**2020 Audited Financial Statements**”, together with the 2019 Audited Financial Statements, the “**Audited Financial Statements**”). The Audited Financial Statements have been prepared in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”) and have been audited by BDO CHINA Shu Lun Pan Certified Public Accountants LLP (“**BDO China**”).

The Guarantor’s interim consolidated financial information as at and for the six months ended 30 June 2021 contained in this Offering Circular are derived from the Guarantor’s interim consolidated financial statement for the six months ended 30 June 2021 included elsewhere in this Offering Circular (which includes the comparative financial information for the six months ended 30 June 2020, the “**Interim Financial Statements**”). The Interim Financial Statements have been prepared in conformity with PRC GAAP and reviewed by Ernst & Young Hua Ming LLP (“**Ernst & Young**”). The Interim Financial Statements have not been subject to an audit and consequently, should not be relied upon by investors to give the same quality of information associated with information that has been subject to an audit. In addition, the Interim Financial Statements should not be taken as an indication for the expected financial condition, results of operations and cash flows for the full financial year ending 31 December 2021.

The Audited Financial Statements and Interim Financial Statements (the “**Financial Statements**”) have been prepared in Chinese. English translations of the Financial Statements (the “**Financial Statements Translation**”) are included elsewhere in this Offering Circular for reference only. Should there be any inconsistency between the Financial Statements and the Financial Statements Translation, the Financial Statements shall prevail. These Financial Statements Translation do not themselves constitute audited or reviewed financial statements and are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in, the Financial Statements. None of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, officers, employees, directors, agents or advisers has independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. The original Chinese version of the Audited Financial Statements are available on the website of the Shenzhen Stock Exchange at [www.szse.cn](http://www.szse.cn). The original Chinese version of the Interim Financial Statements are included elsewhere in this Offering Circular.

The Group publishes its interim financial information from time to time. Such financial information published by the Group in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. As such, financial information published in the PRC by the Group should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information.

On 16 October 2021, the Group published its unaudited and unreviewed consolidated financial statements as at and for the nine months ended 30 September 2021 (which include, for comparison purposes, financial information for the nine months ended 30 September 2020 and as at 31 December 2020) (the “**2021 Third Quarter Financial Statements**”) in the PRC. The 2021 Third Quarter Financial Statements are not included in and do not form a part of this Offering Circular, except to the extent set out below under the subtitle “*Recent Development*”.

The 2021 Third Quarter Financial Statements have not been audited or reviewed by the independent auditors of the Group, or any other independent accountants, and may be subject to adjustments if audited

and reviewed. Therefore, such unaudited and unreviewed 2021 Third Quarter Financial Statements should not be relied upon by potential investors to provide the same quality of information as the information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The 2021 Third Quarter Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2021. See "*Risk Factors — Risks relating to the Group and its Business — The Guarantor published and may continue to publish periodical financial information pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

Unless otherwise stated, all financial information contained herein which is stated as relating to the Guarantor refers to the consolidated financial information of the Group.

PRC GAAP differs in certain material respects from the IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*".

## CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to “**Renminbi**”, “**CNY**” and “**RMB**” are to the lawful currency of the PRC, “**U.S. dollars**”, “**U.S.\$**” and “**USD**” are to the lawful currency of the United States of America (the “**United States**”), “**PRC**” and “**China**” are to the People’s Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, “**Hong Kong**” are to the Hong Kong Special Administrative Region of the PRC, and “**Macau**” are to the Macau Special Administrative Region of the PRC.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into U.S. dollars has been made at the rate of RMB6.4566 to U.S.\$1.00, the noon buying rate in effect on 30 June 2021 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the “**Federal Reserve Board**”). Further information on exchange rates is set forth in “**Exchange Rate Information**” in this Offering Circular. Investors should not construe these translations as representations that the Renminbi amounts have been, could have been or could actually be converted into any U.S. dollar.

Unless the context otherwise requires, references in this Offering Circular to the “**Terms and Conditions of the Notes**” are to the terms and conditions governing the Notes, as set out in “*Terms and Conditions of the Notes*”.

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Guarantor compiled on a consolidated basis.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates titles and the like are translations of their Chinese names and are included for identification purposes only.

In this Offering Circular, references to:

- “**CAGR**” are to compound annual growth rate;
- “**CSRC**” are to the China Securities Regulatory Commission;
- “**Eastmoney Fund Management**” are to Tibet Eastmoney Fund Management Co., Ltd. (西藏東財基金管理有限公司);
- “**Eastmoney Futures**” are to Shanghai Eastmoney Futures Co., Ltd. (上海東方財富期貨有限公司);
- “**Eastmoney Investment Advisory**” are to Shanghai Eastmoney Securities Investment Advisory Co., Ltd. (上海東方財富證券投資諮詢有限公司);
- “**Eastmoney Securities**” are to Eastmoney Securities Co., Ltd. (東方財富證券股份有限公司, formerly known as Tibet Tongxin Securities Co., Ltd. (西藏同信證券股份有限公司));

- the “**Group**” are to the Guarantor and its subsidiaries taken as a whole;
- the “**Guarantor**” or the “**Company**” are to East Money Information Co., Ltd. (東方財富信息股份有限公司);
- “**Hafoo Securities**” are to Hafoo Securities Limited (哈富證券有限公司, formerly known as BWC Securities Limited (香港寶華世紀證券有限公司) and Eastmoney International Securities Limited (東方財富國際證券有限公司));
- the “**Issuer**” are to Hafoo Co., Ltd 哈富有限公司;
- “**MOF**” are to the Ministry of Finance of the PRC;
- “**MOFCOM**” are to the Ministry of Commerce of the PRC;
- “**NDRC**” are to the National Development and Reform Commission of the PRC;
- “**PBOC**” are to the People’s Bank of China;
- “**SAFE**” are to the State Administration of Foreign Exchange of the PRC or its competent local counterpart;
- “**Shanghai Tiantian Fund**” are to Shanghai Tiantian Fund Distribution Co., Ltd (上海天天基金銷售有限公司);
- “**State Council**” are to the State Council of the PRC; and
- “**TMT**” are to telecommunications, media and technology.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “**forward-looking statements**”. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should”, “estimate” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group’s control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the risks inherent to the industries in which the Group operates;
- the business and operating strategies and the future business development of the Group;
- the general economic, political, social conditions and developments in the PRC and elsewhere;
- changes in competitive conditions and the Group’s ability to compete under these conditions, including the actions and developments of competitors;
- the Group’s operations and business prospects;
- the Group’s capital expenditures and development plans;
- the Group’s expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the availability and charges of bank loans and other forms of financing;
- the Group’s financial condition and results of operations;
- the Group’s dividend distribution plans;
- changes or volatility in currency exchange rates, interest rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC and the industries and markets in which the Group operates;
- changes in the laws, rules and regulations of the governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- macroeconomic policies of the PRC government; and
- other factors beyond the Group’s control.



Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect its management’s view only as at the date of this Offering Circular.

Neither the Issuer nor the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

## SUMMARY

### OVERVIEW

The Group is a leading integrated online wealth management service provider in China, and has been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code 300059.SZ since March 2010. Established in 2005 and headquartered in Shanghai, the Group has grown rapidly through multiple development phases and built a leading online wealth management service ecosystem in China with a massive user base and exceptional user stickiness.

Eastmoney.com (東方財富網) is the Group's core online platform, supplemented by other key online platforms such as Tiantian Fund (天天基金) and Guba (股吧). The Group is devoted to developing and improving its user-centric internet service ecosystem underpinned by unparalleled user traffic amid a massive online social community, vast amount of financial data, various application scenarios and corresponding financial licences.

The Group is well-positioned to serve a large and diverse user base with a wide spectrum of financial and financial-related services. The Group's primary business segments include securities business, online fund distribution business, financial data services and internet advertisement services.

- **Securities business.** The Group's securities business primarily includes securities and futures brokerage, margin financing and securities lending and other services, fund management, and certain other securities business. Leveraging on its unique internet-based ecosystem and its online and offline service network, the Group has achieved rapid growth in its securities business while maintaining a relatively low risk level.
- **Online fund distribution business.** As one of the first non-financial corporates in China to obtain a fund distribution licence, Shanghai Tiantian Fund distributes a wide array of fund products through its one-stop, self-service online and mobile service platform for fund products, Tiantian Fund. The Group has been a leading fund distributor in China since 2015 in terms of both the number of fund products distributed and the number of fund management company partners. As at 30 June 2021, the Group offered 10,863 fund products managed by 146 fund management companies.
- **Financial data services.** The Group provides financial information and market data to both retail and institutional customers through its website, desktop terminals and mobile applications. The Group's financial data services include information services and financial data terminals for both retail and institutional investors.
- **Internet advertisement services.** The Group provides internet advertisement services to corporate customers through various channels, including Eastmoney.com, one of the most visited financial information platforms in China, and the Group's other platforms such as Tiantian Fund and Guba, as well as the specialised channels and interactive communities under these platforms. Such advertisement may be placed through various forms, including web links, graphics and rich media.

Through its 16 years of operations, the Group has built a distinguished market position with a vast user base and strong brand recognition. Through organic growth and acquisitions, the Group has established a strong record of growth to stay competitive.

- The Group's core internet platform, Eastmoney.com, was launched as a website in 2004 followed by its mobile application in 2011. Over the years, Eastmoney.com has become one of the largest platforms for financial news and market data in China in terms of number of visits with exceptional user stickiness.
- Shanghai Tiantian Fund obtained a fund distribution licence from CSRC in 2012, being one of the first non-financial corporates in China to obtain such a licence.

- The Group acquired Hafoo Securities (formerly known as BWC Securities Limited (香港寶華世紀證券有限公司) and Eastmoney International Securities Limited (東方財富國際證券有限公司)) and Eastmoney Securities (formerly known as Tibet Tongxin Securities Co., Ltd. (西藏同信證券股份有限公司)) in 2015, thus becoming the only internet company with securities brokerage licences in both Hong Kong and mainland China.
- The Group established Eastmoney Fund Management in 2018. Eastmoney Fund Management obtained its fund management licence in 2019, and launched its first fund product within the same year.
- In April 2020, Hafoo Securities became a member of the London Stock Exchange and the Turquoise trading platform of the London Stock Exchange, marking the expansion of the Group's securities business to the London and European market.
- The Company was assigned a “BBB–” long-term international credit rating by S&P in June 2021.

With its fast development and strong performance, the Group has built a strong brand name on China's capital markets.

- In 2015, the Company became the first company listed on the ChiNext Market of the Shenzhen Stock Exchange with a market capitalisation exceeding RMB100 billion.
- The Company was the most actively traded company, in terms of trading volume of its shares, among all A-share listed companies in 2020, and among all companies listed on the ChiNext Market for six consecutive years from 2015 to 2020.
- The Company is highly recognised by both PRC and international investors. As of the end of October 2021, shareholding in the Company by northbound investors under Shenzhen-Hong Kong Stock Connect represented 8.4 per cent. of the Company's total public float, representing the strong recognition of the Group's value by international investors.
- As of the date of this Offering Circular, the Company has been included in the SZSE 100 Index, the CSI 300 Index and the FTSE/Xinhua A50 China Index.

The Group's high-quality products and services are widely recognised by the market, and have brought the Group a number of honours and awards. The Group was awarded “Best Securities Information Service Award (Information Provider)” in the Securities Information Service for the Year of 2019 (2019年度證券信息服務「最佳證券信息服務獎(信息商)」) by Shanghai Stock Exchange INFONET Co., Ltd. (上證所信息網絡有限公司) and Shenzhen Stock Exchange Information Co., Ltd. (深圳證券信息有限公司) in 2019, the “Derivatives Market Data Partner” (衍生產品市場數據合作夥伴) by Hong Kong Exchanges and Clearing Limited in 2019 and “2020 Hurun China Top 10 Fin-tech Companies” (2020胡潤中國10強金融科技企業) by Hurun China in 2020. For further details on the Group's awards and recognitions, please see “— Awards and Recognitions”.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's total operating revenue was RMB3,123.4 million, RMB4,231.7 million, RMB8,238.6 million, RMB3,338.0 million and RMB5,780.4 million, respectively, and the Group's profit for the year/period was RMB958.2 million, RMB1,831.3 million, RMB4,778.1 million, RMB1,808.8 million and RMB3,726.9 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's total assets were RMB39.8 billion, RMB61.8 billion, RMB110.3 billion and RMB160.1 billion, respectively.

## COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development:

- Well-positioned to capitalise the great growth potential of China's wealth management industry;
- Strong customer base and brand recognition;
- Market leading position with sustainable business growth;
- Strong capital position brought by excellent risk management capabilities;
- Sustainable growth and strong profitability through industry cycles; and
- A technology-driven pioneer with strong research and development capability.

## DEVELOPMENT STRATEGIES

With a vision of becoming an innovative fin-tech leader, it is the Group's mission to connect people with wealth and to create value for users. To accomplish such mission, the Group intends to implement the following development strategies:

- Continuing to improve the Group's overall service capabilities through strengthened technology empowerment;
- Further expanding service and product offerings and growing its key business segments;
- Leveraging on diversified funding sources to further accelerate its business growth; and
- Further strengthening risk management and corporate governance.

## RECENT DEVELOPMENT

On 16 October 2021, the Group published its unaudited and unreviewed consolidated financial statements as at and for the nine months ended 30 September 2021 (which include, for comparison purposes, financial information for the nine months ended 30 September 2020 and as at 31 December 2020) (the **"2021 Third Quarter Financial Statements"**) in the PRC.

For the nine months ended 30 September 2021, the Group's total operating revenue, operating profit and profit before tax increased significantly compared to the nine months ended 30 September 2020. The Group's total assets at 30 September 2021 increased significantly compared to 31 December 2020, with an increase in cash and cash equivalents at 30 September 2021 increased compared to 31 December 2020. At 30 September 2021, the total liabilities of the Group increased compared to 31 December 2020, primarily attributable to increases in accounts payable to brokerage customers and financial assets sold under repurchase agreements as a result of the continued growth of the Group's business, as well as an increase in bonds payable resulting from the Group's issuance of debt securities on the PRC market.

The 2021 Third Quarter Financial Statements have not been audited or reviewed by the independent auditors of the Group, or any other independent accountants, and may be subject to adjustments if audited and reviewed. Therefore, such unaudited and unreviewed 2021 Third Quarter Financial Statements should not be relied upon by potential investors to provide the same quality of information as the information that has been subject to an audit or review. The 2021 Third Quarter Financial Statements do not form a part of this Offering Circular, and should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2021. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

## THE OFFERING

The following summary contains some basic information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “*Terms and Conditions of the Notes*” shall have the same meanings in this summary. For a complete description of the terms of the Notes, see “*Terms and Conditions of the Notes*” in this Offering Circular.

<b>Issuer</b> . . . . .	Hafoo Co., Ltd 哈富有限公司 (Legal Entity Identifier (LEI): 655600K9JEGPTIKOAX56).
<b>Guarantor</b> . . . . .	East Money Information Co., Ltd. (東方財富信息股份有限公司).
<b>Notes</b> . . . . .	U.S.\$300,000,000 2.00 per cent. Notes due 2024.
<b>Guarantee of the Notes</b> . . . . .	Payment of all sums from time to time payable by the Issuer in respect of the Notes is irrevocably and unconditionally guaranteed by the Guarantor.
<b>Issue Price</b> . . . . .	99.936 per cent.
<b>Form and Denomination</b> . . . . .	The Notes will be issued in registered form in the denomination of U.S.\$200,000 each, and integral multiples of U.S.\$1,000 in excess thereof.
<b>Interest</b> . . . . .	The Notes will bear interest from 2 December 2021 at the rate of 2.00 per cent. per annum payable semi-annually in arrear on the Interest Payment Dates falling on 2 June and 2 December in each year, commencing on 2 June 2022.
<b>Issue Date</b> . . . . .	2 December 2021.
<b>Maturity Date</b> . . . . .	2 December 2024.
<b>Status of the Notes</b> . . . . .	The Notes constitute senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law.
<b>Status of the Guarantee of the Notes</b> . . . . .	The Guarantee of the Notes will constitute senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Guarantor which will at all times rank at least <i>pari passu</i> with all other present and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.



<b>Negative Pledge</b> . . . . .	The Notes will contain a negative pledge provision as further described in Condition 3(a) ( <i>Negative pledge</i> ) of the Terms and Conditions of the Notes.
<b>Issuer Activities</b> . . . . .	The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Notes and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Notes to the Guarantor or any of the Guarantor's Subsidiaries).
<b>Cross-Border Security Registration</b> . . . . .	<p>The Guarantor undertakes to register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local counterparts ("<b>SAFE</b>"), the Deed of Guarantee within 15 PRC Business Days after the Issue Date in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014, which came into effect on 1 June 2014 (the "<b>Cross-Border Security Registration</b>").</p> <p>The Guarantor shall complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Guarantee of the Notes.</p> <p>"<b>SAFE Registration Deadline</b>" means the day falling 90 PRC Business Days after the Issue Date.</p>
<b>NDRC Post-issue Filing</b> . . . . .	The Guarantor undertakes to file or cause to be filed with NDRC the requisite information and documents within the prescribed time period after the issue date of the Notes in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by NDRC and which came into effect on 14 September 2015, and any implementation rules or guidelines as issued by NDRC from time to time (the " <b>NDRC Post-issue Filing</b> ").
<b>Redemption at Maturity</b> . . . . .	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 2 December 2024.

**Taxation** . . . . . All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor by or within the PRC up to and including the rate applicable on 24 November 2021 (the “**Applicable Rate**”), the Issuer or (as the case may be) the Guarantor will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

In the event that the Issuer or the Guarantor is required to make (i) a withholding or deduction by or within the PRC in excess of the Applicable Rate, or (ii) any withholding or deduction by or within the British Virgin Islands, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

**Redemption for Tax Reasons** . . . The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

- (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2021; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

#### **Redemption for a Relevant Event**

At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount (in the case of a Change of Control), or 100 per cent. of their principal amount (in the case of a Non-registration Event), together with accrued interest to (but not including) such Put Settlement Date (as defined in Condition 5(c) (*Redemption for a Relevant Event*) of the Terms and Conditions of the Notes).

**"Affiliates"** means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person (ii) who is a director or officer of such Person or any Subsidiary of such Person or any Person referred to in clause (i) of this definition; or (iii) who is a legal spouse or direct family member of Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) or Mr. Shen Yougen (沈友根). For the purposes of this definition, **"control"** (including, with correlative meanings, the terms **"controlling"**, **"controlled by"** and **"under common control with"**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the discretion of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

a **"Change of Control"** occurs when:

- (i) the Permitted Holders in aggregate cease to, directly or indirectly, be the largest shareholder of the Guarantor;

- (ii) any Person or Persons, other than the Permitted Holders, acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;
- (iii) the Guarantor ceases to own and hold, directly or indirectly, 100 per cent. of the issued share capital of the Issuer; or
- (iv) the Guarantor consolidates with, merges into or sells or transfers all or substantially all of its assets to any Person or Persons, acting together, unless the consolidation, merger, sale or transfer would not result in the other Person or Persons acquiring majority control over the Guarantor or its successor entity;

“**Control**” means (i) the acquisition and control of more than 50 per cent. of the Voting Rights of the issued share capital of the Guarantor, (ii) the right to appoint and/or remove at least a majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the Guarantor;

a “**Non-Registration Event**” occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

“**Permitted Holders**” means:

- (i) Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) and Mr. Shen Yougen (沈友根);
- (ii) the estate or the legal representatives of any of the foregoing, and for the avoidance of doubt, includes any trust for which Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) or Mr. Shen Yougen (沈友根), their legal spouse or direct family member is a settlor or beneficiary; and
- (iii) any Affiliate of the Persons specified in clause (i) and (ii).

“**Registration Condition**” means (i) the completion of the Cross-Border Security Registration on or prior to the SAFE Registration Deadline and (ii) the receipt by the Trustee of the certificate and supporting documents (if any) and the publication of the notice to the Noteholders of the same in accordance with Condition 15 (*Notices*) within ten PRC Business Days after the completion of the Cross-Border Security Registration as set out in Condition 3(c) (*SAFE Filing*);

a “**Relevant Event**” means a Change of Control or a Non-Registration Event; and

“**Voting Rights**” means the right generally to vote at general meetings of the shareholders of the Guarantor.

<b>Events of Default</b> . . . . .	Upon the occurrence of certain events as described in Condition 8 ( <i>Events of Default</i> ) of the Terms and Conditions of the Notes, the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
<b>Cross-acceleration</b> . . . . .	The Notes will contain a cross-acceleration provision as further described in Condition 8(c) ( <i>Cross-acceleration</i> ) of the Terms and Conditions of the Notes.
<b>Clearing Systems</b> . . . . .	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.
<b>Common Code</b> . . . . .	240095181.
<b>ISIN</b> . . . . .	XS2400951815.
<b>Governing Law</b> . . . . .	English law.
<b>Trustee</b> . . . . .	The Bank of New York Mellon, London Branch.
<b>Principal Paying Agent</b> . . . . .	The Bank of New York Mellon, London Branch.
<b>Registrar</b> . . . . .	The Bank of New York Mellon SA/NV, Dublin Branch.
<b>Listing</b> . . . . .	Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 3 December 2021.
<b>Rating</b> . . . . .	The Notes are expected to be rated “BBB-” by S&P and the Guarantor has been rated “BBB-” by S&P. The security rating is not a recommendation to buy, sell or hold the Notes. Ratings are subject to revision or withdrawal at any time by the rating agencies.



**Use of Proceeds** . . . . . See “*Use of Proceeds*”.

**Further Issues** . . . . . The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing to perform and complete the NDRC Post-issue Filing and the Cross-Border Security Registration) so as to form a single series with the Notes, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions of the Notes.

**Selling Restrictions** . . . . . For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan, see “*Subscription and Sale*” below.

## SUMMARY FINANCIAL INFORMATION OF THE GROUP

*The consolidated financial information of the Group as at and for the year ended 31 December 2018 has been derived from the 2019 Audited Financial Statements and the consolidated financial information of the Guarantor as at and for the years ended 31 December 2019 and 2020 has been derived from the 2020 Audited Financial Statements. The consolidated income statement and cash flow statement data of the Group for the six months ended 30 June 2020 and 2021 and the consolidated balance sheet data as at 30 June 2021 have been derived from the Interim Financial Statements. The Audited Financial Statements have been audited by BDO China, and the Interim Financial Statements have been reviewed by Ernst & Young. See “Presentation of Financial Information”.*

*The Group’s Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. The Issuer and the Group have not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “Summary of Significant Differences Between PRC GAAP and IFRS”.*

*Starting 1 January 2019, the Group has adopted a number of accounting standards in accordance with the applicable regulations and accounting requirements, including, among others, Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 — Hedge Accounting and Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments. Starting 1 January 2020, the Group has adopted a new accounting standard with respect to revenue recognition, namely Accounting Standards for Business Enterprises No.14 — Revenue. Starting 1 January 2021, the Group has adopted a new accounting standard with respect to leasing, namely Accounting Standards for Business Enterprises No. 21 — Leases.*

*Upon the adoption of these new accounting standards, certain items on the consolidated balance sheet of the Guarantor were adjusted as at 1 January 2019, 2020 and 2021, respectively, and the Group is not required to make retrospective adjustments for the numbers reported as at 31 December 2018, 2019 and 2020. For further details, please see Note 3.28 to the 2019 Audited Financial Statements, Note 3.31 to the 2020 Audited Financial Statements and Note III.33 to the Interim Financial Statements.*

*The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Group’s Financial Statements and the notes thereto included elsewhere in this Offering Circular.*

## Summary Consolidated Balance Sheet Data

	As at 31 December				As at 30 June	
	2018	2019	2020		2021	
	(RMB)	(RMB)	(RMB)	(USD)	(RMB)	(USD)
				(unaudited)	(unaudited)	(unaudited)
				(in millions)		
<b>Current assets</b>						
Cash and bank balances . . . . .	11,334.3	25,011.3	41,420.5	6,415.2	54,592.4	8,455.3
Clearing settlement funds . . . . .	2,776.2	3,368.1	6,652.2	1,030.3	8,540.3	1,322.7
Margin accounts receivable . . . . .	8,186.3	15,939.1	30,072.4	4,657.6	40,429.0	6,261.7
Financial assets held for trading . . . . .	—	5,005.9	12,831.9	1,987.4	23,834.0	3,691.4
Financial assets measured at fair value through profit or loss . . . . .	5,562.8	—	—	—	—	—
Derivative financial assets . . . . .	0.5	0.1	—	—	62.8	9.7
Accounts receivable . . . . .	257.9	314.4	726.0	112.4	1,328.9	205.8
Prepayments . . . . .	64.1	86.0	107.0	16.6	150.8	23.4
Other receivables . . . . .	3,100.7	4,333.0	9,801.5	1,518.1	12,867.6	1,992.9
Refundable deposits . . . . .	586.9	1,069.6	2,070.5	320.7	3,466.0	536.8
Financial assets held under resale agreements . . . . .	1,508.9	967.0	895.0	138.6	950.5	147.2
Inventories . . . . .	145.7	—	—	—	—	—
Other current assets . . . . .	847.5	64.8	81.5	12.6	15.5	2.4
<b>Total current assets . . . . .</b>	<b>34,371.8</b>	<b>56,159.3</b>	<b>104,658.5</b>	<b>16,209.5</b>	<b>146,237.8</b>	<b>22,649.3</b>
<b>Non-current assets</b>						
Loans and advances . . . . .	14.8	12.8	37.1	5.8	4.9	0.8
Available-for-sale financial assets . . . . .	89.0	—	—	—	—	—
Other debt investment . . . . .	—	—	—	—	8,040.4	1,245.3
Long-term equity investments . . . . .	444.8	466.1	451.5	69.9	379.2	58.7
Other non-current financial assets . . . . .	—	119.1	123.9	19.2	204.9	31.7
Fixed assets . . . . .	1,716.4	1,558.3	1,763.9	273.2	1,735.4	268.8
Construction in progress . . . . .	9.9	22.9	36.3	5.6	48.7	7.5
Right-of-use assets . . . . .	—	—	—	—	153.0	23.7
Intangible assets . . . . .	77.3	180.3	174.3	27.0	165.0	25.6
Goodwill . . . . .	2,927.4	2,953.9	2,945.9	456.3	2,945.9	456.3
Long-term prepaid expenses . . . . .	90.2	75.2	55.7	8.6	47.2	7.3
Deferred tax assets . . . . .	69.3	71.4	81.5	12.6	101.2	15.7
Other non-current assets . . . . .	—	211.9	—	—	—	—
<b>Total non-current assets . . . . .</b>	<b>5,439.2</b>	<b>5,672.1</b>	<b>5,670.2</b>	<b>878.2</b>	<b>13,825.6</b>	<b>2,141.3</b>
<b>Total assets . . . . .</b>	<b>39,811.0</b>	<b>61,831.4</b>	<b>110,328.7</b>	<b>17,087.7</b>	<b>160,063.4</b>	<b>24,790.7</b>

	As at 31 December				As at 30 June	
	2018	2019	2020		2021	
	(RMB)	(RMB)	(RMB)	(USD)	(RMB)	(USD)
				(unaudited)	(unaudited)	(unaudited)
				(in millions)		
<b>Current liabilities</b>						
Short-term borrowings	213.1	402.5	2,940.2	455.4	6,722.4	1,041.2
Short-term financing bonds payable	1,917.0	4,186.8	8,402.2	1,301.3	9,200.6	1,425.0
Placements from other financial institutions	—	603.5	1,012.2	156.8	1,006.5	155.9
Financial liabilities held for trading	—	—	123.7	19.2	822.6	127.4
Derivative financial liabilities	—	—	0.4	0.1	46.2	7.2
Accounts payables	105.5	115.9	211.0	32.7	210.5	32.6
Receipts in advance	137.0	153.0	1.0	0.2	0.6	0.1
Contract liabilities	—	—	180.2	27.9	187.6	29.1
Financial assets sold under repurchase agreements	86.0	3,199.0	8,533.2	1,321.6	15,406.2	2,386.1
Accounts payable to brokerage customers	14,293.2	29,626.9	49,797.8	7,712.7	64,700.1	10,020.8
Employee benefits payable	245.4	276.1	347.1	53.8	181.2	28.1
Taxes and surcharges payable	35.0	77.5	336.3	52.1	530.3	82.1
Other payables	1,650.5	531.0	1,759.6	272.5	2,284.3	353.8
Non-current liabilities due within one year	606.4	204.7	2,239.4	346.8	3,013.2	466.7
Other current liabilities	—	0.1	4.2	0.6	3.8	0.6
<b>Total current liabilities</b>	<b>19,289.1</b>	<b>39,376.9</b>	<b>75,888.6</b>	<b>11,753.6</b>	<b>104,315.9</b>	<b>16,156.5</b>
<b>Non-current liabilities</b>						
Bonds payable	4,814.9	1,223.2	1,219.0	188.8	17,119.5	2,651.5
Lease liabilities	—	—	—	—	73.2	11.3
Deferred income	1.7	0.5	1.5	0.2	1.5	0.2
Deferred tax liabilities	10.1	18.3	23.2	3.6	64.6	10.0
Other non-current liabilities	—	—	40.0	6.2	38.2	5.9
<b>Total non-current liabilities</b>	<b>4,826.7</b>	<b>1,242.0</b>	<b>1,283.7</b>	<b>198.8</b>	<b>17,296.9</b>	<b>2,679.0</b>
<b>Total liabilities</b>	<b>24,115.7</b>	<b>40,618.9</b>	<b>77,172.3</b>	<b>11,952.5</b>	<b>121,612.8</b>	<b>18,835.4</b>
<b>Owners' equity</b>						
Share capital	5,168.3	6,715.6	8,613.1	1,334.0	10,335.8	1,600.8
Other equity instruments	1,218.9	—	—	—	2,049.0	317.3
Capital reserves	5,504.4	8,930.6	14,451.1	2,238.2	12,729.1	1,971.5
Other comprehensive income	(3.7)	9.6	(41.1)	(6.4)	(6.8)	(1.1)
Surplus reserves	394.8	438.7	594.1	92.0	594.1	92.0
Retained earnings	3,412.6	5,118.0	9,539.2	1,477.4	12,749.3	1,974.6
Total equity attributable to owners of the parent	15,695.2	21,212.5	33,156.5	5,135.3	38,450.6	5,955.2
<b>Total equity</b>	<b>15,695.2</b>	<b>21,212.5</b>	<b>33,156.5</b>	<b>5,135.3</b>	<b>38,450.6</b>	<b>5,955.2</b>
<b>Total liabilities and equity</b>	<b>39,811.0</b>	<b>61,831.4</b>	<b>110,328.7</b>	<b>17,087.7</b>	<b>160,063.4</b>	<b>24,790.7</b>

## Summary Consolidated Statement of Income Data

	For the year ended 31 December				For the six months ended 30 June		
	2018	2019	2020		2020	2021	
	(RMB)	(RMB)	(RMB)	(U.S.\$)	(RMB)	(RMB)	(U.S.\$)
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
				(in millions)			
Operating revenue . . . . .	1,309.6	1,478.0	3,252.3	503.7	1,267.1	2,555.2	395.7
Net interest income . . . . .	618.3	813.9	1,536.2	237.9	639.4	995.3	154.2
Net income from handling charges and commissions . . . . .	1,195.6	1,939.7	3,450.0	534.3	1,431.5	2,230.0	345.4
<b>Total operating revenue . . . . .</b>	<b>3,123.4</b>	<b>4,231.7</b>	<b>8,238.6</b>	<b>1,276.0</b>	<b>3,338.0</b>	<b>5,780.4</b>	<b>895.3</b>
Operating cost . . . . .	(371.3)	(390.9)	(566.6)	(87.8)	(280.2)	(339.9)	(52.7)
Taxes and surcharges . . . . .	(31.0)	(41.0)	(67.1)	(10.4)	(27.0)	(44.0)	(6.8)
Selling expenses . . . . .	(259.8)	(364.1)	(523.0)	(81.0)	(221.4)	(295.8)	(45.8)
Administrative expenses . . . . .	(1,191.6)	(1,289.1)	(1,468.0)	(227.4)	(640.4)	(813.9)	(126.1)
Research and development expenses . . . . .	(250.3)	(305.4)	(378.4)	(58.6)	(130.9)	(276.4)	(42.8)
Financial expenses . . . . .	(156.5)	12.0	(33.9)	(5.3)	(46.2)	(6.6)	(1.0)
<b>Total operating costs . . . . .</b>	<b>(2,260.5)</b>	<b>(2,378.6)</b>	<b>(3,037.0)</b>	<b>(470.4)</b>	<b>(1,346.2)</b>	<b>(1,776.7)</b>	<b>(275.2)</b>
Other income . . . . .	19.3	49.1	103.9	16.1	81.1	114.8	17.8
Investment income . . . . .	211.2	270.9	316.1	49.0	110.4	290.0	44.9
Foreign exchange gains/(losses) . .	0.4	(2.8)	(0.9)	(0.1)	(0.3)	(0.3)	—
Fair value gains/(losses) . . . . .	49.2	(6.8)	(0.7)	(0.1)	(3.4)	120.5	18.7
Expected credit losses . . . . .	—	(20.9)	(54.2)	(8.4)	(17.2)	(41.4)	(6.4)
Losses from impairment of assets .	(11.9)	—	(33.2)	(5.1)	—	—	—
(Loss)/profit arising from disposal of assets . . . . .	(0.6)	(0.5)	0.0	—	0.1	(0.2)	—
<b>Operating profit . . . . .</b>	<b>1,130.6</b>	<b>2,142.1</b>	<b>5,532.6</b>	<b>856.9</b>	<b>2,162.5</b>	<b>4,487.2</b>	<b>695.0</b>
Non-operating income . . . . .	0.2	—	0.1	—	—	0.1	—
Non-operating expenses . . . . .	(9.9)	(14.6)	(17.2)	(2.7)	(9.2)	(2.5)	(0.4)
<b>Profit before tax . . . . .</b>	<b>1,120.8</b>	<b>2,127.6</b>	<b>5,515.5</b>	<b>854.2</b>	<b>2,153.3</b>	<b>4,484.8</b>	<b>694.6</b>
Income tax expenses . . . . .	(162.6)	(296.3)	(737.3)	(114.2)	(344.5)	(757.8)	(117.4)
<b>Profit for the year/period . . . . .</b>	<b>958.2</b>	<b>1,831.3</b>	<b>4,778.1</b>	<b>740.0</b>	<b>1,808.8</b>	<b>3,726.9</b>	<b>577.2</b>
Profit attributable to owners of the parent . . . . .	958.7	1,831.3	4,778.1	740.0	1,808.5	3,726.9	577.2
Profit attributable to non-controlling interests . . . . .	(0.5)	—	—	—	0.3	—	—

## Summary Consolidated Cash Flow Statement Data

	For the year ended 31 December				For the six months ended 30 June		
	2018	2019	2020		2020	2021	
	(RMB)	(RMB)	(RMB)	(U.S.\$)	(RMB)	(RMB)	(U.S.\$)
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
				(in millions)			
Net cash flows from operating activities	2,667.3	11,721.2	4,529.0	701.5	7,138.6	1,299.8	201.3
Net cash flows from investing activities	(1,175.9)	799.1	(411.0)	(63.6)	(227.5)	(8,511.1)	(1,318.2)
Net cash flows from financing activities	(1,805.6)	1,725.3	15,605.2	2,416.9	9,101.1	22,276.1	3,450.1
Effect of fluctuation in exchange rate on cash and cash equivalents	9.4	3.1	(51.4)	(8.0)	2.6	(8.7)	(1.4)
<b>Net increase in cash and cash equivalents</b>	<b>(304.7)</b>	<b>14,248.7</b>	<b>19,671.9</b>	<b>3,046.8</b>	<b>16,014.7</b>	<b>15,056.0</b>	<b>2,331.9</b>
Beginning balance of cash and cash equivalents	14,415.2	14,110.5	28,359.1	4,392.3	28,359.1	48,031.0	7,439.1
<b>Ending balance of cash and cash equivalents</b>	<b>14,110.5</b>	<b>28,359.1</b>	<b>48,031.0</b>	<b>7,439.1</b>	<b>44,373.9</b>	<b>63,087.0</b>	<b>9,770.9</b>

## Other Financial Data

The following table sets forth certain other financial data of the Group as at the dates and for the periods indicated.

	As at and for the year ended 31 December			As at and for the six months ended 30 June
	2018	2019	2020	2021
EBITDA <sup>(1)</sup> (RMB in millions)	1,855.7	2,680.6	6,490.5	5,344.6
Total debt <sup>(2)</sup> (RMB in millions)	7,551.4	6,620.7	24,469.9	53,364.2
EBITDA to total debt ratio <sup>(3)</sup> (per cent.)	24.6	40.5	26.5	20.0 <sup>(4)</sup>
EBITDA coverage ratio <sup>(5)</sup>	6.7	11.2	11.7	8.4
Interest coverage ratio <sup>(6)</sup>	5.8	10.1	11.2	8.2
Return on average total assets <sup>(7)</sup> (per cent.)	2.3	3.6	5.6	2.8
Return on weighted average equity <sup>(8)</sup> (per cent.)	6.3	9.5	17.9	10.5

### Notes:

- (1) EBITDA for any period is calculated as profit for the year/period adjusted for income tax expenses, interest expenses recognised as financial expenses, interest expenses recognised as a deduction from net interest income (other than interest expenses on customer funds deposit), depreciation, amortisation of intangible assets recognised in expenses and amortisation of long-term deferred expenses. EBITDA is a widely used financial indicator of a guarantor's ability to service and incur debt, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Guarantor believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.
- (2) Total debt consists primarily of short-term borrowings, short-term financing bonds payable, bonds payable and financial assets sold under repurchase agreements. Investors should not compare the Group's total debt to total debt presented by other companies because not all companies use the same definitions.

- (3) EBITDA to total debt ratio is calculated by dividing EBITDA by total debt during the period. Investors should not compare the Group's EBITDA to total debt ratio to EBITDA to total debt ratio presented by other companies because not all companies use the same definitions.
- (4) On an annualised basis.
- (5) EBITDA coverage is calculated by dividing EBITDA by the result of (i) the sum of interest expenses recognised as financial expenses and interest expenses recognised as a deduction from net interest income (other than interest expenses on customer funds deposit), less (ii) amortisation of interests on convertible bonds. Investors should not compare the Group's EBITDA coverage to EBITDA coverage presented by other companies because not all companies use the same definitions.
- (6) Interest coverage is calculated by dividing (i) profit for the year/period adjusted for income tax expenses, interest expenses recognised as financial expenses and interest expenses recognised as a deduction from net interest income (other than interest expenses on customer funds deposit) by (ii) the sum of interest expenses recognised as financial expenses and interest expenses recognised as a deduction from net interest income (other than interest expenses on customer funds deposit), less amortisation of interests on convertible bonds. Investors should not compare the Group's interest coverage to interest coverage presented by other companies because not all companies use the same definitions.
- (7) Return on average total assets is calculated by dividing the profit attributable to shareholders of the parent for the period by the average amount of total assets at the end of the previous period and the end of the current period. Return on average total assets data for the six months ended 30 June 2021 have not been annualised.
- (8) Return on weighted average equity is calculated by dividing the profit attributable to shareholders of the parent for the period by the balance of weighted average equity attributable to owners of the parent company at the end of the previous period and the end of the current period. Return on weighted average equity data for the six months ended 30 June 2021 have not been annualised.



## RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks. The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Notes, but the Group's ability to pay interest, principal or other amounts on or in connection with any Notes may be affected by some factors that may not be considered as significant risks by the Group on information currently available to the Group or which the Group is currently unable to anticipate. Additional risks and uncertainties not presently known to the Group or which the Group currently deems immaterial may also have an adverse effect on an investment in the Notes. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Group believes may be material for the purpose of assessing the market risks associated with the Notes are described below. The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the Group's inability to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Notes may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding the Notes are exhaustive.*

### RISKS RELATING TO THE GROUP AND ITS BUSINESS

***General economic and market conditions in China could materially and adversely affect the Group's business.***

The Group's business, such as securities business, online fund distribution business and financial data services business, has in the past been, and may in the future be, materially affected by the economic and market conditions in China, where the Group derives a substantial majority of its operating revenue. Factors affecting China's economic and market conditions, including macroeconomic, monetary policies, regulatory developments, upward and downward trends in the business and financial sectors, investment sentiment, fluctuations in exchange rates, availability and cost of market funding, are beyond the Group's control. In addition, the Group's business is also affected by the inherent risks associated with the securities markets, such as market volatility, fluctuations in trading volume and the actual or perceived creditworthiness of the securities industry in general. The PRC stock market has experienced significant fluctuations in recent years and there can be no assurance that such volatility would not continue in the future.

Market volatility and adverse financial or economic conditions may adversely affect the Group's business. These adverse conditions may reduce the value of investors' portfolios, discourage investor confidence and reduce investing and trading activities. This may in turn result in a decline in the Group's brokerage, margin financing and securities lending and other services, fund management and fund distribution services, making it difficult for the Group to maintain its existing customers and attract new customers. These adverse conditions may also increase the risk of default by the Group's customers under its margin financing and securities lending and other services. In addition, the value of the Group's asset management portfolios may decrease during adverse economic and market conditions. Such a decrease may reduce the Group's fees earned from its fund management business and result in an influx of redemptions, which would in turn adversely affect the revenue from the Group's fund management business.

Furthermore, the Group's results of operations may also be affected by adverse development in global political or economic environment, which may in turn adversely affect the economic and market conditions in China. For example, the United Kingdom's exit from the European Union, which formally

took place on 1 January 2020, has brought substantial uncertainty as to its impact on the global economic conditions, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Further, the 2019 novel coronavirus (“COVID-19”) pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic have significantly disrupted the global economy and have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. Although the COVID-19 pandemic has been largely contained in China, regional resurgences from time to time have resulted in a continued uncertainty in the economic conditions.

As the Group’s business, financial condition and results of operations may be adversely affected by general economic and market conditions, the Group’s historical results and the profit growth rate in any particular period are not necessarily indicative of the Group’s results and profit growth rate to be expected for any future period.

***The Group faces intense competition across the Group’s business lines, which could adversely affect the Group’s businesses and prospects.***

The Group operates in intensely competitive markets, in particular in the securities markets of China. According to CSRC, there were 138 registered securities firms in the PRC as at 31 December 2020. For its securities business, the Group competes primarily with other PRC securities companies and foreign brokers in terms of pricing, service and product offerings and service quality offered. In addition, as the Group has expanded its securities business to overseas markets, such as Hong Kong and the United States, it also faces competition from competitors in these more developed markets. The Group also competes with other fund distributors for its online fund distribution business and with other domestic financial information providers with respect to its financial data services business. For a description of the Group’s major competitors, please see “Description of the Group — Competition”. Some of the Group’s competitors may enjoy certain competitive advantages, such as greater financial resources, wider branch networks, stronger brand recognition, and the ability to offer more diversified financial products and services.

In addition, as China takes steps to open up its financial industry through easing limits on foreign stakes in securities firms and gradually allowing financial institutions to operate across different business lines, new competitors may enter into the securities industry, which could further intensify market competition.

There is no assurance that the Group will always be able to successfully compete against its competitors or that the Group will be able to sustain its current market position.

***The Group relies heavily on its information technology systems, and any disruption to or failure of the Group’s information technology systems could have a material adverse effect on the Group’s business, financial condition and results of operations.***

As an online wealth management service provider, the Group needs to process, record and monitor a large number of transactions and relies heavily on information technology systems to provide its services, such as processing its customers’ transactions and displaying up-to-date product and market information to its users. In addition, the Group also relies on its information technology systems to manage its various subsidiaries and business lines, including, but not limited to, monitoring the operational and financial condition and the compliance status of its multiple business lines. The Group’s information technology systems are susceptible to human error, network interruptions, natural disasters, power failure, computer

viruses, spam attacks, unauthorised access and other similar breaches and damages. Any disruption to, or failure of, the Group's information technology systems would limit its ability to provide services or process transactions, which in turn may result in decreased user satisfaction. This may materially and adversely affect the Group's reputation, competitiveness, financial condition and results of operations.

The proper functioning of the Group's core information technology systems, data processing systems, mobile applications, risk management and legal and compliance systems and other data processing systems, together with the communication networks between its headquarters, subsidiaries and branches, are critical to its business and its ability to compete effectively. Although the Group has implemented comprehensive protective measures in relation to its information technology systems, such as database backup and data transmission security management, there can be no assurance that the Group's information technology systems will always function as expected or there will be no system failure or interruption in the future. It could take an extended period of time to restore full functionality to the Group's technology or other operating systems in the event of an unforeseen system failure or disruption, which could affect its ability to process and settle customer transactions. In any such case, the Group's operations may be materially disrupted. In addition, if the capacity of the Group's information technology system is unable to process all trading orders when the securities market experiences high volatility, the Group may be subject to customer complaints, litigation or adverse impacts on its reputation.

In addition, the Group's internet-based business depends on the performance and reliability of the internet infrastructure. There is no assurance that the internet infrastructure the Group depends on will remain sufficiently reliable for the Group's needs. Any failure to maintain the performance, reliability, security or availability of the Group's internet infrastructure may cause significant damage to its ability to attract and retain users and customers. Any network interruptions or inadequacy on the part of the Group's information technology vendors may also result in disruptions to the Group's services and operations. See also “— *The Group's business may be affected by operational failure of third parties and the unavailability or malfunctioning of third-party software, infrastructure or systems.*”

Further, the Group may need to upgrade its technology infrastructure and information technology systems in order to accommodate increased demand if it anticipates that its systems cannot handle higher volumes of traffic and transaction in the future. This may require substantial expenditures, and may adversely affect the Group's financial condition and liquidity. If the technologies, services and products the Group invests in are not widely accepted, the Group's financial condition and results of operations may be materially and adversely affected.

***The Group depends on its proprietary technology, and its future results may be adversely impacted if the Group cannot maintain its technological advantage in its industry.***

The markets in which the Group competes, such as the securities, online fund distribution industry and financial data services sectors, are characterised by rapidly changing technology, evolving industry standards and changing systems, practices and techniques. The Group's success in the past has largely been attributable to its sophisticated proprietary technology that has empowered the efficient operations of its online trading and fund distribution platforms. The Group's business and prospects will depend on its ability to respond to rapidly changing technologies, adapt its services to the evolving industry standards and improve the performance and reliability of its systems. To keep pace with changing technologies and customer demands, the Group needs to correctly interpret and address market trends and enhance the features and functionality of its technology in response to these trends, which may lead to significant research and development costs. Also, the Group's competitors may develop or adopt similar or more advanced technologies. This may require the Group to devote substantial resources to the development of more advanced technology to remain competitive. The Group may be unable to accurately determine the needs of its users and customers or the development trends in the securities, online fund distribution and financial data services business or to design and implement appropriate features and

functionality of its technology in a timely and cost-effective manner, which could result in decreased demand for its services and a corresponding decrease in the Group's revenue.

Although the Group has established its competitive strength in the relevant industries in terms of technology, it may not be able to keep up with these rapid changes in the future, develop new technology, realise reasonable returns on its investment in developing new technologies or remain competitive in the future.

If the Group is unable to keep abreast with the latest technology development, or the technologies that the Group invests in are not widely accepted by the market, the Group may be unable to maintain its competitive advantage and its business, financial condition and results of operations may be materially and adversely affected.

***The Group may face losses and liabilities arising from third-party contents.***

The Group displays and disseminates certain financial-related contents generated by third parties, including financial news and commentaries published by third-party financial press, as well as comments and discussions by users of Guba, the Group's online financial forum. Regulatory authorities in China, including the Cyberspace Administration of China, has launched a series of actions, including the recent "Qing Lang" campaign, to strengthen the overall oversight on information disseminated through the internet. There is no assurance that the third-party contents displayed by the Group will not be deemed improper by the regulators, or that the authors of these third-party contents will not be found to have engaged in any misconduct. In any such case, the Group may be required to take down such third-party contents, or even suspend the relevant information service and take corresponding rectification measures. Any such incident may damage the Group's reputation, or cause a loss of users or decline of user stickiness for the Group.

***If the Group fails to keep up with users' evolving demands, it may not be able to increase the size and level of engagement of its user base and the Group's business, future results of operations and prospects could be materially and adversely affected.***

The Group provides services in markets that are characterised by rapid technological change, evolving industry standards, frequent new service introductions, and increasing demand for better user experience. The Group's future success depends partially on its ability to develop and introduce new service and products to respond to such evolving demand in a timely and cost-effective manner. Development of new products and services involves inherent risks and uncertainties, and may bring new risks and challenges to the Group's business. For example, the desired timetables for the introduction and development of new products and services may not be achieved, and the profitability targets may not prove feasible. The Group's personnel and systems may fail to adapt to changes brought by such new products and services, and the Group may fail to effectively manage such new products and services or integrate them into its existing operations. Furthermore, the introduction of new products and services could have a significant impact on the effectiveness of the Group's internal control. There is no assurance that the Group will be successful in its endeavour to develop new products and services, or that it will be able to overcome such new risks and challenges. Failure to develop profitable products and services or manage these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

Changes in user behaviour resulting from technological developments may also affect the competitiveness and popularity of the Group's services and products. For example, applications on mobile devices, such as mobile phones and tablets, have become increasingly popular among retail users as compared to desktop terminals and websites. If the Group fails to anticipate and meet the needs of its users or to develop services and products that are compatible with current and future market demands, the size and loyalty level of the Group's user base may decrease, and the Group may not be able to expand its user base in the future. This may render the Group's platforms less attractive to both users and

advertisers, thus causing an adverse impact on the Group's multiple business lines. The Group's ability to anticipate and identify the evolution of user behaviour and to develop and introduce new products and services to address such evolution will be a significant factor in maintaining or improving its competitive position and prospects for growth.

***If the Group cannot acquire customers or increase its customer base at a cost effectively way, the Group's business and results of operations may be materially and adversely affected.***

The Group derives a significant portion of its revenue from its securities and futures brokerage services and online fund distribution services. The Group's business growth and profitability depends on its ability to retain current customers and to attract new customers. If the Group is unable to address the needs of its customers by maintaining high-quality service, continuing product innovation, providing value-added services, or the Group otherwise fails to meet its customers' demands or expectations, the Group may lose its existing customers to competitors or fail to attract new customers. If there is insufficient demand for the Group's services, the Group might not be able to maintain and grow its business as it expects, and the Group's business and results of operations may be adversely affected.

Failure to deliver services with satisfactory experience will cause customers to lose confidence in the Group and reduce or even terminate their use of the Group's platforms, which in turn will materially and adversely affect the Group's business. For example, the Group's ability to attract customers to use, and build trust in, the Group's fund distribution platform is partially dependent on its ability to offer diversified fund products with clear information for investors to make their investment decisions and its ability to provide user-friendly investment and redemption process for customers. If the Group fails to do so, the Group's customers may move assets off the Group's platform, and the Group's fund management company partners may reduce the number or amount of fund products offered through the Group's platforms, or even discontinue its business relationship with the Group. As a result, the Group's online fund distribution business and its financial condition and results of operations may be materially and adversely affected. See "— *The Group relies on its fund management company partners for its online fund distribution business.*" Even if the Group is able to provide high-quality and satisfactory services, there can be no assurance that the Group will be able to retain existing customers due to reasons out of the Group's control, such as customers' personal financial reasons or the deterioration of the capital markets condition. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group is subject to extensive and evolving regulatory requirements, non-compliance with which may affect the Group's business operations and prospects.***

A significant majority of the Group's business, such as its securities business and online fund distribution business, is subject to extensive regulation. As a participant in the financial services and securities industry, the Group is subject to extensive regulation and faces the risk of significant intervention by regulatory authorities in Mainland China and other jurisdictions where it operates, such as Hong Kong. Many aspects of the Group's business depend on the Group's ability to obtain and maintain the necessary approvals, licences or permits from government authorities, such as CSRC and The Hong Kong Securities and Futures Commission, which typically requires the Group to comply with the relevant regulatory requirements. For example, Eastmoney Securities is subject to minimum net capital, minimum liquidity coverage ratio and other requirements imposed by CSRC, and Eastmoney Futures is subject to minimum net capital, minimum liquidity ratio, settlement reserve and other requirements imposed by CSRC. Relevant regulatory authorities may conduct inspections and make inquiries on a regular and *ad hoc* basis with respect of the Group's compliance with relevant regulatory requirements. For example, CSRC periodically evaluates and assigns a regulatory rating to each securities firm, including Eastmoney Securities, based on their risk management capabilities, competitiveness and compliance with regulatory requirements. The Group is also subject to various regulations as well as inspections and restrictions imposed by relevant regulatory authorities in Hong Kong. In addition, as the Group provides its services



primarily through the internet and mobile network, it is also subject to regulations applicable to online service providers, including those relating to user privacy, data security and use of user information.

If the Group fails to comply with the regulatory requirements of the various markets in which it operates, it may not be able to obtain or maintain the necessary approvals, licences or permits from the relevant regulatory authorities, which could adversely affect the Group's business, results of operations, financial condition and prospects. Failure to comply with the applicable regulatory requirements could also result in sanctions, fines, penalties or other disciplinary actions, including, among other things, a downgrade of regulatory rating and restrictions or prohibitions on the Group's business activities. These actions may limit the Group's ability to conduct its existing business and launch new business, harm the Group's reputation, and consequently materially and adversely affect the Group's business, financial condition and results of operations. For example, in January 2020, Eastmoney Investment Advisory was found to be in non-compliance with respect to its investor suitability management, securities investment advisory business, marketing activities and internal control, and was ordered by the Shanghai office of CSRC to take rectification measures. In February 2020, Eastmoney Futures received a regulatory supervision attention letter from the Shanghai office of CSRC regarding its improper management of intermediaries and customers. In the same month, a business outlet of Eastmoney Securities received a regulatory warning from the Shenzhen office of CSRC regarding its failure to perform certain investor suitability obligations. The Group has subsequently rectified these non-compliance incidents. The abovementioned non-compliance incidents did not have a material adverse impact on the Group's business, financial condition and results of operations, and the Group has completed the required rectification measures as requested by the regulatory authorities.

Moreover, regulation on the financial services and securities industry in mainland China is rapidly evolving and is subject to change from time to time. New rules and regulations, and changes in the interpretation or enforcement of existing rules and regulations may directly impact the Group's business strategies and prospects. Although the Group is not aware of any currently contemplated regulatory change that would have a material impact on its business and prospects, there can be no assurance that there will be no such regulatory changes in the future. Changes in rules and regulations could require the Group to restrict its business activities, change its business practices and incur additional costs, which may adversely affect the Group's business and prospects.

***The Group's business may be affected by operational failure of third parties and the unavailability or malfunctioning of third-party software, infrastructure or systems.***

The Group collaborates with external third parties in its routine business operations, such as fund management companies, stock exchanges, depository and clearing institutions and other intermediaries. Therefore, the Group faces risks arising from operational failures or interruptions of these external third parties. Any operational failures and interruptions of these external third parties could adversely affect the Group's ability to execute transactions, provide services and manage its risk exposures. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group did not experience any material operational failure of third parties.

In addition, the Group relies on certain third-party vendors to provide or maintain certain software, infrastructure and systems that is critical to its business. If such services become limited, restricted, curtailed, less effective or more expensive in any way or become unavailable to the Group for any reason, the Group's business may be materially and adversely affected. Any failure to maintain and renew the Group's relationships with these third-party vendors on commercially acceptable terms, or to enter into similar relationships in the future, could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. The software, infrastructure or systems provided by such vendors may malfunction or fail due to events out of the Group's control, such as inherent defects in such software, infrastructure or systems. This could disrupt the Group's operations, and may have a material adverse impact on the Group's business, reputation, financial condition and results of operations.

In addition, as a substantial majority of the Group's services are provided online, the Group's ability to successfully provide such services to its users also relies on the proper functioning of users' own devices and systems, such as their personal computers and mobile devices. Should any of the Group's services fail to perform as expected due to failures of the users' devices or systems, the Group may face user complaints, and its business and reputation may be adversely affected.

***The Group's securities business and online fund distribution business are subject to risks arising from market fluctuations.***

Revenue from the securities business and online fund distribution business represents a majority of the Group's total operating revenue. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, revenue from the Group's securities business was approximately RMB1,813.1 million, RMB2,750.7 million, RMB4,981.8 million, RMB2,069.6 million and RMB3,223.0 million, respectively, representing 58.1 per cent., 65.0 per cent., 60.5 per cent., 62.0 per cent. and 55.8 per cent., respectively, of the Group's total operating revenue for the same periods. A significant percentage of the Group's revenue from securities business is derived from its securities and futures brokerage business. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's net brokerage income was RMB1,131.4 million, RMB1,881.2 million, RMB3,409.1 million, RMB1,414.5 million and RMB2,197.0 million, respectively. For the same periods, revenue from the Group's online fund distribution business was approximately RMB1,065.4 million, RMB1,235.7 million, RMB2,962.4 million, RMB1,142.7 million and RMB2,397.1 million, respectively, representing 34.1 per cent., 29.2 per cent., 36.0 per cent., 34.2 per cent. and 41.5 per cent., respectively, of the Group's total operating revenue for the same periods.

The Group's revenues and profitability of the Group's securities business and online fund distribution business depend partially on the level of investment activity of the Group's customers, which is often affected by external factors, such as market conditions, regulatory policies, investor confidence and general economic conditions, which may be beyond the Group's control. Weaknesses in the securities markets and economic slowdowns could discourage investors' confidence, reduce trading volumes and investment activities, which in turn could result in lower revenues for brokers and fund distributors. Declines in market values of securities or other financial instruments could also result in illiquid markets, resulting in lower level of trading and investment activities. Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. For example, the stock market in China experienced a sharp decline in 2016 and more recently, the sudden outbreak of the COVID-19 pandemic brought uncertainties to the securities industry. There can be no assurance that such unfavourable economic and market conditions will not recur in the future. If any of these unfavourable conditions occurs in the future, the Group's securities business and online fund distribution business and its revenue derived therefrom will be adversely affected.

***The Group's current level of fee and commission rates may decline in the future, which could in turn reduce its profitability.***

The Group derives a significant portion of its total operating revenue from commissions and fees paid by its customers for trading securities and futures products and investing in fund products through the Group's platforms. The Group may experience pressure on its commission or fee rates as a result of competition it face in the securities and futures brokerage service industry and online fund distribution service industry.

In recent years, a number of PRC brokers have also launched online brokerage services, which has caused a further decrease in the brokerage fee and commission rate of the industry as a result of increased market competition, which could adversely affect the Group's price competitiveness. Some of the Group's competitors may offer a broader range of products and services to a larger customer base, or may be able and willing to offer trading services at lower commission or fee rates than the Group currently charges



due to larger customer base or as a part of their efforts to increase their market share. For example, some online brokers offer zero commission fees or similar policies to attract retail securities investors. There can be no assurance that the Group will not need to lower its brokerage fee and commission rates in the future. A decline in the Group's fee and commission rates could lower its revenues, which would adversely affect the Group's profitability.

***The Group may suffer significant losses from its credit exposures under its margin financing and securities lending and other services.***

The Group's margin financing and securities lending and other services are exposed to risks associated with the failure of customers to perform its payment obligations or the fall in market value of collateral held by the Group below the level required to secure the obligations. Any material failure of payment or performance by a customer could adversely affect the Group's financial condition, results of operations and cash flows. Although the Group regularly reviews its credit exposure to customers that it believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee. The Group may also fail to receive all relevant information required to examine the credit risks relating to its customers. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group accrued RMB7.2 million, RMB20.9 million, RMB54.2 million, RMB17.2 million and RMB41.4 million, respectively, for credit impairment losses. There can be no assurance that the credit quality and repayment abilities of the Group's customers will not deteriorate in the future due to significant volatility in the market and other unforeseeable circumstances. In such case, the Group's losses from credit impairment may further increase, and the Group's business, financial condition and results of operations may be adversely affected.

For the Group's margin financing and securities lending business, the Group may be forced to liquidate the collateral it holds if its customers are unable to meet their obligations as scheduled, or are unable to maintain the margin ratios or collateral coverage ratios above the Group's minimum threshold due to fluctuations in market prices of the collateral. Such mandatory liquidation mechanism may trigger disputes between the Group and its customers, which may subject the Group to significant expenses and reputational risks.

Further, the Group's ability to liquidate the collateral it holds may be adversely affected by market volatilities. If the market price of the securities held as collateral decreases sharply for an extended period, the value of the collateral may fall below the value of the Group's margin loans while the Group is unable to liquidate such securities in a timely manner due to the daily price fluctuation limit on the A-share stock markets. In such case, the Group may be unable to mitigate the relevant credit risks and suffer significant loss.

***Significant interest rate fluctuations could affect the Group's financial condition and results of operations.***

The Group's revenue from margin financing and securities lending and other services consist primarily of interest income. Such interest income is directly affected by the prevailing market interest rates. During periods of declining interest rates, the Group's interest income would generally decrease.

In addition, fluctuations in the prevailing market interest rates may result in changes in the market demand for the Group's other services. For example, an increase in the prevailing market interest rates may encourage fixed-income investment and cause a decreased preference for investors to trade in the stock market, thus reducing the demand for the Group's securities and futures brokerage services. Fluctuations in the prevailing market interest rates may also cause changes in the market value of various types of securities, thus affecting the performance of the Group's proprietary and fund management portfolio.

There is no assurance that the prevailing interest rates will not fluctuate significantly in the future. In such case, the Group's financial condition and results of operations may be adversely affected.

***The Group's proprietary trading business is subject to market volatility and the investment decisions that it makes.***

The Group trades in securities and financial derivatives listed on stock exchanges, as well as debt securities and interest rate derivatives listed on the interbank bond market with its proprietary funds. The performance of the Group's proprietary portfolio is subject to market volatility and, therefore, generally correlates with the performance of the PRC securities markets.

The performance of the Group's proprietary trading business is also affected by the Group's investment decisions and judgments based on its assessment of existing and future market conditions. The Group closely monitors the market value and financial performance of its proprietary portfolio, and actively adjusts such portfolio and allocate its assets based on market conditions and internal risk management guidelines. However, the Group's investment decisions are mainly based on human judgments, which involve management assumptions and discretion. If the Group's decision-making process fails to effectively minimise losses while producing meaningful gains, or its forecasts deviate significantly from the actual development in market conditions, or if concentration risk (including market risk and credit risks from holding particular assets or asset classes) materialises, its proprietary trading business may not achieve the investment returns it anticipates, and the Group could suffer material losses. As a result, the Group's business, financial condition and results of operations will be materially and adversely affected.

In addition, the Group may not have sufficient access to resources and trading counterparties to effectively implement its trading and investment risk mitigation strategies and techniques. If the Group's trading position becomes overly concentrated in a limited set of assets, asset classes or a limited number of counterparties, or if the Group fails to effectively manage its exposure through its risk management policies and procedures, the volatility of any negative impact of adverse exposures could be magnified. As a result, the Group may experience significant financial losses that could materially and adversely affect its business, financial condition and results of operations.

***A significant decline in the size of the Group's total assets under management or a poor investment performance may materially and adversely affect its fund management business.***

The Group's fund management business receives asset management fees primarily based on the value of the customers' investment. Investment performance has a significant impact on the Group's total assets under management and is one of the most important factors in retaining its customers and competing for new customers. Limited investment options and hedging strategies in mainland China, as well as market volatility, could negatively affect the Group's ability to provide stable returns for its customers and cause the Group to lose customers. Poor investment performance could adversely affect its revenue and growth because:

- existing customers may withdraw funds from the Group's fund management business, which would result in a lower asset under management and thus lower management fees for the Group;
- customers may request that the Group lower its management fee rates, particularly in an intensely competitive industry; and
- the Group's management fees that are based on the value of the customers' investment would decline.

In addition, with the release of Guidance Opinions Concerning Standardisation of Asset Management Operations by Financial Institutions (關於規範金融機構資產管理業務的指導意見) in April 2018, financial institutions in China are required to deleverage their business and reduce channel-based services. Under these tightening requirements, the Group's fund management business is under more stringent regulatory scrutiny, which may result in additional downside pressure for the Group to expand its total assets under management.

Further, the Group's management fees or market share may decrease due to increased competition from insurance companies, securities companies and other competitors. Market volatility, adverse economic conditions or the failure to outperform the Group's competitors may reduce its total asset under management and affect the performance of the funds the Group manages. Any of these adverse conditions could reduce the amount of management fees received by the Group, and adversely affect the Group's business, financial condition, results of operations and reputation.

***The Group may fail to realise profit from its private equity investments and alternative investments.***

The ability of the Group to liquidate private equity investments and alternative investments is dependent primarily on the equity capital markets. The Group may sometimes be forced to sell securities at undesirable prices or defer sales, potentially for a considerable period of time.

In addition, the Group has limited control over the portfolio companies it invests in. The portfolio companies may make business, financial or management decisions with which it does not agree or that the majority shareholders or the management of the company may take risks or otherwise act in a manner that is not aligned with the Group's best interests. Furthermore, the Group's portfolio companies may fail to abide by their agreements with the Group, for which it has limited or no recourse. If any of the foregoing were to occur, the value of the Group's private equity investments and alternative investments could decrease or it may face investment failure, in which case its business, financial condition and results of operations could be adversely affected.

***The Group relies on its fund management company partners for its online fund distribution business.***

The Group relies on its fund management company partners to provide fund products to its customers. To the extent these fund management company partners determine not to cooperate with the Group, the Group's platform may not be able to satisfy the different demands from customers. In addition, the Group's fund management company partners may also have their own distribution channels and platforms. There can be no assurance that the Group can maintain amicable relationships with its fund management company partners on commercially desirable terms. Furthermore, if PRC laws and regulations impose more restrictions on cooperation between financial institutions and internet platforms such as the Group's, these fund management company partners will become more selective about the online distribution platform that they cooperate with. If the Group fails to retain its existing fund management company partners, or if existing partners change their mode of cooperation with the Group, the Group may face constraints on its growth or greater concentration among the remaining fund management company partners, which in turn can result in challenges in negotiating favourable commercial terms with them. Even if the Group is able to retain its fund management company partners, they may not be able to satisfy all of the demands from the Group's customers.

The fund management companies the Group works with are required to comply with a wide array of laws and regulations that are constantly evolving, which may affect their ability to collaborate with the Group to provide fund products through the Group's platform. If the Group's fund management company partners fail to comply with applicable requirements or if they are required to adopt changes to their business models, their ability to provide fund products through the Group's platform would be affected. In any such case, the Group's online fund distribution business and its financial condition, results of operations and prospects may be adversely affected.

***If the Group fails to provide users with clear and accurate information on fund products, the Group's online fund distribution business may be materially and adversely affected and the Group may face liabilities.***

The Group's online fund distribution business enables fund management companies to offer a variety of investment products with different levels of risks and returns to meet the different needs and risk appetite

of investors. The Group provides an open platform for fund managers to display their products and for investors to browse through different fund products and make investment decisions based on product and market information displayed. Similar to other online fund distribution services providers, the Group cannot guarantee the profitability of the investment made by customers through its platforms. The profitability of the Group's customers' investment is directly affected by elements beyond the Group's control, such as economic and political conditions, development trends in the industries which the fund manager invests in, market sentiment and the performance of the underlying assets of the fund products. If the Group is unable to provide relevant information on fund products in a clear, accurate and concise manner, investors may choose other online wealth management platforms for more user-friendly investment experience. This would reduce the customer base of the Group and adversely affect the Group's online fund distribution business.

In addition, although the information on fund products distributed through the Group's platform is not generated by the Group, there is no assurance that the Group's customers or users will not seek to hold the Group responsible for their financial losses or unsatisfactory investment returns when they have made their investment decisions based on the information displayed on the Group's platform. Such claims by the Group's customers or users, regardless of their merit, may cause damage to the Group's reputation, and require the Group to devote substantial resources and management attention to resolve. In such event, the Group's business, financial condition, results of operations and prospects may be adversely affected.

***The Group relies on a number of external content providers for certain key market information and data.***

The Group relies on a number of external content providers for certain key market information and data. External content providers provide the Group with financial information, market news, charts, option and stock quotes and other fundamental data that the Group offers to its users through its websites and terminals. These content providers may face technical, operational and security risks of their own. Any significant failures by such content providers to provide accurate and up-to-date information or to comply with the applicable regulatory requirements when transmitting such information could cause damages or interruptions to the Group's business. As a result, the Group may lose its users, and the Group's business and reputation may be adversely affected.

***The internet advertisement market is subject to uncertainties, which could materially and adversely affect the Group's internet advertisement services.***

The growth of the Group's internet advertisement services relies on increased sale of advertisements on the Group's platforms, which could be affected by the following factors:

- the overall growth of the internet advertisement market;
- the general acceptance of internet advertisement as an effective marketing channel;
- the Group's development of tailored advertisement solutions to meet advertisement clients' needs;
- changes in government rules and regulations impacting the advertisement industry;
- alternative methods and strategies available to advertising clients to promote their brands and products; and
- development and acceptance of an independent and reliable standard for measuring the effectiveness of internet advertisements.

The Group may also be unable to respond adequately to changing trends in internet advertisement or advertiser demands or preferences or keep up with technological innovations and improvements in the

measurement of user traffic and internet advertisement. If the internet advertisement market size does not increase from the current levels or the Group is unable to capture or retain a sufficient share of that market, the Group's ability to maintain or increase the current scale of its internet advertisement services could be materially and adversely affected.

***Goodwill impairment could adversely affect the Group's financial condition and results of operations.***

As at 30 June 2021, RMB2,945.9 million, or 1.8 per cent., of the Group's total assets consisted of goodwill recognised upon the Group's acquisition of its various subsidiaries, including Eastmoney Investment Advisory, Eastmoney Securities, Hafoo Securities and Eastmoney Insurance Broker Co., Ltd. (東財保險經紀有限公司). In order to determine whether its goodwill is impaired, the Group assesses on an annual basis whether the recoverable amount of each asset group (calculated as the fair value of such asset group net of necessary disposal expenses) is lower than its carrying amount. In the event that the recoverable amount of the relevant asset group is lower than its carrying amount, an impairment loss will be recognised. For details on the Group's accounting treatment and impairment assessment for its goodwill, please see notes 3.16 and 5.18 to the 2020 Audited Financial Statements and notes 3.16 and 5.21 to the 2019 Audited Financial Statements.

For the years ended 31 December 2018 and 2020, the Group recognised impairment losses on goodwill of RMB4.7 million and RMB8.1 million, respectively. The Group did not recognise any impairment loss on goodwill for the year ended 31 December 2019 and the six months ended 30 June 2020 and 2021. As the Group's assessment of the recoverable amount of its asset groups is susceptible to downward revision as a result of factors adversely affecting the business of the acquired subsidiaries, such as changes in regulatory requirements and intensified competition, there is no assurance that the Group will not incur further impairment on its goodwill in the future. If recognition of further impairment is required in the future, the Group's financial condition and results of operations will be adversely affected.

***The Group may not remain entitled to the preferential tax rate, government grants and other preferential treatment applicable to it, which may adversely affect its financial condition and results of operations.***

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) ("EIT Law") and the Regulation on the Implementation of the EIT Law (中華人民共和國企業所得稅法實施條例), PRC tax resident enterprises are generally subject to a unified corporate income tax rate of 25 per cent. The PRC EIT Law also provides a preferential tax treatment for High and New Technology Enterprises eligible for key support from the PRC government in the form of a reduced corporate income tax rate of 15 per cent. The preferential tax treatment continues as long as an enterprise can retain its High and New Technology Enterprise status. In addition, tax authorities may also grant other preferential tax treatments to encourage the development of certain industries in accordance with applicable laws and regulations. The Company is qualified as a High and New Technology Enterprise and entitled to a preferential corporate income tax rate of 15 per cent., which is subject to renewal in 2021. Eastmoney Investment Advisory also enjoys the same qualification and preferential corporate income tax rate of 15 per cent., which is subject to renewal in 2023. Eastmoney Securities and its subsidiaries, which are registered in Tibet, enjoy a preferential corporate income tax rate of 15 per cent., with a further 50 per cent. reduction for the portion of income tax that is to be retained by local Tibet tax authorities and not allocated to the national tax authority. There is no assurance that the above preferential tax treatments will not be reduced or terminated, or that the Group members qualified for such preferential tax treatments will remain qualified in the future. In the event that the PRC government reduces or terminates such preferential tax treatments, or the relevant Group members ceases to be qualified for such preferential tax treatments, the relevant Group member may be subject to higher tax rates, and the Group's financial condition and results of operations may be adversely affected.

In addition to the preferential tax treatments, the Group also receives various grants from local governments as a recognition for its social contributions or an incentive for its operation and



development. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group received government grants of approximately RMB19.3 million, RMB49.1 million, RMB93.9 million, RMB73.1 million and RMB107.0 million, respectively. There is no assurance that such government grant will not be reduced or even terminated in the future. In any such case, the Group's financial condition and results of operations may be adversely affected.

***A significant decrease in the Group's internal or external liquidity could negatively affect its business and reduce customer confidence in the Group.***

Maintaining adequate liquidity is crucial to the Group's business operations as it continues to expand its business activities with substantial cash requirements. The Group meets its liquidity needs primarily through cash generated from operating activities and debt financing. A reduction in the Group's liquidity could reduce its customers and counterparties' confidence in the Group, which may result in the loss of business and customer accounts. In addition, Eastmoney Securities is subject to the minimum liquidity coverage ratio and other requirements imposed by CSRC. If Eastmoney Securities fails to meet such liquidity requirements, CSRC may impose penalties on the Group including but not limited to, restricting or suspending the Group's business activities, which could, in turn, have a material adverse effect on its financial condition and results of operations.

Factors that may adversely affect the Group's liquidity position include a significant increase in its margin financing and securities lending business, increased regulatory capital requirements, substantial investments, loss of market confidence or regulatory changes. When cash generated from the Group's operating activities is not sufficient to meet its liquidity or regulatory capital needs, the Group must seek external financing. During periods of disruption in the credit and capital markets, potential sources of external financing could be limited and the Group's borrowing costs could increase. Although the Group believes that it has diversified sources of external financing, including a mix of short-term and long-term debt financing instruments, such external financing may not be available on acceptable terms or at all due to unfavourable market conditions and disruptions in the credit and capital markets, which could, in turn, have a material adverse effect on the Group's financial condition and results of operations.

***The Group's risk management policies and procedures and internal controls, as well as the risk management tools available to the Group, may not fully protect it against various risks inherent in its businesses.***

The Group currently follows its internal risk management framework and procedures to manage its risk exposures, primarily including market risk, credit risk, liquidity risk, compliance risk, operational risk, information technology risk and reputational risk. The Group's risk management policies and procedures and internal controls may not be adequate or effective in mitigating its risk exposures or protecting it against unidentified or unanticipated risks. In particular, some risk management mechanisms are based upon observed historical market behaviour and the Group's experience. These mechanisms may fail to predict future risk exposures, which could be significantly greater than those indicated by the Group's historical records. Other risk management mechanisms depend upon an evaluation of available information regarding operating and market conditions and other matters, which may not be accurate, complete, up-to-date or properly evaluated. In addition, in markets that are rapidly developing, such as mainland China, the information and historical data that the Group relies on for its risk management mechanisms may become quickly outdated as markets and regulations continue to evolve. Deficiencies in the Group's risk management policies and procedures and internal control systems may adversely affect its ability to identify any reporting errors and non-compliance with rules and regulations, which could further have a material adverse effect on its business, financial condition and results of operations.

***The Group's operations depend on key management and professional staff and its business may suffer if it is unable to retain or replace them.***

The success of the Group's business is dependent to a large extent on the continuity of its directors and senior management and its ability to attract and retain key personnel. These key personnel include

technology specialists, research and development staff, product development personnel, research analysts, risk control officers, liquidity management officers and key management personnel who possess in-depth knowledge and understanding of the fin-tech sector and the financial markets. If the Group fails to retain the services of any member of its key directors, senior management and key personnel, it may not be able to execute its existing business strategy effectively, or may encounter difficulties ensuring system stability and security or maintaining its research and development and risk management capabilities, any of which may in turn materially and adversely affect its user experience and business prospects. Therefore, the Group devotes considerable resources to the recruiting and retaining such personnel. However, the market for quality professionals, including software engineers and other technology professionals, is highly competitive and the Group faces increasing competition in recruiting and retaining these individuals as the Group's competitors are competing for the same pool of talent. Intense competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could adversely affect the Group's financial condition and results of operations.

***The Group's historical growth rates may not be indicative of its future growth.***

The Group has experienced rapid growth in its business and results of operations in recent years. The Group's total operating revenue increased from RMB3,123.4 million in 2018 to RMB4,231.7 million in 2019, and further increased to RMB8,238.6 million in 2020. However, the Group's historical growth rates may not be indicative of its future growth, and there can be no assurance that the Group will be able to maintain similar growth rates in the future. The Group's future business growth and results of operations are subject to various uncertainties, including factors beyond its control, such as changes in economic and regulatory environment and the competitive landscape of the industries where the Group operates. Potential Noteholders should consider the Group's prospects in light of the risks and uncertainties that fast-growing companies in a quickly-evolving industry may encounter.

In addition, the Group may not be able to effectively manage its business expansion. Continuous business expansion may increase the complexity of the Group's management and operations, and place a strain on its management, operations, technical systems, financial resources and internal control functions. The Group's current and planned personnel, systems, resources and controls may not be adequate to support and effectively manage its future operations. The Group may need to upgrade its systems from time to time to cater to increased business needs, and the process of such upgrades may disrupt the Group's ordinary operations, which could adversely affect the Group's results of operations and cause harm to the Group's business.

***The Group faces additional risks as it expands its product and service offerings.***

The Group may continue to expand its product and service offerings as permitted by relevant regulatory authorities, transact with new customers not in its traditional customer base and enter into new markets. These activities expose the Group to new and increasingly challenging risks, including, but not limited to the following:

- the Group may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers;
- the Group may be subject to stricter regulatory scrutiny as well as additional licencing and approval requirements, increased credit risks, market risks, compliance risks and operational risks;
- the Group may be unable to provide customers with adequate levels of service for its new products and services;
- the Group may be unable to hire additional qualified personnel to support the offering of a broader range of products and services;



- the Group's new products and services may not be accepted by its customers or meet its profitability expectations;
- the Group may be unable to obtain sufficient financing from internal and external sources or sufficient resources to support its business expansion;
- the Group may encounter difficulties complying with the legal and regulatory requirements when expanding into new countries or regions, such as Singapore and Macau, or adapting to the market practice and cultures in such new markets; and
- the Group may be unsuccessful in enhancing its risk management capabilities and IT systems to identify and mitigate the risks associated with these new products and services, new customers and new markets.

If the Group is unable to achieve the intended results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

***The Group may pursue acquisitions or joint ventures that could present unforeseen integration obstacles or costs and may not enhance its business as it expects.***

The Group has in the past acquired certain subsidiaries with the aim of expanding its business scope. Acquisitions and joint ventures involve a number of risks and present financial, managerial and operational challenges. For example, it may disrupt the Group's ongoing business and distract management attention. The Group may also face difficulties integrating the information technology, financial and human resources systems of the acquired subsidiary or joint venture, or hiring additional management and other critical personnel. Expansion in the scope, geographic diversity and complexity of operations also brings management challenge to the Group.

There can be no assurance that the Group's assessments of and assumptions regarding acquisition targets and joint venture will prove to be correct, and actual developments may differ significantly from the Group's expectations. Therefore, the Group may not be able to realise the anticipated benefits or achieve the synergies it expects from these acquisitions or joint ventures. In addition, the Group could also incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or other parties, which may adversely impact its financial condition and results of operations. Further, the process of integrating the acquired business may be disruptive to the Group's existing operations and may cause an interruption of, or a loss of momentum in, such acquired businesses or a decrease in the Group's results of operations as a result of various difficulties or risks, including:

- unforeseen legal, regulatory, contractual and other issues;
- difficulty in standardising information and other systems;
- difficulty in realising operating synergies; and
- diversion of management's attention from the Group's day-to-day business.

If the Group fails to realise the anticipated benefits or achieve the synergies it expects from these acquisitions or joint ventures, or fails to integrate the acquired business or manage the joint ventures, its business, financial condition, results of operations and prospects may be adversely affected.

***The Group may be subject to litigation and regulatory investigations and proceedings and may not always be successful in defending itself against such claims or proceedings.***

The securities industry faces substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to sales and marketing, product development, fraud and misconduct, as well as protection of personal and confidential information of customers. The Group may be subject to claims and lawsuits in the ordinary course of its business. The Group may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental authorities. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other results adverse to the Group that could harm its reputation. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant. In market downturns, the number of legal claims and amount of damages sought in litigation and regulatory proceedings may increase.

From time to time, the Group has been subject to a number of legal proceedings arising from the ordinary course of its business, including, for example, disputes relating to financial product transactions and repurchase transactions. Any significant judgment or regulatory action against the Group, failure by the Group to prevail in legal proceedings, failure by the Group to enforce judgment debts, or disruption in its business arising from adverse adjudications in proceedings against its directors, officers or employees, would have a material adverse effect on its liquidity, business, reputation, financial condition, results of operations and prospects.

***The Group may be subject to liability and regulatory action if it is unable to protect personal data and confidential information of its users or customers.***

The Group collects and stores a large amount of personal data in its ordinary course of business, and is subject to various laws, regulations and rules governing the protection of the personal data and confidential information of its users or customers. The Group's databases contain personal data of its users or customers, such as user names and account numbers, location and contact information of users and customers' account-specific information such as dates of transactions and balances. These databases may be subject to damages, including telecommunications and network failures, natural disasters and human acts by the Group's employees or individuals outside the Group, such as fraud, identity theft and other misuse of personal data.

The Group routinely transmits and receives personal data and confidential information of its users or customers through the Internet and other electronic means. Despite the security measures that the Group has implemented, the systems may be subject to physical or electronic break-ins, cyber-attacks, computer viruses and similar disruptive problems, and third parties may have the technology or expertise to breach the security measures of the Group's transaction data and the Group may not be able to ensure that all its vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such information. External persons that are able to circumvent the Group's security measures could misappropriate proprietary information or user information, jeopardise the confidentiality of the information the Group transmits or cause interruptions in the Group's operations. The Group or its service providers may be required to invest significant resources to protect against the threat of security breaches or to alleviate the consequences caused by breaches. In addition, there can be no assurance that the Group's employees who have access to the personal data and confidential information of its users or customers will not misuse such data and information. Any security or privacy breach could expose the Group to liability, including regulatory fines or penalties, increase its expenses relating to the resolution of these breaches and the mitigation of their impact on the affected individuals, harm the Group's reputation and deter users from turning to the Group for their investment needs. Any of these could have a material adverse effect on the Group's business, reputation, financial condition, results of operations and prospects.

In China, the Cybersecurity Law became effective in June 2017 and requires network operators to follow the principles of legitimacy in collecting and using personal information. In addition, the Personal

Information Security Specification (“**China Specification**”), came into force on 1 October 2020. Although the China Specification is not a mandatory regulation, it nonetheless has a key implementing role in relation to China’s Cybersecurity Law in respect to protecting personal information in China. Furthermore, it is likely that the China Specification will be relied on by PRC government agencies as a standard to determine whether businesses have abided by China’s data protection rules. The Personal Information Protection Law was published in August 2021, and became effective on 1 November 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. Similarly, Hong Kong and the United States also have their respective data privacy legislation that regulates the collection, use and handling of personal data. Under the relevant legislation, data users are required to comply with various data protection principles in relation to the requirement of lawful and fair collection of personal data, consent of data subjects, retention of personal data, use and disclosure of personal data, security of personal data, personal data policies and practices, and rights to access and correction of personal data.

The relevant regulatory authorities in China continue to monitor the websites and apps in relation to the protection of personal data, privacy and information security, and may impose additional requirements from time to time. There are uncertainties as to the interpretation and implementation of the abovementioned legislations, which were adopted fairly recently. If the Group is unable to address any information protection concerns or to comply with the applicable laws and regulations, the Group may incur additional costs and liability and face governmental enforcement actions, litigation, fines and penalties or adverse publicity. This could cause the Group’s users to lose trust in the Group, which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

***A failure to identify and address conflicts of interest appropriately could adversely affect the Group’s business.***

As the Group expands the scope of its business and its customer base, it is critical for the Group to be able to address potential conflicts of interest, including situations where two or more interests within its business legitimately exist but are in competition or conflict.

The Group has extensive internal control and risk management procedures that are designed to identify and address conflicts of interest. However, appropriately identifying and dealing with potential conflicts of interest is complex and difficult. The Group’s failure to manage conflicts of interest could harm its reputation and erode customer confidence. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory actions. Any of the foregoing could adversely affect the Group’s business, financial condition and results of operations.

***Unauthorised use of the Group’s intellectual property by third parties and the expenses incurred in protecting the Group’s intellectual property rights may adversely affect the Group’s business, future results of operations and prospects.***

The Group regards its intellectual property rights, including its copyrights, trademarks and domain names, as critical to its success. The Group seeks to protect its intellectual property rights by relying on a combination of copyright and trademark protection and contract laws. Despite its precautions, it may be possible for third parties to use such intellectual property without authorisation. In particular, the validity, enforceability and scope of protection of intellectual property in internet-related industries are uncertain and still evolving in the PRC and protection and enforcement of the Group’s intellectual property rights may not be as effective as in other countries with more developed legal regimes on intellectual property. Moreover, policing and enforcing against unauthorised use of proprietary technologies are difficult and expensive. Therefore, any unauthorised use of the Group’s intellectual property could have a material and adverse impact on the Group’s business, financial condition and results of operations.

***The Group may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters.***

The Group's business is subject to general economic and social conditions in the PRC. Unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters which are beyond the Group's control may adversely affect the business and economic environment, infrastructure and livelihood of the people in the PRC and, in turn, the business operations of the Group. Some regions in the PRC are under the threat of earthquake, flood, sandstorm, snowstorm, fire and drought. For instance, two serious earthquakes hit Sichuan Province, in May 2008 and April 2013, and resulted in significant loss of lives and destruction of assets in the region. In July 2021, days of torrential rain flooded Henan Province, causing landslides, disrupting transportation, bursting dikes, forcing the evacuation of local residents and resulting in significant economic losses. In addition, occurrences of epidemics, such as Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A or H1N1), H7N9, Zika Virus Disease or COVID-19, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC.

In particular, COVID-19 has spread all over the world and was declared a pandemic on 11 March 2020 by the World Health Organisation. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the UK, imposing extensive business and travel restrictions with a view to containing the pandemic. In addition, COVID-19 has led to significant volatility in the PRC and the global markets across all asset classes, including stocks, bonds, oil and other commodities. In the first half of 2020, COVID-19 and the corresponding easing monetary policies adopted by governments led to sharp drops in yields and panic sentiment in the market, which witnessed overall declines in major stock market indices and intensified market volatilities, as well as a decrease in the overseas capital raising amount of PRC-based companies. Although the COVID-19 pandemic has been largely contained in China, there have been regional resurgences from time to time, and the volatility may persist for some time, which could further destabilise the market and lead to future additional trade disruptions. As such, the resurgence of COVID-19 may, in turn, adversely affect the Group's business.

The occurrence of these or any other unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions or lead to operational difficulties (including travel limitations) that could impair the Group's ability to manage its business activities and expose its business activities to significant losses.

***The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.***

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject the Group to financial losses and sanctions imposed by governmental authorities and adversely affect its reputation.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, its internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions that the Group takes to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future and there can be no assurance that the Group will detect and prevent such fraud or misconduct. If such fraud or other misconduct does occur, it may cause negative publicity for the Group. The Group's failure to detect and prevent fraud and other misconduct may have a material adverse effect on its business, reputation, financial condition and results of operations.

***The Group may fail to comply fully with money laundering and other laws and regulations in its business operations.***

The Group is required to comply with applicable anti-money laundering and anti-terrorism financing laws and regulations in mainland China and Hong Kong. These laws and regulations require financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures may not completely eliminate instances in which the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may impose fines or other penalties on the Group.

***The Group's insurance coverage may not be adequate, which could expose it to costs and business disruption.***

The Group maintains certain insurance to cover risks in business operations. See “Description of the Group — Insurance” for details. However, insurance companies in China generally do not offer as extensive an array of insurance products as their counterparts in more developed markets. Consequently, the Group does not maintain sufficient business interruption insurance or key man life insurance, which are not mandatory under PRC laws. Although the Group believes it has obtained all necessary insurance required under PRC laws, the Group's current insurance coverage may be insufficient to protect the Group from all material risks relating to its business operations.

***The Guarantor published and may continue to publish periodical financial information pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.***

The Guarantor's shares are listed on the ChiNext Market of the Shenzhen Stock Exchange. According to applicable securities regulations, the Guarantor publishes its quarterly financial information to satisfy its continuing disclosure obligations. The quarterly financial information published by the Guarantor is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, the quarterly financial information published should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Guarantor is not responsible to holders of the Notes for the quarterly financial information from time to time published and therefore investors should not place any undue reliance on any such quarterly financial information.

***The Group's independent auditors have previously been subject to penalties.***

The Group's former independent auditors, BDO China, and its auditing personnel have historically been imposed certain penalties, including administrative sanctions and warning letters, by the CSRC and its local office. BDO China has confirmed that, any such penalties (a) has not targeted and will not target the auditing personnel of BDO China who have audited the Group's financial statements or provided other services with respect to the issuance of the Notes; and (b) does not affect the unqualified opinion in the auditors' report included in Group's Audited Financial Statements.

The Group's current independent auditors, Ernst & Young, and its auditing personnel have historically received certain regulatory warning letters from CSRC or its local offices. Ernst & Young has confirmed



that, (a) there has been no criminal, administrative, self-regulatory or disciplinary penalties imposed during the past three years against Ernst & Young or its personnel in connection with its auditing services; (b) the regulatory warning letters received did not reflect negatively on the effectiveness of its quality control or the quality of its auditing service, and do not prevent Ernst & Young from providing auditing services or other services in connection with securities or financing transactions; and (c) there has been no criminal, administrative, self-regulatory or disciplinary penalties imposed during the past three years against the auditing personnel of Ernst & Young who have provided auditing or other services with respect to the Group's financial statements or provided other services with respect to the issuance of the Notes.

There can be no assurance that BDO China, Ernst & Young and their respective auditing personnel will not be subject to further penalties in the futures, or that any such future penalties will not restrict BDO China or Ernst & Young from providing auditing services or other services in connection with financing transactions. If BDO China, Ernst & Young or their respective auditing personnel becomes restricted from providing such services, the Group may need to discontinue its engagement with BDO China or Ernst & Young. Prospective investors should consider all the factors above prior to making any investment decision in the Notes.

## **RISKS RELATING TO THE PRC**

*The PRC has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.*

The PRC economy experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in the first quarter of 2016 on a year-on-year basis. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed the outlook of such rating from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In May 2017, Moody's Investors Service changed China's credit rating outlook to "stable" but lowered China's sovereign rating from Aa3 to A1. On 21 September 2017, Standard & Poor's downgraded PRC's long-term sovereign credit ratings to "A+" from "AA-". These highlight the country's surging debt burden and questioned the government's ability to enact reforms.

In addition, during 2018 and 2019, the US government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on US imports. Whilst the US government and the PRC government have entered into a "phase one" trade agreement on 13 December 2019, the effect of previously imposed tariffs on the economy of the PRC and the US may result in long-term structural shifts to the economies of both countries. Further, there are still unresolved issues and any prolonged tension between the two countries over trade policies could significantly undermine the stability of the global and China's economy. Any further significant falls or increased volatility and instability may further impact global capital markets potentially making it more difficult for the Group to access financing or impacting the Group's customers' interest in products and services, as well as the health of their businesses generally. The perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment.

The future performance of the PRC economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the

United States and the European Union. For example, on 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. Effective on 31 January 2020, the United Kingdom has officially exited from the European Union. There is substantial uncertainty relating to the implementation of the United Kingdom's exit or its impact on the economic conditions of other part of the world, such as the PRC, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

***Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC government could affect the Group's business and prospects.***

The PRC economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a substantial portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as the Issuer's ability to satisfy its obligations under the Notes and the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

***Inherent uncertainties with respect to the PRC legal system could affect the Group.***

As all of the Group's business are conducted, and all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Issuer and the Guarantor may not be aware of the violation by the Group of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction.



These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in the Group's operations and to the holders of the Notes.

***It may be difficult to effect service of legal process upon, or to enforce judgments against, the Group, the Group's directors or members of the Group's senior management who reside in the PRC.***

The Guarantor and substantially all of its subsidiaries are incorporated in the PRC. All of the Group's assets are located in the PRC. In addition, the Group's directors and senior management reside within the PRC and the assets of the Group's directors and senior management may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United States, the United Kingdom and Japan. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Group or any of the Group's directors or senior management in the PRC.

***Government control of currency conversion may adversely affect the value of investors' investments.***

Most of the Group's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Notes. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Notes in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

***Future fluctuations in foreign exchange rates may adversely affect the Group's business, financial condition and results of operations.***

The value of Renminbi, the reporting currency of the Group, against U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against U.S. dollar was gradually widened from 0.3 per cent. to 2 per cent.. On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of PBOC, published the China Foreign Exchange Trade System (CFETS) Renminbi exchange rate index for the first time which weighs Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that any pilot

schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC.

In addition, the value of Renminbi has depreciated significantly against U.S. dollar since the end of 2015 and there can be no assurance that Renminbi will not experience significant depreciation or appreciation against U.S. dollar or against any other currency in the future. The exchange rate between Renminbi and U.S. dollar experienced further fluctuation since 1 January 2016. On 5 August 2019, PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of Renminbi against U.S. dollar. If further reforms are implemented and result in devaluation of Renminbi against U.S. dollar, the Group's business, financial condition, results of operations and prospects could be adversely affected because of the Group's U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and ability of the Issuer to satisfy its obligations under the Notes.

## **RISKS RELATING TO THE NOTES AND THE GUARANTEE**

***The Issuer is a special purpose vehicle and has limited assets, which affects its ability to make payments under the Notes.***

The Issuer is a special purpose vehicle established specifically for the purpose of raising finance and on-lending the net proceeds from the issue of the Notes to the Guarantor or its subsidiaries. Since its incorporation, the Issuer has no substantive assets or any business operations. As the Issuer does not and will not have any business activities other than the issue of the Notes, its ability to make payments under the Notes will depend on receipt of timely remittance of funds from the Guarantor and/or other members of the Group.

***The Notes and the Guarantee of the Notes are unsecured obligations.***

As the Notes and the Guarantee of the Notes are unsecured obligations of the Issuer and the Guarantor (as the case may be), their repayment may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or, as the case may be, the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

***The Notes may not be a suitable investment for all investors.***

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

***An active trading market for the Notes may not develop.***

The Notes are a new issue of securities for which there is currently no trading market. Although an application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only, no assurance can be given that such application will be approved, or even if the Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

***The liquidity and price of the Notes following the offering may be volatile.***

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There is no assurance that these developments will not occur in the future.

***Developments in other markets may adversely affect the market price of the Notes.***

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial

crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

***Investment in the Notes is subject to exchange rate risks.***

Investment in the Notes is subject to exchange rate risks. The value of the U.S. dollars against Renminbi and other currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Issuer will make all payments of interest and principal with respect to the Notes in U.S. dollars. As a result, if the Noteholder's functional currency is not U.S. dollars, the value of these U.S. dollar payments under the Notes may vary with the prevailing exchange rates, depending on the functional currency of the Noteholder. If the value of the U.S. dollars depreciates against the functional currency of the Noteholder, the value of a Noteholder's investment in the Notes will decline.

***Changes in interest rates may have an adverse effect on the price of the Notes.***

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

***The Issuer may be unable to redeem the Notes.***

On certain dates, including but not limited to the occurrence of a Relevant Event and at maturity of the Notes, the Issuer may, and at maturity, will be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes, which may also constitute a default under the terms of other indebtedness of the Guarantor or its subsidiaries.

***The Notes and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.***

The Notes and the Guarantee of the Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Notes will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer and the Guarantor is subject to various restrictions under applicable laws. The Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the

extent that the Issuer or the Guarantor's is creditor of that subsidiary). Consequently, the Notes and the Guarantee of the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Notes and the Guarantee of the Notes are the Issuer's and the Guarantor's senior, direct, general, unsubordinated, unsecured and unconditional obligations and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

***The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.***

Since the Guarantor is incorporated under the laws of the PRC, any insolvency proceedings relating to the Guarantor even if brought in other jurisdictions, would likely involve the PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

***The Guarantor's subsidiaries may be subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor.***

The Guarantor may depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries to satisfy its obligations under the Notes. The ability of the Guarantor's subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Guarantor's subsidiaries will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. In particular, the Guarantor does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments under the Notes. These factors could reduce the payments that the Guarantor receives from its subsidiaries, which would restrict its ability to meet its payment obligations under the Notes.

***If the Issuer, the Guarantor or any other Group member is unable to comply with the restrictions and covenants in their debt agreements (if any), there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.***

If the Issuer, the Guarantor or any other Group member is unable to comply with its current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, the Guarantor and other Group member, accelerate repayment of the debt and declare



all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer, the Guarantor or any other Group member may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer, the Guarantor or any other Group member may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer, the Guarantor or any other Group member. If any of these events occur, the Issuer and the Guarantor cannot assure holders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that they would be able to find alternative financing. Even if they could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to them.

***The consolidated financial statements of the Group have been prepared and presented in accordance with PRC GAAP, which are different from IFRS in certain respects.***

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See “*Summary of Significant Differences between PRC GAAP and IFRS*” for details.

Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

***A change in English law which governs the Notes may adversely affect holders of the Notes.***

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

***Additional procedures may be required to be taken to bring English law governed matters or disputes to Hong Kong courts and the holders of the Notes would need to be subject to the exclusive jurisdiction of Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of Hong Kong courts in respect of English law governed matters or disputes.***

The Terms and Conditions of the Notes and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》法釋[2008]9號) (the “**Reciprocal Arrangement**”), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or under certain other circumstances specified by the Reciprocal Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

On 18 January 2019, the Supreme People's Court and the Department of Justice of the Hong Kong Special Administrative Region jointly promulgated the Arrangement for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Reciprocal Arrangement**”), which will become effective when both parties announce a commencement date after the Supreme People's Court promulgates a judicial interpretation and relevant procedures are completed in the HKSAR. According to the New Reciprocal Arrangement, the Reciprocal Arrangement shall be repealed when the New Reciprocal Arrangement becomes effective; however, parties concerned who have signed a “choice of court” agreement in writing specified in the Reciprocal Arrangement before the New Reciprocal Arrangement becomes effective shall remain governed by the Reciprocal Arrangement.

***The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction.***

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges, damages, liabilities and expenses (including legal expenses) which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

***Modifications and waivers may be made in respect of the Terms and Conditions of the Notes, the Deed of Guarantee and the Trust Deed by the Trustee or less than all of the holders of the Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes.***

The Terms and Conditions of the Notes contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including those Noteholders who did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual holders of the Notes. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Trust Deed, the Deed of Guarantee and/or the Terms and Conditions of the Notes (other than in respect of a reserved matter) which in the opinion of the Trustee is proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of the holders of the Notes and to any modification of the Notes, the Deed of Guarantee or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes, the Deed of Guarantee or the Trust Deed (other than a proposed breach or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Notes will not be materially prejudiced thereby.

***The Notes will initially be represented by a Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the relevant Clearing System.***

The Notes will initially be represented by a Global Note Certificate. Such Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream,



a “**Clearing System**”). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in a Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

***Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame may have adverse consequences for the Issuer and/or the investors of the Notes.***

NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with an original maturity of more than 365 days issued outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 8 November 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes. Each of the Issuer and the Guarantor undertakes to file or cause to be filed with NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the NDRC Circular.

***If the Guarantor fails to submit the Deed of Guarantee for registration with SAFE or complete the SAFE registration in connection with the Guarantee of the Notes within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee of the Notes.***

Under the Guarantee of the Notes, the Guarantor will unconditionally and irrevocably guarantee the due payment in full of all sums expressed to be payable by the Issuer under the Notes. The obligations of the Guarantor will be contained in the Deed of Guarantee.

The Guarantor is required by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) to register the Guarantee of the Notes and will register the Deed of Guarantee with SAFE or its local counterpart within 15 PRC Business Days after the date of execution of the Deed of Guarantee. SAFE may impose penalties on the Guarantor if the registration is not carried out within the stipulated time frame. The Guarantor intends to use its best endeavours to complete the registration of the Deed of Guarantee as soon as practicable and in any event within 90 PRC Business Days after the Issue Date. If the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee of the Notes) as domestic banks would require evidence of SAFE registration in connection with the Guarantee of the Notes in order to effect such remittance, although this does not affect the validity of the Guarantee of the Notes itself.

The Provisions on the Foreign Exchange Administration of Cross-Border Guarantees, its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Guarantee of the Notes in China. In addition, the administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the Guarantee of the Notes with SAFE can be completed by the Guarantor or will not be revoked or amended in the future or that future changes in the laws and regulations in China will not have a negative impact on the enforceability of the Guarantee of the Notes in China.

***Gains on the transfer of the Notes and interest payable by the Issuer or the Guarantor to overseas Noteholders may be subject to tax under PRC tax laws.***

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “**non-resident enterprise**” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “**Arrangement**”) which was promulgated on 21 August 2006, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes, if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As confirmed by the Issuer, as of the date of this Offering Circular, the Issuer has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise Noteholders will not be subject to income tax imposed by any tax authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform Caishui [2016] No. 36 (《關於全面推開營業稅改徵增值稅試點的通知》財稅[2016]36號, “**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes,

but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

**The Notes are redeemable in the event of certain withholding taxes being applicable.**

There can be no assurance by the Issuer or the Guarantor as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax ("EIT"), business tax, VAT or otherwise), the Issuer also has the right to redeem the Notes at any time in the event (i) it or, as the case may be, the Guarantor, has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2021, and (ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36 which introduces VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties but if the withholding tax applicable increases from that applicable on 24 November 2021 as a result of Circular 36, the Issuer is entitled to redeem the Notes under the Terms and Conditions of the Notes. For more details, see "*Taxation — PRC — VAT*".

If the Issuer redeems the Notes prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Notes may reduce the market price of the Notes.

***The Issuer may issue additional Notes in the future.***

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

***The ratings assigned to the Notes may be downgraded or withdrawn at any time.***

The Notes are expected to be rated "BBB–" by S&P. The rating represents the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their obligations under the Notes and the Guarantee of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes. The rating can be lowered or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform Noteholders if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Group's ability to access the debt capital markets.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes.*

The U.S.\$300,000,000 2.00 per cent. guaranteed notes due 2024 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) to be consolidated and forming a single series therewith) of Hafoo Co., Ltd 哈富有限公司 (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 2 December 2021 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer, East Money Information Co., Ltd. (東方財富信息股份有限公司) (“**Guarantor**”) and The Bank of New York Mellon, London Branch as trustee for the holders of the Notes (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and a deed of guarantee dated 2 December 2021 (as amended, restated, replaced or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor and are the subject of an agency agreement dated 2 December 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents and the Paying Agents and any reference to an “**Agent**” is to any one of them.

Certain provisions of these Conditions are summaries of the Trust Deed, the Deed of Guarantee and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Deed of Guarantee and the Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection following prior written request and satisfactory proof of holding by Noteholders during normal business hours (being 9:00 am to 3:00 pm, Monday to Friday except for public holidays) at the specified office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent. All capitalised terms that are not defined in these Conditions have the same meanings given to them in the Trust Deed.

### 1. Form, Denomination, Status and Guarantee

- (a) *Form and denomination:* The Notes are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Notes:* The Notes constitute senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law.
- (c) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable

by the Issuer in respect of the Notes. This guarantee (the “**Guarantee of the Notes**”) constitutes senior, direct, general, unsubordinated, unsecured and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the “**Global Note Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein.*

## **2. Register, Title and Transfers**

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title:* The Holder of each Note shall (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes, the Deed of Guarantee or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

*Transfers of interests in the Notes evidenced by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing system.*

- (d) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate and the provision of such evidence as the Registrar or the relevant Transfer Agent may require in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or



(as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity and/or security and/or pre-funding as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

### 3. Covenants

- (a) *Negative pledge*: So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without at the same time or prior thereto (a) securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.
- (b) *Financial Statements etc.*: So long as any Note remains outstanding,:
  - (i) the Guarantor shall provide to the Trustee (A) a copy of the Guarantor Audited Financial Reports within 150 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute); and (B) a copy of the Guarantor Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Guarantor Audited Financial Reports, and if the Guarantor Audited Financial Reports and/or the Guarantor Semi-Annual Unaudited Financial Reports, as the case may be, shall be in the Chinese language, together with an English language translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants of good repute, together with a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor certifying that such translation is complete and accurate; and



- (ii) each of the Issuer and the Guarantor shall provide to the Trustee a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Guarantor Audited Financial Reports.

The Trustee shall not be required to review the Guarantor Audited Financial Reports, the Guarantor Semi-Annual Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 3(b) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English translation of the same, and the Trustee shall not be liable to any Noteholder or any other person for not doing so.

- (c) *Registration with SAFE*: The Guarantor undertakes to register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local counterparts (“SAFE”), the Deed of Guarantee within 15 PRC Business Days after the Issue Date in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014, which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”).

The Guarantor shall complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Guarantee of the Notes.

The Trustee shall have no duty or obligation to monitor, assist with or ensure the registration of (or otherwise assist with) the Deed of Guarantee with SAFE on or before the SAFE Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Cross-Border Security Registration and/or the Registration Documents or to give notice to the Holders confirming the completion of the Cross-Border Security Registration, and shall not be liable to Holders or any other person for not doing so.

- (d) *Notification to NDRC*: The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the issue date of the Notes in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules or guidelines as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

Each of the Issuer and the Guarantor shall comply with all applicable PRC laws and regulations in connection with the issuance of the Notes and shall, on or before the SAFE Registration Deadline and within ten PRC Business Days after submission of such NDRC Post-issue Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), whichever is later, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Guarantor confirming the submission of the NDRC Post-issue Filing (together with the document(s) filed with the NDRC) and completion of the Cross-Border Security Registration together with a copy of the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) relating to the Cross-Border Security Registration and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the same.

The Trustee shall have no duty or obligation to monitor, assist with or ensure the completion of (or otherwise assist with) the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other documents in relation to or in connection with the NDRC Post-issue Filing, and shall not be liable to Noteholders or any other person for not doing so.

- (e) *Rating Maintenance*: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Noteholders, each of the Issuer and the Guarantor shall use its commercially reasonable efforts to maintain a rating on the Notes by a Rating Agency.
- (f) *Issuer activities*: The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Notes and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Notes to the Guarantor or any of the Guarantor's Subsidiaries).

In these Conditions:

**“Compliance Certificate”** means a certificate in English substantially in the form set out in the Trust Deed, of each of the Issuer and the Guarantor (as the case may be) signed by any one of its Authorised Signatories that, having made all enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (i) no Event of Default, or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (*Events of Default*), become an Event of Default (**“Potential Event of Default”**), or a Change of Control had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Notes or, if the Issuer or the Guarantor (as the case may be) has not complied with all such obligations, giving details of that non-compliance;

**“Group”** means the Guarantor and its Subsidiaries;

**“Guarantor Audited Financial Reports”** means the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows of the Guarantor and its consolidated Subsidiaries and statement of changes in owners' equity of the Guarantor together with any statements, reports (including any auditors' reports) and notes attached to or intended to be read with any of them;

**“Guarantor Semi-Annual Unaudited Financial Reports”** means the semi-annual unaudited and unreviewed consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows of the Guarantor and its consolidated Subsidiaries and statement of changes in owners' equity of the Guarantor and its consolidated Subsidiaries together with any statements, reports (including any auditors' reports) and notes attached to or intended to be read with any of them, if any;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**“NDRC”** means the National Development and Reform Commission of the PRC or its local counterparts;

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state, trust or other entity, whether or not having separate legal personality;

**“PRC”** means the People’s Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

**“PRC Business Day”** means a day on which commercial banks are open for business in the PRC;

**“PRC GAAP”** means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

**“Principal Subsidiary”** means any Subsidiary of the Guarantor:

- (i) whose operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating income, as shown by its latest audited income statement, is at least five per cent. of the consolidated operating income as shown by the latest published audited consolidated income statement of the Guarantor including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of operating income of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (ii) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated net profit as shown by the latest audited consolidated income statement of the Guarantor including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets, as shown by its latest audited balance sheet, are at least five per cent. of consolidated total assets of the Guarantor as shown by the latest audited consolidated balance sheet of the Guarantor including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;

*provided that*, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are issued, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, operating income, net profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Guarantor;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its operating income, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of unaudited accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (D) if the accounts of any Subsidiary are not consolidated with those of the Guarantor (other than in the case described in proviso (A) above), then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate signed by an Authorised Signatory of the Guarantor that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and shall (in the absence of manifest error), be conclusive and binding on all parties.

**“Rating Agency”** means Fitch Ratings, Inc., Moody’s Investor’s Services Hong Kong Limited and S&P Global Ratings or any of their respective successors;

**“Relevant Indebtedness”** means any present or future indebtedness issued outside the PRC with an original maturity of over one year which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), which, for the avoidance of doubt, does not include bilateral loans, syndicated loans, club deal loans, any transferable loan facility or agreement (including any drawdown of any existing credit line or facility);

**“Relevant Period”** means (i) in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and (ii) in relation to the Guarantor Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the Guarantor’s first-half financial year (being 30 June of that financial year);

**“SAFE”** means the State Administration of Foreign Exchange or its local counterparts;

**“SAFE Registration Deadline”** means the day falling 90 PRC Business Days after the Issue Date;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

#### 4. Interest

The Notes bear interest on their outstanding principal amount from and including 2 December 2021 (the “**Issue Date**”) at the rate of 2.00 per cent. per annum, (the “**Rate of Interest**”) payable semi-annually in arrear in equal instalments on 2 June and 2 December in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.\$10.00 in respect of each Note of U.S.\$1,000 denomination. If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

#### 5. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 2 December 2024, subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
  - (i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to,

the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 November 2021; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate in English signed by a director of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate in English signed by a director of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and conclusively rely upon such certificate and opinion as sufficient evidence (without further investigation or inquiry, and without liability to the Noteholders or any other person) as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption for a Relevant Event:* At any time following the occurrence of a Relevant Event, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Put Settlement Date at 101 per cent. of their principal amount (in the case of a Change of Control), or 100 per cent. of their principal amount (in the case of a Non-registration Event), together with accrued interest to (but not including) such Put Settlement Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and



signed notice of redemption substantially in the form scheduled to the Agency Agreement, obtainable from the Specified Office of any Paying Agent (a **“Put Exercise Notice”**), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The **“Put Settlement Date”** shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a Change of Control) or five business days (in the case of a Non-Registration Event) following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c).

*So long as the Notes are evidenced by the Global Note Certificate, a Holder’s right to redemption of the Notes due to a Relevant Event will be effected in accordance with the rules of the relevant clearing system.*

In these Conditions:

**“Affiliates”** means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person (ii) who is a director or officer of such Person or any Subsidiary of such Person or any Person referred to in clause (i) of this definition; or (iii) who is a legal spouse or direct family member of Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) or Mr. Shen Yougen (沈友根). For the purposes of this definition, **“control”** (including, with correlative meanings, the terms **“controlling”**, **“controlled by”** and **“under common control with”**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the discretion of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

a **“Change of Control”** occurs when:

- (i) the Permitted Holders in aggregate cease to, directly or indirectly, be the largest shareholder of the Guarantor;
- (ii) any Person or Persons, other than the Permitted Holders, acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;
- (iii) the Guarantor ceases to own and hold, directly or indirectly, 100 per cent. of the issued share capital of the Issuer;
- (iv) the Guarantor consolidates with, merges into or sells or transfers all or substantially all of its assets to any Person or Persons, acting together, unless the consolidation, merger, sale or transfer would not result in the other Person or Persons acquiring majority control over the Guarantor or its successor entity;

“**Control**” means (i) the acquisition and control of more than 50 per cent. of the Voting Rights of the issued share capital of the Guarantor, (ii) the right to appoint and/or remove at least a majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the Guarantor;

a “**Non-Registration Event**” occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

“**Permitted Holders**” means:

- (i) Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) and Mr. Shen Yougen (沈友根);
- (ii) the estate or the legal representatives of any of the foregoing, and for the avoidance of doubt, includes any trust for which Mr. Qi Shi (其實), Ms. Lu Lili (陸麗麗) or Mr. Shen Yougen (沈友根), their legal spouse or direct family member is a settlor or beneficiary; and
- (iii) any Affiliate of the Persons specified in clause (i) and (ii).

“**Registration Condition**” means (i) the completion of the Cross-Border Security Registration on or prior to the SAFE Registration Deadline and (ii) the receipt by the Trustee of the certificate and supporting documents (if any) and the publication of the notice to the Noteholders of the same in accordance with Condition 15 (*Notices*) within ten PRC Business Days after the completion of the Cross-Border Security Registration as set out in Condition 3(c) (*Registration with SAFE*);

a “**Relevant Event**” means a Change of Control or a Non-Registration Event; and

“**Voting Rights**” means the right generally to vote at general meetings of the shareholders of the Guarantor.

- (d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Redemption for a Relevant Event*) above.
- (e) *Purchase*: The Issuer, the Guarantor and any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, shall not entitle the Holder to vote any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 12(a) and 13.
- (f) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.
- (g) *No duty to monitor*: None of the Trustee or any Agent shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

- (h) *Calculations*: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Noteholders or any other person for not doing so.

## 6. Payments

- (a) *Principal*: Payments of principal and premium (if any) shall be made by wire transfer to a registered account maintained by the payee with a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by wire transfer to a registered account maintained by the payee with a bank and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

In this Condition 6, the “**registered account**” of a Noteholder means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register on the Record Date (as defined below).

- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal, premium (if any) and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “**business day**” means any day (other than a Saturday, Sunday or public holiday) on which banks are open for general business (including dealings in foreign currencies) in Shanghai, Hong Kong, London and New York City and in the place in which the specified office of the Principal Paying Agent is located and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

- (f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

*Notwithstanding the foregoing, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

## 7. **Taxation**

All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer or the Guarantor by or within the PRC up to and including the rate applicable on 24 November 2021 (the "**Applicable Rate**"), the Issuer or (as the case may be) the Guarantor will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

In the event that the Issuer or the Guarantor is required to make (i) a withholding or deduction by or within the PRC in excess of the Applicable Rate or (ii) any withholding or deduction by or within the British Virgin Islands, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, premium (if any) or interest shall be deemed to include any Additional Tax Amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution of this Condition 7 pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or the PRC, references in these Conditions to the British Virgin Islands or the PRC shall be construed as references to the British Virgin Islands, the PRC and/or such other jurisdiction.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charge, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Noteholders or any other person to pay such tax, duty, charge, withholding or other payment in any jurisdiction or to provide any notice or information to the Noteholders that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## **8. Events of Default**

If any of the following events occurs (each, an “**Event of Default**”), then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof, or any amount of interest on the Notes within 7 days after the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Guarantee or the Trust Deed (other than those obligations the breach of which would give rise to a right of redemption pursuant to Condition 5(c) (*Redemption for a Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer or (as the case may be) the Guarantor; or
- (c) *Cross-acceleration*:
  - (i) any indebtedness of the Issuer, the Guarantor or any of the Guarantor’s Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
  - (iii) the Issuer, the Guarantor or any of the Guarantor’s Subsidiaries fails to pay when due or within any applicable grace period any amount payable by it under any guarantee of any indebtedness;

*provided that* the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$30,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of U.S.\$30,000,000 (or its equivalent in any other currency or currencies), is rendered against the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries and such possession, receivership, managership or other similar situation is not discharged or stayed within 45 days; or
- (f) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, (iii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of the whole or any material part of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business (otherwise than, in the case of a Principal Subsidiary only, (A) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or any other Subsidiaries or (B) on terms approved by an Extraordinary Resolution of Noteholders) or (C) a disposal of a Principal Subsidiary's undertaking and assets on an arm's length basis where the proceeds (whether in cash or otherwise) from such disposal are fully transferred to or otherwise vested in the Issuer, the Guarantor or any Subsidiaries of the Guarantor; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary only, (A) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or any other Subsidiaries or (B) on terms approved by an Extraordinary Resolution of Noteholders) or (C) a disposal of a Principal Subsidiary's undertaking and assets on an arm's length basis where the proceeds (whether in cash or otherwise) from such disposal are fully transferred to or otherwise vested in the Issuer, the Guarantor or any Subsidiaries of the Guarantor; or
- (h) *Analogous event*: any event occurs which under the laws of the British Virgin Islands or the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or



- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Guarantee or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of the British Virgin Islands, Hong Kong and the PRC is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Guarantee or the Trust Deed; or
- (k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is condemned, seized, compulsorily acquired, expropriated, nationalised or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or
- (l) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect.

## **9. Prescription**

Claims for principal, premium (if any) and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

## **10. Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

## **11. Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. The Trustee and its affiliates are entitled (i) to enter into business transactions with the Issuer, the Guarantor and/or any related entity and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer, the Guarantor and any entity related to the Issuer and/or the Guarantor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its powers and discretions under these Conditions, the Deed of Guarantee, the Agency Agreement and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or the Guarantor and any other person appointed by the Issuer or the Guarantor (as the case may be) in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor (as the case may be) to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Noteholders shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and none of the Noteholders shall rely on the Trustee in respect thereof.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

## **12. Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Deed of Guarantee, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes, and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal, premium or

interest in respect of the Notes, to reduce the amount of principal, premium or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed, holding not less than 90 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*So long as the Notes are evidenced by the Global Note Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Noteholders of not less than 90 per cent. in nominal amount of the Notes for the time being outstanding.*

- (b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Deed of Guarantee, the Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Deed of Guarantee, the Agency Agreement or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Deed of Guarantee, the Agency Agreement or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

- (c) *Directions from Noteholders:* Notwithstanding anything to the contrary in these Conditions, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by these Conditions, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions or clarification of directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by

any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of any such directions, or in the event that the directions or clarifications sought are not provided by the Noteholders.

- (d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, advice, opinion, confirmation or certificate and such report, advice, opinion, confirmation or certificate shall be binding on the Issuer, the Guarantor and the Noteholders.

### **13. Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such actions, suits and proceedings as it thinks fit to enforce its rights under the Trust Deed, the Agency Agreement or the Deed of Guarantee in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

### **14. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing to perform and complete the NDRC Post-issue Filing and the Cross-Border Security Registration) so as to form a single series with the Notes. However, such further securities may only be issued if (i) the Rating Agency which has provided credit ratings in respect of the Notes has been informed of such issue; and (ii) such issue will not result in any adverse change in the then credit rating of the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed and the Deed of Guarantee, *provided that* such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

### **15. Notices**

Notices to the Noteholders will be sent to them by uninsured mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing.

*Until such time as any individual certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

## 16. Currency Indemnity

If any sum due from the Issuer or the Guarantor in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer and the Guarantor shall, jointly and severally, indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of each of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

## 17. Governing Law and Jurisdiction

- (a) *Governing law*: The Notes, the Deed of Guarantee and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Guarantee and the Trust Deed are governed by English law.
- (b) *Jurisdiction*: Each of the Issuer and the Guarantor has in the Trust Deed and the Deed of Guarantee (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes, the Deed of Guarantee and the Trust Deed (including any non-contractual obligation arising out of or in connection with the Notes and such documents); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated Hafoo Securities Limited (哈富證券有限公司) (currently at Room 3203, 32/F, Tower 1, Admiralty Centre, Admiralty, Hong Kong) to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The Global Note Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions.*

The Notes will be in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

Under the Global Note Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Notes to the holder of the Notes on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Notes.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates (as defined in the Trust Deed) if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Noteholder of the Global Note Certificate, Euroclear and/or Clearstream to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names such Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office (as defined in the Terms and Conditions of the Notes) of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

**Payments on business days:** In the case of all payments made in respect of the Global Note Certificate, “**business day**” means any day which is a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Registrar has its Specified Office.

**Payment Record Date:** Each payment in respect of the Global Note Certificate will be made to the person shown as the Noteholder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.



***Exercise of put option:*** In order to exercise the option contained in Condition 5(c) (*Redemption for a Relevant Event*) (the “**Put Option**”), the Holder must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

***Notices:*** Notwithstanding Condition 15 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to Noteholders represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be approximately U.S.\$297.9 million after deduction of the combined management and underwriting commission and the other expenses incurred in connection with the issue of the Notes.

The net proceeds of the issue of the Notes will be used to fund the expansion and development of the Group's overseas business.

## EXCHANGE RATE INFORMATION

PBOC sets and publishes daily a central parity rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies was based on rates set daily by PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. PBOC has enlarged the floating band several times since then. On 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was expanded to 2 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 2 per cent. above or below the central parity rate published by PBOC. From 21 July 2005 to 30 June 2015, the value of the Renminbi appreciated by approximately 33.5 per cent. against the U.S. dollar. Subsequently, the Renminbi depreciated 4.3 per cent. from 30 June 2015 to 31 December 2015. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar throughout the entire year in 2016 and the first half of 2017. In the second half of 2017 and the first half of 2018, Renminbi experienced further fluctuation in value against the U.S. dollar. On 5 August 2019, PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Noon buying rate			
	Period end	Average <sup>(1)</sup>	High	Low
(RMB per U.S.\$1.00)				
2016 .....	6.9430	6.6549	6.9580	6.4480
2017 .....	6.5063	6.7350	6.9575	6.4773
2018 .....	6.8755	6.6090	6.9737	6.2649
2019 .....	6.9618	6.9014	7.1786	6.6822
2020 .....	6.5250	6.9042	7.1681	6.5208
2021				
May .....	6.3674	6.4321	6.4749	6.3674
June .....	6.4566	6.4250	6.4811	6.3796
July .....	6.4609	6.4763	6.5104	6.4562
August .....	6.4604	6.4768	6.5012	6.4604
September .....	6.4434	6.4563	6.4702	6.4320
October .....	6.4050	6.4172	6.4485	6.3820
November (up to 12 November 2021) .....	6.3787	6.3938	6.4061	6.3787

<sup>(1)</sup> Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly averages rates, which are determined by averaging the daily rates during the respective months.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Guarantor as at 30 June 2021 (i) on an actual basis and (ii) on an adjusted basis to give effect to the issue of the Notes.

The summary consolidated financial information below should be read in conjunction with the Group's Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 June 2021			
	Actual		As adjusted	
	(RMB)	(U.S.\$) <sup>(1)</sup>	(RMB)	(U.S.\$) <sup>(1)</sup>
	(in millions)		(in millions)	
	(unaudited)		(unaudited)	
<b>Current indebtedness:</b>				
Short-term borrowings	6,722.4	1,041.2	6,722.4	1,041.2
Short-term financing bonds payable	9,200.6	1,425.0	9,200.6	1,425.0
Placements from other financial institutions	1,006.5	155.9	1,006.5	155.9
Financial liabilities held for trading	822.6	127.4	822.6	127.4
Financial assets sold under repurchase agreements	15,406.2	2,386.1	15,406.2	2,386.1
Non-current liabilities due within one year	3,013.2	466.7	3,013.2	466.7
<b>Total current indebtedness</b>	<b>36,171.5</b>	<b>5,602.3</b>	<b>36,171.5</b>	<b>5,602.3</b>
<b>Non-current indebtedness:</b>				
Bonds payable	17,119.5	2,651.5	17,119.5	2,651.5
Lease liabilities	73.2	11.3	73.2	11.3
Notes to be issued <sup>(2)</sup>	—	—	1,937.0	300.0
<b>Total non-current indebtedness</b>	<b>17,192.7</b>	<b>2,662.8</b>	<b>19,129.7</b>	<b>2,962.8</b>
<b>Total indebtedness<sup>(3)</sup></b>	<b>53,364.2</b>	<b>8,265.1</b>	<b>55,301.2</b>	<b>8,565.1</b>
<b>Equity:</b>				
Share capital	10,335.8	1,600.8	10,335.8	1,600.8
Other equity instruments	2,049.0	317.3	2,049.0	317.3
Capital reserves	12,729.1	1,971.5	12,729.1	1,971.5
Other comprehensive income	(6.8)	(1.1)	(6.8)	(1.1)
Surplus reserves	594.1	92.0	594.1	92.0
Retained earnings	12,749.3	1,974.6	12,749.3	1,974.6
<b>Total equity</b>	<b>38,450.6</b>	<b>5,955.2</b>	<b>38,450.6</b>	<b>5,955.2</b>
<b>Total capitalisation<sup>(4)</sup></b>	<b>55,643.3</b>	<b>8,618.0</b>	<b>57,580.3</b>	<b>8,918.0</b>

Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.4566 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve Bank System on 30 June 2021.
- (2) Represents the aggregate principal amount of the Notes to be issued.
- (3) Represents the sum of current indebtedness and non-current indebtedness.
- (4) Total capitalisation represents the sum of total non-current indebtedness and total equity.

The Group may incur additional debt from time to time in the ordinary course of its business to finance its operations. For example, Eastmoney Securities issued corporate bonds in an aggregate principal amount of RMB4.0 billion through private placements in August and September of 2021. In addition, Eastmoney Securities issued short-term commercial papers on China's interbank bond market from time to time. The aggregate outstanding principal amount of such short-term commercial papers amounted to RMB7.0 billion by the end of October 2021.

Except as otherwise disclosed in this Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 30 June 2021.

## **DESCRIPTION OF THE ISSUER**

### **OVERVIEW**

The Issuer is a BVI business company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 2069209). It was incorporated in the British Virgin Islands on 12 July 2021. The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

### **BUSINESS ACTIVITY**

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to the objects and powers set out in its memorandum of association. As at the date of this Offering Circular, the Issuer does not carry and has not carried on any business other than entering into the arrangements for the issue of the Notes, and the Issuer has no debt outstanding and has no contingent liabilities. As at the date of this Offering Circular, the Issuer has no subsidiaries and no material assets or liabilities.

### **DIRECTOR**

The sole director of the Issuer is Mr. KWONG Chi Kong Andy.

### **SHARE CAPITAL**

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class each with a par value of U.S.\$1.00. As at the date of this Offering Circular, 10,000 shares, which are held by East Money (HK) Limited, a direct wholly-owned Hong Kong subsidiary of the Guarantor, have been issued and credited as fully paid, representing the entire issued capital of the Issuer. None of the equity securities of the Issuer is listed or traded on any stock exchange and no listing or permission to trade such securities is being or is proposed to be sought as at the date of this Offering Circular.

### **FINANCIAL STATEMENTS**

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

### **LEGAL PROCEEDINGS**

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened actions against it.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is a leading integrated online wealth management service provider in China, and has been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code 300059.SZ since March 2010. Established in 2005 and headquartered in Shanghai, the Group has grown rapidly through multiple development phases and built a leading online wealth management service ecosystem in China with a massive user base and exceptional user stickiness.

Eastmoney.com (東方財富網) is the Group's core online platform, supplemented by other key online platforms such as Tiantian Fund (天天基金) and Guba (股吧). The Group is devoted to developing and improving its user-centric internet service ecosystem underpinned by unparalleled user traffic amid a massive online social community, vast amount of financial data, various application scenarios and corresponding financial licences.

The Group is well-positioned to serve a large and diverse user base with a wide spectrum of financial and financial-related services. The Group's primary business segments include securities business, online fund distribution business, financial data services and internet advertisement services.

- **Securities business.** The Group's securities business primarily includes securities and futures brokerage, margin financing and securities lending and other services, fund management, and certain other securities business. Leveraging on its unique internet-based ecosystem and its online and offline service network, the Group has achieved rapid growth in its securities business while maintaining a relatively low risk level.
- **Online fund distribution business.** As one of the first non-financial corporates in China to obtain a fund distribution licence, Shanghai Tiantian Fund distributes a wide array of fund products through its one-stop, self-service online and mobile service platform for fund products, Tiantian Fund. The Group has been a leading fund distributor in China since 2015 in terms of both the number of fund products distributed and the number of fund management company partners. As at 30 June 2021, the Group offered 10,863 fund products managed by 146 fund management companies.
- **Financial data services.** The Group provides financial information and market data to both retail and institutional customers through its website, desktop terminals and mobile applications. The Group's financial data services include information services and financial data terminals for both retail and institutional investors.
- **Internet advertisement services.** The Group provides internet advertisement services to corporate customers through various channels, including Eastmoney.com, one of the most visited financial information platforms in China, and the Group's other platforms such as Tiantian Fund and Guba, as well as the specialised channels and interactive communities under these platforms. Such advertisement may be placed through various forms, including web links, graphics and rich media.

Through its 16 years of operations, the Group has built a distinguished market position with a vast user base and strong brand recognition. Through organic growth and acquisitions, the Group has established a strong record of growth to stay competitive.

- The Group's core internet platform, Eastmoney.com, was launched as a website in 2004 followed by its mobile application in 2011. Over the years, Eastmoney.com has become one of the largest platforms for financial news and market data in China in terms of number of visits with exceptional user stickiness.



- Shanghai Tiantian Fund obtained a fund distribution licence from CSRC in 2012, being one of the first non-financial corporates in China to obtain such a licence.
- The Group acquired Hafoo Securities (formerly known as BWC Securities Limited (香港寶華世紀證券有限公司) and Eastmoney International Securities Limited (東方財富國際證券有限公司)) and Eastmoney Securities (formerly known as Tibet Tongxin Securities Co., Ltd. (西藏同信證券股份有限公司)) in 2015, thus becoming the only internet company with securities brokerage licences in both Hong Kong and mainland China.
- The Group established Eastmoney Fund Management in 2018. Eastmoney Fund Management obtained its fund management licence in 2019, and launched its first fund product within the same year.
- In April 2020, Hafoo Securities became a member of the London Stock Exchange and the Turquoise trading platform of the London Stock Exchange, marking the expansion of the Group's securities business to the London and European market.
- The Company was assigned a “BBB–” long-term international credit rating by S&P in June 2021.

With its fast development and strong performance, the Group has built a strong brand name on China's capital markets.

- In 2015, the Company became the first company listed on the ChiNext Market of the Shenzhen Stock Exchange with a market capitalisation exceeding RMB100 billion.
- The Company was the most actively traded company, in terms of trading volume of its shares, among all A-share listed companies in 2020, and among all companies listed on the ChiNext Market for six consecutive years from 2015 to 2020.
- The Company is highly recognised by both PRC and international investors. As of the end of October 2021, shareholding in the Company by northbound investors under Shenzhen-Hong Kong Stock Connect represented 8.4 per cent. of the Company's total public float, representing the strong recognition of the Group's value by international investors.
- As of the date of this Offering Circular, the Company has been included in the SZSE 100 Index, the CSI 300 Index and the FTSE/Xinhua A50 China Index.

The Group's high-quality products and services are widely recognised by the market, and have brought the Group a number of honours and awards. The Group was awarded “Best Securities Information Service Award (Information Provider)” in the Securities Information Service for the Year of 2019 (2019年度證券信息服務「最佳證券信息服務獎(信息商)」) by Shanghai Stock Exchange INFONET Co., Ltd. (上證所信息網絡有限公司) and Shenzhen Stock Exchange Information Co., Ltd. (深圳證券信息有限公司) in 2019, the “Derivatives Market Data Partner” (衍生產品市場數據合作夥伴) by Hong Kong Exchanges and Clearing Limited in 2019 and “2020 Hurun China Top 10 Fin-tech Companies” (2020胡潤中國10強金融科技企業) by Hurun China in 2020. For further details on the Group's awards and recognitions, please see “— Awards and Recognitions”.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's total operating revenue was RMB3,123.4 million, RMB4,231.7 million, RMB8,238.6 million, RMB3,338.0 million and RMB5,780.4 million, respectively, and the Group's profit for the year/period was RMB958.2 million, RMB1,831.3 million, RMB4,778.1 million, RMB1,808.8 million

and RMB3,726.9 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's total assets were RMB39.8 billion, RMB61.8 billion, RMB110.3 billion and RMB160.1 billion, respectively.

## COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development.

### **Well-positioned to capitalise the great growth potential of China's wealth management industry**

As a leading integrated online wealth management service provider, the Group has benefitted, and expects to continue to benefit, to a significant extent from the fast growth of China's wealth management industry. China's capital markets have developed rapidly in recent years, and has become the world's second largest in terms of total capitalisation of the equity market and outstanding balance of the debt capital market, respectively. Key development trends in China's wealth management industry include:

- *A robust growth in personal investable financial assets:* As China's economy and capital markets continue to grow, personal investable financial assets in China have experienced a steady growth. From 2015 to 2020, China's total personal investable financial assets increased from RMB117 trillion to RMB205 trillion, representing a CAGR of 11.9 per cent..
- *More diverse allocation of assets among different financial products:* Historically, a majority of China's personal investable financial assets was invested in bank deposits. As Chinese economy and capital markets continue to grow, individual's asset allocation has become increasingly diversified and moved away from bank deposits. From 2015 to 2020, the percentage of China's non-deposit personal investable financial assets invested in fund products and securities increased from 31.0 per cent. to 35.3 per cent.. However, the percentage remains relatively low compared to more developed markets, such as the United States, where approximately 91.4 per cent. of the total non-deposit personal investable financial assets as of 2020 are invested in fund products and securities, representing further growth potentials for China's wealth management industry.
- *Rising participation from institutional asset managers:* Alongside with the growth in wealth management demands, institutional asset managers in China have been on the rise. From 2015 to 2020, the total assets under management by such institutional asset managers, including the National Social Security Fund, insurance companies, private fund managers and public fund managers, increased from RMB26 trillion to RMB61 trillion, representing a CAGR of 18.6 per cent..
- *Increasing popularity of online wealth management services:* In line with the development of the internet and fin-tech industries, online wealth management has become increasingly popular among investors in China, with the number of online wealth management users increasing rapidly from 99 million by the end of 2015 to 170 million by the end of 2020, representing a CAGR of 11.4 per cent..

The Group believes that it is uniquely positioned to capitalise on the great growth potential brought by the development in China's wealth management industry. As a pioneer online financial service provider with a wide range of licenses for financial and wealth management services, the Group differentiates itself from traditional financial institutions with the superior user experience of its product and proprietary user engagement and acquisition channels.

As a result, the Group has achieved a rapid and sustainable business growth. From 2018 to 2020, its total operating revenue increased from RMB3,123.4 million to RMB8,238.6 million, representing a CAGR of 62.4 per cent.. In particular, its revenue from securities business increased from RMB1,813.1 million in

2018 to RMB4,981.8 million in 2020, and its revenue from online fund distribution business increased from RMB1,065.4 million in 2018 to RMB2,962.4 million in 2020, representing a CAGR of 65.8 per cent. and 66.7 per cent., respectively.

### **Strong customer base and brand recognition**

As one of the earliest online financial communities, Eastmoney.com enjoys the first-mover advantage to amass a large customer base who are financially capable and accustomed to financial investments. Through more than a decade's operations, the Group has become an integrated online wealth management service provider and gradually expanded its ever more comprehensive wealth management services, including securities trading and financing, online fund distribution, fund management and financial information and data services. The Group uses its highly scalable proprietary technologies to deliver innovative and seamless services to users and customers on a 24/7 basis. With such comprehensive services and excellent user experience, the Group has become the go-to wealth management brand in China with unrivalled advantages in capturing the mindshare of retail investors.

The strength of the Group's ability to attract, engage and serve its users has been and is expected to continue to be the cornerstone of the fast growth of its active and sticky user base. In addition, the proprietary nature of the Group's eco-system and comprehensive services has also attributed to the Group's relatively lower customer acquisition cost as well as high customer loyalty.

### **Leading market position with sustainable business growth**

The Group is an industry leader in the fund distribution services sector. The Group has been a leading fund distributor in China since 2015 in terms of both the number of fund products distributed and the number of fund management company partners. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group distributed fund products in an aggregate amount of RMB525.2 billion, RMB658.9 billion, RMB1,297.8 billion and RMB975.3 billion, respectively, representing a CAGR of 57.2 per cent. from 2018 to 2020. For the same periods, the Group's revenue from its online fund distribution business was RMB1,065.4 million, RMB1,235.7 million, RMB2,962.4 million and RMB2,397.1 million, respectively, representing a CAGR of 66.7 per cent. from 2018 to 2020.

Benefiting from the Group's vast user base and the unique combination of online platform and offline networks, the Group's securities business has also enjoyed strong economies of scale and growth momentum.

- *Brokerage business.* For the years ended 31 December 2018, 2019 and 2020, Eastmoney Securities ranked the 19th, the 18th and the 15th, respectively, among brokers in China by securities brokerage income (including income from securities brokerage services and trading seat rental income).
- *Margin financing and securities lending.* As at 31 December 2018, 2019 and 2020, Eastmoney Securities' margin accounts receivable amounted to RMB8.2 billion, RMB15.9 billion and RMB29.7 billion, respectively, representing a CAGR of 90.3 per cent.. For the years ended 31 December 2018, 2019 and 2020, Eastmoney Securities' interest income from margin financing and securities lending business amounted to RMB0.6 billion, RMB0.8 billion and RMB1.4 billion, respectively, ranking the 25th, the 20th and the 19th, respectively, among brokers in China and representing a CAGR of 54.7 per cent.. As at 30 June 2021, Eastmoney Securities' margin accounts receivable amounted to RMB36.7 billion.

### **Strong capital position brought by excellent risk management capabilities**

As an online wealth management service provider, the Group has developed a sustainable, capital-light business model with a low-risk balance sheet.

The Group has focused on wealth management related business, primarily including securities and futures brokerage services and online fund distribution services. Such services are fee-based, capital-light and low-risk in nature. For the six months ended 30 June 2021, revenue from the Group's wealth management related business, which consists of revenue from online fund distribution business, net securities and futures brokerage income, revenue from asset management and fund management business and revenue from investment advisory business, amounted to RMB4,611.4 million, representing 79.8 per cent. of the Group's total operating revenue.

As a result of the Group's capital-light business model, it has maintained a high-quality and low-risk balance sheet. As at 30 June 2021, 50.4 per cent. of the Group's total assets were low-risk, including cash and bank balances, clearing settlement funds, and bonds and bank wealth management and structured deposits held for trading, while 25.3 per cent. of the Group's total assets were balance of margin accounts receivable (net of relevant provisions for impairment), with an overall margin ratio (calculated by dividing the fair value of the collaterals held by the Group under margin financing by the outstanding margin financing balance) of 295.4 per cent. as at 30 June 2021.

As a securities company, Eastmoney Securities is subject to regulatory requirements with respect to its capital, liquidity and risk coverage. As at 31 December 2018, 2019 and 2020, Eastmoney Securities had a liquidity coverage ratio of 330.9 per cent., 463.0 per cent. and 368.2 per cent., respectively, well above the regulatory requirement of 100.0 per cent..

### **Sustainable growth and strong profitability through industry cycles**

The Group has achieved consistent growth throughout market cycles. Despite the volatility in China's securities market in recent years, the Group was able to maintain a strong growth in its revenue and profit, which outperformed its peers in terms of both growth and profitability. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the Group recorded a return on weighted average equity of 6.3 per cent., 9.5 per cent., 17.9 per cent. and 10.5 per cent., respectively, ranking top in the securities industry in China in 2019 and 2020. For the same periods, the Group recorded a return on average total assets of 2.3 per cent., 3.6 per cent., 5.6 per cent. and 2.8 per cent., respectively, and a net profit margin of 30.7 per cent., 43.3 per cent., 58.0 per cent. and 64.5 per cent., respectively, demonstrating an outstanding profitability compared to industry peers.

Continued strong profitability has brought the Group an industry-leading solvency level. As at 31 December 2019 and 2020 and 30 June 2021, the Group had an EBITDA interest coverage of 6.7 times, 11.2 times, 11.7 times, and 8.4 times, respectively, ranking top in the securities industry in China at 31 December 2019 and 2020. As at the same dates, the Group had an EBITDA to total debt ratio of 24.6 per cent., 40.5 per cent., 26.5 per cent. and 20.0 per cent., respectively, significantly higher than its industry peers, and a leverage ratio of 1.6 times, 1.5 times, 1.8 times and 2.5 times, respectively, significantly lower than its industry peers.

### **A technology-driven pioneer with strong research and development capability**

The Group deems technology as the core of its competitive strengths. With its strong online financial ecosystem and fin-tech nature, the Group has built a market leading financial information platform offering 24/7 real-time one-stop services. In addition, the Group has utilised market leading technologies, such as cloud computing, big data, artificial intelligence and deep learning technologies, to further strengthen its operational efficiency and risk management. Leveraging on its technology advantages, the Group has become a fully licensed one-stop online wealth management service provider with a wide range of services to meet customer's investment needs across markets.

As a technology-driven company, the Group places great emphasis on research and development in order to provide users and customers with fast, smart, reliable and personalised systems. For example, the

Group has developed its own scalable, flexible, stable and fast-evolving trading system for fund products that is compatible with various types of operational systems and devices, and upgrades such trading system from time to time to improve its features and ensure steady operation. Such trading system allows customers to open accounts online in a convenient and swift manner without paperwork and waiting in line. It is also capable of supporting real-time monitoring of portfolios and markets, swiftly executing transactions and utilising big data and face identification technologies to facilitate customers' trading activities. The Group has also developed an intelligent trading system covering stock selection, research, operation, services and risk control, which is continuously optimised and updated with cloud computing. The Group's systems are capable of generating user portraits based on analysis of customers' trading behaviours and transaction data, as well as providing financial news covering all products across the globe. As a result of the Group's investment in technology, its trading systems are widely accepted and highly recognised by customers, and is capable to process all transactions online to the satisfaction of the Group's customers.

The Group maintains a continued investment in research and development. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's research and development expenses amounted to RMB250.3 million, RMB305.4 million, RMB378.4 million, RMB130.9 million and RMB276.4 million, respectively, representing 8.0 per cent., 7.2 per cent., 4.6 per cent., 3.9 per cent. and 4.8 per cent., respectively, of the Group's total operating revenue for the same periods.

## **DEVELOPMENT STRATEGIES**

With a vision of becoming an innovative fin-tech leader, it is the Group's mission to connect people with wealth and to create value for users. To accomplish such mission, the Group intends to implement the following development strategies.

### **Continuing to improve the Group's overall service capabilities through strengthened technology empowerment**

In order to optimise its online wealth management ecosystem and improve its overall service capabilities, the Group plans to further enhance its investment in technology, research and development. In particular, the Group plans to increase its investment in artificial intelligence technology and in the upgrade, optimisation and improvement of its core database. This is expected to further promote data sharing among different business lines and platforms of the Group to the extent permissible under applicable laws and regulations, and improve the Group's ability to process and respond to different types of data, allowing the Group to take full advantages of the synergies among its different business lines and platforms. The Group expects that these measures will further strengthen its ability to provide comprehensive, one-stop online wealth management services to its users and customers.

### **Further expanding service and product offerings and growing its key business segments**

To achieve its mission of connecting people with wealth and creating value for users, the Group plans to further develop its competitive advantages in its key business segments, and extend its services chain to better cater to its users' needs.

- *Securities business.* The Group aims to further improve its service capabilities to facilitate investment in securities, futures and fund products. To such end, the Group plans to further optimise its offline service network serving retail investors and establish a one-stop platform of securities, futures and fund product investment. The Group also plans to proactively grow its international presence and accelerate the development of its brokerage business in the Hong Kong and U.S. equity capital markets. The Group expects that these measures may create further synergies among its different business lines and platforms, expand its user base and further elevate

its user experience. In addition, the Group plans to continue to improve its risk management framework and strengthen its compliance and risk management capabilities in order to achieve a sustainable development of its securities, futures and public fund business.

- *Online fund distribution business.* The Group plans to further strengthen its competitive advantages in the wealth management area through continued growth of its fund distribution services, especially with respect to public equity fund products. The Group also aims to further improve its product and service innovation and provide users with customised and intelligent wealth management services tailored to their needs. Through such initiatives, the Group aims to differentiate itself with its competitors, and further consolidate its leading market position.

### **Leveraging on diversified funding sources to further accelerate its business growth**

The Group plans to diversify its funding sources, and fully utilise internal and external financial resources to accelerate its business growth. In addition to its own financial resources, the Group plans to rely more on external financing in capital markets through the issuance of bonds and capital instruments. The Company has issued three RMB denominated convertible bonds in China, which were all well received by investors. As of the date of this Offering Circular, the first two of the Company's convertible bonds have all been converted into the Company's shares or redeemed. The Group may raise funds through other types of securities and on other markets in the future, such as issuing U.S. dollar denominated offshore bonds, based on its business development and financing needs. In addition, the Group also plans to enhance its oversight on the use of proceeds from its convertible bonds and other debt securities to ensure that the proceeds are effectively utilised.

Further, as a publicly listed company, the Company also plans to continue to strengthen its investor relationship management. To such end, the Company plans to improve its information disclosure and investor protection practice on a continued basis, so that the public shareholders of the Company may be well-informed about the Group and make investment decisions based on the intrinsic value of the Group. The Group expects that its continued investor relationship management efforts will further improve its public image on the capital markets, which may help the Group further explore more diverse funding sources, optimise capital structure and financing cost.

### **Further strengthening risk management and corporate governance**

In order to maintain a steady and sustainable development of its key business, the Group plans to continue improving its risk management and corporate governance. The Group intends to further optimise its decision-making procedures and business protocols to better suit the Group's rapid growth. In particular, the Group plans to strengthen its financial control policies and procedures to ensure financial stability. The Group also plans to strengthen its human resources management and optimise its performance evaluation and incentive mechanisms. The Group expects that such efforts may help the Group to better attract and retain talents and form a multi-layered talent base. In addition, the Group plans to further improve its utilisation of information technology for internal management and risk control, so that its internal management procedures, business efficiency, corporate governance and risk control may be further strengthened.

### **RECENT DEVELOPMENT**

On 16 October 2021, the Group published its unaudited and unreviewed 2021 Third Quarter Financial Statements in the PRC.

For the nine months ended 30 September 2021, the Group's total operating revenue, operating profit and profit before tax increased significantly compared to the nine months ended 30 September 2020. The Group's total assets at 30 September 2021 increased significantly compared to 31 December 2020, with

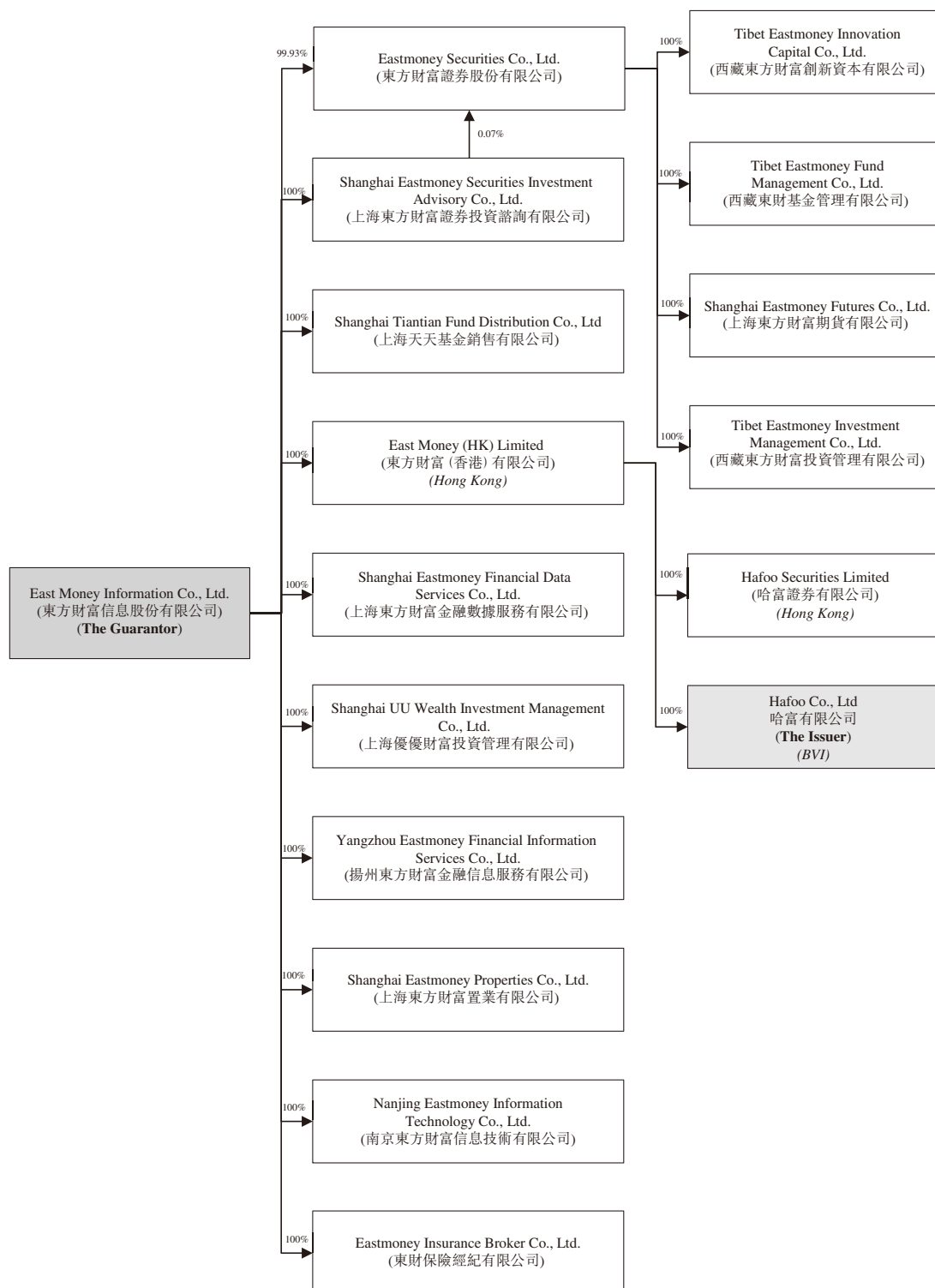


an increase in cash and cash equivalents at 30 September 2021 increased compared to 31 December 2020. At 30 September 2021, the total liabilities of the Group increased compared to 31 December 2020, primarily attributable to increases in accounts payable to brokerage customers and financial assets sold under repurchase agreements as a result of the continued growth of the Group's business, as well as an increase in bonds payable resulting from the Group's issuance of debt securities on the PRC market.

The 2021 Third Quarter Financial Statements have not been audited or reviewed by the independent auditors of the Group, or any other independent accountants, and may be subject to adjustments if audited and reviewed. Therefore, such unaudited and unreviewed 2021 Third Quarter Financial Statements should not be relied upon by potential investors to provide the same quality of information as the information that has been subject to an audit or review. The 2021 Third Quarter Financial Statements do not form a part of this Offering Circular, and should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2021. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

## GROUP STRUCTURE

As at the date of this Offering Circular, the Company carried out its principal business activities primarily through 37 subsidiaries. The chart below illustrates the simplified corporate structure of the Group as at the date of this Offering Circular, comprising the key members of the Group. All entities illustrated in the chart below were incorporated in the PRC unless otherwise indicated.



## HISTORY AND DEVELOPMENT

The Company was incorporated in 2005 as Shanghai East Money Information Technology Limited (上海東財信息技術有限公司), and was renamed as East Money Information Co., Ltd. (東方財富信息股份有限公司) in 2008. The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code 300059.SZ in March 2010. As at the date of this Offering Circular, the Company has a registered capital of RMB10.3 billion.

The following table sets forth selected key milestone events in the history of the Group.

Year	Milestone Event
2004 . . . .	The core product of the Group, Eastmoney.com (www.eastmoney.com or www.18.com.cn) was launched in the form of a website.
2005 . . . .	The Company was incorporated with the name Shanghai East Money Information Technology Limited.
2006 . . . .	The Group's interactive online financial forum, Guba, was launched.
2007 . . . .	The Group's information website for fund products, Tiantian Fund (fund.eastmoney.com or www.1234567.com.cn), was launched.
2008 . . . .	The Company was renamed as East Money Information Co., Ltd..
2010 . . . .	The Company was listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code 300059.SZ.
2011 . . . .	The mobile application of Eastmoney.com, Eastmoney APP, was launched.
2012 . . . .	Shanghai Tiantian Fund became one of the first non-financial corporates in China to obtain a fund distribution licence.
2012 . . . .	The mobile application of Tiantian Fund was launched.
2013 . . . .	The Group's professional financial data platform, Choice Data (Choice數據), was launched.
2015 . . . .	The Company acquired Hafoo Securities (formerly known as BWC Securities Limited and Eastmoney International Securities Limited) and Eastmoney Securities (formerly known as Tibet Tongxin Securities Co., Ltd.), thus acquiring relevant securities business licences in both Hong Kong and mainland China.
2017 . . . .	The Company issued its first convertible bonds in an aggregate principal amount of RMB4.65 billion, all of which had been converted into the Company's shares or redeemed by May 2019.
2019 . . . .	Eastmoney Fund Management obtained its public fund management licence, and offered its first public fund product within the same year.
2020 . . . .	The Company issued its second convertible bonds in an aggregate principal amount of RMB7.3 billion, all of which had been converted into the Company's shares or redeemed by August 2020.
2021 . . . .	The Company issued its third convertible bonds in an aggregate principal amount of RMB15.8 billion.
2021 . . . .	The Company was assigned a "BBB–" long-term international credit rating by S&P in June 2021.

## AWARDS AND RECOGNITIONS

The following table sets forth the key awards and recognitions that the Group received in recent years.

Year	Awards/Recognitions	Event/Organiser/Media
2020 . . . . .	"Powerful Internet Companies in China" for the Year of 2020 (2020年度中國互聯網綜合實力企業)	Internet Society of China (中國互聯網協會)
2020 . . . . .	"Top 10 Fin-tech Companies" for the Year of 2020	Hurun China
2020 . . . . .	"Best Service Award" in the Shanghai Information Consumer Festival" (上海信息消費節最佳服務獎)	Shanghai Municipal Commission of Economy and Informatisation (上海市經濟和信息化委員會)

Year	Awards/Recognitions	Event/Organiser/Media
2020	“Outstanding Contribution Award in the National Securities Market Research” for the Year of 2019 (2019年度全國證券市場調查突出貢獻獎)	China Association for Public Companies (中國上市公司協會) and China Securities Investor Protection Fund Corporation Limited (中國證券投資者保護基金公司)
2019	“Tibet Securities and Futures Investors Education Centre” (西藏證券期貨投資者教育基地)	Tibet Bureau of China Securities Regulatory Commission (中國證監會西藏監管局)
2019	“Excellent Internet Security Management Team” for the Year of 2019 (2019年網絡安全管理優秀團隊)	Bureau of Internet Security Protection of the Ministry of Public Security (公安部網絡安全保衛局)
2019	“Derivatives Market Data Partner” (衍生產品市場數據合作夥伴)	Hong Kong Exchanges and Clearing Limited
2019	“Best Securities Information Service Award (Information Provider)” in Securities Information Service for the Year of 2019 (2019年度證券信息服務最佳證券信息服務獎(信息商))	Shanghai Stock Exchange INFONET Co., Ltd. (上證所信息網絡有限公司) and Shenzhen Stock Exchange Information Co., Ltd. (深圳證券信息有限公司)
2019	“Top 100 Non-state-owned Service Industry Enterprises in Shanghai” (上海民營服務業企業100強), “Top 100 Service Industry Companies in Shanghai” (上海服務業企業100強) and “Top 100 Non-state-owned Enterprises in Shanghai” (上海民營企業100強) for the Year of 2019	Shanghai Enterprises’ Federation (上海市企業聯合會), Shanghai Entrepreneurs’ Association (上海市企業家協會) and Jiefang Daily Newspaper (解放日報)
2019	“Top 100 Internet Companies in China” for the Year of 2019 (2019年中國互聯網百強企業)	China Internet Association and Information Centre of Ministry of Industry and Information Technology (工業和信息化部信息中心)
2019	“Best Website” in the Eighth Shanghai Excellent Websites Award (上海市優秀網站評選「最佳網站」) (Eastmoney.com)	Shanghai Municipal People’s Government
2018	“Excellent Internet Security Management Team” for the Year of 2018 (2018年網絡安全管理優秀團隊)	Bureau of Internet Security Protection of the Ministry of Public Security
2018	“Top 100 Non-state-owned Enterprises in Shanghai” for the Year of 2018 (2018上海民營百強企業)	Shanghai Enterprises’ Federation and Shanghai Entrepreneurs’ Association
2018	“Top 100 Internet Companies in China” for the Year of 2018 (2018年中國互聯網百強企業)	China Internet Association and Information Centre of Ministry of Industry and Information Technology
2018	“Most Respected Listed Company Rated by Investors” for the Year of 2017 (2017年度最受投資者尊重的上市公司)	China Association for Public Companies, China Securities Investor Protection Fund Corporation Limited, Shanghai Stock Exchange, Shenzhen Stock Exchange, Securities Association of China (中國證券業協會), Asset Management Association of China (中國基金業協會) and China Securities Investor Services Centre (中證中小投資者服務中心)
2017	“Best Information Provider” and “Outstanding Partner” in Securities Information Service for the Year of 2017 (2017年度證券信息服務「最佳信息商」及「優秀合作夥伴」)	Shanghai Stock Exchange INFONET Co., Ltd. and Shenzhen Stock Exchange Information Co., Ltd.
2016	“Five-star Integrity Enterprise” (五星級誠信創建企業)	Shanghai Enterprises Integrity Promotion Committee (上海市企業誠信創建活動組委會) and Shanghai Information Services Association (上海市信息服務業行業協會)

## DESCRIPTION OF THE GROUP'S BUSINESS

### Overview

The Group is a leading integrated online wealth management service provider in China. Eastmoney.com serves as the Group's core online platform, supplemented by other key online platforms such as Tiantian Fund and Guba. The Group is well-positioned to serve a large and diverse user base with a wide spectrum of financial and financial-related services. The Group's primary business segments include securities business, online fund distribution business, financial data services and internet advertisement services.

The following table sets forth the total operating revenue of the Group by principal business activities for the periods indicated.

	For the year ended 31 December						For the six months ended 30 June			
	2018		2019		2020		2020		2021	
	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total
Securities business . . . . .	1,813.1	58.1	2,750.7	65.0	4,981.8	60.5	2,069.6	62.0	3,223.0	55.8
Online fund distribution business . . . . .	1,065.4	34.1	1,235.7	29.2	2,962.4	36.0	1,142.7	34.2	2,397.1	41.5
Financial data services . . .	159.7	5.1	157.8	3.7	188.0	2.3	83.9	2.5	122.5	2.1
Internet advertisement services and others . . . .	85.2	2.7	87.5	2.1	106.3	1.3	41.9	1.3	37.8	0.7
<b>Total operating revenue .</b>	<b>3,123.4</b>	<b>100.0</b>	<b>4,231.7</b>	<b>100.0</b>	<b>8,238.6</b>	<b>100.0</b>	<b>3,338.0</b>	<b>100.0</b>	<b>5,780.4</b>	<b>100.0</b>

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's total operating revenue was RMB3,123.4 million, RMB4,231.7 million, RMB8,238.6 million, RMB3,338.0 million and RMB5,780.4 million, respectively, and the Group's profit for the year/period was RMB958.2 million, RMB1,831.3 million, RMB4,778.1 million, RMB1,808.8 million and RMB3,726.9 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's total assets were RMB39.8 billion, RMB61.8 billion, RMB110.3 billion and RMB160.1 billion, respectively.

### Securities Business

#### Overview

The Group provides comprehensive securities-related products and services to a large and diverse user base through its online platforms and offline network. Leveraging its unique internet and technology-driven background and the seamless collaboration of online and offline services, the Group has achieved a rapid growth in its securities business and has become a top-tier securities service provider in China.

The Group's securities business consists primarily of securities and futures brokerage, margin financing and securities lending and other services, fund management, and certain other securities business.

#### Securities and Futures Brokerage

As a broker, the Group executes, clears and settles trades for both retail and corporate customers, and generates brokerage income from customers' trading activities. The Group's securities and futures brokerage business contributes a significant percentage of the Group's revenue from securities business, and is a key source for the Group to grow its user base and business scale. The Group conducts its securities and futures brokerage business primarily through Eastmoney Securities and Eastmoney Futures in mainland China, and through Hafoo Securities in Hong Kong.

The Group provides its customers with what it believes to be one of the most comprehensive and user-friendly trading platforms in the industry, with its online and offline trading platforms offering customers a seamless customer experience and access to multiple types of securities and products, including stocks, bonds, options and futures. The Group has developed online platforms and trading systems capable of serving its vast user base via websites, desktop terminals and mobile devices. The Group's online platforms and trading systems integrate various functions and procedures to facilitate customers' transactions, and electronically process all transactions online. Compared to the conventional paper-based and manual transaction processing methods, the Group's online platforms and trading systems offer a user-friendly and efficient experience, and have helped the Group acquire a vast customer base. The Group also conducts online marketing campaigns through its online platforms from time to time to further broaden its customer base. As a complement to its online platforms, the Group offers customised and localised services through its offline service network, which further broadens the Group's customer reach. As at 31 October 2021, Eastmoney Securities had established 13 branches in major cities and 172 securities business outlets, covering 31 provinces, autonomous regions and municipalities in mainland China. In addition, the Group also provides one-on-one coaching and other customised services through its 24/7 customer service hotline. Capitalising on its advanced technology, the Group provides customers with a one-stop comprehensive trading solution with a highly automated online account opening process, swift trade execution and real-time position monitoring functions.

The combination of a standardised, streamlined online services and customised offline services provides customers with premium experience, and has helped the Group acquire customers efficiently and resulted in a rapid growth in the Group's securities and futures brokerage business. As of 31 December 2018, 2019 and 2020 and 30 June 2021, accounts payable to brokerage customers of the Group under its ordinary brokerage business and credit business amounted to RMB12.0 billion, RMB21.3 billion, RMB36.0 billion and RMB43.0 billion, respectively. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's net brokerage income was RMB1,131.4 million, RMB1,881.2 million, RMB3,409.1 million, RMB1,414.5 million and RMB2,197.0 million, respectively. The following table sets forth a breakdown of net brokerage income from the Group's securities and futures brokerage business for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(RMB in millions)				
Securities brokerage . . . . .	1,053.0	1,662.2	3,032.2	1,267.6	1,908.2
Futures brokerage . . . . .	78.4	219.0	377.0	146.9	288.8
<b>Total . . . . .</b>	<b>1,131.4</b>	<b>1,881.2</b>	<b>3,409.1</b>	<b>1,414.5</b>	<b>2,197.0</b>

In particular, Eastmoney Securities has historically contributed, and is expected to continue to contribute in the future, a significant portion of the Group's securities and futures brokerage business. In 2018, 2019 and 2020, Eastmoney Securities ranked 19th, the 18th and the 15th, respectively, among brokers in China by securities brokerage income (including income from securities brokerage services and trading seat rental income).

#### ***Margin Financing and Securities Lending and Other Services***

The Group extends credit and provides financing to facilitate customers' securities trading activities, which is primarily conducted through margin financing and securities lending transactions, and, to a lesser extent, repurchase transactions. The Group provides its margin financing and securities lending and other services primarily through Eastmoney Securities in mainland China, and through Hafoo Securities in Hong Kong.



### *Margin Financing and Securities Lending*

The Group provides customers with margin loans to finance their stock trading, and receives securities and cash from customers as collateral. The Group also provides securities lending services, where it lends securities held in its own accounts to customers and receives cash or acceptable securities as collateral. As at 30 June 2021, Eastmoney Securities offered margin financing and securities lending services at 183 securities business outlets and its online trading platform. Margin financing and securities lending transactions provide customers with greater financing flexibility to finance their securities investment portfolios as well as temporary access to specific securities for short selling purposes. As the funds and securities lent are secured by collaterals, credit risks are relatively low.

The Group's margin financing and securities lending business has experienced rapid growth in recent years. As at 31 December 2018, 2019 and 2020, Eastmoney Securities' margin accounts receivable amounted to RMB8.2 billion, RMB15.9 billion and RMB29.7 billion, respectively. For the years ended 31 December 2018, 2019 and 2020, interest income from Eastmoney Securities' margin financing and securities lending business was RMB0.6 billion, RMB0.8 billion and RMB1.4 billion, respectively, ranking Eastmoney Securities the 25th, the 20th and the 19th, respectively, among brokers in China and representing a CAGR of 54.7 per cent.. As at 30 June 2021, Eastmoney Securities' margin accounts receivable amounted to RMB36.7 billion.

The Group has implemented a real-time risk monitoring and internal control mechanism to effectively control the risks associated with its margin financing and securities lending business. It closely monitors the market and its overall risk profile to adjust its business strategies and internal control measures in relation to margin financing and securities lending transactions. It also rigorously monitors its risk indicators, such as margin ratio, concentration level, quality of collaterals and total outstanding balance, to strengthen the Group's risk management. The Group set different minimum margin ratio requirements for each customer based on their credit profile and funding needs. When the margin ratio falls below the agreed-upon minimum level, the Group will require the customer to provide additional collaterals or repay the funds or securities borrowed. At 30 June 2021, the average margin ratio for the Group's outstanding margin financing and securities lending balance (calculated by dividing the fair value of the collaterals held by the Group under margin financing by the outstanding margin financing balance) was 295.4 per cent..

### *Repurchase Transactions*

The Group has historically provided financing to its customers through stock repurchase transactions, including pledged repurchase transactions and title-transfer repurchase transactions.

In a typical pledged repurchase transaction, a customer pledges its stocks to the Group for the borrowing of funds. The customer then repays the funds borrowed at the agreed-upon repayment date, with an interest calculated at a specific repurchase rate, after which the Group releases the pledge over the stocks. Margin is often provided to the Group by pricing the stock pledged at its market value minus a certain percentage. The borrowed funds are usually made available to the customer on the business day following the pledge of the relevant stocks.

In a typical title-transfer repurchase transaction, a customer sells stocks to the Group against the transfer of funds, with a simultaneous agreement to repurchase the same or equivalent stocks at a pre-determined price at a future date. Margin is often provided to the Group by pricing the stock transferred at its market value minus a percentage. The purchase money is usually made available to the customer on the second business day following the sale of the relevant stocks.

As the customers either pledge or transfer their securities to the Group as an assurance for their repayment obligations, and the amount of funds extended by the Group is usually determined at a level

significantly lower than the market value of the securities pledged or transferred, the credit risks relating to the repurchase transactions are considered to be relatively low.

Starting January 2018, the regulatory authorities in China imposed more stringent restrictions on pledged repurchase transactions, including prohibiting financial institutions and financial products from borrowing funds under pledged repurchase transactions, imposing minimum transaction amount requirements and restrictions on the use of proceeds borrowed, and excluding fund products and debt securities as eligible collaterals. As a result, the Group has reduced its pledged repurchase business accordingly. As at 30 June 2021, the Group's outstanding balance of the funds made available to customer under pledged repurchase transactions and title-transfer repurchase transactions was RMB950.5 million and nil, respectively.

### ***Fund Management***

The Group conducts its fund management business through Eastmoney Fund Management, which obtained its fund management licence in July 2019 and launched its first fund product in December 2019.

The Group primarily offers equity index funds and hybrid funds to its customer, and receives fees and commissions for its fund management services, including management fees, subscription and redemption fees and distribution fees. The Group has formulated a multi-layer management framework for its public fund business covering all stages of its fund management activities, including product development, investment research, risk management, centralised trading, fund operation, information disclosure, supervision and auditing, as well as information technology.

### ***Proprietary Trading***

The Group trades in various types of securities with its proprietary funds through Eastmoney Securities, and generates income from changes in the fair value and the differences between the purchasing and selling prices of such securities. The securities that the Group trades in include securities and financial derivatives listed on stock exchanges, as well as standardised debt securities and interest rate derivatives listed on the interbank bond market.

The Group's proprietary trading business is conducted in a prudent and risk-neutral manner and pursues absolute returns in the mid to long term. It has adopted a value-based investment strategy and selects securities based on their long-term investment value. The Group determines the timing to buy or sell securities based on macro-economic research, industry study, and market-cycle analysis performed by a dedicated in-house research team. The selection of securities is also based upon the Group's research of the issuer's industry, business models, financial condition and management teams.

The Group has established a comprehensive risk management framework for its proprietary securities trading business, which covers the investment decision-making process, risk assessment procedures and risk monitoring and management mechanisms, in order to control and mitigate the risk associated with its proprietary trading business.

### ***Private Equity Investment***

The Group engages in private equity investment business through Tibet Eastmoney Investment Management Co., Ltd. (西藏東方財富投資管理有限公司). The Group's private equity investment business focuses on fast growing companies with long-term potentials, including those in their early, growing and maturing stages.

The Group has adopted a value-based investment strategy and seeks to generate returns through the creation of intrinsic value. It actively diversifies its private equity investment portfolio and invests across

various sectors, particularly in the areas of TMT, healthcare, consumer products, and advanced manufacturing. Since the launching of its private equity investment business in 2017, the Group has formed a number of private equity investment funds.

### ***Alternative Investment***

The Group's alternative investment business primarily involves equity investment on both primary and secondary markets. The Group explores potential investment opportunities throughout the entire life cycle of suitable businesses, spanning from incubation to public listing, and is committed to building its core competitiveness across various emerging sectors, such as fin-tech, new generation information technology, high-end equipment, new materials, new energy, energy conservation and environmental protection and bio-pharmaceutical companies. The Group focuses on selected sectors and market segments where it has cumulated reliable resources, specialised expertise and reputation. The Group also works with external partners to complement its internal capabilities and broaden its investment reach.

### **Online Fund Distribution Business**

#### ***Overview***

The Group's online fund distribution business primarily involves its fund distribution services. As one of the first non-financial corporates in China to obtain a fund distribution licence, Shanghai Tiantian Fund distributes a wide array of fund products to both retail and corporate customers through its one-stop, self-service online service platform for fund products, Tiantian Fund.

Leveraging the vast user base cumulated by Eastmoney.com, one of the most visited financial information platforms in China, the Group has become a top-tier fund distribution platform in China connecting China's fund management market with the enormous retail investor base. The Group has been a leading fund distributor in China since 2015 in terms of both the number of fund products distributed and the number of fund management company partners.

As at 30 June 2021, the Group offered 10,863 fund products managed by 146 fund management companies. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the aggregate transaction volume of the Group's fund distribution services was RMB525.2 billion, RMB658.9 billion, RMB1,297.8 billion, RMB568.3 billion and RMB975.3 billion, respectively. As of 30 June 2021, the cumulative transaction volume of the Group's fund distribution services has exceeded RMB5.2 trillion since the commencement of the Group's online fund distribution business. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, revenue from the Group's online fund distribution business was approximately RMB1,065.4 million, RMB1,235.7 million, RMB2,962.4 million, RMB1,142.7 million and RMB2,397.1 million, respectively, representing 34.1 per cent., 29.2 per cent., 36.0 per cent., 34.2 per cent. and 41.5 per cent., respectively, of the Group's total operating revenue for the same periods.

#### ***Key Platform — Tiantian Fund***

The Group operates the largest online fund distribution platform in China in terms of product coverage, Tiantian Fund. Leveraging its vast user base and brand recognition, the Group offers one-stop self-served fund distribution services through the Tiantian Fund websites (fund.eastmoney.com and www.1234567.com.cn) and mobile application, with a user-friendly, secured and convenient investment experience. With its superior customer experience and renowned brand, Tiantian Fund has achieved excellent customer loyalty.

#### ***Business Model***

The Group partners with carefully selected, duly licensed fund managers to distribute their fund products. The Group's fund distribution services target all investors qualified under applicable laws and regulations

to invest in the relevant products, including retail and corporate customers. The Group has standard procedures in place to verify the qualification of new customers before opening accounts for new customers, including requesting the new customers' identification documents and an investor questionnaire to assess the investors' qualifications.

The Group may charge customers or fund managers for its fund distribution services, including but not limited to subscription fees, redemption or exchange fees, sales service fees and client retention fees.

- *Subscription fees*: subscription fees are generally charged based on the subscription amount in accordance with the sale service agreements between the Group and the customers;
- *Redemption or exchange fees*: redemption or exchange fees are generally charged based on the redemption amount, and are settled by fund managers on a regular basis in accordance with the fund distribution agreements between the Group and the fund managers;
- *Client retention fees*: client retention fees are charged to fund managers as a percentage of the management fees received by such fund managers with respect to the fund products distributed by the Group, and are generally settled on a quarterly basis by the fund managers.

## **Financial Data Services**

### ***Overview***

The Group operates one of the most visited financial information platforms in China, Eastmoney.com, and provides finance-related information and market data to both retail and institutional customers. The Group's financial data services covers a wide range of investment products, including equity and fix income securities, funds, commodities and foreign exchange, and provide investors with real-time and historical market news, technical indicators and macroeconomic data.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, revenue from the Group's financial data services business was approximately RMB159.7 million, RMB157.8 million, RMB188.0 million, RMB83.9 million and RMB122.5 million, respectively, representing 5.1 per cent., 3.7 per cent., 2.3 per cent., 2.5 per cent. and 2.1 per cent., respectively, of the Group's total operating revenue for the same periods.

### ***Key Products***

The Group's financial data services can be accessed through its website, desktop terminals and mobile applications. Key products of the Group's financial data services include:

- *Eastmoney Classic*: the free-of-charge information terminal for retail investors;
- *Eastmoney Level-2 Express*, *Eastmoney Level-2 Decision* and *Investment Master* (投資大師): subscription-based information terminals for retail investors; and
- *Choice Data*: the subscription-based information terminal for institutional investors.

The Group's Eastmoney and Investment Master terminals provide retail customers with non-stop feeds of information relating to the financial markets worldwide. In addition, the Eastmoney terminals also provides retail customers with an interactive online financial forum, Guba, where investors can discuss finance related topics and exchange opinions freely.

In addition to the information provided to retail investors via the Eastmoney and Investment Master terminals, the Group also provides institutional investors, through Choice Data, with information on

financial markets updated and refreshed at a high frequency. Choice Data also provides institutional investors with powerful analytic tools, researches, quantitative interfaces and portfolio management applications. Choice Data includes the following four components and can provide tailor-made data solutions to its customers.

- *Choice Financial Terminal (Choice 金融終端)*: the professional financial data analysis and investment management desktop terminal providing high-quality data to financial institutions, academic institution and professional investors;
- *Choice APP*: the mobile application of Choice Data, primarily providing investment researches, market forecasts and enterprise data;
- *Choice Database (Choice 數據庫)*: financial data base of various exchanges and international markets with market-leading data processing capabilities to process data on a 24/7 non-stop basis to facilitate evaluation and decision-making of customers; and
- *Choice Quantitative API (Choice 量化API)*: an application programming interface presenting financial data in a flexible way that supports the development of customised quantitative trading policies.

Subscription to the Group's paid financial data products above are usually made on an annual or bi-annual basis, which can be renewed upon expiration. Each paid account can only be used to log into the relevant terminals on one device.

### **Internet Advertisement Services**

The Group provides internet advertisement services to corporate customers through various channels, including Eastmoney.com, one of the most visited financial information platforms in China, and the Group's other platforms such as Tiantian Fund and Guba, as well as the specialised channels and interactive communities under these platforms. Significant traffic on the Group's websites brings opportunities for monetisation through advertising. Leveraging on the vast user base and traffic volume of Eastmoney.com, the Group provides internet advertisement services to corporate customers on the various channels and forums of Eastmoney.com and other websites of the Group in various forms, including web links, graphics and rich media.

The Group offers its internet advertisement services primarily through advertising agents. Over the years of its operations and leveraging on its market reputation, the Group has established long-term cooperative relationships with the key advertising agents in the internet advertisement business. Major clients of the Group's internet advertisement services include domestic and international financial institutions, corporates and public listed companies.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, revenue from the Group's internet advertisement services and others business was approximately RMB85.2 million, RMB87.5 million, RMB106.3 million, RMB41.9 million and RMB37.8 million, respectively, representing 2.7 per cent., 2.1 per cent., 1.3 per cent., 1.3 per cent. and 0.7 per cent., respectively, of the Group's total operating revenue for the same periods.

### **COMPETITION**

As a leading integrated online wealth management service provider in China, the Group operates in, and compete with its competitors from, different industry sectors. In particular, the Group primarily faces competition from securities companies, fund distributors and financial information providers with respect to its securities business, online fund distribution business and financial data services business,

respectively. Certain of the industries the Group operates in are characterized by extensive regulations and evolving regulatory environment and technology, presenting both opportunities and challenges to the Group.

The securities business industry is highly competitive and extensively regulated. The Group competes with other securities companies mainly on the aspects of brokerage, margin financing and securities lending and other services. The Group's main competitors in securities business industry include, among others, CITIC Securities (中信證券), Guotai Junan Securities (國泰君安證券) and Huatai Securities (華泰證券).

In addition, the Group also competes with other fund distributors with respect to its online fund distribution business. The Group's main competitors for its online fund distribution business include, among others, Tencent Wealth Management (騰訊理財通), Ant Fortune (螞蟻財富, an asset management products distribution platform under Ant Group Co., Ltd. (螞蟻科技集團股份有限公司)), and Howbuy Fund (好買基金網) under Howbuy Wealth Management Co., Ltd. (好買財富管理股份有限公司).

Furthermore, the Group competes with other domestic financial information providers with respect to its financial data business. Such competitors include, among others, Great Wisdom (大智慧), RoyalFlush (同花順), Hundsun Electronics (恒生電子) and WIND Info (萬得資訊).

Over the years, the Group's comprehensive and high-quality products and services have been widely recognised, and the Group has received a number of honours and awards. For details on the Group's awards and recognitions, please see “— *Awards and Recognitions*”. The Group believes that the principal competitive factors in its business include size of customer base, community cohesiveness and interactivity, brand recognition, experienced management team and technology, product development capabilities.

Some of the Group's competitors may enjoy certain competitive advantages, including greater financial resources, more sophisticated management experience, more advanced information technology systems, wider geographic coverage, better understanding of local markets and the ability to offer more diversified financial products and services. There is no assurance that the Group will be able to compete successfully with its competitors on these fronts and, as a result, the Group may be unable to sustain its current market position. The Group is also exposed to competition in attracting and retaining talents. Financial information technology companies are facing intense competition in needs for sponsor representatives, financial consultants, investment managers, research analysts and IT experts. The Group's ability to compete continuously and effectively in business is also subject to its ability to attract more talents and retain and motivate existing talents.

## **RESEARCH AND DEVELOPMENT**

The Company has been categorised as a software enterprise by competent government authorities since September 2007 and the Company is also currently a High and New Technology Enterprise recognised by the Shanghai Science and Technology Committee (上海市科學技術委員會), Shanghai Finance Bureau (上海市財政局) and Shanghai Municipal Tax Bureau (國家稅務總局上海市稅務局). The Group believes that its ability to develop technology and desktop and mobile applications is a key factor in the success of its business. To maintain and enhance its leading market position, the Group has established a research and development team with quality staff and continues to invest in research and development in order to enhance its services and products. As at 31 December 2020, the Company's research and development staff constitutes approximately 37.0 per cent. of its full-time employees. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's research and development expenses amounted to RMB250.3 million, RMB305.4 million, RMB378.4 million, RMB130.9 million and RMB276.4 million, respectively. The Company has also established a research and development staff incentive mechanism consisting of monthly performance review on its research and development staff and discretion bonuses for significant innovations.



## **INTELLECTUAL PROPERTY**

The Group's intellectual property rights primarily consist of copyrights, trademarks and domain names that the Group uses in its operations. As at 30 June 2021, the Group holds 312 software copyrights covering a variety of applications in operation, which includes websites and development and maintenance of community interaction platforms, financial data products, online fund distribution platforms, securities products and financial information platforms. In addition, the Group holds 195 registered trademarks and two patents for its inventions. As at the date of this Offering Circular, the Group is not aware of any material infringement (i) by the Group of any intellectual property rights owned by third parties or (ii) by any third parties of any intellectual property rights owned by the Group.

## **INFORMATION TECHNOLOGY**

The Group recognises the importance of information technology, and believes information technology is a key component required to support its business growth and internal control. The Group has established several information systems for its core businesses and its subsidiaries and information technology risk management procedures in accordance with relevant industry regulatory requirements. From time to time, the Group procures new or upgrades existing information systems based on its business needs. As at the date of this Offering Circular, the Group has not suffered any material information technology system failures or related losses.

## **ENVIRONMENTAL PROTECTION**

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by relevant governmental authorities in the jurisdictions in which it operates, including the PRC. The Group is in compliance, in all material respects, with applicable environmental regulations. As at the date of this Offering Circular, the Group is not aware of any material environmental proceedings or investigations to which it is or might become a party.

## **INSURANCE**

The Group maintains insurance coverage in the areas where it operates. The Group maintains insurance coverage in amounts that the Group believes are commensurate with its risk of loss and the customary practices in the relevant industries. For example, the Company maintains commercial insurance for its full-time employees and their dependent children, including term life insurance, accidental death and dismemberment insurance, transportation accident insurance, critical illness insurance and supplementary medical insurance. The Company also maintains employer liability insurance for its part-time employees, including injury, disability or death insurance and accidental medical treatment insurance.

## **EMPLOYEES**

As at 30 June 2021, the Group had 5,163 full-time employees. In accordance with the applicable regulations of local governments in the regions where the Group has business operations, the Group makes contributions to the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries set by relevant authorities. The Group also makes contributions to the employee housing funds according to applicable regulations. In addition to statutory contributions, the Group provides monthly commissions, quarterly incentives, and annual bonuses to different types of employees. The Group enters into an employment contract with each of its employees in accordance with applicable laws. Such contracts generally include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for

termination. The Group has entered into non-competition agreements with senior management and other employees who have access to trade secrets or confidential information about its business.

As at the date of this Offering Circular, there are no material disruptions to the Group's operations due to labour disputes which would have a material adverse effect on the Group's business or financial condition.

## **LEGAL PROCEEDINGS**

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business.

As at the date of this Offering Circular, the Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Group that may have a material adverse impact on its business, financial condition or results of operations.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GUARANTOR

### DIRECTORS

The Guarantor's board of directors (the “**Board**”) consists of six directors, including a chairman, two vice chairmen, one non-independent director and two independent directors. The main responsibilities of the Board include, without limitation, convening shareholders' meetings and reporting to shareholders; implementing decisions of shareholders' meetings; determining the Group's operation and investment plans; formulating annual budgets and final accounts; formulating profit sharing and loss recovery plans; formulating plans for increases or decreases of the Guarantor's registered capital and issuance and listing of securities; formulating plans for share buy-backs and for the mergers, spinoffs, changes of corporate forms, winding up and dissolution of the Guarantor; approving major investments, purchase, sale and pledge of major assets, and the provision of guarantees within shareholders' authorisation; determining the internal management structure and policies of the Guarantor; appointing, removing and determining the remuneration of senior management; making proposals on the amendment of the Guarantor's articles of association; managing information disclosures of the Guarantor; and other responsibilities stipulated by applicable laws and regulations or by the Guarantor's articles of association. The directors are appointed for a term of three years, and may be re-elected upon the expiration of their terms of office.

The following table sets forth the Guarantor's directors as at the date of this Offering Circular.

Name	Age	Position/Title
Mr. QI Shi (其實) . . . . .	51	Chairman of the Board
Mr. ZHENG Likun (鄭立坤) . . . . .	37	Vice chairman of the Board and general manager
Mr. CHEN Kai (陳凱) . . . . .	51	Vice chairman of the Board and deputy general manager
Ms. HUANG Jianhai (黃建海) . . . . .	47	Director, deputy general manager, chief financial officer and Board secretary
Mr. CHEN Gui (陳貴) . . . . .	43	Independent director
Mr. XIA Lijun (夏立軍) . . . . .	45	Independent director

**Mr. QI Shi (其實)**, aged 51, has been the chairman of the Board since December 2007. Mr. Qi currently also holds various positions in social organisations. Mr. Qi serves as, among others, a vice president of the Asset Management Association of China (中國證券投資基金業協會), the director-general of Shanghai Y50 Research Institute for Innovation and Entrepreneurship (上海市青年五十人創新創業研究院), the chairman of Fudan EMBA Fellow Association (復旦大學EMBA同學會) and the president of Shanghai Informatisation Youth Talent Association (上海市信息化青年人才協會). Mr. Qi holds a bachelor's degree from Shanghai Jiao Tong University (上海交通大學) and a doctor's degree from Fudan University (復旦大學).

**Mr. ZHENG Likun (鄭立坤)**, aged 37, has been a vice chairman of the Board since June 2021 and the general manager of the Guarantor since April 2021. Mr. Zheng previously served as a senior software engineer of Shanghai Gildata Inc. (上海恒生聚源數據服務有限公司), a project manager, head of corporate and institutional products and head of product technology of Hainan GAOTIME Industrial Holding Co., Ltd. (海南港澳資訊產業股份有限公司), and a vice chairman of the board of directors, deputy general manager, chief information officer and general manager of Eastmoney Securities. Mr. Zheng holds a bachelor's degree.

**Mr. CHEN Kai (陳凱)**, aged 51, has been a vice chairman of the Board and deputy general manager of the Guarantor since April 2016. Mr. Chen currently also serves as a deputy chairman of board of directors of China Securities Credit Technology Co., Ltd. (中證信用雲科技(深圳)股份有限公司) and an independent director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司). Mr. Chen previously served as a member of the 11th National Committee for the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會), a member of the 11th Standing Committee of the All-China Youth Federation (中華全國青年聯合會). Prior to joining the Group,

Mr. Chen served as a level-two department manager (二級企業部門經理), deputy general manager and deputy general engineer of Changjiang Computer Group Co., Ltd. (長江計算機集團有限公司), a general manager of Shanghai Changjiang Technology Development Co., Ltd. (上海長江科技發展有限公司), the president of Shanghai Youth Federation (上海青年聯合會), the dean of Shanghai College of Young Management Leaders (上海青年幹部管理學院), a deputy secretary general of the Shanghai Committee of Chinese Communist Youth League (共青團上海市委員會), a deputy director of the Shanghai Municipal People's Government Foreign Affairs Office (上海市人民政府外事辦公室), and the secretary general of the International Business Leaders' Advisory Council. Mr. Chen holds a doctor's degree in engineering.

**Ms. HUANG Jianhai (黃建海)**, aged 47, has been the Board secretary of the Guarantor since September 2021, a director of the Guarantor since May 2021 and a deputy general manager and chief financial officer of the Guarantor since April 2021. Prior to joining the Group, Ms. Huang held various positions with, among others, PricewaterhouseCoopers Zhongtian LLP. (普華永道中天會計師事務所 (特殊普通合伙)), Merrill Lynch (Asia Pacific) Limited, Lehman Brothers Asia Limited, Greentown Asset Management Group Limited (綠城資產管理集團有限公司) and Greentown Proptech Group Co., Ltd. (綠城建築科技集團有限公司). Prior to her appointment as the deputy general manager and chief financial officer of the Guarantor, Ms. Huang served as an assistant general manager of the Guarantor. Ms. Huang holds a bachelor's degree from Shanghai Jiao Tong University and a master's degree in business administration from Harvard Business School. Ms. Huang is a Certified Public Accountant in the PRC, and has obtained the board secretary qualification granted by Shenzhen Stock Exchange.

**Mr. CHEN Gui (陳貴)**, aged 43, has been an independent director of the Guarantor since January 2020. Mr. Chen currently is also a lawyer and partner of Anjie Law Firm (北京安傑(上海)律師事務所). Mr. Chen previously served, among others, Fortune CLSA Securities Limited (財富里昂證券有限責任公司) (formerly known as China-Europe International Securities Limited (華歐國際證券有限公司)), Morgan Stanley Securities (China) Co., Ltd. (摩根士丹利證券(中國)有限公司) (formerly known as Morgan Stanley Huaxin Securities Company Limited (摩根士丹利華鑫證券有限公司)), Dentons Law Firm (北京大成(上海)律師事務所) and Chen & Co. Law Firm (上海市瑛明律師事務所). Mr. Chen holds a bachelor's degree in law from Tsinghua University Law School, a master's degree in law from Leiden University, an EMBA degree from Peking University Guanghua School of Management, and a doctor's degree in business administration from Shanghai Jiao Tong University Advanced Institute of Finance.

**Mr. XIA Lijun (夏立軍)**, aged 45, has been an independent director of the Guarantor since January 2020. Mr. Xia currently serves as a professor, doctoral supervisor and the dean of the accounting faculty of Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院). Mr. Xia currently holds a number of directorship in various companies, including serves as, among others, an independent director of Zhejiang Shengtai Clothing Group Co., Ltd. (浙江盛泰服裝集團股份有限公司), an independent director of Shanghai Sanyou Medical Co., Ltd. (上海三友醫療器械股份有限公司), an independent director of Huatai Baoxing Fund Management Co., Ltd. (華泰保興基金管理有限公司), an independent director of Shenzhen Huitai Medical Co., Ltd. (深圳惠泰醫療器械股份有限公司) and an independent director of Shanghai Tongji Science and Technology Industrial Co., Ltd. (上海同濟科技實業股份有限公司). Mr. Xia currently also serves as an external supervisor of Eastmoney Securities. Mr. Xia currently also holds various positions in other institutions and social organisations, including serving as an executive director of the Education Subdivision of the Accounting Society of China (中國會計學會會計教育分會), a director of the Auditing Society of China (中國審計學會), and an executive director of the Accounting Society of Shanghai (上海會計學會). Mr. Xia previously served as a lecturer, master candidate supervisor, professor, doctoral supervisor, a member of Committee of Professors of the Accounting College of Shanghai University of Finance and Economics (上海財經大學會計學院). Mr. Xia holds a doctor's degree in management (accounting) from Shanghai University of Finance and Economics. Mr. Xia is a Certified Public Accountant in the PRC.

## SUPERVISORS

The Guarantor's board of supervisors consists of three supervisors, including a chairman, a supervisor and an employee supervisor. The board of supervisors is responsible for, among others, overseeing the Guarantor's financial matters; overseeing the conducts of the Group's directors and senior management in performing their duties, and demanding directors and senior management to rectify their misconducts; and making proposals on convening *ad hoc* Board meetings.

The following table sets forth the Guarantor's board of supervisors as at the date of this Offering Circular.

Name	Age	Position/Title
Mr. BAO Yiqing (鮑一青) . . . . .	45	Chairman of the board of supervisors
Ms. HUANG Liming (黃麗鳴) . . . .	29	Supervisor
Mr. CAI Wei (蔡瑋) . . . . .	34	Employee supervisor

**Mr. BAO Yiqing (鮑一青)**, aged 45, has been the chairman of the board of supervisors of the Guarantor since December 2007. Mr. Bao previously served as a deputy general manager of Shanghai Yi Bang Investment Advisory Limited (上海益邦投資諮詢有限公司). Mr. Bao holds an associate degree.

**Ms. HUANG Liming (黃麗鳴)**, aged 29, joined the Group in May 2017 and has been a supervisor of the Guarantor since June 2018. Ms. Huang holds a bachelor's degree in insurance from Fudan University and a master's degree in finance and investment from Durham University.

**Mr. CAI Wei (蔡瑋)**, aged 34, joined the Group in July 2011 and has been an employee supervisor of the Guarantor since January 2014. Mr. Cai holds a bachelor's degree.

## SENIOR MANAGEMENT

The following table sets forth certain information concerning the Group's senior management as at the date of this Offering Circular.

Name	Age	Position/Title
Mr. QI Shi (其實) . . . . .	51	Chairman of the Board
Mr. ZHENG Likun (鄭立坤) . . . .	37	Vice chairman of the Board and general manager
Mr. CHEN Kai (陳凱) . . . . .	51	Vice chairman of the Board and deputy general manager
Ms. HUANG Jianhai (黃建海) . . . .	47	Director, deputy general manager, chief financial officer and Board secretary
Mr. CHENG Lei (程磊) . . . . .	44	Deputy general manager
Mr. YANG Hao (楊浩) . . . . .	35	Chief compliance officer

**Mr. QI Shi (其實)**, aged 51, has been the chairman of the Board since December 2007. For Mr. Qi's biography, see "— *Directors*" above.

**Mr. ZHENG Likun (鄭立坤)**, aged 37, has been a vice chairman of the Board since June 2021 and the general manager of the Guarantor since April 2021. For Mr. Zheng's biography, see "— *Directors*" above.

**Mr. CHEN Kai (陳凱)**, aged 51, has been a vice chairman of the Board and deputy general manager of the Guarantor since April 2016. For Mr. Chen's biography, see "— *Directors*" above.

**Ms. HUANG Jianhai (黃建海)**, aged 47, has been the Board secretary of the Guarantor since September 2021, a director of the Guarantor since May 2021 and a deputy general manager and chief financial officer of the Guarantor since April 2021. For Ms. Huang's biography, see "— *Directors*" above.

**Mr. CHENG Lei (程磊)**, aged 44, has been a deputy general manager of the Guarantor since December 2007. Mr. Cheng previously served as a developer and a project manager of Shanghai Meining Computer Software Co., Ltd. (上海美寧計算機網絡有限公司), a deputy general manager and chief technology officer of Cnforex.com (環球外匯網) operated by Shanghai Jinggao Investment Management Co., Ltd. (上海鯨高投資管理有限公司). Prior to his appointment as a deputy general manager, Mr. Cheng served as the director of the Guarantor's research and development centre. Mr. Cheng holds a bachelor's degree in computer software from Fudan University and a master's degree in software engineering from Fudan University.

**Mr. YANG Hao (楊浩)**, aged 35, has been the chief compliance officer of the Guarantor since September 2021. Mr. Yang currently also serves as the securities affairs representative and head of the general manager's office of the Guarantor, and a supervisor of China Securities Credit Technology Co., Ltd. Mr. Yang holds a bachelor's degree, and has obtained the board secretary qualification granted by Shenzhen Stock Exchange.



## TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes.*

### British Virgin Islands

Under existing British Virgin Islands laws, payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, **provided that** the payments are made to persons who are not resident in the British Virgin Islands.

Under existing British Virgin Islands laws, no estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

There are currently no exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Notes.

Under existing British Virgin Islands laws, the Issuer is exempt from all provisions on the Income Tax Ordinance of the British Virgin Islands. If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

### PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the PRC for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As confirmed by the Issuer, as of the date of this Offering Circular, the Issuer has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise Noteholders will not be subject to income tax imposed by any tax authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Noteholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “**non-resident enterprise**” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

## VAT

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation (“**SAT**”) issued the Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “**loans**” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “**loans**” under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer and the Guarantor, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes from the Guarantor. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent.. Hence, if the Issuer or the Guarantor pays interest income to Noteholders who are located outside the PRC, the Issuer (if VAT applicable) or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer or the Guarantor does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

On 20 March 2019, MOF, SAT and General Administration of Customs issued Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) (“**Announcement 39**”), which came into force on 1 April 2019. Announcement 39 further deepened the VAT reform primarily by way of adjusting tax rate and calculating method. However, how the reforms will be implemented remains uncertain. The reforms may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority.

Pursuant to the EIT Law and the VAT reform detailed above, the Issuer or the Guarantor shall withhold EIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer or the Guarantor shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer or the Guarantor is required to make such a deduction or withholding (whether by way of EIT or VAT otherwise), the Issuer and the Guarantor has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Notes — Condition 7 (Taxation)*”.

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

## **HONG KONG**

### **Withholding tax**

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Notes) or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### **Stamp duty**

No Hong Kong stamp duty will be chargeable for the issue and transfer of the Notes.

## **UNITED STATES’ FOREIGN ACCOUNT TAX COMPLIANCE ACT TAX PROVISIONS**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign pass-through payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign pass-through payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

## PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations.

### NDRC REGISTRATION

On 14 September 2015, NDRC issued the NDRC Circular, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Circular, “**foreign debts**” means RMB-denominated or foreign currency-denominated debt instruments with a maturity of more than one year which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Circular.

Pursuant to the NDRC Circular, an enterprise must: (i) apply to NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to NDRC within ten working days after the completion of each issuance. The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details.

To issue foreign debts, an enterprise must meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may

be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as “One Belt One Road (一帶一路)”, the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

## **THE PRC LEGAL SYSTEM**

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The NPC and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people’s governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People’s Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

## **THE PRC JUDICIAL SYSTEM**

Under the PRC Constitution and the Law of Organisation of the People’s Courts, the judicial system is made up of the Supreme People’s Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The

intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 27 June 2017, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, **provided that** the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

## **PRC CURRENCY CONTROLS**

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### **Current Account Items**

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.



Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知) (together, the “**Circulars**”) with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the “**Supervision List**”).

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

On 29 April 2019, SAFE issued the Administrative Measures for Foreign Exchange Business of Payment Institutions (支付機構外匯業務管理辦法), which facilitates cross-border e-commerce settlement, promotes the sound development of foreign exchange business of payment institutions and prevents foreign exchange payment risks.

### **Capital Account Items**

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of and/or registration or filing with the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the “**SAFE Provisions**”), which became effective on 13 May 2013 and was subsequently amended on 10 October 2018 and 30 December 2019. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total

investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) (the “**MOFCOM Announcement**”), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Announcement, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. The MOFCOM Announcement also removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime.

The SAFE Provisions, the MOFCOM Circular and the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the “**PBOC FDI Measures**”), which are new regulations and was revised on 5 June 2015, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## **LABOUR**

### **Employment Contracts**

The Labour Contract Law (勞動合同法), promulgated by the SCNPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

## **Employee Funds**

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and subsequently amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and subsequently amended on 24 March 2019, the Regulation on Work-Related Injury Insurance (工傷保險條例), which was promulgated on 27 April 2003 and which was further amended on 20 December 2010, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Guarantor included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the consolidated financial statements of the Guarantor. The Guarantor is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is **provided that** the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Guarantor, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

### Reversal of an impairment loss

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

### Related party disclosures

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

### Asset valuation

Under PRC GAAP, asset values are typically measured by compounding historical costs. Under IFRS, asset values can be measured either using historical costs or by re-evaluating assets (such as property, plants and equipment) to obtain their fair value, and then deducting the cumulative depreciation and impairment losses from this value.

### New Standards of Financial Instruments

Starting 1 January 2019, the Guarantor adopted the Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments, Accounting Standards for Enterprises No. 23 — Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 — Hedge Accounting and Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments (hereinafter referred to as the “**New Standards of Financial Instruments**”) revised by the MOF in 2017.

In terms of the classification and measurement of financial assets, in accordance with the New Standards of Financial Instruments, an entity shall classify financial assets as subsequently measured at amortised

cost, fair value through other comprehensive income and fair value through profit or loss on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and available-for-sale financial assets in the Original Standards of Financial Instruments are no longer adopted. For investments in equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in non-tradable equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provided that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be carried forward to profit or loss at disposal.

In terms of the impairment of financial assets, requirements relative to impairments in the New Standards of Financial Instruments are applicable to financial assets measured at amortized cost and fair value through other comprehensive income. The New Standards of Financial Instruments require to replace the previous incurred credit loss model with the expected credit loss model. As required by the new impairment model, a three-phase model shall be adopted, so that provisions for credit losses will be recognised as the expected credit losses within 12 months or the full lifetime based on whether credit risks of relevant items have been increased significantly from the initial recognition.

For the requirements of the recognition and measurement of financial instruments inconsistent with those of the New Standards of Financial Instruments before 1 January 2019, the Guarantor makes adjustments in accordance with the New Standards of Financial Instruments. The Guarantor makes no adjustments for the previous comparative data inconsistent with the requirements of the New Standards of Financial Instruments. The difference between the original carrying amount of the financial instruments and the new carrying amount at the date implementing the New Standards of Financial Instruments is recognized in the retained earnings or other comprehensive income as at 1 January 2019. For the detailed impact of the application of New Standards of Financial Instruments since 1 January 2019, refer to "Note 5.27 to the 2019 Audited Financial Statements".

### **New Standards of Revenue**

The Guarantor started adopting the Accounting Standards for Enterprises No. 14 — Revenue revised by the MOF in 2017 since 1 January 2020. The Guarantor adjusted the retained earnings at the beginning of 2020 and other related items in the financial statements for cumulative impact amount of contracts that have not been completed on the first implementation date. For the detailed impact of the application of New Standards of Revenue since 1 January 2020, refer to "Note 5.31 to the 2020 Audited Financial Statements".

### **New Standards of Leasing**

The Guarantor started adopting the Accounting Standards for Enterprises No. 21 — Lease revised by the MOF in 2017 since 1 January 2021. The new lease policy adopts a single model similar to the current financial lease accounting, requiring lessees to recognize right-of-use assets and lease liabilities for all leases except short-term leases and low-value asset leases, and to recognize depreciation and interest expenses respectively. Since 1 January 2021, the Guarantor conducted accounting treatment in accordance with the newly revised lease policy. For contracts that existed before the first implementation date, it has chosen not to reassess whether there are leases or include leases, and based on the convergence regulations, the comparable period information no adjustment, the difference between the new lease policy and the current lease standard on the first implementation date is retrospectively adjusted for retained earnings at the beginning of the reporting period. For the detailed impact of the application of New Standards of Leasing since 1 January 2021, refer to "Note 5.32 to the Interim Financial Statements".

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor has entered into a subscription agreement with the Joint Lead Managers on 24 November 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, each of the Issuer and the Guarantor has undertaken, among other things, that the Notes will be issued on 2 December 2021 (the “**Issue Date**”), and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 99.936 per cent. of their principal amount in the amount set forth below:

<b>Joint Lead Managers</b>	<b>Principal amount of Notes to be subscribed</b>
	<b>(U.S.\$)</b>
ICBC International Securities Limited . . . . .	30,000,000
Industrial and Commercial Bank of China (Macau) Limited . . . . .	30,000,000
Bank of China Limited . . . . .	30,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	30,000,000
CMB International Capital Limited . . . . .	30,000,000
The Hongkong and Shanghai Banking Corporation Limited . . . . .	30,000,000
Merrill Lynch (Asia Pacific) Limited . . . . .	30,000,000
Nomura International (Hong Kong) Limited . . . . .	30,000,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	10,000,000
BOSC International Company Limited . . . . .	5,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch . . . . .	5,000,000
China CITIC Bank International Limited . . . . .	5,000,000
Guotai Junan Securities (Hong Kong) Limited. . . . .	5,000,000
CMB Wing Lung Bank Limited . . . . .	5,000,000
SPDB International Capital Limited. . . . .	5,000,000
BOCOM International Securities Limited . . . . .	5,000,000
Bank of Communications Co., Ltd. Hong Kong Branch . . . . .	5,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch. . . . .	5,000,000
Standard Chartered Bank . . . . .	5,000,000
<b>Total</b> . . . . .	<b>300,000,000</b>

The Subscription Agreement provides that the Issuer (failing which, the Guarantor) has agreed to pay the Joint Lead Managers certain fees and commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer and/or the Group for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead



Managers and/or their affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Guarantor. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Accordingly, the Notes should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Notes should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers.

## **GENERAL**

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each of the Issuer and the Guarantor will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. None of the Joint Lead Managers is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes, other than as contained in this Offering Circular or any amendment or supplement thereto.

If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of that Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering of the Notes shall be deemed to be made by that Joint Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

## **UNITED STATES**

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer and the Guarantor that:

- (i) *Offers/sales only in accordance with Regulation S*: it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and

- (ii) *No directed selling efforts*: neither it nor any of its Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) (nor any person acting on behalf of such Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts (as defined in *Regulation S*) with respect to the Notes.

Terms used in the paragraph above have the meanings given to them by Regulation S.

## **UNITED KINGDOM**

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **HONG KONG**

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “Professional Investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**SFO**”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “Professional Investors” as defined in the SFO and any rules made under that Ordinance.

## **THE PEOPLE’S REPUBLIC OF CHINA**

Each of the Joint Lead Managers has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong, Macau or Taiwan), except as permitted by the securities laws of the PRC.

## **SINGAPORE**

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as

modified or amended from time to time (the “SFA”), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments), (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **JAPAN**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **BRITISH VIRGIN ISLANDS**

The Joint Lead Manager has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any natural person resident or citizen in the British Virgin Islands or to the public in the British Virgin Islands to subscribe for any of the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

## GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear or Clearstream with a Common Code 240095181 and an ISIN XS2400951815. The Legal Entity Identifier number of the Issuer is 655600K9JEGPTIKOAX56.
2. **Listing:** Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Notes on the HKSE will commence on 3 December 2021.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, the entry into of the Trust Deed and the Agency Agreement, and the performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by resolutions of the sole director of the Issuer passed on 5 October 2021. The Guarantor has obtained all consents, approvals and authorisations in connection with the giving of the Guarantee of the Notes and the execution and delivery of the Trust Deed, the Deeds of Guarantee and the Agency Agreement. The giving of the Guarantee of the Notes was authorised by resolutions of the board of the directors of the Guarantor passed on 25 June 2021.

An Enterprise Foreign Debt Filing Certificate dated 8 November 2021 has been obtained from NDRC in connection with the issuance of the Notes pursuant to the NDRC Circular and which remains in full force and effect as of the date of this Offering Circular.

The Guarantor will be required to register or cause to be registered with the SAFE the Deed of Guarantee within 15 PRC Business Days after the Issue Date in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor intends to complete the Cross-Border Security Registration and obtain a registration certificate form from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline (being the day falling 90 PRC Business Days after the Issue Date) and comply with all applicable PRC laws and regulations in relation to the Guarantee of the Notes.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by NDRC on 14 September 2015 which came into effect immediately (the “**NDRC Circular**”), the Guarantor has registered the issuance of the Notes with NDRC and obtained a certificate from NDRC on 8 November 2021 evidencing such registration, which as of the date of this Offering Circular, remains valid and in full force and effect and intends to provide the requisite information about the issuance of the Notes to NDRC within the prescribed timeframe in accordance with the NDRC Circular after the Issue Date.

4. **No Material Adverse Change:** Except as otherwise disclosed in the Offering Circular, there has been no material adverse change, or any development reasonably likely to involve an adverse change, in the Group’s financial or trading position, prospects or results of operations of the Group since 30 June 2021.
5. **Litigation:** Neither the Issuer, the Guarantor nor any other member of the Group is involved in any litigation or arbitration proceedings that each of the Issuer or the Guarantor believes are material in the context of the Notes. Neither the Issuer nor the Guarantor is aware that any such proceedings are pending or threatened.

6. **Available Documents:** Copies of the Guarantor's audited consolidated financial statements as of and for the years ended 31 December 2019 and 2020, the Guarantor's reviewed but unaudited consolidated financial statements as of and for the six months ended 30 June 2021, the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available for inspection upon prior written request and satisfactory proof of holding from the Issue Date at the specified office of the Trustee during normal business hours (being 9 a.m. to 3 p.m., Mondays to Fridays excluding public holidays), so long as any of the Notes is outstanding.
7. **Independent Auditors:** The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by BDO China. The reviewed but unaudited consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2021, which are included elsewhere in this Offering Circular, have been reviewed by Ernst & Young.

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**EAST MONEY INFORMATION CO., LTD.**

**Reviewed Financial Statements**

**For the six months ended 30 June 2021**

***Important Notice***

*It is always the management's responsibility to prepare and translate the financial statements. This set of illustrative financial statements is for reference only. In the case where the English version does not conform to the Chinese version. The Chinese version shall prevail.*

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## **REPORT ON REVIEW OF FINANCIAL STATEMENTS**

Ernst & Young Hua Ming (2021) Zhuan Zi No 61684426\_B01  
East Money Information Co., Ltd.

To the shareholders of East Money Information Co., Ltd.:

We have reviewed the accompanying financial statements, which comprise the consolidated and company balance sheets of East Money Information Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2021 and the related consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the six-month period then ended, and notes to the financial statements. The Company’s management is responsible for the preparation of financial statements. Our responsibility is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with Chinese Standards on Review Engagements 2101 Review of Financial Statements. The standards require us to plan and conduct review work to obtain limited assurance about whether the financial statements as a whole are free from material misstatement. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review procedures, which provides a lower level of assurance than an audit. We do not perform an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises 32 Interim Financial Statements.

**REPORT ON REVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

Ernst & Young Hua Ming (2021) Zhuan Zi No 61684426\_B01  
East Money Information Co., Ltd.

(There is no text on this page, but signature signed)

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant  
Zhu Baoqin

Chinese Certified Public Accountant  
Yan Shengwei

Beijing,  
the People's Republic of China

22 September 2021

**East Money Information Co., Ltd.**  
**CONSOLIDATED BALANCE SHEET**  
**30 June 2021**

**Expressed in RMB Yuan**

<b>ASSETS</b>	<b>Note V</b>	<b>30 June 2021</b> <b>Unaudited</b>	<b>31 December 2020</b> <b>Audited</b>
Current assets:			
Cash and bank balances	1	54,592,429,259.56	41,420,490,433.77
Clearing settlement funds	2	8,540,254,512.87	6,652,245,869.33
Margin accounts receivable	3	40,428,975,127.04	30,072,385,470.42
Financial assets held for trading	4	23,834,024,626.78	12,831,853,398.85
Derivative financial assets	5	62,846,753.41	-
Accounts receivable	6	1,328,875,835.06	726,021,922.60
Prepayments	7	150,813,673.52	106,959,684.71
Other receivables	8	12,867,551,041.00	9,801,549,035.32
Refundable deposits	9	3,465,984,919.81	2,070,467,729.03
Financial assets held under resale agreements	10	950,479,787.31	895,038,591.26
Other current assets	11	15,547,933.76	81,508,614.18
<b>Total current assets</b>		<b>146,237,783,470.12</b>	<b>104,658,520,749.47</b>
Non-current assets:			
Loans and advances	12	4,853,613.78	37,138,141.39
Other debt investments	13	8,040,376,767.82	-
Long-term equity investments	14	379,181,719.06	451,522,742.84
Other non-current financial assets	15	204,889,094.07	123,926,074.02
Fixed assets	16	1,735,428,698.61	1,763,881,149.40
Construction in progress	17	48,714,084.51	36,294,004.57
Right-of-use assets	18	152,953,657.15	-
Intangible assets	19	164,971,867.79	174,332,788.65
Goodwill	20	2,945,861,162.24	2,945,861,162.24
Long-term prepaid expenses	21	47,204,879.55	55,709,096.26
Deferred tax assets	22	101,165,583.91	81,549,857.49
<b>Total non-current assets</b>		<b>13,825,601,128.49</b>	<b>5,670,215,016.86</b>
<b>Total assets</b>		<b>160,063,384,598.61</b>	<b>110,328,735,766.33</b>

*The accompanying notes to financial statements form an integral part of these financial statements.*



**East Money Information Co., Ltd.**  
**CONSOLIDATED BALANCE SHEET (CONTINUED)**

**30 June 2021**

**Expressed in RMB Yuan**

<b>LIABILITIES AND EQUITY</b>	<b>Note V</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>Unaudited</b>	<b>Audited</b>
Current liabilities:			
Short-term borrowings	23	6,722,402,844.32	2,940,214,165.22
Short-term financing bonds payable	24	9,200,562,930.92	8,402,188,109.28
Placements from other financial institutions	25	1,006,455,555.55	1,012,222,222.22
Financial liabilities held for trading	26	822,631,704.30	123,669,805.08
Derivative financial liabilities	5	46,173,658.64	430,968.80
Accounts payable	27	210,500,310.29	211,046,973.13
Receipts in advance		603,942.68	1,033,242.19
Contract liabilities	28	187,562,446.17	180,183,670.38
Financial assets sold under repurchase agreements	29	15,406,167,788.69	8,533,225,079.65
Accounts payable to brokerage customers	30	64,700,117,733.91	49,797,784,255.00
Employee benefits payable	31	181,179,168.23	347,111,853.77
Taxes and surcharges payable	32	530,267,452.19	336,270,172.24
Other payables	33	2,284,298,110.70	1,759,641,832.07
Non-current liabilities due within one year	34	3,013,207,052.73	2,239,377,911.52
Other current liabilities		3,755,716.03	4,175,801.76
Total current liabilities		104,315,886,415.35	75,888,576,062.31
Non-current liabilities:			
Bonds payable	35	17,119,490,033.75	1,218,986,301.37
Lease liabilities	36	73,238,193.38	-
Deferred income		1,450,000.00	1,450,000.00
Deferred tax liabilities	22	64,575,003.97	23,220,584.22
Other non-current liabilities	37	38,184,744.91	40,035,597.18
Total non-current liabilities		17,296,937,976.01	1,283,692,482.77
Total liabilities		121,612,824,391.36	77,172,268,545.08

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**CONSOLIDATED BALANCE SHEET (CONTINUED)**

**30 June 2021**

**Expressed in RMB Yuan**

<b>LIABILITIES AND EQUITY</b>	<b>Note V</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>Unaudited</b>	<b>Audited</b>
Equity:			
Share capital	38	10,335,763,789.00	8,613,136,491.00
Other equity instruments	39	2,048,991,934.49	-
Capital reserves	40	12,729,141,024.76	14,451,069,974.79
Other comprehensive income	41	(6,801,385.33)	(41,050,280.77)
Surplus reserves	42	594,148,886.07	594,148,886.07
Retained earnings	43	12,749,315,958.26	9,539,162,150.16
Total equity attributable to owners of the parent		38,450,560,207.25	33,156,467,221.25
Total equity		38,450,560,207.25	33,156,467,221.25
Total liabilities and equity		160,063,384,598.61	110,328,735,766.33

The financial statements have been signed by:

Legal Representative:      Chief Financial Officer:      Head of the Accounting Department:

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

	Note V	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
Total operating revenue		5,780,445,013.62	3,338,029,276.08
Including: Operating revenue	44	2,555,173,983.00	1,267,085,642.38
Net interest income	45	995,308,631.55	639,444,708.03
Net income from fee and commission	46	2,229,962,399.07	1,431,498,925.67
Total operating costs		1,776,654,133.55	1,346,161,739.12
Including: Operating costs	44	339,940,155.60	280,224,054.81
Taxes and surcharges	47	44,010,447.44	26,949,703.41
Selling expenses	48	295,818,196.24	221,444,565.16
Administrative expenses	49	813,872,668.80	640,399,463.81
Research and development expenses	50	276,413,796.04	130,895,019.88
Financial expenses	51	6,598,869.43	46,248,932.05
Including: Interest expenses		133,081,213.19	136,410,545.00
Interest income		127,439,688.83	90,951,560.15
Add: Other income	52	114,765,190.22	81,096,597.44
Investment income	53	289,954,652.76	110,383,306.04
Including: Shares of profits and losses of associates and joint ventures		7,558,976.22	6,133,530.83
Foreign exchange losses		(272,420.88)	(276,924.67)
Fair value gains/(losses)	54	120,521,301.02	(3,440,983.63)
Expected credit losses	55	(41,366,711.64)	(17,232,195.76)
(Loss)/profit arising from disposal of assets	56	(171,268.71)	57,950.99
Operating profit		4,487,221,622.84	2,162,455,287.37
Add: Non-operating income		66,165.13	34,226.46
Less: Non-operating expenses	57	2,514,558.70	9,192,484.00
Profit before tax		4,484,773,229.27	2,153,297,029.83
Less: Income tax expense	58	757,831,231.71	344,518,984.66
Profit for the period		3,726,941,997.56	1,808,778,045.17

*The accompanying notes to financial statements form an integral part of these financial statements..*

**East Money Information Co., Ltd.**  
**CONSOLIDATED INCOME STATEMENT (CONTINUED)**  
**For the six months ended 30 June 2021** **Expressed in RMB Yuan**

	Note V	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
Classified by continuity of operations			
Profit from continuing operations		3,726,941,997.56	1,808,778,045.17
Classified by ownership			
Profit attributable to owners of the parent		3,726,941,997.56	1,808,506,658.20
Profit attributable to non-controlling interests		-	271,386.97
Other comprehensive income, net of tax		34,248,895.44	2,955,975.01
Other comprehensive income, net of tax, attributable to owners of the parent		34,248,895.44	2,955,975.01
Other comprehensive income that may be reclassified to profit or loss		34,248,895.44	2,955,975.01
Changes in fair value of other debt investments		42,341,946.52	-
Provision for credit impairment of other debt investments		504,775.56	-
Exchange differences on translation of foreign currency financial statements		(8,597,826.64)	2,955,975.01
Other comprehensive income, net of tax, attributable to non-controlling interests		-	-
Total comprehensive income		<u>3,761,190,893.00</u>	<u>1,811,734,020.18</u>
Including:			
Total comprehensive income attributable to owners of the parent		3,761,190,893.00	1,811,462,633.21
Total comprehensive income attributable to non-controlling interests		-	271,386.97
Earnings per share	59		
Basic earnings per share (RMB/share)		<u>0.36</u>	<u>0.19</u>
Diluted earnings per share (RMB/share)		<u>0.36</u>	<u>0.19</u>

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

Unaudited

For the six months ended 30 June 2021  
Attributable to owners of the parent

Item	Share capital	Other equity instruments	Capital reserves	Other comprehensive income	Surplus reserves	Retained earnings	Subtotal	Total equity
I. Balance at 31 December 2020	8,613,136,491.00	-	14,451,069,974.79	(41,050,280.77)	594,148,886.07	9,539,162,150.16	33,156,467,221.25	33,156,467,221.25
II. Changes for the period	1,722,627,298.00	2,048,991,934.49	(1,721,928,950.03)	34,248,895.44	-	3,210,153,808.10	5,294,092,986.00	5,294,092,986.00
1. Total comprehensive income	-	-	-	34,248,895.44	-	3,726,941,997.56	3,761,190,893.00	3,761,190,893.00
2. Owners' contributions and reduction in capital	-	2,048,991,934.49	698,347.97	-	-	-	2,049,690,282.46	2,049,690,282.46
(1) Capital contributed by the holders of other equity instruments	-	2,048,991,934.49	-	-	-	-	2,048,991,934.49	2,048,991,934.49
(2) Others	-	-	698,347.97	-	-	-	698,347.97	698,347.97
3. Profit distribution	-	-	-	-	-	(516,788,189.46)	(516,788,189.46)	(516,788,189.46)
(1) Distribution to owners	-	-	-	-	-	(516,788,189.46)	(516,788,189.46)	(516,788,189.46)
4. Transfer within equity	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-	-	-
(1) Capital reserves converted to share capital	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-	-	-
III. Balance at 30 June 2021	10,335,763,789.00	2,048,991,934.49	12,729,141,024.76	(6,801,385.33)	594,148,886.07	12,749,315,958.26	38,450,560,207.25	38,450,560,207.25

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

Unaudited

For the six months ended 30 June 2020

Item	Attributable to owners of the parent						Subtotal	Minority equity	Total equity
	Share capital	Other equity instruments	Capital reserves	Other comprehensive income	Surplus reserves	Retained earnings			
I. Balance at 31 December 2019	6,715,608,655.00	-	8,930,620,933.89	9,585,221.37	438,681,541.78	5,117,992,903.36	21,212,489,255.40	-	21,212,489,255.40
II. Changes for the period	1,345,352,908.00	1,119,814,431.49	(1,306,715,869.56)	2,955,975.01	-	1,607,038,398.55	2,768,445,843.49	28,177,933.69	2,796,623,777.18
1. Total comprehensive income	-	-	-	2,955,975.01	-	1,808,506,658.20	1,811,462,633.21	271,386.97	1,811,734,020.18
2. Owners' contributions and reduction in capital	2,231,177.00	1,119,814,431.49	36,405,861.44	-	-	-	1,158,451,469.93	27,906,546.72	1,186,358,016.65
(1) Capital contributions by owners	2,231,177.00	-	36,546,683.94	-	-	-	38,777,860.94	27,906,546.72	66,684,407.66
(2) Capital contributed by the holders of other equity instruments	-	1,119,814,431.49	-	-	-	-	1,119,814,431.49	-	1,119,814,431.49
(3) Amount of share-based payments recognized in owners' equity	-	-	(140,822.50)	-	-	-	(140,822.50)	-	(140,822.50)
3. Profit distribution	-	-	-	-	-	(201,468,259.65)	(201,468,259.65)	-	(201,468,259.65)
(1) Distribution to owners	-	-	-	-	-	(201,468,259.65)	(201,468,259.65)	-	(201,468,259.65)
4. Transfer within equity	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-	-	-	-
(1) Capital reserves converted to share capital	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-	-	-	-
III. Balance at 30 June 2020	8,060,961,563.00	1,119,814,431.49	7,623,905,064.33	12,541,196.38	438,681,541.78	6,725,031,301.91	23,980,935,098.89	28,177,933.69	24,009,113,032.58

*The accompanying notes to financial statements form an integral part of these financial statements.*



**East Money Information Co., Ltd.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 June 2021** **Expressed in RMB Yuan**

	Note V	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		2,095,378,562.09	1,165,351,831.49
Cash received from interest, fee and commission		4,937,395,698.50	3,086,928,223.02
Net decrease in loans and advances to customers		32,216,594.28	-
Net capital increase in repurchase business		7,659,051,612.47	-
Net increase in accounts payable to brokerage customers		12,898,125,772.56	13,950,749,083.30
Cash received from other operating activities	60(1)	255,509,215.27	217,128,772.80
Sub-total of cash inflows from operating activities		27,877,677,455.17	18,420,157,910.61
Cash paid for goods purchased and services received		344,400,702.02	270,007,144.45
Net increase in margin accounts receivable		10,377,628,034.58	3,679,634,907.07
Net increase in loans and advances to customers		-	10,037,450.89
Net capital decrease in repurchase business		-	516,001,654.21
Net increase of financial assets held for trading		10,454,212,103.59	2,705,958,752.21
Net decrease in placements from other financial institutions		-	600,000,000.00
Cash paid for interest, fee and commission		1,144,715,372.83	705,649,743.65
Cash paid to and on behalf of employees		924,276,399.15	670,717,162.88
Cash paid for taxes and surcharges		925,693,377.42	419,528,400.78
Cash paid for other operating activities	60(2)	2,406,984,653.20	1,704,047,434.50
Sub-total of cash outflows from operating activities		26,577,910,642.79	11,281,582,650.64
Net cash flows from operating activities		1,299,766,812.38	7,138,575,259.97

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the six months ended 30 June 2021** **Expressed in RMB Yuan**

	Note V	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
II. Cash flows from investing activities			
Cash received from disposal of investments		955,361,456.62	324,911,279.16
Cash received from returns on investments		91,546,849.26	3,069,784.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		153,284.61	144,043.11
Sub-total of cash inflows from investing activities		1,047,061,590.49	328,125,107.03
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		161,115,847.73	137,751,289.69
Cash paid for investments		9,397,064,394.57	417,888,962.38
Sub-total of cash outflows from investing activities		9,558,180,242.30	555,640,252.07
Net cash flows from investing activities		(8,511,118,651.81)	(227,515,145.04)
III. Cash flows from financing activities			
Cash received from capital contribution		-	66,684,407.66
Including: Cash received by subsidiaries from investment by minority shareholders		-	27,906,546.72
Cash received from borrowings		4,193,884,892.41	2,621,493,188.29
Cash received from issuance of bonds		29,876,459,500.00	9,646,978,000.00
Cash received from other financing activities	60(3)	17,000,000.00	-
Sub-total of cash inflows from financing activities		34,087,344,392.41	12,335,155,595.95
Cash paid for debts repayments		11,131,799,213.46	2,938,685,719.02
Cash paid for distribution of dividends and profits or payment of interest		622,114,278.78	295,365,464.04
Cash paid for other financing activities	60(4)	57,336,777.50	-
Sub-total of cash outflows from financing activities		11,811,250,269.74	3,234,051,183.06
Net cash flows from financing activities		22,276,094,122.67	9,101,104,412.89
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		(8,748,403.05)	2,572,332.41
V. Net increase in cash and cash equivalents		15,055,993,880.19	16,014,736,860.23
Add: Beginning balance of cash and cash equivalents		48,031,027,413.67	28,359,134,372.58
VI. Ending balance of cash and cash equivalents		63,087,021,293.86	44,373,871,232.81

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**BALANCE SHEET**  
**30 June 2021**

**Expressed in RMB Yuan**

<b>ASSETS</b>	<b>Note XIV</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>Unaudited</b>	<b>Audited</b>
Current assets:			
Cash and bank balances		1,300,711,779.59	690,708,967.36
Clearing settlement funds		229,302.91	213,443.63
Financial assets held for trading		251,107,232.18	102,706,476.71
Accounts receivable	1	977,301,515.61	292,760,368.50
Prepayments		57,990,199.10	48,604,726.10
Other receivables	2	133,735,613.85	39,036,019.57
Total current assets		2,721,075,643.24	1,174,030,001.87
Non-current assets:			
Long-term equity investments	3	25,273,386,417.53	24,699,803,732.39
Other non-current financial assets		117,441,094.07	123,926,074.02
Fixed assets		1,240,852,027.52	1,291,695,016.76
Right-of-use assets		58,706,549.05	-
Intangible assets		10,450,134.86	11,983,804.52
Long-term prepaid expenses		2,033,535.48	355,080.25
Deferred tax assets		2,692,151.05	2,425,435.55
Other non-current assets		15,787,115,938.98	1,300,000,000.00
Total non-current assets		42,492,677,848.54	27,430,189,143.49
Total assets		45,213,753,491.78	28,604,219,145.36

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**BALANCE SHEET (CONTINUED)**  
**30 June 2021**

**Expressed in RMB Yuan**

<b>LIABILITIES AND EQUITY</b>	<b>Note XIV</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>Unaudited</b>	<b>Audited</b>
Current liabilities:			
Short-term borrowings		-	253,017,819.18
Accounts payable		67,022,441.72	88,166,825.18
Receipts in advance		170,653.38	-
Contract liabilities		62,761,047.51	66,425,231.87
Employee benefits payable		52,079,327.08	124,081,793.67
Taxes and surcharges payable		294,204,504.15	161,209,042.49
Other payables		113,211,502.40	115,581,916.83
Non-current liabilities due within one year		23,740,981.29	-
Other current liabilities		2,041,659.93	2,586,338.00
Total current liabilities		615,232,117.46	811,068,967.22
Non-current liabilities:			
Bonds payable		13,829,572,225.52	-
Lease liabilities		34,391,392.62	-
Deferred income		1,450,000.00	1,450,000.00
Deferred tax liabilities		6,463,455.04	7,731,577.99
Other non-current liabilities		1,868,784.38	4,049,668.50
Total non-current liabilities		13,873,745,857.56	13,231,246.49
Total liabilities		14,488,977,975.02	824,300,213.71
Equity:			
Share capital		10,335,763,789.00	8,613,136,491.00
Other equity instruments		2,048,991,934.49	-
Capital reserves		12,719,254,228.20	14,441,183,178.23
Surplus reserves		594,148,886.07	594,148,886.07
Retained earnings		5,026,616,679.00	4,131,450,376.35
Total equity		30,724,775,516.76	27,779,918,931.65
Total liabilities and equity		45,213,753,491.78	28,604,219,145.36

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**
**INCOME STATEMENT**
**For the six months ended 30 June 2021**
**Expressed in RMB Yuan**

	Note XIV	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
Revenue	4	2,445,927,533.53	1,171,711,806.08
Less: Operating costs	4	175,795,909.11	173,853,384.15
Taxes and surcharges		17,220,968.75	11,516,736.79
Selling expenses		210,306,928.12	173,090,714.57
Administrative expenses		185,452,098.08	146,705,277.90
Research and development expenses		147,379,889.82	77,012,056.86
Financial expenses		(22,199,802.51)	(12,519,996.35)
Including: Interest expenses		103,574,916.53	118,285,872.73
Interest income		126,016,691.62	130,978,593.83
Add: Other income		40,750,142.12	36,221,488.27
Investment income	5	16,498,817.24	6,133,680.97
Including: Shares of profits and losses of associates and joint ventures		7,558,976.22	6,133,530.83
Fair value (losses)/gains		(8,454,903.56)	9,030,335.42
Expected credit losses		(1,777,352.72)	(283,897.31)
Loss arising from disposal of assets		(201,137.56)	-
Operating profit		1,778,787,107.68	653,155,239.51
Add: Non-operating income		3,000.00	26,050.00
Less: Non-operating expenses		2,005,500.00	2,151,000.00
Profit before tax		1,776,784,607.68	651,030,289.51
Less: Income tax expense		364,830,115.57	112,420,369.52
Profit for the period		1,411,954,492.11	538,609,919.99
Including: Profit from continuing operations		1,411,954,492.11	538,609,919.99
Total comprehensive income		1,411,954,492.11	538,609,919.99

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

Unaudited

Item	For the six months ended 30 June 2021					
	Share capital	Other equity instruments	Capital reserves	Surplus reserves	Retained earnings	Total equity
I. Balance at 31 December 2020	8,613,136,491.00	-	14,441,183,178.23	594,148,886.07	4,131,450,376.35	27,779,918,931.65
II. Changes for the period	1,722,627,298.00	2,048,991,934.49	(1,721,928,950.03)	-	895,166,302.65	2,944,856,585.11
1. Total comprehensive income	-	-	-	-	-	-
2. Owners' contributions and reduction in capital	-	2,048,991,934.49	698,347.97	-	-	2,049,690,282.46
(1) Capital contributed by the holders of other equity instruments	-	2,048,991,934.49	-	-	-	2,048,991,934.49
(2) Others	-	-	698,347.97	-	-	698,347.97
3. Profit distribution	-	-	-	-	(516,788,189.46)	(516,788,189.46)
(1) Distribution to owners	-	-	-	-	(516,788,189.46)	(516,788,189.46)
4. Transfer within equity	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-
(1) Capital reserves converted to share capital	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-
III. Balance at 30 June 2021	10,335,763,789.00	2,048,991,934.49	12,719,254,228.20	594,148,886.07	5,026,616,679.00	30,724,775,516.76

*The accompanying notes to financial statements form an integral part of these financial statements.*



**East Money Information Co., Ltd.**  
**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

Unaudited

Item	For the six months ended 30 June 2020					
	Share capital	Other equity instruments	Capital reserves	Surplus reserves	Retained earnings	Total equity
I. Balance at 31 December 2019	6,715,608,655.00	-	8,920,734,137.33	438,681,541.78	2,933,712,537.40	19,008,736,871.51
II. Changes for the period	1,345,352,908.00	1,119,814,431.49	(1,306,715,869.56)	-	337,141,660.34	1,495,593,130.27
1. Total comprehensive income	-	-	-	-	538,609,919.99	538,609,919.99
2. Owners' contributions and reduction in capital	2,231,177.00	1,119,814,431.49	36,405,861.44	-	-	1,158,451,469.93
(1) Capital contributions by owners	2,231,177.00	-	36,546,683.94	-	-	38,777,860.94
(2) Capital contributed by the holders of other equity instruments	-	1,119,814,431.49	-	-	-	1,119,814,431.49
(3) Amount of share-based payments recognized in equity	-	-	(140,822.50)	-	-	(140,822.50)
3. Profit distribution	-	-	-	-	(201,468,259.65)	(201,468,259.65)
(1) Distribution to owners	-	-	-	-	(201,468,259.65)	(201,468,259.65)
4. Transfer within equity	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-
(1) Capital reserves converted to share capital	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-
III. Balance at 30 June 2020	8,060,961,563.00	1,119,814,431.49	7,614,018,267.77	438,681,541.78	3,270,854,197.74	20,504,330,001.78

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**
**STATEMENT OF CASH FLOWS**
**For the six months ended 30 June 2021**
**Expressed in RMB Yuan**

	Note XIV	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		1,902,695,001.65	1,036,636,125.79
Cash received from other operating activities		58,785,564.04	945,204,143.98
Sub-total of cash inflows from operating activities		<u>1,961,480,565.69</u>	<u>1,981,840,269.77</u>
Cash paid for goods purchased and services received		205,580,084.24	170,143,823.54
Cash paid to and on behalf of employees		327,783,833.70	263,983,147.51
Cash paid for taxes and surcharges		371,951,005.08	116,173,504.85
Cash paid for other operating activities		321,167,933.94	187,014,906.90
Sub-total of cash outflows from operating activities		<u>1,226,482,856.96</u>	<u>737,315,382.80</u>
Net cash flows from operating activities		<u>734,997,708.73</u>	<u>1,244,524,886.97</u>
II. Cash flows from investing activities			
Cash received from disposal of investments		749,630,005.35	3,683.00
Cash received from returns on investments		195,793,348.03	118,518,906.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		189,334.56	-
Cash received from other investing activities		<u>1,600,000,000.00</u>	<u>-</u>
Sub-total of cash inflows from investing activities		<u>2,545,612,687.94</u>	<u>118,522,589.64</u>
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		31,824,406.52	39,905,508.41
Cash paid for investments		1,545,923,708.92	422,247,243.00
Cash paid for other investing activities		<u>16,087,115,938.98</u>	<u>7,278,930,675.56</u>
Sub-total of cash outflows from investing activities		<u>17,664,864,054.42</u>	<u>7,741,083,426.97</u>
Net cash flows from investing activities		<u>(15,119,251,366.48)</u>	<u>(7,622,560,837.33)</u>

*The accompanying notes to financial statements form an integral part of these financial statements.*

**East Money Information Co., Ltd.**  
**STATEMENT OF CASH FLOWS (CONTINUED)**

**For the six months ended 30 June 2021**

**Expressed in RMB Yuan**

	Note XIV	For the six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
III. Cash flows from financing activities			
Cash received from capital contribution		-	38,777,860.94
Cash received from borrowings		161,160,120.26	20,500,000.00
Cash received from issuance of bonds		15,779,925,500.00	7,275,000,000.00
Sub-total of cash inflows from financing activities		15,941,085,620.26	7,334,277,860.94
Cash paid for debts repayments		413,883,213.46	144,800,719.02
Cash paid for distribution of dividends and profits or payment of interest		522,068,170.42	208,899,054.28
Cash paid for other financing activities		10,861,907.12	-
Sub-total of cash outflows from financing activities		946,813,291.00	353,699,773.30
Net cash flows from financing activities		14,994,272,329.26	6,980,578,087.64
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		610,018,671.51	602,542,137.28
Add: Beginning balance of cash and cash equivalents		690,922,410.99	478,175,788.59
VI. Ending balance of cash and cash equivalents		1,300,941,082.50	1,080,717,925.87

*The accompanying notes to financial statements form an integral part of these financial statements.*

**I. General information**

**1. Company overview**

East Money Information Co., Ltd. (hereinafter referred to as the "Company") was formerly known as Shanghai East Money Information Technology Limited. It was restructured into a limited liability company on 20 December 2007. The name was changed from Shanghai East Money Information Technology Limited. to East Money Information Co., Ltd. on 7 January 2008.

According to the resolution of the Company's second extraordinary general meeting of shareholders in 2009, and the approval by the China Securities Regulatory Commission with the Official Reply to the Approval of the Initial Public Offering and Listing of East Money Information Co., Ltd. on the ChiNext (ZJXK [2010] No.249), the Company publicly issued 35,000,000 RMB ordinary shares, increasing the registered capital by RMB35,000,000.00, and the registered capital after the issue amounted to RMB140,000,000.00. The Company was listed on the Shenzhen Stock Exchange on 19 March 2010, and on 12 April 2010 it obtained the Business License for Enterprise Legal Person with the same registration number from the Shanghai Administration for Industry and Commerce.

As at 30 June 2021, the Company's total accumulative issued share capital was 10,335,763,789.00 shares, and the Company's registered capital was RMB10,335,763,789.00. The registration address was Building No. 1, No.2999, Bao'An Road, Jiading District, Shanghai, and the operation address was Jinzuo, No.88, Wanping South Road, Xuhui District, Shanghai.

The main business activities of the Company and its subsidiaries (hereinafter referred to as "the Group") are: securities business, online fund distribution business, financial data services, internet advertisement services.

Business scope of the Company: call center business and information service business (subject to operating license) in the second type of value-added telecommunications business, enterprise investment consulting and planning, business consulting, conference affairs and exhibition consulting services, computer software and hardware and network system technology development, technical services, technical consultation and technology transfer, design, manufacturing, release, and agency of various domestic and foreign advertisements, lease of self-owned properties, and sales of computer software.

**I. General information (continued)**

**1. Company overview (continued)**

The financial statements have been approved by all directors (Board of Directors) of the Company on 23 July 2021.

**2. Scope of consolidated financial statements**

For relevant information about the subsidiaries of the Company, refer to “Note VII Equity in other entities”.

For the changes in the scope of consolidation during the reporting period, refer to “Note VI Changes in the scope of consolidation”.

**II. Preparation basis for financial statements**

**1. Basis of preparation**

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific accounting standards, implementation guidance, interpretation and other relevant provisions issued by the Ministry of Finance (the “MOF”) (hereinafter referred to as “ASBEs”), as well as the relevant provisions of the *Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

**2. Going concern**

The financial statements have been prepared on a going concern basis.

According to the comprehensive consideration of the macro policy risk, market operation risk, current or long-term profitability and solvency and financial flexibility, the Group is able to operate as a going concern within 12 months from the end of the reporting period.

**III. Principal accounting policies and accounting estimates**

The following disclosures have covered the specific accounting policies and estimates formulated by the Company and the Group according to their actual production and operation features.

**1. Statements on compliance with the Accounting Standards for Business Enterprises**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the financial position of the Group and the Company as at 30 June 2021, and the operating results and cash flows for the six months ended 30 June 2021.

**2. Accounting period**

The accounting year is a calendar year, from January 1 to December 31 of each year.

**3. Operating cycle**

The Group's operating cycle is 12 months.

**4. Functional currency**

The Company adopts Renminbi ("RMB") as its functional currency. The functional currencies of the subsidiaries of the Company are determined according to the main economic environment in which they operate, and translated into RMB when preparing financial statements. The financial statements are presented in RMB.



**III. Principal accounting policies and accounting estimates  
(continued)**

**5. Accounting treatment methods for business combination under  
common control and business combination not under common  
control**

Business combination under common control: For assets and liabilities obtained through business combination by the acquirer (including the goodwill formed by the acquiree by the ultimate controller), they are measured at the book values of the assets and liabilities of the acquirer in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: The cost of consolidation is the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control of the acquiree on the acquisition date. The Group recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Group includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. Each identifiable asset, liability and contingent liability of the acquiree acquired in a combination that qualifies for recognition is measured at fair value on the acquisition date.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

**III. Principal accounting policies and accounting estimates  
(continued)**

**6. Preparation method of consolidated financial statement**

Scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company, all the subsidiaries and structured entities. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.

Procedures for consolidation

The Company regards the whole Group as an accounting entity, and prepares the consolidated financial statements according to the consistent accounting policies to reflect the overall financial position, operating results and cash flows of the Group. The effects of internal transactions that occur between the Company and its subsidiaries or among the subsidiaries are offset. If an internal transaction indicates that there is an impairment loss on the related asset, such loss is recognized in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

**III. Principal accounting policies and accounting estimates  
(continued)**

**6. Preparation method of consolidated financial statement  
(continued)**

Procedures for consolidation (continued)

*Increase of subsidiaries or business*

During the reporting period, if the Company acquired a subsidiary or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiary or business from the beginning of the period for business combination to the end of the reporting period shall be included in the consolidated financial statements. Relevant items in the comparative financial statements for the same period shall be adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller obtains the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, the equity investments held before the control over the acquiree is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, the addition of subsidiaries or business as a result of a business combination not under common control is included in the consolidated financial statements from the acquisition date based on the fair value of each identifiable asset, liability and contingent liability determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure the equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the investment income in the current period. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity method, attributable to the equity interest in the acquiree held prior to the acquisition date, are transferred to investment income for the period on which the acquisition date falls.

**III. Principal accounting policies and accounting estimates  
(continued)**

**6. Preparation method of consolidated financial statement  
(continued)**

Procedures for consolidation (continued)

*Disposal of subsidiaries*

(1) General treatment methods

When control over an investee is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity investment after disposal is remeasured at its fair value on the date of loss of control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities and the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity method, which relate to the equity investment of original subsidiaries, are transferred to investment income for the period on which the acquisition date falls.

(2) Disposal of subsidiaries in stages

Where the Company disposes the equity investments in a subsidiary through multiple transactions in stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in the subsidiary and economic effect meet one or more of the following circumstances, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of other transaction or more; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions are regarded as a package deal, accounting treatment of each transaction shall be made as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

**III. Principal accounting policies and accounting estimates  
(continued)**

**6. Preparation method of consolidated financial statement  
(continued)**

Procedures for consolidation (continued)

*Disposal of subsidiaries* (continued)

(2) Disposal of subsidiaries in stages (continued)

Where various transactions are not regarded as a package deal, accounting treatment before the loss of the control shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; accounting treatment at the loss of the control shall be made according to general treatment methods for disposal of subsidiaries.

*Purchase of minority equity of subsidiaries*

The share premium of the capital reserves under the consolidated balance sheet shall be adjusted by the balance between long-term equity investment obtained from purchase of minority interests and the share in the net assets of the subsidiaries calculated continuously since the acquisition date or the combination date according to new shareholding ratio. Where the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted.

*Partial disposal of equity investments in subsidiaries without losing control*

The share premium of the capital reserves under the consolidated balance sheet shall be adjusted by the balance between the proceeds obtained from disposal and the share in the net assets of the subsidiaries calculated continuously since the acquisition date or the combination date corresponding to disposal of the long-term equity investment. Where the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted.

**7. Recognition criteria of cash and cash equivalents**

Cash refers to the cash on hand and the unrestricted deposits of the Group. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash, and are subject to an insignificant risk of change in value.

**III. Principal accounting policies and accounting estimates  
(continued)**

**8. Foreign currency transactions and translation of foreign currency  
statements**

Foreign currency transaction

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

Translation of foreign currency statements

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", shall be translated at the spot exchange rates on the dates when the transactions occur. The revenue or any expense item in the income statement is translated at the exchange rate which is determined by the systematic and reasonable method and similar to the spot exchange rate prevailing on the transaction date.

When the Group disposes of an overseas business, the translation differences in foreign currency financial statements related to such overseas business shall be transferred to the current profit or loss from the owner's equity.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments**

When the Group becomes a party to a contract for a financial instrument, a financial asset, financial liability or equity instruments should be recognized.

Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Group, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

The Group classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss as the financial assets measured at amortized cost:

- (1) The business model is adopted for the purpose of gathering contract cash flows;
- (2) The contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal.

The Group classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- (1) The business model is adopted for both collecting contract cash flows and selling the financial assets; and
- (2) The contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal.

At the initial recognition, the Group irrevocably designates the non-trading equity instrument investments as the financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.



**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Classification of financial instruments (continued)

Except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, the Group classifies all its remaining financial assets as financial assets measured at fair value through profit or loss. At the initial recognition, if it is possible to eliminate or significantly reduce accounting mismatches, the Group can irrevocably designate the financial assets that should be measured at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

At the time of initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at the amortized cost.

For the financial liabilities satisfying any of the following conditions, they might be designated as the financial liabilities at fair value through profit or loss upon initial recognition:

- (1) This designation can eliminate or significantly reduce accounting mismatches.
- (2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- (3) The financial liabilities contain embedded derivative needed to be separated.

According to the above conditions, such financial liabilities designated by the Group mainly include financial liabilities held for trading.

III. Principal accounting policies and accounting estimates  
(continued)

9. Financial instruments (continued)

Recognition basis and measurement method of financial instruments

*Financial assets measured at amortized cost*

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Group, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

*Financial assets (debt instruments) measured at fair value through other comprehensive income*

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other debt investments, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current profit or loss.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Recognition basis and measurement method of financial instruments  
(continued)

*Financial assets (equity instruments) measured at fair value through other comprehensive income (continued)*

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

*Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Recognition basis and measurement method of financial instruments  
(continued)

*Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

*Financial liabilities measured at amortized cost*

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

Derecognition and transfer of financial assets

The Group derecognizes a financial asset when any of the following conditions is met:

- (1) The contract rights of obtaining cash flows of the financial asset are terminated;
- (2) The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial asset have been transferred to the transferee;
- (3) The financial asset has been transferred, even though the Group neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset but gives up its control over the financial asset.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Derecognition and transfer of financial assets (continued)

When a financial asset is transferred, but substantially all the risks and rewards on the ownership of the financial assets have been retained, it will not be derecognized by the Group.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form is adopted.

The Group divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts is included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where partial transfer of a financial asset meets the derecognition conditions, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts is included in the current profit or loss:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the de-recognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred is the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Group signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities of which terms have been modified shall be recognized as the new financial liabilities.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss or loss.

Where the Group redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Method of determining the fair value of financial assets and financial liabilities

Where there is an active market for any financial instrument, the fair value of such financial instrument shall be determined at the price quoted in the active market. Where there is no active market, the fair value of the same shall be determined by using valuation techniques. At the time of valuation, the Group shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the inputs consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority to the use of observable inputs. Unobservable inputs may be used only when the observable input values are unable or impractical to be obtained.

Test method and accounting treatment for the impairment of financial assets

The Group estimates the expected credit losses (hereinafter referred to as "ECLs") of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts individually or in portfolio.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Group calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received to determine the ECLs.



**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Test method and accounting treatment for the impairment of financial assets  
(continued)

If there is an obvious increase in credit risk following the initial recognition of a financial instrument, the Group will measure the loss provision at the amount which is equivalent to the amount of the ECLs over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Group will measure the loss provision at the amount which is equivalent to the amount of the ECLs within 12 months in the future of such financial instrument. Amount increased or reversed of the loss provision arising therefrom will be included in the current profit or loss as an impairment loss or gain.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Group determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the overdue period is more than 30 days, the Group may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Group will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Group will make the provision for impairment for such financial asset individually.

**III. Principal accounting policies and accounting estimates  
(continued)**

**9. Financial instruments (continued)**

Test method and accounting treatment for the impairment of financial assets  
(continued)

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 - Revenue (2017), whether or not they contain significant financing components, the Group always makes the provision for credit loss at the amount equivalent to the ECLs over the whole duration.

For lease receivables, the Group always makes the provision for credit loss at the amount equivalent to the ECLs over the whole duration.

If the Group no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be written down directly.

**10. Contract assets**

Recognition method and criteria for contract assets

According to the relationship between the performance of obligations and the customer payment, the Group presents contract assets or contract liabilities in the balance sheet. The right of the Group to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right of the Group to the charge of consideration from the customer is presented as receivable.

Determination method and accounting treatment for the ECLs of contract assets

See “III.9 Test method and accounting treatment for the impairment of financial assets” for the determination method and accounting treatment for the ECLs of contract assets.

**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments**

Judgment criteria for common control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the parties sharing the control rights reach an agreement. Where the Group exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee shall be a joint venture of the Group.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Group is able to exert significant influence on an investee, the investee shall be the Group's associate.

Determination of initial investment cost

*Long-term equity investments acquired through business combination*

The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the acquiree's equity in the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the control can be exercised over the investee under common control as a result of an additional investment or other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium. If the share premium is insufficient to be offset, retained earnings will be offset accordingly.

**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments (continued)**

Determination of initial investment cost (continued)

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of an additional investment or other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

*Long-term equity investments acquired by means other than business combination*

For a long-term equity investment acquired by cash payment, the initial investment cost is the actually paid purchasing cost.

For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

Subsequent measurement and recognition of profits or losses

*Long-term equity investments accounted for under the cost method*

Long-term equity investments of the Group in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for the acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Group recognizes the current investment income based on the cash dividends or profits enjoyed by the Group and declared to be distributed by the investee.

**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments (continued)**

Subsequent measurement and recognition of profits or losses (continued)

*Long-term equity investments accounted for under the equity method*

Long-term equity investments of the Group in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of the long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of the long-term equity investment.

The Group should, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Group should, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Group should adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Group should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Group.

**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments (continued)**

Subsequent measurement and recognition of profits or losses (continued)

*Long-term equity investment accounted for under the equity method  
(continued)*

The Group calculates its attributable but not realized profit or loss from internal transactions between the Group and its associates or joint ventures based on its attributable percentage and offsets such profit or loss, and recognizes the investment income on that basis; however, assets invested and sold which composes a business is excluded. Unrealized loss from internal transactions with the investee, if accounted for as part of asset impairment, should be recognized in full amount.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Group should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Group should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

*Disposal of long-term equity investments*

For the disposal of long-term equity investments, the difference between the book value and the actual purchase price is included in the current profit or loss.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same as that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be carried forward to the current profit or loss in proportion.

**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments (continued)**

Subsequent measurement and recognition of profits or losses (continued)

*Disposal of long-term equity investments (continued)*

Where the Group loses the common control over or significant influence on the investee on account of the disposal of equity investment or any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same as that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be transferred to the current profit or loss in full.

Where the Group loses the control over the investee on account of the disposal of partial equity or any other reason, for the preparation of any individual financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same as that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.



**III. Principal accounting policies and accounting estimates  
(continued)**

**11. Long-term equity investments (continued)**

Subsequent measurement and recognition of profits or losses (continued)

*Disposal of long-term equity investments (continued)*

Where the disposal of subsidiaries' equity investments till the loss of control in stages through multiple transactions is regarded as a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed of and the corresponding control is lost; before the loss of control, each difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed should be firstly recognized as other comprehensive income in the individual financial statements, and then transferred wholly to the profit or loss for the period once the control is lost. Where the aforesaid disposal is not regarded as a package deal, the accounting treatment should be made respectively for each transaction.

**12. Fixed assets**

Recognition criteria of fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Group; and
- (2) The costs of the fixed assets can be measured reliably.

The initial measurement of fixed assets is made at cost (by taking into account the impact of expected disposal costs).

The subsequent expense relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Group and their costs can be measured reliably; as for the party replaced, the book value thereof is derecognized; all other subsequent expenses are included in the current profit or loss when they occur.

### III. Principal accounting policies and accounting estimates (continued)

#### 12. Fixed assets(continued)

##### Depreciation methods

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Group should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20	5	4.75
Special equipment	Straight-line method	3 - 11	3 - 5	32.33 - 8.82
Transportation equipment	Straight-line method	5 - 6	3 - 5	16.17 - 19
General equipment	Straight-line method	5	5	19

##### Disposal of fixed assets

When the fixed assets are disposed of, or they are expected not to bring any economic interest via use or disposal, such fixed assets will be derecognized. When the fixed asset is sold, transferred, scrapped or damaged, the Group will include such disposal revenue, deducting the book value and related taxes and surcharges thereof, in the current profit or loss.

**III. Principal accounting policies and accounting estimates  
(continued)**

**13. Construction in progress**

The construction in progress is measured at the actually incurred cost. The actual cost includes the construction cost, installation cost, borrowing cost eligible for capitalization and other necessary expenditure incurred before the construction in progress reaching the working condition for its intended use. When the construction in progress reaches the working condition for its intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month.

**14. Borrowing costs**

Recognition criteria of capitalization of borrowing costs

The borrowing costs incurred to the Group and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long process acquisition, construction or production.

Capitalization period for borrowing costs

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition, construction or production activities which are necessary for the assets to reach the conditions for their intended use or sale have been in progress.

**III. Principal accounting policies and accounting estimates  
(continued)**

**14. Borrowing costs (continued)**

Recognition criteria of capitalization of borrowing costs (continued)

The capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

Period of capitalization suspension

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to reach the conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

Measurement method of capitalization rate and capitalized amounts of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, the borrowing costs of such special borrowings actually incurred in the current period less the interest income from indrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

**III. Principal accounting policies and accounting estimates  
(continued)**

**14. Borrowing costs (continued)**

Measurement method of capitalization rate and capitalized amounts of  
borrowing costs (continued)

During the period for capitalization, the exchange differences from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The exchange differences from the principal and interest of other borrowings in foreign currency other than the special borrowings in foreign currency should be included in the current profit or loss.

**15. Right-of-use assets**

The right-of-use assets of the Group mainly include buildings.

At the commencement date of the lease, the Group recognizes right-of-use assets. The cost of each right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; any initial direct cost incurred; and an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset and the end of the lease term.

The Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly. When the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes the remaining amount of the remeasurement in profit or loss.

### III. Principal accounting policies and accounting estimates (continued)

#### 16. Intangible assets

##### Measurement of intangible assets

*The Group initially measures intangible assets at cost on acquisition*

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.

##### *Subsequent measurement*

The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Group recognizes the amortization thereof within the period during which they can bring economic benefits to the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group, then the Group does not recognize amortization.

##### Estimated useful lives of intangible assets with definite useful lives

Item	Estimated useful life	Amortization method	Basis
		Straight-line	
Computer software	3 - 5 years	amortization method	Estimated useful life
Company website domain names	10 years	Straight-line amortization method	Estimated useful life
Trading seat fees	10 years	Straight-line amortization method	Estimated useful life
Futures operating rights	10 years	Straight-line amortization method	Estimated useful life
Land use rights	40 years	Straight-line amortization method	Term of land use right

### III. Principal accounting policies and accounting estimates (continued)

#### 16. Intangible assets (continued)

##### Determination basis of intangible assets with indefinite useful lives and review procedures of the useful lives thereof

Item	Judgment basis
Investments in futures memberships	Investments in futures memberships will bring the Group an expected inflow of economic benefits during the Group's operating period and can be returned when it ceases to operate.

##### Specific criteria for classifying research and development phases

The Group's internal research and development expenditures include those incurred in the research phase and those in the development phase.

Research phase: the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.



**III. Principal accounting policies and accounting estimates  
(continued)**

**16. Intangible assets (continued)**

Specific criteria for qualifying expenditure on the development phase for capitalization

The research expenditure is included in the current profit or loss when it occurs. The development expenditure is recognized as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the market for the products made by using the intangible assets exist or that the intangible assets themselves have a market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;
- (4) It is expected to finish the development of the intangible assets and to use or sell them with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during their development phase can be measured reliably.

If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

**III. Principal accounting policies and accounting estimates  
(continued)**

**17. Impairment of long-term assets**

For long-term equity investments, fixed assets, construction in progress, intangible assets with definite useful lives, oil and gas assets and other long-term assets, the impairment test should be made in case of any impairment thereof on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Group shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the smallest asset group that can independently generate cash inflows.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether there is any impairment indication.

The Group conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is allocated to relevant asset groups with a reasonable method since the date of acquisition; or allocated to relevant combinations of asset groups if it is difficult to be allocated to relevant asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is expected to benefit from the synergistic effect of business combination.

### III. Principal accounting policies and accounting estimates (continued)

#### 17. Impairment of long-term assets (continued)

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups may be impaired, the Group shall first conduct an impairment test on the asset groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. After that, the Group tests the impairment on the asset group or portfolio of asset groups where the goodwill is included, and compare the book value of such group or portfolio with its recoverable amount. If the recoverable amount is less than the book value, the amount of impairment loss should firstly be used to reduce the book value of the goodwill allocated to such group or portfolio, and then reduce book values of other assets other than the goodwill in such group or portfolio based on proportions of these book values.

The above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

#### 18. Long-term prepaid expenses

Long-term prepaid expenses are various expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over one year.

Amortization term and method for expense:

Item	Amortization method	Amortization period
Renovation costs	Evenly amortized over the benefit period	By housing lease term

**III. Principal accounting policies and accounting estimates  
(continued)**

**19. Contract liabilities**

According to the relationship between the performance of obligations and the customer payment, the Group presents contract assets or contract liabilities in the balance sheet. The Group's obligations in transferring goods or rendering services to customers on the grounds that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

**20. Employee benefit**

Accounting treatment of short-term benefits

During the accounting period where employees serve the Group, the short-term benefits actually incurred are recognized as liabilities and included in the current profit or loss or the asset-related cost.

The social insurance and the housing fund paid by the Group for its employees are used to calculate and determine the relevant employee benefit amounts based on the prescribed accrual basis and the accrual proportion during the accounting period in which the employees provide services to the Group.

The staff welfare costs incurred in the Group are included in the current profit or loss or asset-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

**III. Principal accounting policies and accounting estimates  
(continued)**

**20. Employee benefit (continued)**

Accounting treatment of post-employment benefits

*Defined contribution plan*

The Group pays the basic pension insurance and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Group, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local government is recognized as a liability and included in the current profit or loss or asset-related cost. The Group pays to the local social insurance agencies at a certain proportion of the total amount of employee wages, with the corresponding expenditures included in the current profit or loss or asset-related cost.

*Defined benefit plan*

The Group has no defined benefit plan.

Accounting treatment of termination benefits

Where the Group provides the termination benefit to its employees, the employee compensation liability arising from the termination benefit shall be recognized on the following date, whichever is earlier, and included in the current profit or loss: when the Group fails to unilaterally withdraw the termination benefit offered due to the termination of the labor relation plan or layoff proposal; when the Group confirms the costs or fees associated with the reorganization involving the payment of the termination benefits.

**III. Principal accounting policies and accounting estimates  
(continued)**

**21. Lease Liabilities**

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, if there is a change on the actual fixed payment, expected payable of guaranteed residual value, the index or rate used to calculate the lease payment, purchase option, the assessment of option to extend the lease, option to terminate the lease or actual option exercise situation, the Group will recalculate the lease liabilities at the present value of the changed lease payments.

**22. Provisions**

When an obligation relating to a contingency meets all the following conditions at the same time, it will be recognized as provisions by the Group:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) a reliable estimate can be made of the amount of the obligation.

Provisions are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Group comprehensively considers the risks, uncertainties, time value of money and other factors relating to contingencies. If the time value of money is significant, the best estimates will be determined after discount of the relevant future cash outflows.

**III. Principal accounting policies and accounting estimates  
(continued)**

**22. Provisions (continued)**

If there is a continuous scope for the required expenditure, and all results within this scope are equally likely to occur, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- (1) If contingencies are involved with a single project, the estimate will be determined based on the amount which is most likely to occur.
- (2) If contingencies are involved with several projects, the estimate will be determined based on various possible results and relevant probabilities.

If all or part of the expenses necessary for liquidating provisions are expected to be compensated by a third party, the compensation will be separately recognized as assets when it is virtually certain that the compensation will be received. The compensation recognized should not exceed the book value of provisions.

The Group reviews the book value of provisions on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.



**III. Principal accounting policies and accounting estimates  
(continued)**

**23. Share-based payment**

The Group's share-based payment refers to the transaction where it grants the equity instrument or assumes the liability determined based on the equity instrument for the purpose of acquiring services rendered by employees or other parties. The Group's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

Equity-settled share-based payment and equity instrument

Where the Group acquires services rendered by employees via the equity-settled share-based payment, such payment should be calculated at the fair value of equity instruments granted to employees. The Group includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of equity instruments, and increases capital reserves accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments, only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Group, based on the best estimate of the quantity of equity instruments where relevant rights can be exercised, includes the services acquired during that period in relevant costs or expenses at the fair value on the grant date, and increases capital reserves accordingly.

In the case of any clause on the equity-settled share-based payment has been modified, services acquired should be recognized as if such clause has not been modified. In addition, the increase in services acquired should be recognized in the case of any increase to the fair value of equity instruments granted or any change favorable to employees on the date of increasing such fair value.

During the waiting period, if any equity instrument granted is canceled, the Group will accelerate the right exercise relevant to the equity instrument canceled, immediately include the amount which should be recognized during the remaining waiting period in the current profit or loss, and recognize capital reserves at the same time. However, if any new equity instrument is granted and on the date of granting of such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be treated in the same way as the modification of the terms and conditions of the original equity instrument.

**III. Principal accounting policies and accounting estimates  
(continued)**

**24. Convertible corporate bonds**

At the issue of convertible corporate bonds, the Group determines whether these convertible corporate bonds contain both liability and equity components in accordance with relevant terms. If these convertible corporate bonds issued contain both liability and equity components, the liability and equity components should be split at the initial recognition for individual treatment. In the process of splitting, the fair value of the liability component should be first determined and taken as the initially recognized amount of the liability component; then the initially recognized amount of the equity component should be determined at the balance of the whole issuing price of the convertible corporate bonds less the initially recognized amount of the liability component. Transaction costs are amortized between the liability and equity components at their respective fair values. Liability components are presented as liabilities and subsequently measured at the amortized cost until they are cancelled, converted or redeemed. The equity components are presented as equity without the subsequent measurement.

**25. Revenue**

Accounting policies for revenue recognition and measurement

The Group recognizes revenue when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Group measures the income according to the transaction price allocated to each individual performance obligation.

**III. Principal accounting policies and accounting estimates  
(continued)**

**25. Revenue (continued)**

Accounting policies for revenue recognition and measurement(continued)

The transaction price is the amount of consideration that the Group expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Group determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and takes into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Group determines the transaction price that includes variable considerations at an amount which is no more than the accumulated recognized income that is unlikely to be significantly reversed before the relevant uncertainties are eliminated. Where there is a significant financing element in a contract, the Group determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contract consideration over the contract period at the effective interest method. If the Group meets one of the following conditions, it shall perform the performance obligation within a certain period of time; otherwise, it shall perform the performance obligation at a certain period:

- (1) The customer obtains and consumes the economic benefits brought by the performance of the Group while the Group is performing the obligation;
- (2) Customers are able to control the goods under construction in the Group's performance process; or
- (3) The goods produced by the Group during the performance of the contract have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date.

**III. Principal accounting policies and accounting estimates  
(continued)**

**25. Revenue (continued)**

Accounting policies for revenue recognition and measurement (continued)

For performance obligations performed within a certain period of time, the Group recognizes revenue pursuant to the progress of performance in such period, unless the performance progress cannot be reasonably determined. The Group uses either the output or input method to determine the performance progress, by taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Group recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain time point, the Group recognizes revenue when the customer obtains control of the relevant goods or services. The Group will consider the following signs when judging whether the customer has acquired control over the goods or services, including:

- (1) The Group has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- (2) The Group has transferred the legal title of the goods to the customer, which means that the customer has the legal title of the goods.
- (3) The Group has physically transferred the goods to the customer, which means that the customer has physical possession of the goods.
- (4) The Group has transferred to the customer the principal risks and rewards of ownership of the goods, i.e., the customer has received the principal risks and rewards of ownership of the goods.
- (5) The customer has accepted the goods or services, etc.

**III. Principal accounting policies and accounting estimates  
(continued)**

**25. Revenue (continued)**

Specific principles for the recognition of revenues from information technology services

*Revenue from financial data services*

If the service order or contract has been signed and the service payment has been received or the receipt voucher has been obtained, the revenue will be recognized by the straight-line method in stages within the agreed service period starting from the month when the service is provided.

*Revenue from internet advertisement services business*

If the advertising contract has been signed or the advertisement execution order (advertisement schedule) has been confirmed by the client and the advertisement has been published, the revenue will be calculated and recognized based on the contract amount and the advertisement execution order at the rendering of services.

*Revenue from online fund distribution business*

If the service contract or agreement has been signed, and relevant services and information have been provided through the agency trading platform, the revenue will be recognized at the point in time of completing the agency trading matters based on the proportion agreed in the contract.

Fee and commission income

*Revenues from brokerage business*

Revenue from agent securities trading is recognized on the securities trading date.

Revenue from agent bond redemption is recognized at the completion of agent redemption of securities and the actual receipt of price or the receipt of collection evidence.

*Revenues from investment banking business*

Revenue from securities underwriting is recognized after receiving the underwriting fee and commission based on the underwriting agreement, the actual underwriting amount of securities and the collection proportion at the end of the securities underwriting project.

**III. Principal accounting policies and accounting estimates  
(continued)**

**25. Revenue (continued)**

Fee and commission income(continued)

*Revenue from asset management business*

Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the directional asset management and enjoyed by the Group should be calculated at the proportion specified in the contract and recognized as the current income; if the Group should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized in stages during the contract period.

If the management fee is charged for the aggregate asset management according to relevant contract, the income from the management fee that should be enjoyed by the Group should be calculated at the proportion specified in the contract and recognized as the current income. If the performance remuneration is obtained as agreed in the contract, the performance remuneration shall be charged at the agreed proportion and recognized as the current income when the aggregate asset plan expires or relevant investor quits the plan.

Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the special asset management and enjoyed by the Group should be calculated at the proportion specified in the contract and recognized as the current income; if the Group shall collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized in stages during the contract period.

*Revenue from futures agency business*

The fees for any agency transaction should be determined based on the charges specified in the futures agency contract at the time of the agency transaction, and directly deducted from the client's margin account after such transaction.

*Revenue from investment advisory*

When relevant investment advisory services have been rendered, the economic benefits agreed in the relevant contract can flow into the enterprise, and relevant revenue can be measured reliably, the revenue should be recognized according to the contract or agreement.

**III. Principal accounting policies and accounting estimates  
(continued)**

**25. Revenue (continued)**

Interest income

The Group's interest income mainly comes from the interest income arising from the primary business of the following companies: Eastmoney Securities Co., Ltd.(hereinafter referred to as "Eastmoney Securities"), Hafoo Securities Limited, Shanghai Eastmoney Futures Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd., The interest income of other companies is included in the financial expenses, the following accounting policies apply to companies whose main business is interest income.

When the transaction-related economic benefits can flow into an enterprise, and the revenue amount can be measured reliably, the interest income is recognized based on the fund utilization time and actual interest rate; the revenue from margin financing and securities lending is recognized based on the lending time of fund or securities and the agreed interest rate as agreed in the contract signed with the client; if the revenue from securities purchased under resale agreements is resold at maturity in the current period, the actual difference between the reselling price and the purchasing cost should be recognized as the current revenue; if the such securities have not matured in the current period, the interest should be calculated on an accrual basis at the end of the period, and recognized as the current revenue.



**III. Principal accounting policies and accounting estimates  
(continued)**

**26. Contract cost**

The contract costs are divided into contract performance costs and contract acquisition costs.

If the Group does not fall within the scope of the relevant standards such as inventories, fixed assets or intangible assets for the costs incurred in performing the contract, such costs shall be recognized as an asset categorized as contract performance cost when the following conditions are met:

- (1) The costs are directly related to a current or expected contract obtained.
- (2) The costs increase the resources of the Group to fulfill its performance obligations in the future.
- (3) The costs are expected to be recovered.

If the incremental cost incurred in the Group on account of contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of the contract acquisition cost is less than one year, the Group will include such cost in the current profit or loss when it occurs.

If the book value of assets related to contract costs is higher than both of the following two differences, the Group will make impairment provision for the exceeding part and recognize it as losses from asset impairment:

- (1) The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset
- (2) Estimated the costs that will occur in order to transfer the relevant goods or services

If the factors of impairment in the previous period change later causing the mentioned difference being higher than the book value of the asset, the provision for asset impairment that was originally accrued should be reversed and included in the current profit or loss, but the reversed book value of the asset shall not exceed the book value of the asset on the date of reversal under the assumption that no provision for impairment is made.

**III. Principal accounting policies and accounting estimates  
(continued)**

**27. Government grants**

Type

Government grants are monetary assets and non-monetary assets freely obtained by the Group from the government. Government grants are classified into asset-related government grants and income-related government grants.

Asset-related government grants are government grants that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to the government grants other than asset-related government grants.

Specific standard adopted by the Group for dividing the government grants into asset-related government grants: Asset-related government grants are government grants acquired by the Group for the acquisition and construction of or otherwise formation of long-term assets.。

Specific standard adopted by the Group for dividing the government grants into income-related government grants: Income-related government grants refer to government grants obtained by the Group, other than asset-related government grants.

If the granting object fails to be specified in the government document, the standard adopted by the Group for dividing the government grants into asset-related and income-related government grants will be government grants should all be classified as income-related government grants.

Timing of recognition

Government grants shall be recognized only if the Group is able to comply with the conditions for the government grants, and is likely to receive the government grants.

**III. Principal accounting policies and accounting estimates  
(continued)**

**27. Government grants (continued)**

Accounting treatment

Asset-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. If they are recognized as deferred income, they will be recorded in the current profit or loss in stages in a reasonable and systematic manner over the useful lives of the relevant assets (if they are related to daily activities of the Group, they will be included into other income; otherwise they will be included in the non-operating income).

Income-related government grants to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in the current profit or loss where the relevant expenses or losses are recognized (if they are related to daily activities of the Group, they will be included into other income; otherwise they will be included in non-operating income) or set off the related expenses or losses; those to be used as compensation for incurred expenses or losses are recorded in the current profit or loss (if they are related to daily activities of the Group, they will be included into other income; otherwise they will be included in the non-operating income) or set off the related expenses or losses.

**III. Principal accounting policies and accounting estimates  
(continued)**

**28. Deferred income tax assets and deferred income tax liabilities**

Income tax includes the current income tax and deferred income tax. Except for the income tax from the business combination or transactions or matters directly recognized in the owners' equity (including other comprehensive income), the Group will include the current income tax and deferred income tax into the current profit or loss.

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special situations where the deferred income tax assets or deferred income tax liabilities are not recognized include:

- (1) Initial recognition of goodwill; and
- (2) Transaction or matter that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss) on occurrence.

**III. Principal accounting policies and accounting estimates  
(continued)**

**28. Deferred income tax assets and deferred income tax liabilities  
(continued)**

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred income tax liabilities; unless the Group is able to control the time for reversing such temporary differences and such temporary differences are unlikely to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period where relevant assets are expected to be recovered or relevant liabilities are expected to be discharged, according to the tax law.

On the balance sheet date, the Group reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset against the benefit of deferred tax assets, the book value of deferred tax assets shall be written down. If it is likely to obtain sufficient taxable income, the book value of deferred tax assets written down will be recovered.

If the Group has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Group shall be presented based on the net amount after offset.

On the balance sheet date, when the following conditions are met, the deferred income tax assets and deferred income tax liabilities not presented by net amount after offset.

- (1) The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis; and
- (2) Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reversal of deferred income tax assets and liabilities, the involved taxpayer intends to settle the current income tax assets and liabilities on a net amount basis, or obtain assets at the time of discharging liabilities.

**III. Principal accounting policies and accounting estimates  
(continued)**

**29. Lease**

Accounting Method of Operating Lease

Lease (applicable from 1 January 2021)

*Identification of leases*

On the starting date of the contract, the Group assesses whether the contract is a lease or contains a lease. If a party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or contains a lease. In order to determine whether the contract transfers the right to control the use of the identified asset within a certain period, the Group assesses whether the customer in the contract has the right to obtain almost all the economic benefits arising from the use of the identified asset during the period of use, and has the right to leads the use of the identified assets during the period of use.

*Identification of separate leases*

If the contract contains multiple separate leases at the same time, the Group will split the contract and conduct accounting treatments for each of the separate leases. If the following conditions are met at the same time, the right to use the identified asset constitutes a separate lease in the contract:

- (1) The lessee can profit from using the asset alone or using it with other resources that are easily available; and
- (2) The asset does not have a highly dependent or highly related relationship with other assets in the contract.

*Separating lease components and non-lease components*

If the contract contains both the lease and non-lease parts, when the Group acts as the lessor and lessee, the lease and non-lease parts will be separated for accounting treatment.

**III. Principal accounting policies and accounting estimates  
(continued)**

**29. Lease (continued)**

*Assessment of the lease term*

The lease term is the irrevocable period during which the Group has the right to use the leased assets. The Group has the option to renew the lease, that is, the right to choose to renew the lease of the asset, and if it is reasonably certain that the option will be exercised, the lease term also includes the period covered by the renewal option. The Group has the option to terminate the lease, that is, the right to choose to terminate the lease of the asset, but it is reasonably certain that the option will not be exercised, and the lease term includes the period covered by the option to terminate the lease. If a major event or change within the control of the Group occurs and affects whether the Group is reasonably certain that it will exercise the corresponding option, the Group reassesses whether it reasonably determines that it will exercise the renewal option, purchase option or not to exercise the termination option.

*As lessee*

*Lease modifications*

Lease modification is a change in the scope of the lease, the consideration for the lease, and the duration of the lease outside of the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease period stipulated in the contract, etc.

If the lease is changed and the following conditions are met at the same time, the Group shall treat the lease change as a separate lease for accounting treatment:

- (1) The lease change expands the scope of the lease by adding one or more rights to use the leased asset; and
- (2) The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.



**III. Principal accounting policies and accounting estimates  
(continued)**

**29. Lease (continued)**

If the lease change is not accounted for as a separate lease, the Group re-determines on the effective date of the lease change the lease term and uses the revised discount rate to discount the lease payment after the change to remeasure the lease liability. When calculating the present value of the lease payment after the change, the Group uses the interest rate implicit in the lease for the remaining lease period as the discount rate; if the interest rate implicit in the lease for the remaining lease period cannot be determined, the Group's increment on the effective date of the lease change is used discount rate.

Regarding the impact of the above-mentioned lease liability adjustment, the Group performs accounting treatment in the following situations:

- (1) If the lease change causes the scope of the lease to be reduced or the lease term is shortened, the Group reduces the book value of the right-of-use asset to reflect the partial or complete termination of the lease, and the relevant gains or losses related to the partial or complete termination of the lease are included in the current profit and loss;
- (2) For other lease changes, the Group adjusts the net value of the right-of-use assets accordingly.

*Short-term leases and low-value asset leases*

The group considers leases that do not include purchase options on the starting date of the lease period as short-term leases with a lease period of no more than 12 months; each single lease asset regarded as a new asset with lower value is recognized as low-value asset lease. If the Group sub-leases or expects to sub-lease the leased assets, the original lease is not recognized as a low-value asset lease. The group chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases. In each period of the lease term, it is included in the relevant asset cost or current profit and loss according to the straight-line method.

*As lessor*

A lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset on the lease start date is a financial lease, and all other leases are operating leases. When the Group acts as a sublease lessor, it classifies subleases based on the right-of-use assets generated from the original leases.

**III. Principal accounting policies and accounting estimates  
(continued)**

**29. Lease (continued)**

*As lessor of an operating lease*

The rental income from operating leases is recognized as the current profit and loss on a straight-line basis during each period of the lease term, and the variable lease payments that are not included in the lease receipts are included in the current profit and loss when they actually occur.

If the operating lease is changed, the Group will treat it as a new lease from the effective date of the change, and the amount of advance receipts or lease receivables related to the lease before the change shall be regarded as the receipt of the new lease.

Lease (applicable before 1 January 2021)

Leases that have substantially transferred all the risks and rewards related to asset ownership are financial leases, and all other leases are operating leases.

*As lessee of an operating lease*

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and are included either in the cost of the related asset or charged to profit or loss. The contingent rental is recognized in profit or loss as incurred.

*As lessor of an operating lease*

Rental income under an operating lease is recognized by a lessor on a straight-line basis over the lease term through profit or loss. The contingent rental is recognized in profit and loss as incurred.

**III. Principal accounting policies and accounting estimates  
(continued)**

**30. Segment report**

The group determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and discloses the information of the segments.

The operating segment includes the Group's constituent parts meeting the following conditions at the same time:

- (1) These constituent parts can cause revenue or expense during the routine activities;
- (2) The Management of the group is able to make the regular assessment on the operating results of these constituent parts, so as to determine the resource distribution made therefor and assess the performance thereof;
- (3) The group is able to obtain accounting-related information of these constituent parts such as financial condition, operating results and cash flows.

If two or more operating segments have the similar economic characteristics, and meet certain conditions, they can be combined into one operating segment.

**III. Principal accounting policies and accounting estimates  
(continued)**

**31. Assets transfer with repurchase conditions**

Financial assets held under resale agreements

According to the commitment made in the agreement, financial assets to be resold on certain fixed date in the future should not be recognized in the balance sheet. Costs on buying such assets are presented in the balance sheet as the financial assets held under resale agreements. The difference between the purchasing price and selling price is recognized during the agreement term by the effective interest method, and is included in the interest income.

Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognized in the statement of financial position. The proceeds from selling such assets are presented under “financial assets sold under repurchase agreements” in the statement of financial position. The difference between the selling price and repurchasing price is recognized during the agreement term by the effective interest method, and included in the interest expense.

**32. Margin financing and securities lending services**

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognizes margin financing receivables as receivables, and recognizes interest income. Securities lent are not derecognized, but the Group still makes the accounting treatment based on the original category of financial assets and recognizes the interest income accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

**III. Principal accounting policies and accounting estimates  
(continued)**

**33. Changes in significant accounting policies and accounting estimates**

Changes in significant accounting policies

*New lease policy*

In 2018, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 21-Leases"(Referred to as "New Lease policy"), the new lease policy adopts a single model similar to the current financial lease accounting, requiring lessees to recognize right-of-use assets and lease liabilities for all leases except short-term leases and low-value asset leases, and to recognize depreciation and interest expenses respectively. Since 1 January 2021, the Group will conduct accounting treatment in accordance with the newly revised lease policy. For contracts that existed before the first implementation date, it has chosen not to reassess whether they are leases or include leases, and based on the convergence regulations, the comparable period information shall not be adjusted, the difference between the new lease policy and the current lease standard on the first implementation date is retrospectively adjusted for retained earnings at the beginning of the reporting period:

- (1) For operating leases before the first implementation date, the Group measures the lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the first implementation date, and based on each lease at an amount equal to the lease liability, and based on the advance payment make necessary adjustments to rents to measure right-of-use assets.
- (2) The group conducts impairment tests on the right-of-use assets and conducts corresponding accounting treatments.

**III. Principal accounting policies and accounting estimates  
(continued)**

**33. Changes in significant accounting policies and accounting  
estimates (continued)**

Changes in significant accounting policies (continued)

*New lease policy (continued)*

The group adopts simplified processing for operating leases where the leased assets are low-value assets before the date of first implementation, or operating leases that will be completed within 12 months, the right-of-use assets and lease liabilities are not recognized. In addition, the Group adopted the following simplified treatment for operating leases before the first execution date:

- (1) In the measurement of lease liabilities, a single discount rate was applied to a portfolio of leases with reasonably similar characteristics; in the measurement of right-of-use assets, initial direct costs were excluded;
- (2) For leases with extension options or termination options, the Group determined the lease terms according to the actual exercise and other most updated information;
- (3) As an alternative to the impairment test of the right-of-use asset, the Group assessed whether the contract containing the lease was a loss-making contract before the first execution date, and adjusted the right-of-use asset according to the amount of the loss reserve included in the balance sheet before the first execution date;
- (4) For lease changes before the first implementation date, the Group would perform accounting treatment according to the final arrangement of lease changes.

### III. Principal accounting policies and accounting estimates (continued)

#### 33. Changes in significant accounting policies and accounting estimates (continued)

##### Changes in significant accounting policies (continued)

##### *New lease policy (continued)*

The impact of the implementation of the new lease policy on the balance sheet on 1 January 2021:

#### CONSOLIDATED BALANCE SHEET

	31 December 2020	Adjustment	1 January 2021
Assets			
Prepayments	106,959,684.71	(12,865,388.24)	94,094,296.47
Right-of-use assets	-	161,266,325.97	161,266,325.97
Liabilities			
Non-current liabilities			
due within one year	2,239,377,911.52	66,085,971.90	2,305,463,883.42
Lease Liabilities	-	82,314,965.83	82,314,965.83

#### BALANCE SHEET

	31 December 2020	Adjustment	1 January 2021
Assets			
Prepayments	48,604,726.10	(2,538,599.54)	46,066,126.56
Right-of-use assets	-	50,811,159.83	50,811,159.83
Liabilities			
Non-current liabilities			
due within one year	-	15,500,148.21	15,500,148.21
Lease Liabilities	-	32,772,412.08	32,772,412.08



**IV. Taxation****1. Major taxes and tax rates**

Value-added tax (VAT)	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	3%;5%; 6%;9%; 13%
Urban maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	1%;5%; 7%
Corporate income tax	Levied based on the taxable income	15%; 25%

Enterprises with different corporate income tax rates within the Group:

Name of taxpayer	Income tax rate
East Money Information Co., Ltd.	15%
Eastmoney Securities	15%
Tibet Eastmoney Investment Management Co., Ltd.	15%
Tibet Eastmoney Fund Management Co., Ltd.	15%
Companies registered in countries and regions outside mainland China	Adopting the tax rate applicable to the taxation policies in the area 25% (Where these subsidiaries (sub-subsidiaries) are qualified according to the Circular of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Taxation Reducing Policies for Small and Micro Enterprises ([2019] No. 13), they may adopted the preferential corporate income tax rate for small and micro enterprises)
Other subsidiaries (sub-subsidiaries) in the scope of consolidation	

**V. Taxation (continued)**

**2. Tax preference**

Preference in corporate income tax:

East Money Information Co., Ltd.

The company obtained the high-technology enterprise certificate jointly issued by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the State Administration of Taxation and Shanghai Taxation Bureau in October 2019. The certificate is valid for three years. The company can enjoy a 15% corporate income tax concession for three years from 2019 to 2021. Therefore, the actual applicable corporate income tax rate for the company in 2020 and in six months ended 30 June 2021 was 15%.

Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., and Tibet Eastmoney Fund Management Co., Ltd.

According to the "Announcement of the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policy for Western Development" (Announcement No. 23, 2020 of the Ministry of Finance), and the "Regulations of the People's Government of the Tibet Autonomous Region on Printing and Distributing the Tibet Autonomous Region's Preferential Policies for Investment Promotion Notice" (Zang Zhengfa [2021] No. 9), Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., and Tibet Eastmoney Fund Management Co., Ltd. applicable corporate income tax rate this year is 15%, and the tax on the part shared in Tibet Autonomous Region was paid by half.

## VI. Notes to items of the consolidated financial statements

## 1. Cash and bank balances

	30 June 2021	31 December 2020
Cash on hand	77,765.69	174,400.35
Bank deposits	54,523,883,000.93	41,365,935,302.36
Including: Customer deposits	47,917,660,441.76	36,781,607,801.53
Corporate deposits	6,606,222,559.17	4,584,327,500.83
Other cash and bank balances	33,737,648.85	18,887,190.24
Sub-total	<u>54,557,698,415.47</u>	<u>41,384,996,892.95</u>
Add: Accrued interest	<u>34,730,844.09</u>	<u>35,493,540.82</u>
	<u>54,592,429,259.56</u>	<u>41,420,490,433.77</u>

Details of the cash and bank balances with restrictions on use due to the mortgage, pledge or freezing are as follows:

	30 June 2021	31 December 2020
Capital margin of insurance brokerage	5,000,000.00	5,000,000.00
Special account deposit of general risk reserves	<u>2,248,433.19</u>	<u>1,215,301.64</u>
	<u>7,248,433.19</u>	<u>6,215,301.64</u>

As at 30 June 2021, the total cash and bank balances of the Group deposited abroad (including Hong Kong) amounted to RMB1,528,691,384.96. (As at 31 December 2020: RMB1,606,897,041.73).

## V. Notes to items of the consolidated financial statements (continued)

## 2. Clearing settlement funds

	30 June 2021			31 December 2020		
	Amount in original currency	Exchange rate	Amount converted into RMB	Amount in original currency	Exchange rate	Amount converted into RMB
Self-owned settlement funds			445,529,807.24			139,925,515.38
Including: RMB	443,176,229.27	1.0000	443,176,229.27	134,829,281.17	1.0000	134,829,281.17
USD	355,795.92	6.4601	2,298,477.22	506,195.80	6.5249	3,302,876.98
HKD	66,220.49	0.8321	55,100.75	2,130,788.97	0.8416	1,793,357.23
Clients' settlement funds			6,703,469,741.41			5,465,146,358.42
Including: RMB	6,643,883,524.68	1.0000	6,643,883,524.68	5,433,092,607.09	1.0000	5,433,092,607.09
USD	8,293,103.64	6.4601	53,574,278.83	3,978,983.84	6.5249	25,962,471.66
HKD	7,225,192.18	0.8321	6,011,937.90	7,237,393.27	0.8416	6,091,279.67
Self-owned credit settlement funds			627,785,361.32			401,968,496.36
Including: RMB	627,785,361.32	1.0000	627,785,361.32	401,968,496.36	1.0000	401,968,496.36
Customers' credit settlement funds			759,786,401.61			645,205,499.17
Including: RMB	759,786,401.61	1.0000	759,786,401.61	645,205,499.17	1.0000	645,205,499.17
Accrued interest			3,683,201.29			-
			<u>8,540,254,512.87</u>			<u>6,652,245,869.33</u>

**V. Notes to items of the consolidated financial statements (continued)****3. Margin accounts receivable****(1) Presentation by business type**

	30 June 2021	31 December 2020
Margin accounts receivable of margin financing and securities lending services	36,415,507,447.90	29,393,883,394.66
Margin financing and initial public offering loan	3,736,919,663.49	381,806,540.81
Sub-total	40,152,427,111.39	29,775,689,935.47
Add: Accrued interest	352,370,645.23	364,813,319.81
Less: Provision for impairment	75,822,629.58	68,117,784.86
	40,428,975,127.04	30,072,385,470.42

Note: As at 30 June 2021, the amount of the above-mentioned margin accounts receivable restricted due to usufruct transfer of margin financing and repurchase business was RMB2,077,661,360.64 (As at 31 December 2020: RMB3,578,007,335.91).

**(2) Presentation by customer type**

	30 June 2021	31 December 2020
Including: individual	39,365,123,594.89	28,841,897,179.10
Institution	787,303,516.50	933,792,756.37
Sub-total	40,152,427,111.39	29,775,689,935.47
Add: accrued interest	352,370,645.23	364,813,319.81
Less: provision for impairment	75,822,629.58	68,117,784.86
	40,428,975,127.04	30,072,385,470.42

**V. Notes to items of the consolidated financial statements (continued)****3. Margin accounts receivable (continued)****(3) Fair value of collateral provided by customers to the Group for margin financing and securities lending services**

Category of collateral	30 June 2021	31 December 2020
Capital	4,339,644,235.27	3,382,538,134.55
Stocks	110,944,335,551.16	85,210,230,801.65
Funds	4,041,512,271.56	3,587,485,334.21
Bonds	310,508,907.01	286,918,511.42
	<u>119,636,000,965.00</u>	<u>92,467,172,781.83</u>

**4. Financial assets held for trading**

	30 June 2021	31 December 2020
Financial assets at fair value through profit or loss		
Bonds	13,296,046,743.91	8,262,074,139.28
Funds	6,042,705,454.03	1,862,969,825.18
Bank wealth management and structured deposits	4,187,493,449.05	2,317,491,036.71
Stocks and NEEQ	291,235,992.03	322,195,074.28
Asset management products of brokers	16,469,823.76	4,824,403.40
Others	73,164.00	62,298,920.00
	<u>23,834,024,626.78</u>	<u>12,831,853,398.85</u>

## V. Notes to items of the consolidated financial statements (continued)

## 5. Derivative financial instruments

	As at 30 June 2021			As at 31 December 2020		
	Non-hedging instruments			Non-hedging instruments		
	Nominal amount	Fair value		Nominal amount	Fair value	
	Assets	Assets	Liabilities	Assets	Assets	Liabilities
Interest rate swaps	-	-	-	1,600,000,000.00	145,448.62	-
Offset:						
Settlement of interest rate swaps	-	-	-	-	(145,448.62)	-
Stock index futures (Note 1)	1,292,290,480.00	-	52,053,100.00	807,906,580.00	-	14,731,800.00
Offset:						
Settlement of stock index futures	-	-	(52,053,100.00)	-	-	(14,731,800.00)
Treasury futures (Note 2)	2,590,000,000.00	-	4,696,350.00	-	-	-
Offset:						
Settlement of treasury futures	-	-	(4,696,350.00)	-	-	-
Options	2,850,945,311.60	33,414,301.56	28,750,847.01	114,000,000.00	-	160,454.38
Income swap	2,153,317,839.92	29,432,451.85	17,422,811.63	52,225,535.60	-	270,514.42
	<u>8,886,553,631.52</u>	<u>62,846,753.41</u>	<u>46,173,658.64</u>	<u>2,574,132,115.60</u>	<u>-</u>	<u>430,968.80</u>

Note 1: The Group's investments in stock index futures are under the daily mark-to-market and settlement arrangement, the Group's other cash and bank balances already included the amount of gains or losses on positions arising from all of the stock index futures as at 30 June 2021, the book value of which is presented at the net amount (RMB 0) after offsetting.

Note 2: The Group's treasury futures investments are under the daily mark-to-market and settlement arrangement, the Group's other cash and bank balances already included the amount of gains or losses on positions arising from all of the treasury futures as at 30 June 2021, the book value of which is presented at the net amount (RMB 0) after offsetting.



**V. Notes to items of the consolidated financial statements (continued)****6. Accounts receivable****(1) Disclosure of accounts receivable by aging**

Aging	30 June 2021	31 December 2020
Within 1 year	1,397,479,723.36	761,376,248.61
1 to 2 years	1,180,461.16	3,969,849.75
2 to 3 years	1,501,794.61	1,528,853.43
Over 3 years	9,252,179.14	8,517,144.97
Sub-total	1,409,414,158.27	775,392,096.76
Less: Provision for bad debts	80,538,323.21	49,370,174.16
Total	1,328,875,835.06	726,021,922.60

East Money Information Co., Ltd.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
30 June 2021

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V. Notes to items of the consolidated financial statements (continued)

6. Accounts receivable (continued)

(2) Disclosure of accounts receivable by category

Category	30 June 2021					31 December 2020				
	Book value		Provision for bad debts		Net book value	Book value		Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	5,343,362.02	0.38	3,285,807.53	61.49	2,057,554.49	5,319,202.60	0.69	3,285,807.53	61.77	2,033,395.07
Provision for bad debts accrued on a portfolio basis	1,404,070,796.25	99.62	77,252,515.68	5.50	1,326,818,280.57	770,072,894.16	99.31	46,084,366.63	5.98	723,988,527.53
Total	1,409,414,158.27	100.00	80,538,323.21	5.71	1,328,875,835.06	775,392,096.76	100.00	49,370,174.16	6.37	726,021,922.60

**V. Notes to items of the consolidated financial statements (continued)**

**6. Accounts receivable (continued)**

**(2) Disclosure of accounts receivable by category (continued)**

Provision for bad debts accrued on an individual basis:

	Book value	30 June 2021 Provision for bad debts	Proportion of provision (%)	Reason for provision
Securities business	2,269,259.59	2,269,259.59	100.00	Expected to be irrecoverable
Public fund management business	2,057,554.49	-	-	
Internet advertisement services	1,001,600.00	1,001,600.00	100.00	Expected to be irrecoverable
Online fund distribution business	14,947.94	14,947.94	100.00	Expected to be irrecoverable
	<u>5,343,362.02</u>	<u>3,285,807.53</u>		

Provision for bad debts accrued on a portfolio basis:

	Book value	30 June 2021 Provision for bad debts	Proportion of provision (%)
Within 1 year	1,395,422,168.87	69,771,108.44	5.00
1 to 2 years	1,180,461.16	354,138.34	30.00
2 to 3 years	681,794.65	340,897.33	50.00
Over 3 years	6,786,371.57	6,786,371.57	100.00
	<u>1,404,070,796.25</u>	<u>77,252,515.68</u>	

**(3) Provision, reversal or recovery of provision for bad debts for the six months ended 30 June 2021**

	Balance at 31 December 2020	Provision	Changes Recovery or reversal	Write-off or charge-off	Balance at 30 June 2021
Provision for bad debts accrued on an individual basis	3,285,807.53	-	-	-	3,285,807.53
Provision for bad debts accrued on a portfolio basis	46,084,366.63	31,168,149.05	-	-	77,252,515.68
	<u>49,370,174.16</u>	<u>31,168,149.05</u>	<u>-</u>	<u>-</u>	<u>80,538,323.21</u>

**V. Notes to items of the consolidated financial statements (continued)****6. Accounts receivable (continued)****(4) Top 5 accounts receivable as at 30 June 2021**

The total amount of the top 5 accounts receivable from debtors as at 30 June 2021 was RMB526,154,781.05, accounting for 37.33% of the ending balance of accounts receivable, and the ending balance of the provision for bad debts made accordingly amounted to RMB26,687,739.05.

**7. Prepayments****(1) Prepayments presented by aging**

Aging	30 June 2021		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	144,391,236.74	95.75	105,459,239.76	98.59
1 -2 years	6,235,583.18	4.13	712,205.19	0.67
2 - 3 years	167,436.13	0.11	788,239.76	0.74
Over 3 years	19,417.47	0.01	-	-
Total	<u>150,813,673.52</u>	<u>-</u>	<u>106,959,684.71</u>	<u>100.00</u>

**(2) Top 5 of prepayments as at 30 June 2021**

The total amount of the top 5 prepayments at 30 June 2021 was RMB81,593,687.55, accounting for 54.10% of total balance of prepayments at 30 June 2021.

**8. Other receivables**

	30 June 2021	31 December 2020
Dividend receivables	13,500,000.00	-
Other receivables	<u>12,854,051,041.00</u>	<u>9,801,549,035.32</u>
	<u>12,867,551,041.00</u>	<u>9,801,549,035.32</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements**  
**(continued)**

**8. Other receivables (continued)**

**Dividend receivables**

Item	30 June 2021	31 December 2020
Shanghai Mandao Financial Information Service Co., Ltd.	13,500,000.00	-
	<u>13,500,000.00</u>	<u>-</u>

**Other receivables**

**(1) Disclosure by aging**

	30 June 2021	31 December 2020
Within 1 year	12,832,334,060.91	9,805,203,787.87
1 - 2 years	31,351,569.17	11,036,475.33
2 - 3 years	13,540,615.90	22,957,093.10
Over 3 years	<u>205,855,815.05</u>	<u>188,390,513.82</u>
Sub-total	<u>13,083,082,061.03</u>	<u>10,027,587,870.12</u>
Less: provision for bad debts	<u>229,031,020.03</u>	<u>226,038,834.80</u>
Total	<u>12,854,051,041.00</u>	<u>9,801,549,035.32</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements (continued)**

**8. Other receivables (continued)**

**Other receivables (continued)**

**(2) Provision for bad debts**

	Stage 1 Measured at 12-month ECLs	Stage 2 Measured at lifetime ECLs (no credit impairment occurred)	Stage 3 Measured at lifetime ECLs (credit impairment occurred)	Total
Balance at 31 December 2020	16,153,238.89	-	209,885,595.91	226,038,834.80
Accrual	2,189,382.64	-	817,721.04	3,007,103.68
Recovery or reversal	-	-	14,918.45	14,918.45
Balance at 30 June 2021	18,342,621.53	-	210,688,398.50	229,031,020.03

**(3) Accrual, reversal or recovery of provision for bad debts**

Category	Balance at 31 December 2020	Accrual	Changes Recovery or reversal	Write-off or charge off	Balance at 30 June 2021
Provision for bad debts accrued on an individual basis	209,885,595.91	817,721.04	14,918.45	-	210,688,398.50
Provision for bad debts accrued on a portfolio basis	16,153,238.89	2,189,382.64	-	-	18,342,621.53
Total	226,038,834.80	3,007,103.68	14,918.45	-	229,031,020.03

**V. Notes to items of the consolidated financial statements (continued)****8. Other receivables (continued)****Other receivables (continued)****(4) Other receivables actually written off for the six months ended 30 June 2021**

There were no other receivables actually written off for the six months ended 30 June 2021.

**(5) Classification by nature of other receivables**

	30 June 2021	31 December 2020
Receivables from redemption of funds	8,115,640,500.27	5,162,385,758.16
Advances to customers for redemption of funds	4,395,280,837.53	2,848,674,493.58
Receivables from brokerage business clearing	251,771,119.40	1,750,518,778.87
Overdue investment funds receivable	128,825,420.00	128,825,420.00
Deposits and security deposit	28,114,085.52	21,938,272.92
Settlement funds receivable from third-party payment platform	5,350,120.69	10,026,940.43
Others	158,099,977.62	105,218,206.16
	<u>13,083,082,061.03</u>	<u>10,027,587,870.12</u>

**(6) Top 5 of other receivables as at 30 June 2021**

Entity name	Nature of payment	30 June 2021	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts as at 30 June 2021
Anhui Lanbowang Machinery Group					
Hecheng Machinery Co., Ltd.	Overdue investment funds receivable	70,923,420.00	Over 3 years	0.54	70,923,420.00
Baoding Tianwei Group Co., Ltd.	Overdue investment funds receivable	57,902,000.00	Over 3 years	0.44	57,902,000.00
Shanghai Inform Micro-Electronics Co., Ltd.	Other receivable	46,696,398.13	Over 3 years	0.36	46,696,398.13
Jinan Yuhan Real Estate Development Co., Ltd.	Other receivable	20,615,000.00	Within 1 year	0.16	6,176,913.26
Sheng Haiyan	Overdue margin financing and securities lending funds receivable	15,690,350.55	Over 3 years	0.12	15,690,350.55
		<u>211,827,168.68</u>		<u>1.62</u>	<u>197,389,081.94</u>



## V. Notes to items of the consolidated financial statements (continued)

### 9. Refundable deposits

	Amount in original currency	30 June 2021 Exchange rate	Amount converted into RMB	Amount in original currency	31 December 2020 Exchange rate	Amount converted into RMB
Trading deposits			3,428,282,393.09			2,026,528,270.24
Including: RMB	3,411,595,668.80	1.0000	3,411,595,668.80	2,017,178,382.56	1.0000	2,017,178,382.56
USD	200,000.00	6.4601	1,292,020.00	200,000.00	6.52490	1,304,980.00
HKD	18,501,471.36	0.8321	15,394,704.29	9,558,609.00	0.84164	8,044,907.68
Credit deposits			37,702,526.72			43,939,458.79
Including: RMB	37,702,526.72	1.0000	37,702,526.72	43,939,458.79	1.0000	43,939,458.79
			<u>3,465,984,919.81</u>			<u>2,070,467,729.03</u>

### 10. Financial assets held under resale agreements

#### (1) Presentation by business type

	30 June 2021	31 December 2020
Stock-pledged repo	690,000,000.00	862,220,021.18
Bonds-pledged repo	<u>256,500,000.00</u>	<u>29,300,000.00</u>
Sub-total	<u>946,500,000.00</u>	<u>891,520,021.18</u>
Add: accrued interest	3,985,373.49	4,465,626.77
Less: provision for impairment	<u>5,586.18</u>	<u>947,056.69</u>
	<u>950,479,787.31</u>	<u>895,038,591.26</u>

**V. Notes to items of the consolidated financial statements  
(continued)**

**10. Financial assets held under resale agreements (continued)**

**(2) By category of financial assets**

	30 June 2021	31 December 2020
Stocks	690,000,000.00	862,220,021.18
Bonds	256,500,000.00	29,300,000.00
	<u>946,500,000.00</u>	<u>891,520,021.18</u>
Add: accrued interest	3,985,373.49	4,465,626.77
Less: provision for impairment	<u>5,586.18</u>	<u>947,056.69</u>
	<u><u>950,479,787.31</u></u>	<u><u>895,038,591.26</u></u>

**(3) Classified disclosure of stock-pledged repo business by remaining period**

	30 June 2021	31 December 2020
Within 1 month	-	12,220,021.18
3 months to 1 year	390,000,000.00	550,000,000.00
Over one year	<u>300,000,000.00</u>	<u>300,000,000.00</u>
	<u><u>690,000,000.00</u></u>	<u><u>862,220,021.18</u></u>

**(4) Collateral for financial assets held under resale agreements**

As at the 30 June 2021, the fair value of collateral collected under pledged repo business was RMB3,848,029,800.00 and the fair value of collateral collected under interbank reverse repo business was RMB108,700,000.00. For treasury reverse repo transactions operated through exchange, since they are automatically brokered by the exchange with the full value of collateral guaranteed by the exchange, there is no access to counterparty pledge information. Therefore, the above fair values do not include the fair value of collateral assets acquired from reverse repo transactions operated through exchange.

**V. Notes to items of the consolidated financial statements  
(continued)**

**11. Other current assets**

	30 June 2021	31 December 2020
Short-term income certificate	-	69,620,678.62
Input tax to be certified	6,786,147.76	4,289,928.71
Input tax to be deducted and retained for offsetting	7,114,891.80	6,136,102.33
Prepayment of enterprise income tax	1,591,632.38	153,777.92
Asset management turnover tax prepaid	55,261.82	1,308,126.60
	<u>15,547,933.76</u>	<u>81,508,614.18</u>

**12. Loans and advances**

**(1) Loans and advances measured at amortized cost**

	30 June 2021		31 December 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Credit loans	<u>5,614,789.13</u>	<u>100.00</u>	<u>37,831,383.41</u>	<u>100.00</u>
Sub-total	<u>5,614,789.13</u>	<u>100.00</u>	<u>37,831,383.41</u>	<u>100.00</u>
Add: Accrued interest	60,157.13		271,069.04	
Less: Provision for impairment	<u>821,332.48</u>		<u>964,311.06</u>	
	<u>4,853,613.78</u>		<u>37,138,141.39</u>	

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements (continued)**

**13. Other debt investments**

As at 30 June 2021:

	As at 12 December 2020	Cost	Accrued interest	Changes in fair value	As at 30 June 2021	Accumulated changes in fair value	Accumulated provision for impairment losses in other comprehensive income
Local government bonds	-	5,106,612,352.02	50,037,654.37	18,795,157.94	5,175,445,164.33	18,795,157.94	121,846.41
Financial bonds	-	2,057,306,708.00	56,854,129.00	22,386,056.00	2,136,546,893.00	22,386,056.00	105,238.89
Corporate bonds	-	422,830,762.01	8,890,860.00	4,926,997.99	436,648,620.00	4,926,997.99	220,962.06
Government bonds	-	1,006.80	14.73	(1.04)	1,020.49	(1.04)	0.24
Others	-	281,861,540.00	6,828,000.00	3,045,530.00	291,735,070.00	3,045,530.00	137,934.13
	-	<u>7,868,612,368.83</u>	<u>122,610,658.10</u>	<u>49,153,740.89</u>	<u>8,040,376,767.82</u>	<u>49,153,740.89</u>	<u>585,981.73</u>

As at 12 December 2020: None

**V. Notes to items of the consolidated financial statements (continued)****13. Other debt investments (continued)**

The changes of provision based on ECLs:

Other debt investments

As at 30 June 2021:

	Stage 1 Measured at 12-month ECLs	Stage 2 Measured at lifetime ECLs (no credit impairment occurred)	Stage 3 Measured at lifetime ECLs (credit impairment occurred)	Total
Balance at 31 December 2020	-	-	-	-
Charge for the six months ended 30 June 2021	585,981.73	-	-	585,981.73
Balance at 30 June 2021	585,981.73	-	-	585,981.73

**14. Long-term equity investments**

Investee	Balance at 31 December 2020	Changes Income from long-term equity investments calculated under equity method	Cash dividends or profits declared to be distributed	Balance at 30 June 2021	Provision for impairment at 30 June 2021
Associates					
Shanghai Mandao Financial Information Service Co., Ltd.	405,855,900.97	5,348,340.44	72,900,000.00	338,304,241.41	25,120,485.00
China Securities Credit Technology Co., Ltd.	45,666,841.87	2,210,635.78	7,000,000.00	40,877,477.65	-
Sub-total	451,522,742.84	7,558,976.22	79,900,000.00	379,181,719.06	25,120,485.00
	451,522,742.84	7,558,976.22	79,900,000.00	379,181,719.06	25,120,485.00

**V. Notes to items of the consolidated financial statements  
(continued)**

**15. Other non-current financial assets**

	30 June 2021	31 December 2020
Financial assets at fair value through profit or loss	204,889,094.07	123,926,074.02
Including: Equity instrument investments	<u>204,889,094.07</u>	<u>123,926,074.02</u>
	<u>204,889,094.07</u>	<u>123,926,074.02</u>

**16. Fixed assets**

**(1) Fixed assets and disposal of fixed assets**

	30 June 2021	31 December 2020
Fixed assets	<u>1,735,428,698.61</u>	<u>1,763,881,149.40</u>
	<u>1,735,428,698.61</u>	<u>1,763,881,149.40</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021**

**Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements (continued)**

**16. Fixed assets (continued)**

**(2) Fixed assets**

	Buildings and constructions	Transportation facilities	General equipment	Special equipment	Total
1. Book value					
(1) Balance as at 31 December 2020	1,873,037,532.10	17,348,378.78	59,491,756.99	744,664,881.58	2,694,542,549.45
(2) Increase	-	1,956,373.87	1,932,868.81	75,186,364.65	79,075,607.33
- Purchase	-	1,956,373.87	1,932,868.81	65,668,905.54	69,558,148.22
- Transferred from construction in progress	-	-	-	9,517,459.11	9,517,459.11
(3) Decrease	-	716,159.55	34,649.00	7,905,944.56	8,656,753.11
- Disposal or scrapping	-	716,159.55	34,649.00	7,905,944.56	8,656,753.11
(4) Translation differences on foreign currency statements	-	-	(214,478.71)	-	(214,478.71)
(5) Balance as at 30 June 2021	<u>1,873,037,532.10</u>	<u>18,588,593.10</u>	<u>61,175,498.09</u>	<u>811,945,301.67</u>	<u>2,764,746,924.96</u>
2. Accumulated depreciation					
(1) Balance as at 31 December 2020	414,043,579.82	14,400,300.85	45,252,139.88	456,965,379.50	930,661,400.05
(2) Increase	48,914,260.98	515,731.58	2,938,304.27	54,640,405.75	107,008,702.58
- Accrual	48,914,260.98	515,731.58	2,938,304.27	54,640,405.75	107,008,702.58
(3) Decrease	-	644,677.35	39,672.93	7,493,257.73	8,177,608.01
- Disposal or scrapping	-	644,677.35	39,672.93	7,493,257.73	8,177,608.01
(4) Translation differences on foreign currency statements	-	-	(174,268.27)	-	(174,268.27)
(5) Balance as at 30 June 2021	<u>462,957,840.80</u>	<u>14,271,355.08</u>	<u>47,976,502.95</u>	<u>504,112,527.52</u>	<u>1,029,318,226.35</u>
3. Net book value					
(1) Net book value as at 30 June 2021	<u>1,410,079,691.30</u>	<u>4,317,238.02</u>	<u>13,198,995.14</u>	<u>307,832,774.15</u>	<u>1,735,428,698.61</u>
(2) Net book value as at 31 December 2020	<u>1,458,993,952.28</u>	<u>2,948,077.93</u>	<u>14,239,617.11</u>	<u>287,699,502.08</u>	<u>1,763,881,149.40</u>



**V. Notes to items of the consolidated financial statements (continued)**

**16. Fixed assets (continued)**

**(3) Temporarily idle fixed assets**

The Group has no temporarily idle fixed assets.

**(4) Fixed assets leased under finance leases**

The Group has no fixed assets leased under finance leases.

**(5) Fixed assets rented out under operating lease**

	Carrying amount as at 30 June 2021
Building 10, No.1525 Minqiang Road, Songjiang District, Shanghai	10,815,719.03
No.42, Oriental Global Enterprise Center, Lane 118, Yonghe Road, Shanghai	<u>15,072,354.33</u>
	<u><u>25,888,073.36</u></u>

**(6) Fixed assets with pending certificates of title**

The Group has no fixed assets with pending certificates of title.

**17. Construction in progress**

**(1) Construction in progress and project materials**

	30 June 2021	31 December 2020
Construction in progress	<u>48,714,084.51</u>	<u>36,294,004.57</u>
	<u><u>48,714,084.51</u></u>	<u><u>36,294,004.57</u></u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements (continued)**

**17. Construction in progress (continued)**

**(2) Construction in progress**

	Book value	Balance as at 30 June 2021 Provision for impairment	Net book value	Book value	Balance as at 31 December 2020 Provision for impairment	Net book value
Renovation project of offices and subsidiaries	290,898.76	-	290,898.76	1,041,812.32	-	1,041,812.32
Software system and equipment	9,477,020.57	-	9,477,020.57	10,288,994.54	-	10,288,994.54
Plot B16-1 project of Jiading New City Center	38,946,165.18	-	38,946,165.18	24,963,197.71	-	24,963,197.71
	<u>48,714,084.51</u>	<u>-</u>	<u>48,714,084.51</u>	<u>36,294,004.57</u>	<u>-</u>	<u>36,294,004.57</u>

**(3) Changes in important projects of construction in progress for the six months ended 30 June 2021**

	Budget amount	Balance as at 31 December 2020	Increase	Amount transferred to fixed asset	Decrease	Balance as at 30 June 2021	Proportion of accumulated project investment in budget	Accumulated capitalization amount of interest	Including: Capitalization amount of interest	Capitalization rate of interest (%)	Source of funds
Plot B16-1 projects of Jiading New City Center	1,445,490,000.00	24,963,197.71	13,982,967.47	-	-	38,946,165.18	15.17%	-	-	-	Self-owned funds and bank loans
	<u>1,445,490,000.00</u>	<u>24,963,197.71</u>	<u>13,982,967.47</u>	<u>-</u>	<u>-</u>	<u>38,946,165.18</u>		<u>-</u>	<u>-</u>	<u>-</u>	

## V. Notes to items of the consolidated financial statements (continued)

## 18. Right-of-use assets

	Buildings and constructions	Total
Cost		
31 December 2020	-	-
Changes in accounting policies	161,266,325.97	161,266,325.97
1 January 2021	161,266,325.97	161,266,325.97
Increase	24,438,750.34	24,438,750.34
Translation differences on foreign currency statements	(107,725.23)	(107,725.23)
30 June 2021	<u>185,597,351.08</u>	<u>185,597,351.08</u>
Accumulated depreciation		
31 December 2020	-	-
Changes in accounting policies	-	-
1 January 2021	-	-
Accrual	32,691,308.58	32,691,308.58
Translation differences on foreign currency statements	(47,614.65)	(47,614.65)
30 June 2021	<u>32,643,693.93</u>	<u>32,643,693.93</u>
Provision for impairment		
31 December 2020	-	-
Changes in accounting policies	-	-
1 January 2021 and 30 June 2021	-	-
Net book value		
30 June 2021	<u>152,953,657.15</u>	<u>152,953,657.15</u>
1 January 2021	<u>161,266,325.97</u>	<u>161,266,325.97</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements (continued)**

**19. Intangible assets**

	Land use rights	Trading seat fees	Computer software	Futures management rights	Futures membership competence investments	Company website domain names	Others	Total
1. Book value								
(1) Balance as at 31 December 2020	120,600,455.96	8,355,652.50	186,468,963.89	32,490,415.53	1,400,000.00	7,619,417.48	256,955.45	357,191,860.81
(2) Increase	-	-	8,371,474.29	-	-	-	-	8,371,474.29
- Purchase	-	-	5,878,002.96	-	-	-	-	5,878,002.96
- Transferred from construction in progress	-	-	2,493,471.33	-	-	-	-	2,493,471.33
(3) Decrease	-	-	-	-	-	-	-	-
- Disposal	-	-	-	-	-	-	-	-
(4) Translation differences on foreign currency statements	-	-	(7,427.46)	-	-	-	-	(7,427.46)
(5) Balance as at 30 June 2021	<u>120,600,455.96</u>	<u>8,355,652.50</u>	<u>194,833,010.72</u>	<u>32,490,415.53</u>	<u>1,400,000.00</u>	<u>7,619,417.48</u>	<u>256,955.45</u>	<u>365,555,907.64</u>
2. Accumulated amortization								
(1) Balance as at 31 December 2020	4,180,815.86	8,355,652.50	137,546,695.77	28,944,879.31	-	3,828,737.80	2,290.92	182,859,072.16
(2) Increase	1,929,607.32	-	13,813,843.30	1,593,333.33	-	380,970.90	13,745.52	17,731,500.37
- Accrual	1,929,607.32	-	13,813,843.30	1,593,333.33	-	380,970.90	13,745.52	17,731,500.37
(3) Decrease	-	-	-	-	-	-	-	-
- Disposal	-	-	-	-	-	-	-	-
(4) Translation differences on foreign currency statements	-	-	(6,532.68)	-	-	-	-	(6,532.68)
(5) Balance as at 30 June 2021	<u>6,110,423.18</u>	<u>8,355,652.50</u>	<u>151,354,006.39</u>	<u>30,538,212.64</u>	<u>-</u>	<u>4,209,708.70</u>	<u>16,036.44</u>	<u>200,584,039.85</u>
3. Net book value								
(1) Net book value as at 30 June 2021	<u>114,490,032.78</u>	<u>-</u>	<u>43,479,004.33</u>	<u>1,952,202.89</u>	<u>1,400,000.00</u>	<u>3,409,708.78</u>	<u>240,919.01</u>	<u>164,971,867.79</u>
(2) Net book value as at 31 December 2020	<u>116,419,640.10</u>	<u>-</u>	<u>48,922,268.12</u>	<u>3,545,536.22</u>	<u>1,400,000.00</u>	<u>3,790,679.68</u>	<u>254,664.53</u>	<u>174,332,788.65</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements (continued)**

**20. Goodwill**

**(1) Changes in goodwill**

Name of the investee or matters forming goodwill	Balance as at 31 December 2020	Increase	Decrease	Balance as at 30 June 2021
Original book value				
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	4,731,868.08	-	-	4,731,868.08
Eastmoney Securities	2,924,666,919.69	-	-	2,924,666,919.69
Hafoo Securities Limited	2,772,040.44	-	-	2,772,040.44
Eastmoney Insurance Broker Co., Ltd.	26,506,514.51	-	-	26,506,514.51
Sub-total	<u>2,958,677,342.72</u>	<u>-</u>	<u>-</u>	<u>2,958,677,342.72</u>
Provision for impairment				
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	4,731,868.08	-	-	4,731,868.08
Eastmoney Insurance Broker Co., Ltd.	8,084,312.40	-	-	8,084,312.40
Sub-total	<u>12,816,180.48</u>	<u>-</u>	<u>-</u>	<u>12,816,180.48</u>
Book value	<u>2,945,861,162.24</u>	<u>-</u>	<u>-</u>	<u>2,945,861,162.24</u>

**V. Notes to items of the consolidated financial statements (continued)****21. Long-term prepaid expenses**

	Balance at 31 December 2020	Increase	Amortization	Other decrease	Balance at 30 June 2021
Renovation costs	47,102,245.89	4,255,063.77	10,967,034.46	-	40,390,275.20
Others	8,606,850.37	-	1,743,541.13	48,704.89	6,814,604.35
	<u>55,709,096.26</u>	<u>4,255,063.77</u>	<u>12,710,575.59</u>	<u>48,704.89</u>	<u>47,204,879.55</u>

**22. Deferred tax assets and deferred tax liabilities****(1) Deferred tax assets before offset**

	30 June 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of receivables	293,441,163.80	48,759,505.73	259,847,640.76	40,161,467.89
Derivative financial liabilities	102,543,308.64	14,210,595.57	15,160,452.01	2,062,262.69
Employee benefits payable	87,486,166.06	12,837,421.18	137,913,665.62	18,805,162.47
Provision for impairment of margin accounts receivable	73,573,452.18	10,195,912.22	67,354,171.78	9,162,127.58
Deductible loss	61,967,742.22	11,649,552.87	53,120,659.93	9,957,270.19
Changes in fair value of financial liabilities held for trading	11,457,733.56	1,587,828.79	460,117.71	62,589.40
Changes in fair value of financial assets held for trading	8,582,482.09	1,706,493.41	6,570,600.00	992,650.00
Deferred income	1,450,000.00	217,500.00	1,450,000.00	217,500.00
Provision for impairment of financial assets held under resale agreements	5,586.18	774.14	947,056.69	128,827.27
	<u>640,507,634.73</u>	<u>101,165,583.91</u>	<u>542,824,364.50</u>	<u>81,549,857.49</u>

**(2) Deferred tax liabilities before offset**

	30 June 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Financial assets held for trading	283,025,772.44	41,922,870.53	99,339,835.93	15,465,049.86
Derivative financial assets	61,329,153.41	8,499,080.12	145,448.62	19,785.25
Changes in fair value of other debt investments	49,153,740.89	6,811,794.37	-	-
Asset evaluation increment from business combination not under common control	29,365,035.80	7,341,258.95	30,942,996.44	7,735,749.11
	<u>422,873,702.54</u>	<u>64,575,003.97</u>	<u>130,428,280.99</u>	<u>23,220,584.22</u>

**V. Notes to items of the consolidated financial statements  
(continued)**

**22. Deferred tax assets and deferred tax liabilities (continued)**

**(3) Breakdown of unrecognized deferred income tax assets**

	30 June 2021	31 December 2020
Deductible loss	183,574,426.74	183,617,842.38
Changes in fair value	25,111,838.95	33,915,973.44
Provision for credit impairment	19,198,689.32	17,289,292.34
	<u>227,884,955.01</u>	<u>234,823,108.16</u>

**(4) Deductible losses on the unrecognized deferred income tax assets  
that will mature in the following years:**

	30 June 2021	31 December 2020
Year 2021	10,792,600.26	19,575,814.50
Year 2022	14,922,556.28	35,163,740.89
Year 2023	32,105,433.01	39,676,195.67
Year 2024	45,217,199.54	49,258,467.89
Year 2025 and after	80,536,637.65	39,943,623.43
	<u>183,574,426.74</u>	<u>183,617,842.38</u>

**23. Short-term borrowings**

	30 June 2021	31 December 2020
Secured borrowings	-	252,723,093.20
Guaranteed borrowings	-	600,000,000.00
Credit borrowings	<u>6,702,724,764.15</u>	<u>2,069,999,992.00</u>
Sub-total	<u>6,702,724,764.15</u>	<u>2,922,723,085.20</u>
Add: interest payable	<u>19,678,080.17</u>	<u>17,491,080.02</u>
	<u>6,722,402,844.32</u>	<u>2,940,214,165.22</u>



**V. Notes to items of the consolidated financial statements**  
**(continued)**

**24. Short-term financing bonds payable**

30 June 2021	Face value	Balance as at 31 December 2020	Increase	Decrease	Balance as at 30 June 2021
Income certificate	<u>9,058,435,000.00</u>	<u>8,402,188,109.28</u>	<u>10,970,995,342.99</u>	<u>10,172,620,521.35</u>	<u>9,200,562,930.92</u>
31 December 2020	Face value	Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
Income certificate	<u>8,332,386,000.00</u>	<u>4,186,757,400.25</u>	<u>13,393,289,126.48</u>	<u>9,177,858,417.45</u>	<u>8,402,188,109.28</u>

For the six months ended 30 June 2021, the Group issued 189 income certificates maturing within one year, of which the outstanding income certificates had a fixed yield of 2.40% to 4.30% (31 December 2020: 2.50% to 4.35%).

**25. Placements from other financial institutions**

	30 June 2021	31 December 2020
Placements from China Securities Finance Corporation Limited	<u>1,000,000,000.00</u>	<u>1,000,000,000.00</u>
Add: interest payable	<u>6,455,555.55</u>	<u>12,222,222.22</u>
	<u>1,006,455,555.55</u>	<u>1,012,222,222.22</u>

Including: Assets acquired through margin and securities refinancing following with the remaining term.

	30 June 2021		31 December 2020	
Remaining period	Balance	Interest rate range	Balance	Interest rate range
Within 1 month	<u>1,000,000,000.00</u>	<u>2.80%</u>	<u>1,000,000,000.00</u>	<u>2.50%</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements**  
**(continued)**

**26. Financial liabilities held for trading**

	30 June 2021	31 December 2020
Financial liabilities at fair value through profit or loss:		
Issued bonds held for trading	733,199,479.42	70,021,711.18
Derivative financial liabilities	-	409,080.00
Others	64,461,363.14	23,801,116.53
Designated financial liabilities as at fair value through profit or loss:		
Equity of third parties in consolidated structured entities designated as financial liabilities held for trading	24,970,861.74	29,437,897.37
	<u>822,631,704.30</u>	<u>123,669,805.08</u>

**27. Accounts payable**

**(1) Presentation of accounts payable**

	30 June 2021	31 December 2020
Payables for fund distribution business	144,767,406.61	126,087,480.01
Payables for advertising agency costs	10,018,028.42	10,749,248.77
Payables for long-term asset purchases	4,222,734.08	3,421,053.28
Other payables	51,492,141.18	70,789,191.07
	<u>210,500,310.29</u>	<u>211,046,973.13</u>

East Money Information Co., Ltd.  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements**  
**(continued)**

**27. Accounts payable (continued)**

**(2) Significant accounts payable with aging over one year**

	30 June 2021	Reason for no payment or carry-forward
Bank of Communications Co., Ltd.	11,382,328.14	Not settled
China Minsheng Banking Corp. Ltd. Chengdu Branch	3,868,714.55	Not settled
	<u>15,251,042.69</u>	

**28. Contract liabilities**

	30 June 2021	31 December 2020
Receipts in advance from financial data services	146,213,249.81	134,002,270.87
Receipts in advance from advertisement services business	34,027,665.44	43,105,633.25
Receipts in advance from investment advisory business	7,173,030.92	2,909,266.26
Receipts in advance from other businesses	<u>148,500.00</u>	<u>166,500.00</u>
	<u>187,562,446.17</u>	<u>180,183,670.38</u>

**V. Notes to items of the consolidated financial statements (continued)**

**29. Financial assets sold under repurchase agreements**

**(1) Presentation by business type**

	30 June 2021	31 December 2020
Pledge-style sold under repurchase agreements	13,498,422,000.00	5,246,361,000.00
Usufruct repurchase of claims of margin financing and securities lending	<u>1,900,000,000.00</u>	<u>3,280,000,000.00</u>
Sub-total	<u>15,398,422,000.00</u>	<u>8,526,361,000.00</u>
Add: interest payable	<u>7,745,788.69</u>	<u>6,864,079.65</u>
	<u>15,406,167,788.69</u>	<u>8,533,225,079.65</u>

**(2) Presentation by category of financial assets**

	30 June 2021	31 December 2020
Bonds	13,498,422,000.00	5,246,361,000.00
Usufruct of margin financing and securities lending	<u>1,900,000,000.00</u>	<u>3,280,000,000.00</u>
Sub-total	<u>15,398,422,000.00</u>	<u>8,526,361,000.00</u>
Add: interest payable	<u>7,745,788.69</u>	<u>6,864,079.65</u>
	<u>15,406,167,788.69</u>	<u>8,533,225,079.65</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements**  
**(continued)**

**30. Accounts payable to brokerage customers**

	30 June 2021	31 December 2020
Ordinary brokerage business		
Including: Individual	37,238,533,680.40	30,654,141,668.05
Institution	1,699,402,180.84	2,003,750,723.14
Sub-total	<u>38,937,935,861.24</u>	<u>32,657,892,391.19</u>
Credit business		
Including: Individual	3,756,251,277.62	3,161,754,224.67
Institution	351,314,115.21	220,783,909.88
Sub-total	<u>4,107,565,392.83</u>	<u>3,382,538,134.55</u>
Third-party fund distribution business	<u>21,650,747,440.60</u>	<u>13,753,950,878.94</u>
Sub-total	<u>21,650,747,440.60</u>	<u>13,753,950,878.94</u>
Add: Interest payable	<u>3,869,039.24</u>	<u>3,402,850.32</u>
	<u>64,700,117,733.91</u>	<u>49,797,784,255.00</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**V. Notes to items of the consolidated financial statements**  
**(continued)**

**31. Employee benefits payable**

**(1) Breakdown of employee benefits payable**

	Balance at 31 December 2020	Increase	Decrease	Balance at 30 June 2021
Short-term benefits	347,031,848.17	706,253,872.42	872,106,552.36	181,179,168.23
Post-employment benefits - defined contribution plans	80,005.60	52,613,956.87	52,693,962.47	-
Termination benefits	-	1,331,470.00	1,331,470.00	-
	<u>347,111,853.77</u>	<u>760,199,299.29</u>	<u>926,131,984.83</u>	<u>181,179,168.23</u>

**(2) Breakdown of short-term benefits**

	Balance at 31 December 2020	Increase	Decrease	Balance at 30 June 2021
Salaries, bonuses, allowances and subsidies	340,064,283.73	618,219,137.96	784,178,194.00	174,105,227.69
Staff welfare	-	11,626,059.15	11,626,059.15	-
Social security	113,567.66	37,490,833.82	37,604,401.48	-
Including: Medical insurance	111,380.12	33,547,295.30	33,658,675.42	-
Work injury insurance	76.62	755,724.84	755,801.46	-
Maternity insurance	2,110.92	3,187,813.68	3,189,924.60	-
Housing funds	342,683.26	28,093,874.88	28,436,558.14	-
Union running costs and employee education costs	<u>6,511,313.52</u>	<u>10,823,966.61</u>	<u>10,261,339.59</u>	<u>7,073,940.54</u>
	<u>347,031,848.17</u>	<u>706,253,872.42</u>	<u>872,106,552.36</u>	<u>181,179,168.23</u>

**(3) Breakdown of a defined contribution plan**

	Balance at 31 December 2020	Increase	Decrease	Balance at 30 June 2021
Basic pension insurance	75,331.20	50,990,527.82	51,065,859.02	-
Unemployment insurance	<u>4,674.40</u>	<u>1,623,429.05</u>	<u>1,628,103.45</u>	<u>-</u>
	<u>80,005.60</u>	<u>52,613,956.87</u>	<u>52,693,962.47</u>	<u>-</u>

**V. Notes to items of the consolidated financial statements  
(continued)**

**32. Taxes and surcharges payable**

	30 June 2021	31 December 2020
Corporate income tax	458,354,953.96	239,557,998.95
Value-added tax (VAT)	57,555,047.76	73,487,947.30
Individual income tax	6,975,366.50	6,781,626.02
Urban maintenance and construction tax	3,873,425.25	4,556,027.23
Educational surtax	3,102,820.77	3,996,766.96
Stamp duty	378,451.55	2,423,680.20
Land use tax	27,386.40	37,878.14
Property tax	-	5,422,593.08
Others	-	5,654.36
	<u>530,267,452.19</u>	<u>336,270,172.24</u>



**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements**  
**(continued)**

**33. Other payables**

	30 June 2021	31 December 2020
Other payables	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>
	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>

**(1) Breakdown of other payables by nature**

	30 June 2021	31 December 2020
To be settled payments for settlement of open-ended funds and brokerage business	1,145,413,577.78	1,601,149,350.61
Securities investor protection fund	14,689,335.62	12,860,180.45
Futures investor security fund	343,495.88	538,168.48
Futures risk reserves	61,002,783.20	46,564,436.77
Deposits and other payables	<u>1,062,848,918.22</u>	<u>98,529,695.76</u>
	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>

**(2) Other significant payables aged over one year**

	30 June 2021	Reason for failure in repayment or carry-forward
Futures risk reserves	35,059,370.82	Write-offs in a futures trading risk loss event
Brokerage risk reserves	<u>4,914,499.69</u>	According to the agreement
	<u>39,973,870.51</u>	

**V. Notes to items of the consolidated financial statements  
(continued)****34. Non-current liabilities due within one year**

	30 June 2021	31 December 2020
Bonds payable due within one year	2,944,162,546.84	2,239,377,911.52
Including: 2020 corporate bonds (Phase I) privately issued by Eastmoney Securities	2,047,238,356.16	2,010,542,465.76
Over-one-year income certificates	896,924,190.68	228,835,445.76
Lease liabilities due within one year	69,044,505.89	-
	<u>3,013,207,052.73</u>	<u>2,239,377,911.52</u>

**35. Bonds payable****(1) Breakdown of bonds payable**

	30 June 2021	31 December 2020
Convertible corporate bonds	13,829,572,225.52	-
Corporate bonds	2,034,931,506.86	-
Subordinated bonds	1,254,986,301.37	1,218,986,301.37
	<u>17,119,490,033.75</u>	<u>1,218,986,301.37</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
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**V. Notes to items of the consolidated financial statements (continued)**

**35. Bonds payable (continued)**

**(2) Increase or decrease in convertible corporate bonds**

Name of bonds	Face value	Issue date	Term of bonds	Amount issued	Balance as at 31 December 2020	Amount issued	Interest withdrawn by face value	Amortization of premiums or discounts	Transaction fee	Equity spin-offs	Repayment	Conversion of shares	Balance as at 30 June 2021
Eastmoney Convertible Bonds 3	15,800,000,000.00	2021/4/7	6 years	15,800,000,000.00	-	15,800,000,000.00	7,358,904.11	90,143,718.17	(18,938,462.27)	(2,048,991,934.49)	-	-	13,829,572,225.52

**(3) Increase or decrease in subordinated bonds and corporate bonds**

Name of bonds	Face value	Issue date	Term of bonds	Amount issued	Balance as at 31 December 2020	Increase	Interest withdrawn by face value	Balance as at 30 June 2021
Securities company subordinated bonds in 2017 of Tibet Eastmoney Securities Co., Ltd. (Phase I)	1,200,000,000.00	September 2017	5 years	1,200,000,000.00	1,218,986,301.37	-	36,000,000.00	1,254,986,301.37
2021 corporate bonds (Phase I) privately issued by Eastmoney Securities Co., Ltd.	2,000,000,000.00	January 2021	2 years	2,000,000,000.00	-	2,000,000,000.00	34,931,506.86	2,034,931,506.86
	3,200,000,000.00			3,200,000,000.00	1,218,986,301.37	2,000,000,000.00	70,931,506.86	3,289,917,808.23

**V. Notes to items of the consolidated financial statements (continued)**

**35. Bonds payable (continued)**

**(4) Conditions and time for conversion of shares into corporate bonds**

In 2021, the Group issued convertible corporate bonds with a total face value of RMB15,800,000,000.00 to public investors, each with a face value of RMB100. These bonds were issued at face value with a term of 6 years. The Group's convertible corporate bonds 3 have been listed for trading on Shenzhen Stock Exchange on 23 April 2021. The abbreviation of the bonds is "Eastmoney Convertible Bonds 3" and the bond code is 123111. The nominal interest rates of the above-mentioned convertible corporate bonds are 0.2% in the first year, 0.3% in the second year, 0.4% in the third year, 0.8% in the fourth year, 1.8% in the fifth year, and 2.0% in the sixth year. The annual interest payment date is the day of each anniversary since the first day of the issuance of these convertible bonds.

The conversion term for the "Eastmoney Convertible Bonds 3" is from six months after the first trading day (13 October 2021) from the end of the issue of convertible bonds (13 April 2021, T+4 day) to the maturity date of the convertible bonds (6 April 2027). The initial conversion price was RMB 28.08 per share (adjusted to RMB23.35 per share due to capital increase and cash dividend distribution).

As of 30 June 2021, no Eastmoney Convertible Bonds 3" have been converted.

**V. Notes to items of the consolidated financial statements (continued)**

**36. Lease liabilities**

	30 June 2021	31 December 2020
Building leases	<u>73,238,193.38</u>	<u>-</u>
	<u>73,238,193.38</u>	<u>-</u>

**37. Other non-current liabilities**

	30 June 2021	31 December 2020
Contract liabilities - Financial data business	<u>38,184,744.91</u>	<u>40,035,597.18</u>
	<u>38,184,744.91</u>	<u>40,035,597.18</u>

**38. Share capital**

Item	Balance at 31 December 2020	Changes		Balance at 30 June 2021
		Conversion of reserves into share	Sub-total	
Total shares	<u>8,613,136,491.00</u>	<u>1,722,627,298.00</u>	<u>1,722,627,298.00</u>	<u>10,335,763,789.00</u>

Notes to main increases and decreases in share capital for the six months ended 30 June 2021:

According to the resolution made at the Company's 2020 annual general meeting of shareholders, the Company converted capital reserve to share capital on the basis of 2 shares for every 10 shares offered to all shareholders on account of the total share capital of 8,613,136,491 shares on the date of equity registration, and the total number of shares increased was 1,722,627,298. The registered capital after this conversion amounted to RMB10,335,763,789.00, and the paid-in capital (share capital) amounted to RMB10,335,763,789.00.

**V. Notes to items of the consolidated financial statements (continued)****39. Other equity instruments**

Issued financial instruments	30 June 2021		31 December 2020	
	Quantity	Book value	Quantity	Book value
Initial recognition of equity in convertible corporate bonds	158,000,000.00	2,048,991,934.49	-	-
	<u>158,000,000.00</u>	<u>2,048,991,934.49</u>	<u>-</u>	<u>-</u>

Note: For details about the convertible corporate bonds, please refer to Note V.35.4 Conditions and time for conversion of shares into corporate bonds

Approved by the China Securities Regulatory Commission with the document (ZJXK [2021] No. 885), the Company publicly issued 158.00 million convertible corporate bonds on 7 April 2021, with the face value of RMB100.00 each. The total issuance amounted to RMB15.8 billion. The initial recognition amount of the equity component of convertible bonds RMB2,048,991,934.49 was recorded in other equity instruments.

**40. Capital reserves**

	Balance at 31 December 2020	Increase	Decrease	Balance at 30 June 2021
Capital premium (share premium)	14,268,504,603.60	-	1,722,627,298.00	12,545,877,305.60
Other capital reserves	<u>182,565,371.19</u>	<u>698,347.97</u>	<u>-</u>	<u>183,263,719.16</u>
	<u>14,451,069,974.79</u>	<u>698,347.97</u>	<u>1,722,627,298.00</u>	<u>12,729,141,024.76</u>

Reasons for changes of capital premiums:

According to the resolution made at the Company's 2020 annual general meeting of shareholders, the Company converted capital reserve to share capital on the basis of 2 shares for every 10 shares offered to all shareholders on account of the total share capital of 8.613,136,491 shares on the date of equity registration, and the total number of shares increased was 1,722,627,298.

**East Money Information Co., Ltd.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**V. Notes to items of the consolidated financial statements (continued)**

**41. Other comprehensive income**

	Balance at 31 December 2020	For the six months ended 30 June 2021 Pre-tax amount incurred	Less: Income tax expense	Amount after tax attributable to the parent company	Balance at 30 June 2021
Other comprehensive income that will be reclassified into profit or loss					
Changes in fair value of other debt investments	-	49,153,740.89	6,811,794.37	42,341,946.52	42,341,946.52
Provision for credit impairment of other debt investments	-	585,981.73	81,206.17	504,775.56	504,775.56
Differences arising from translation of foreign currency financial statements	(41,050,280.77)	(8,597,826.64)	-	(8,597,826.64)	(49,648,107.41)
	<u>(41,050,280.77)</u>	<u>41,141,895.98</u>	<u>6,893,000.54</u>	<u>34,248,895.44</u>	<u>(6,801,385.33)</u>

**42. Surplus reserves**

	Balance at 31 December 2020	Increase	Decrease	Balance at 30 June 2021
Statutory surplus reserves	<u>594,148,886.07</u>	<u>-</u>	<u>-</u>	<u>594,148,886.07</u>
	<u>594,148,886.07</u>	<u>-</u>	<u>-</u>	<u>594,148,886.07</u>

**43. Retained earnings**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Balance at 31 December 2020	<u>9,539,162,150.16</u>	<u>5,117,992,903.36</u>
Add: Net profit attributable to owners of the parent	3,726,941,997.56	1,808,506,658.20
Less: Ordinary shares dividends payables	<u>516,788,189.46</u>	<u>201,468,259.65</u>
Balance at 30 June 2021	<u>12,749,315,958.26</u>	<u>6,725,031,301.91</u>

Ordinary share dividends payable for the six months ended 30 June 2021:

According to the resolution of the 2020 Annual General Meeting, conversion of capital reserve to share capital on the basis of 2 shares for every 10 shares to all shareholders on account of the total share capital of 8.613,136,491 shares on the date of equity registration was launched on 27 May 2021, while cash dividends of RMB0.6 (tax inclusive) per 10 shares added up to RMB516,788,189.46.



## V. Notes to items of the consolidated financial statements (continued)

## 44. Operating revenue and operating costs

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Revenue	Cost	Revenue	Cost
Primary business	2,553,543,942.71	339,940,155.60	1,265,828,375.05	280,224,054.81
Other businesses	<u>1,630,040.29</u>	<u>-</u>	<u>1,257,267.33</u>	<u>-</u>
	<u>2,555,173,983.00</u>	<u>339,940,155.60</u>	<u>1,267,085,642.38</u>	<u>280,224,054.81</u>

## Breakdown of operating revenue:

Contract type	Online fund distribution business	Financial data services	Internet advertisement services, etc.	Total
Service types	<u>2,397,069,504.39</u>	<u>122,517,488.18</u>	<u>35,586,990.43</u>	<u>2,555,173,983.00</u>
	<u>2,397,069,504.39</u>	<u>122,517,488.18</u>	<u>35,586,990.43</u>	<u>2,555,173,983.00</u>

## Information related to performance obligations:

The Group's business activities are mainly divided into online fund distribution business, financial data services and internet advertisement services, and the main information related to the performance obligations of each business contract is as follows:

## Online fund distribution business:

- (1) Timing of performance obligations: Fees related to fund transactions are recognized as revenue upon completion of the transactions; fees related to fund holdings are recognized as revenue over the period of fund holdings.
- (2) Important payment terms: fees related to fund transactions are collected upon completion of the transaction; fees related to fund holdings are collected on a quarterly settlement basis.
- (3) Return and quality assurance terms: None.

## Financial data services:

- (1) Timing of performance obligations: Revenue is recognized on a straight-line basis for the continuous provision of financial data services over the contractual service period.
- (2) Important payment terms: Payment is made prior to the provision of financial data services.
- (3) Return and quality assurance terms: None.

**V. Notes to items of the consolidated financial statements (continued)****44. Operating revenue and operating costs (continued)**

Internet advertisement services:

- (1) Timing of performance obligation: Revenue is recognized according to the contract amount and the advertising execution order during the period of advertising publication.
- (2) Important payment terms: 3 to 6 months after the completion of advertisement placement .
- (3) Return and quality assurance terms: None.

**45. Net interest income**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Interest income	1,651,354,313.45	870,471,812.51
Including: interest income from cash and bank balances and clearing settlement funds	454,640,857.60	289,508,143.11
margin accounts receivable interest income	1,103,768,873.78	551,031,251.38
Interest income from financial assets held under resale agreements	20,641,141.22	28,785,545.96
Including: Interest income from stock-pledged repo	19,301,286.42	27,143,908.20
Loans and advances	961,702.58	1,146,872.06
Interest income from debt investments	817,309.78	-
Interest income from other debt investments	70,524,428.49	-
Interest expenses	656,045,681.90	231,027,104.48
Including: Interest expenses on customer funds deposit	64,847,177.02	50,456,776.91
Interest expenses on placements from other financial institutions	47,892,914.19	10,563,009.07
Including: interest expenses on margin and securities refinancing	40,235,323.74	9,772,592.40
Interest expenses on funds from sales of financial assets sold under repurchase agreements	185,821,054.12	45,584,734.25
Interest expenses on bonds payable	308,887,106.22	81,352,663.11
Including: Interest expenses on subordinated bonds	36,000,000.00	36,000,000.00
Interest expense on lease liabilities	1,757,450.74	-
Others	10,839,979.61	7,069,921.14
Net interest income	995,308,631.55	639,444,708.03

## V. Notes to items of the consolidated financial statements (continued)

## 46. Net income from fee and commission

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
<b>Net revenue from securities brokerage business</b>		
Revenue from securities brokerage business	1,908,225,553.97	1,267,645,749.24
Including: Brokerage business for customers	2,696,596,154.97	1,828,468,406.00
Seat lease for participant business unit	2,471,295,008.77	1,706,123,919.75
Commission sale business of financial products	158,758,035.80	78,605,075.88
Expenditures for securities brokerage business	66,543,110.40	43,739,410.37
Including: Brokerage business for customers	788,370,601.00	560,822,656.76
	<u>788,370,601.00</u>	<u>560,822,656.76</u>
<b>Net revenue from futures brokerage business</b>	288,755,972.67	146,861,765.93
Revenue from futures brokerage business	<u>288,755,972.67</u>	<u>146,861,765.93</u>
<b>Net revenue from investment banking business</b>		
Revenue from investment banking business	15,625,000.00	8,614,779.24
Including: Securities underwriting business	15,625,000.00	10,595,911.32
Financial consultancy business	14,169,811.32	10,141,509.43
Expenditures for investment banking business	1,455,188.68	454,401.89
Including: Securities underwriting business	-	1,981,132.08
	<u>-</u>	<u>1,981,132.08</u>
<b>Net revenue from asset management business</b>	1,649,559.16	1,757,678.56
Revenue from asset management business	1,649,559.16	1,806,292.71
Expenditures for asset management business	-	48,614.15
	<u>-</u>	<u>48,614.15</u>
<b>Net revenue from fund management business</b>	12,555,510.96	4,092,041.16
Revenue from fund management business	<u>12,555,510.96</u>	<u>4,092,041.16</u>
<b>Net revenue from investment advisory business</b>		
Revenue from investment advisory business	3,147,477.96	2,518,789.97
	<u>3,147,477.96</u>	<u>2,518,789.97</u>
<b>Net revenue from other fee and commission</b>	3,324.35	8,121.57
Revenue from other fee and commission	3,324.35	47,587.55
Expenditures for other fee and commission	-	39,465.98
	<u>-</u>	<u>39,465.98</u>
	<u>2,229,962,399.07</u>	<u>1,431,498,925.67</u>

**V. Notes to items of the consolidated financial statements (continued)****47. Taxes and surcharges**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Urban maintenance and construction tax	20,474,550.71	10,496,656.68
Educational surtax	16,384,736.00	8,180,509.12
Property tax	5,000,611.70	6,930,561.74
Stamp duty	2,036,818.55	1,224,811.36
Others	113,730.48	117,164.51
	<u>44,010,447.44</u>	<u>26,949,703.41</u>

**48. Selling expenses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Technical and consulting service fees	136,634,916.51	100,287,984.22
Employee benefits	103,545,928.88	85,713,471.02
Advertising and publicity expenses	46,456,801.43	24,157,903.76
Others	9,180,549.42	11,285,206.16
	<u>295,818,196.24</u>	<u>221,444,565.16</u>

**V. Notes to items of the consolidated financial statements (continued)****49. Administrative expenses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Employee benefits	395,347,510.14	306,716,400.47
Exchange facilities royalties	69,610,051.47	47,098,992.35
Depreciation of fixed assets	66,765,112.15	60,369,067.61
Equipment maintenance and repair costs	54,301,974.76	52,120,180.53
Technical and consulting service fees	38,140,361.01	33,033,889.79
Depreciation of right-of-use assets	28,797,580.50	-
Advertising and publicity expenses	25,612,779.13	10,517,104.52
Post and telecommunications fees	18,305,292.50	12,629,024.91
Amortization of intangible assets	15,637,682.15	15,004,827.77
Investor protection fund	15,032,572.14	9,017,365.48
Others	86,321,752.85	93,892,610.38
	<u>813,872,668.80</u>	<u>640,399,463.81</u>

**50. Research and development expenses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Labor costs	260,278,190.95	120,292,144.52
Depreciation	11,344,913.37	4,480,770.63
Expenses on materials, fuel and power	4,790,691.72	6,122,104.73
	<u>276,413,796.04</u>	<u>130,895,019.88</u>

**51. Financial expenses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Interest expenses	133,081,213.19	136,410,545.00
Less: Interest income	127,439,688.83	90,951,560.15
Foreign exchange (losses)/gains	(43,932.98)	106,717.93
Bank charges, etc.	1,001,278.05	683,229.27
	<u>6,598,869.43</u>	<u>46,248,932.05</u>

**V. Notes to items of the consolidated financial statements (continued)****52. Other income**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Government grants	106,956,708.18	73,144,268.75
Additional deduction of input tax	4,376,845.22	2,428,288.67
Fees refunded for individual income tax withheld	3,428,047.55	5,509,040.02
Others	3,589.27	15,000.00
	<u>114,765,190.22</u>	<u>81,096,597.44</u>

**53. Investment income**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Investment income from holding of financial assets held for trading	269,987,558.97	109,192,600.51
Investment income from disposal of financial assets held for trading	73,229,792.73	1,707,055.43
Income from long-term equity investments calculated under equity method	7,558,976.22	6,133,530.83
Investment income from other non-current financial assets during the holding period	3,000,000.00	-
Investment income from derivative financial instruments	(63,821,675.16)	(6,649,880.73)
	<u>289,954,652.76</u>	<u>110,383,306.04</u>

**54. Fair value gains/(losses)**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Financial assets held for trading	169,478,828.42	(12,568,988.93)
Derivative financial instruments	(26,146,691.84)	1,054,055.35
Financial liabilities held for trading	(11,773,855.61)	-
Other non-current financial assets	(11,036,979.95)	8,073,949.95
	<u>120,521,301.02</u>	<u>(3,440,983.63)</u>

**V. Notes to items of the consolidated financial statements (continued)****55. Expected credit losses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Losses from bad debts of accounts receivable	(31,168,149.05)	(10,367,622.90)
Losses from the impairment of margin accounts receivable	(7,704,844.72)	(4,969,363.89)
Losses from bad debts of other receivables	(2,992,185.23)	(901,769.99)
Losses from impairment of other debt investments	(585,981.73)	-
Losses from impairment of loans and advances	142,978.58	(178,692.63)
Losses from impairment of financial assets held under resale agreements	941,470.51	(814,746.35)
	<u>(41,366,711.64)</u>	<u>(17,232,195.76)</u>

**56. (Loss)/profit arising from disposal of assets**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Disposal of non-current assets	<u>(171,268.71)</u>	<u>57,950.99</u>
	<u>(171,268.71)</u>	<u>57,950.99</u>

**57. Non-operating expenses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
External donations	2,055,328.00	8,916,300.00
Others	<u>459,230.70</u>	<u>276,184.00</u>
	<u>2,514,558.70</u>	<u>9,192,484.00</u>

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**V. Notes to items of the consolidated financial statements (continued)**

**58. Income tax expense**

**(1) Income tax expense**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Current tax	742,985,538.92	345,785,735.37
Deferred tax	14,845,692.79	(1,266,750.71)
	<u>757,831,231.71</u>	<u>344,518,984.66</u>

**(2) The reconciliation between income tax expense and profit before tax:**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Profit before tax	<u>4,484,773,229.27</u>	<u>2,153,297,029.83</u>
Tax at the applicable tax rate	672,715,984.39	322,994,554.47
Effect of different tax rates for some subsidiaries	(4,515,348.08)	10,818,749.13
Adjustments in respect of current tax of previous periods	86,251,909.54	230,207.91
Income not subject to tax	(11,199,639.57)	(3,750,585.74)
Expenses, costs and losses not deductible for tax	18,070,255.04	15,842,628.60
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	(5,291,384.94)	(4,031,991.00)
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized	2,721,808.10	2,076,380.30
Changes in the balance of deferred income tax assets/liabilities as at the beginning of the period caused by tax rate adjustment	(922,352.77)	-
Other matters	-	339,040.99
Income tax expense	<u>757,831,231.71</u>	<u>344,518,984.66</u>



**V. Notes to items of the consolidated financial statements (continued)****59. Earnings per share****(1) Basic earnings per share**

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the Company:

	For the six months ended 30 June 2021	For the six months ended 30 June 2020 Restated
Consolidated net profit attributable to the ordinary shareholders of the parent company	3,726,941,997.56	1,808,506,658.20
Weighted average of the Company's outstanding ordinary shares	10,335,763,789.00	9,670,476,463.20
Basic earnings per share		
Including: Basic earnings per share from continuing operations	0.36	0.19

Note: Due to the stock dividend paid by the Company, the basic and diluted earnings per share for the comparable period presented were adjusted retrospectively.

**(2) Diluted earnings per share**

Diluted earnings per share are calculated by dividing the diluted consolidated net profit attributable to ordinary shareholders of the parent company by the diluted weighted average number of outstanding ordinary shares of the Company:

	For the six months ended 30 June 2021	For the six months ended 30 June 2020 Restated
Consolidated net profit attributable to the ordinary shareholders of the parent company (diluted)	3,823,340,784.22	1,919,809,450.40
Weighted average of the Company's outstanding ordinary shares (diluted)	10,653,542,076.00	10,337,650,872.00
Diluted earnings per share		
Including: Diluted earnings per share from continuing operations	0.36	0.19

**V. Notes to items of the consolidated financial statements (continued)**

**60. Items of the statement of cash flows**

**(1) Cash received from other operating activities**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Interest income	127,370,264.18	90,951,560.15
Special subsidies and grants	110,737,662.62	80,948,362.27
Recovery of current accounts and advances	17,335,123.34	45,194,619.23
Others	66,165.13	34,231.15
	<u>255,509,215.27</u>	<u>217,128,772.80</u>

**(2) Cash paid for other operating activities**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Increase in advances to customers for redemption of funds	1,546,606,343.95	1,247,886,937.90
Period business expenses	470,270,710.33	294,165,227.50
Changes in other receivables and other payables	35,797,281.27	13,993,057.24
Others	354,310,317.65	148,002,211.86
	<u>2,406,984,653.20</u>	<u>1,704,047,434.50</u>

**V. Notes to items of the consolidated financial statements (continued)**

**60. Items of the statements of cash flows (continued)**

**(3) Cash received from other financing activities**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Cash received from investments in asset management plans	17,000,000.00	-

**(4) Cash paid for other financing activities**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Lease liabilities	35,239,442.11	-
Cash paid for investments in asset management plans	22,097,335.39	-
	57,336,777.50	-

**V. Notes to items of the consolidated financial statements (continued)****61. Supplementary information to the statements cash flows****(1) Supplementary information to the statements cash flows**

Supplementary information	For the six months ended 30 June 2021	For the six months ended 30 June 2020
1.Reconciliation of net profit to net cash flows from operating activities:		-
Profit for the period	3,726,941,997.56	1,808,778,045.17
Add: Losses from credit impairment	41,366,711.64	17,232,195.76
Depreciation of fixed assets	107,008,702.58	104,177,053.46
Depreciation of right-of -use assets	32,691,308.58	-
Amortization of intangible assets	15,801,893.05	15,192,502.00
Amortization of long-term prepaid expenses	12,710,575.59	14,427,088.10
Losses/(Gains) from the disposal of fixed assets, intangible assets and other long-term assets	171,268.71	(57,950.99)
Losses/(Gains) from changes in fair value	(120,535,417.18)	812,175.13
Finance expenses/(income)	485,828,627.58	261,645,876.24
Investment losses/(gains)	(9,752,601.09)	(9,083,971.54)
Decrease/(Increase) in deferred tax assets	(19,615,726.42)	(1,103,788.82)
Increase /(Decrease) in deferred tax liabilities	41,354,419.75	(162,961.89)
Decrease/(Increase) in operating receivables	(27,626,240,234.90)	(8,728,664,806.92)
Increase/(Decrease) in operating payables	24,612,035,286.93	13,655,524,626.77
Others	-	(140,822.50)
Net cash flows from operating activities	1,299,766,812.38	7,138,575,259.97
2.Net change in cash and cash equivalents:		-
Closing balance of cash	63,087,021,293.86	44,373,871,232.81
Less: Opening balance of cash	48,031,027,413.67	28,359,134,372.58
Net increase in cash and cash equivalents	15,055,993,880.19	16,014,736,860.23

**V. Notes to items of the consolidated financial statements (continued)****61. Supplementary information to the statements cash flows (continued)****(2) Cash and cash equivalents**

	30 June 2021	30 June 2020
I. Cash	63,087,021,293.86	44,373,871,232.81
Including: Cash on hand	77,765.69	137,963.48
Bank deposits on demand	54,521,634,567.74	39,237,141,017.57
Other cash and bank balances on demand	28,737,648.85	6,419,273.77
Clearing settlement funds on demand	<u>8,536,571,311.58</u>	<u>5,130,172,977.99</u>
II. Closing balance of cash and cash equivalents	<u>63,087,021,293.86</u>	<u>44,373,871,232.81</u>
Including: Cash and cash equivalents with restriction on use by the Company or other subsidiaries	7,248,433.19	5,000,000.00

**62. Assets with restrictions on ownership or use right**

	30 June 2021	Reason for restriction
Financial assets held for trading	11,166,728,999.90	Assets pledged by repurchase agreements and securities under securities lending business
Margin accounts receivable	2,077,661,360.64	Usufruct transfer of margin financing
Cash and bank balances	7,248,433.19	Deposit for capital requirement of insurance brokerage business and general risk reserves of public funds management business
Other debt investments	<u>5,053,077,630.27</u>	Assets pledged by repurchase agreements
	<u>18,304,716,424.00</u>	

## V. Notes to items of the consolidated financial statements (continued)

## 63. Foreign currency monetary items

## (1) Monetary items in foreign currencies

	Balance in foreign currency as at 30 June 2021	Exchange rate	Balance in RMB as at 30 June 2021
Cash and bank balances			
Including: USD	95,587,575.60	6.4601	617,505,297.17
EUR	54.00	7.6862	415.06
HKD	1,055,324,517.34	0.8321	878,114,424.38
Clearing settlement funds			
Including: USD	8,648,899.56	6.4601	55,872,756.05
HKD	7,291,412.67	0.8321	6,067,038.65
Margin accounts receivable			
Including: HKD	4,232,649,985.14	0.8321	3,521,903,399.64
USD	30,500,863.05	6.4601	197,038,625.36
Other receivables			
Including: HKD	4,475,554.90	0.8321	3,724,019.72
Refundable deposits			
Including: USD	200,000.00	6.4601	1,292,020.00
HKD	18,501,471.36	0.8321	15,394,704.29
Accounts payable to brokerage customers			
Including: USD	80,867,253.29	6.4601	522,410,543.01
EUR	54.00	7.6862	415.06
HKD	978,974,413.78	0.8321	814,585,030.22
Short-term borrowings			
Including: HKD	3,091,919,964.61	0.8321	2,572,724,764.15
Other payables			
Including: USD	1,545.66	6.4601	9,985.12
HKD	85,612,422.33	0.8321	71,236,384.37

**V. Notes to items of the consolidated financial statements (continued)**

**63. Foreign currency monetary items (continued)**

**(2) Overseas operating entities**

Overseas operating entities of the Group mainly include East Money (HK) Limited, Hafoo Securities Limited, Eastmoney Financial Limited, Hafoo Futures Limited, Eastmoney International Securities Limited, Eastmoney International Futures Limited, Hafoo Network Technology Limited, of which the place of business is Hong Kong and the functional currency is HKD, and Eastmoney Securities (USA) Inc. which operates in the United States and adopts USD as its functional currency.

**64. Government grants**

Type	Amount	Item	Included in profit or loss
Government grants related to income	106,956,708.18	Other income	106,956,708.18

**VI. Changes in the scope of consolidation**

For the six months ended 30 June 2021, there are five structured entities newly added in the scope of consolidation:

Xing Yao Hybrid FOF NO.1 of Haitong Securities Asset Management Co., Ltd.

Cairui FOF No.8 of Caitong Securities Asset Management Co., Ltd.

Pujiang No.125 Single Asset Management Plan of Node Asset Management Co., Ltd.

Anji No.333 Single Asset Management Plan of Caitong Fund Management Co., Ltd.

East Fortune No.1 Single Asset Management Plan of Sinolink Securities Co., Ltd.

**East Money Information Co., Ltd.**  
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**VII. Equity in other entities**

**1. Equity in subsidiaries**

**(1) Structure of the Group**

Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shanghai Youyou Business Consulting Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00	-	Establishment
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	Shanghai	Shanghai	Consulting services	100.00	-	Business combination not under common control
Beijing Jingdongcai Information Technology Co., Ltd.	Beijing	Beijing	Information technology services	100.00	-	Establishment
Guangzhou Eastmoney Information Technology Co., Ltd.	Guangzhou	Guangzhou	Information technology services	100.00	-	Establishment
Shanghai Tiantian Fund Distribution Co., Ltd.	Shanghai	Shanghai	Fund distribution	100.00	-	Establishment
Shanghai Eastmoney Financial Data Services Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00	-	Establishment
Shanghai Eastmoney Properties Co., Ltd.	Shanghai	Shanghai	Lease of non-residential real estate, and property management	100.00	-	Establishment
Shanghai Eastmoney Network Technology Co., Ltd.	Shanghai	Shanghai	E-commerce services and various commodity auctions	100.00	-	Establishment
East Money (HK) Limited	Hong Kong	Hong Kong	Internet information services, internet financial services	100.00	-	Establishment
Shanghai UU Wealth Investment Management Co., Ltd.	Shanghai	Shanghai	Investment management, asset management	100.00	-	Establishment
Shenzhen Eastmoney Financial Data Service Co., Ltd.	Shenzhen	Shenzhen	Information service	-	100.00	Establishment
Yangzhou Eastmoney Financial Information Services Co., Ltd.	Yangzhou	Yangzhou	Information service	100.00	-	Establishment
Shanghai Weizhao Information Technology Co., Ltd.	Shanghai	Shanghai	Information service	100.00	-	Establishment
Eastmoney Securities	Shanghai	Lhasa	Securities brokerage, securities proprietary trading, asset management, etc.	99.93	0.07	Business combination not under common control
Shanghai Eastmoney Futures Co., Ltd.	Shanghai	Shanghai	Futures agency	-	100.00	Business combination not under common control
Tibet Eastmoney Investment Management Co., Ltd.	Shanghai	Lhasa	Equity investments	-	100.00	Business combination not under common control
Hafoo Securities Limited (Note 2)	Hong Kong	Hong Kong	Securities brokerage	-	100.00	Business combination not under common control
Nanjing Eastmoney Information Technology Co., Ltd.	Nanjing	Nanjing	Information service	100.00	-	Establishment
Hafoo Futures Limited (Note 2)	Hong Kong	Hong Kong	Futures agency	-	100.00	Establishment



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**VII. Equity in other entities (continued)**

**1. Equity in subsidiaries (continued)**

**(1) Structure of the Group (continued)**

Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Eastmoney Financial Limited	Hong Kong	Cayman Island	Information service	-	100.00	Establishment
Eastmoney Credit Information Co., Ltd.	Shanghai	Shanghai	Corporate credit services	100.00	-	Establishment
Langke Network Technology Co., Ltd.	Shanghai	Shanghai	Cultural information services	100.00	-	Establishment
Shanghai Huyue Information Technology Co., Ltd. (Note 1)	Shanghai	Shanghai	Information technology services	70.00	30.00	Establishment
Tibet Eastmoney Fund Management Co., Ltd.	Shanghai	Lhasa	Fund management, fund distribution, etc.	-	100.00	Establishment
Tibet Eastmoney Innovation Capital Co., Ltd.	Shanghai	Lhasa	Alternative investments	-	100.00	Establishment
Eastmoney Insurance Broker Co., Ltd.	Shanghai	Shanghai	Insurance brokerage	100.00	-	Business combination not under common control
Eastmoney Securities (USA) Inc.	America	America	Houses rental, and property management	-	100.00	Establishment
Chengdu Jinghe Enterprise Management Co., Ltd.	Chengdu	Chengdu		100.00	-	Business combination not under common control
Yangzhou Eastmoney Data Service Co., Ltd.	Yangzhou	Yangzhou	Information service	-	100.00	Establishment
Hafoo Network Technology Limited	Hong Kong	Hong Kong		-	100.00	Establishment
Eastmoney International Securities Limited (Note 2)	Hong Kong	Hong Kong		-	100.00	Establishment
Eastmoney International Futures Limited (Note 2)	Hong Kong	Hong Kong		-	100.00	Establishment
Shanghai Hafoo Network Technology Limited	Shanghai	Shanghai	Network technology services	100.00	-	Establishment

Note 1: Shanghai Huyue Information Technology Co., Ltd. was formerly known as “Shanghai Xuhui Eastmoney Microcredit Co., Ltd.”.

Note 2: In April 2021, East Money (HK) Limited established three new subsidiaries, namely Hafoo Securities Limited, Hafoo Futures Limited and Hafoo Network Technology Limited. In May 2021, Eastmoney International Securities Limited changed its name to Hafoo Securities Limited, Eastmoney International Futures Limited changed its name to Hafoo Futures Limited, Hafoo Securities Limited changed its name to Eastmoney International Securities Limited, and Hafoo Futures Limited changed its name to Eastmoney International Futures Limited.

**VII. Equity in other entities (continued)**

**2. Equity in joint ventures or associates**

**(1) Significant associates**

Name of joint venture/associate	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Accounting method for the investments in joint ventures or associates	Strategic to the Group's activities or not
				Direct	Indirect		
Shanghai Mandao Financial Information Service Co., Ltd.	Shanghai	Shanghai	Information service	27.00	-	Equity method	No

**(2) Principle financial information of significant associates**

	Shanghai Mandao Financial Information Service Co., Ltd.	
	30 June 2021	31 December 2020
Current assets	3,484,386,262.82	2,788,180,640.73
Non-current assets	139,497,352.68	147,513,141.75
Total assets	3,623,883,615.50	2,935,693,782.48
Current liabilities	2,777,649,535.89	1,839,433,119.30
Non-current liabilities	1,138,748.13	974,000.00
Total liabilities	2,778,788,284.02	1,840,407,119.30
Equity attributable to the shareholders of the parent company	845,095,331.48	1,095,286,663.18
Net assets calculated based on shareholding ratio	228,175,739.50	295,727,399.06
Adjustments	110,128,501.91	110,128,501.91
—Others	110,128,501.91	110,128,501.91
Net value of equity investment in associates	338,304,241.41	405,855,900.97
Operating revenue	347,737,663.04	286,779,004.46
Profit	20,674,566.37	7,231,761.61
Total comprehensive income	20,674,566.37	7,231,761.61
Dividends received from associates in the current period	59,400,000.00	-

**VII. Equity in other entities (continued)**

**2. Equity in joint ventures or associates(continued)**

**(3) Summary of financial information on insignificant joint ventures and associates**

	30 June 2021	31 December 2020
Associates		
Total net value of investments	<u>40,877,477.65</u>	<u>45,666,841.87</u>
Total amounts of the following items calculated at shareholding ratio		
—Profit	2,210,635.78	5,306,540.75
—Total comprehensive income	<u>2,210,635.78</u>	<u>5,306,540.75</u>

**3. Equities of the structured entities not included in the scope of consolidated financial statements**

The structured entities of the Group that are not included in the scope of the consolidated financial statements are mainly asset management plans and index funds sponsored by Eastmoney Securities and Eastmoney Fund Management Co., Ltd. The purpose of these structured entities is mainly to earn management fees or residual income through managing the investors' assets.

The equity of Eastmoney Securities and Eastmoney Fund Management Co., Ltd. in these structured entities not included in the scope of consolidated financial statements mainly include the directly-held investments or the management fee income or residual income from managing these structured entities. A comprehensive analysis on the extent of participation of own funds, expected variable returns and loss of risk exposure indicates that the Group does not have control over these structured entities, which therefore are not included in the scope of consolidation.

The book values of the relevant asset and liability items in the Group's balance sheet and the maximum exposure to loss at the end of the period for the equity in structured entities indirectly held by the Group through subsidiaries that are not included in the scope of the consolidated financial statements are presented as follows:

## VII. Equity in other entities (continued)

### 3. Equities of the structured entities not included in the scope of consolidated financial statements (Continued)

Structuring subjects not included in the scope of consolidated financial statements are presented as follows:

No.	Name of portfolio	Business nature	Assets recognized in the financial statements related to structured entities	Proportion of investment of own funds	Balance of assets recognized in the financial statements related to structured entities	Maximum exposure to loss of interest in structured entities
1	Eastmoney Securities Leshan No. 1 Pooled Asset Management Plan	Asset management	Financial assets held for trading	23.81%	5,159,000.00	5,159,000.00
2	Tibet Eastmoney SSE 50 Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	11.32%	13,780,998.08	13,780,998.08
3	Tibet Eastmoney CSI Communication Technology Theme Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	2.82%	10,783,455.72	10,783,455.72
4	Tibet Eastmoney CSI Health Care 100 Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	11.87%	15,684,705.86	15,684,705.86
5	Tibet Eastmoney ChiNext Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	7.45%	18,960,853.29	18,960,853.29
6	Tibet Eastmoney Quantitative Selection and Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	2.88%	12,733,565.97	12,733,565.97
7	Tibet Eastmoney Consumption-selected and Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	10.69%	11,718,527.37	11,718,527.37
8	Tibet Eastmoney Information Industry Selected Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	19.13%	10,706,481.82	10,706,481.82
9	Tibet Eastmoney CSI New Energy Vehicle Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	3.47%	13,717,617.33	13,717,617.33
10	Tibet Eastmoney CSI 500 Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	3.11%	10,724,491.57	10,724,491.57
11	Tibet Eastmoney CSI Non-ferrous Metals Index-enhanced Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	6.87%	11,452,524.94	11,452,524.94
12	Tibet Eastmoney CSI Advanced Equipment Manufacturing Index-enhanced Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	5.55%	11,357,122.67	11,357,122.67
13	Tibet Eastmoney CSI Bank Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	10.86%	9,681,376.52	9,681,376.52
14	Tibet Eastmoney CSI Internet Index of Shanghai, Hong Kong and Shenzhen Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	6.67%	9,981,457.51	9,981,457.51
15	Tibet Eastmoney National Security Leading Device Initiating Securities Investment Fund (Note)	Investment funds	Financial assets held for trading	6.58%	10,001,000.00	10,001,000.00

Note: The fund is subscribed on 29 June 2021 and established on 5 July 2021. The investment ratio is the ratio at the time of establishment.

### VIII. Risks related to financial instruments

The Group is exposed to various financial risks in the ordinary course of business, including credit risks, liquidity risks and market risks (including currency risk, interest rate risk and price risk). The financial risks mentioned above and the risk management policies adopted by the Group for reducing those risks are summarized below:

#### 1. Credit risk

The credit risk refers to the risk where the Group may have financial loss caused by the counterparties' failure in performing any contractual obligation.

Credit risks of the Group mainly arise from cash and bank balances, clearing settlement funds, margin accounts receivable, financial assets held under resale agreements, accounts receivable, other receivables, debts investment, financial assets held for trading and derivative financial assets. The maximum exposure to credit risk of the Group's financial assets is equal to the carrying amounts on the balance sheet date.

Cash and bank balances mainly refer to the bank deposits, since they are deposited at state-owned banks with good reputation and high credit rating, as well as other medium or large size listed banks. Clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation. The Group expects that there is no significant credit risk, nor any significant loss caused by relevant banks' default.

The Group's credit risk arises primarily from the following business:

(1) As for accounts receivable and other receivables, the Group has relevant policies to control the credit risk exposure. The Group, based on its customers' financial positions, the availability of guarantees from third parties, the credit records and other factors such as the current market conditions, evaluates the credit qualifications of customers and set the corresponding credit periods. The Group may monitor the customers' credit records periodically; as for the customers with bad credit records, the Group may press for payment in writing, or shorten or cancel the credit period to ensure that its overall credit risks are within the controllable scope.

## VIII. Risks related to financial instruments (continued)

### 1. Credit risk (continued)

The Group's credit risk arises primarily from the following business:  
(continued)

(2) The credit risk of securities financing business mainly involves customers providing false information, failing to repay liabilities in full and in a timely manner, violating contractual agreements in terms of position size and structure, violating regulatory requirements in terms of trading behavior, and providing collateral assets involved in legal disputes. The Group controls the credit risk of its credit business mainly through investor suitability management, credit limit approval, day-by-day market surveillance, customer risk alert, mandatory position closing and judicial recourse.

(3) The Group has established a credit risk management process to control the credit risk of securities issuers by evaluating the credit ratings of investment varieties and to spread credit risk by diversifying its investments. The credit ratings of the Group's bond investments are tallied and summarized according to the criteria set by the *Guidelines on Credit Rating Management of The People's Bank of China*.

### 2. Liquidity risk

Liquidity risk generally refers to the risk of experiencing a shortage of funds in meeting obligations related to financial liabilities. Liquidity refers to the ability of assets to be liquidated quickly without loss of value, and the liquidity of funds affects the Group's ability to pay its debts as they fall due. Since the majority of the Group's liquid assets are cash and bank deposits, the Group has the ability to meet foreseeable financing commitments at maturity or the need for funds to be withdrawn by customers.

Each subsidiary within the Group is responsible for its own cash flow forecast. Based on the aggregated cash flow forecast of each subsidiary, the headquarter finance department continuously monitors short and long-term capital requirements to ensure the Group has sufficient cash and securities that are readily convertible to cash to meet daily operational needs and the repayment of related mature debt obligations.

On the balance sheet date, the Group's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

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**VIII. Risks related to financial instruments (continued)**

**2. Liquidity risk (continued)**

The tables below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 30 June 2021:

Item	Balance as at 30 June 2021						Over 5 years	No time limit	Total
	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years				
Short-term borrowings	-	6,723,603,391.68	-	-	-	-	-	-	6,723,603,391.68
Short-term financing bonds payable	-	884,283,690.52	5,090,059,312.61	3,312,007,902.99	-	-	-	-	9,286,350,906.12
Placements from other financial institutions	-	1,006,980,821.92	-	-	-	-	-	-	1,006,980,821.92
Financial liabilities held for trading	-	63,462,555.97	284,695,537.68	480,311,832.04	-	-	-	-	828,469,925.69
Derivative financial liabilities	344,960.00	5,002,713.28	37,406.91	29,415,984.05	11,372,594.40	-	-	-	46,173,658.64
Accounts payable	-	-	-	188,984,975.29	17,646,620.45	3,868,714.55	-	-	210,500,310.29
Financial assets sold under repurchase agreements	-	14,025,564,262.14	1,031,988,722.22	413,050,000.00	-	-	-	-	15,470,602,984.36
Accounts payable to brokerage customers	64,700,117,733.91	-	-	-	-	-	-	-	64,700,117,733.91
Other payables	1,145,413,577.78	-	-	1,072,433,255.89	-	-	-	-	2,217,846,833.67
Non-current liabilities due within one year	-	8,479,953.29	221,679,526.09	2,833,300,838.06	-	-	-	-	3,063,460,317.44
Other current liabilities	-	1,714,056.10	-	-	-	-	-	-	1,714,056.10
Bonds payable	-	-	72,000,000.00	106,600,000.00	3,868,400,000.00	16,116,000,000.00	-	-	20,163,000,000.00
Lease liabilities	-	-	-	-	76,565,263.48	-	-	-	76,565,263.48
<b>Total financial liabilities</b>	<b>65,845,876,271.69</b>	<b>22,719,091,444.90</b>	<b>6,700,460,505.51</b>	<b>8,436,104,788.32</b>	<b>3,973,984,478.33</b>	<b>16,119,868,714.55</b>	<b>-</b>	<b>-</b>	<b>123,795,386,203.30</b>

## VIII. Risks related to financial instruments (continued)

### 2. Liquidity risk (continued)

The tables below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 30 December 2020:

Item	Balance as at 31 December 2020							Total
	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No time limit	
Short-term borrowings	-	2,687,196,346.04	-	253,017,819.18	-	-	-	2,940,214,165.22
Short-term financing bonds payable	-	167,017,208.95	-	8,235,170,900.33	-	-	-	8,402,188,109.28
Placements from other financial institutions	-	1,012,222,222.22	-	-	-	-	-	1,012,222,222.22
Financial liabilities held for trading	29,846,977.37	905,359.28	10,095,485.45	82,821,982.98	-	-	-	123,669,805.08
Derivative financial liabilities	2,316.79	100,841.73	15,360.28	312,450.00	-	-	-	430,968.80
Accounts payable	-	-	-	211,046,973.13	-	-	-	211,046,973.13
Financial assets sold under repurchase agreements	-	5,249,086,480.32	800,948,750.00	2,483,189,849.33	-	-	-	8,533,225,079.65
Accounts payable to brokerage customers	49,797,784,255.00	-	-	-	-	-	-	49,797,784,255.00
Other payables	1,601,149,350.61	-	-	111,928,044.69	-	-	46,564,436.77	1,759,641,832.07
Non-current liabilities due within one year	-	24,266,184.40	-	2,215,111,727.12	-	-	-	2,239,377,911.52
Other current liabilities	-	1,589,463.76	-	-	-	-	-	1,589,463.76
Bonds payable	-	-	-	-	1,218,986,301.37	-	-	1,218,986,301.37
Total financial liabilities	51,428,782,899.77	9,142,384,106.70	811,059,595.73	13,592,599,746.76	1,218,986,301.37	-	46,564,436.77	76,240,377,087.10

Matching maturity structure of assets and liabilities and effectively control of differences are of paramount importance to the Management of the Group. Due to the uncertain duration and different categories of business, the Group can rarely maintain an exact match between asset and liability items. Unmatched positions may increase returns, as well as the risk of loss.

The matching of the maturity structure of asset and liabilities and the Group's ability to replace maturing liabilities at an



acceptable cost are both important factors in evaluating the Group's liquidity risk.

**VIII. Risks related to financial instruments (continued)**

**3. Market risk**

Market risk arises as a result of general or specific changes in the market that affect currency, interest rate and exposure in derivative financial instrument transactions. The market risks mainly relate to the Group refer to profit or loss arising from changes in market prices of securities, changes in interest rates or changes in exchange rates when making various investments with its own funds.

The Group is also engaged in stock and bond underwriting business and is required to make balance subscription commitments for subscription of certain initial public offerings of new shares and bond underwriting. In such cases, the risk of market price of any uncompleted portion of the underwriting being lower than the underwriting price due to changes in market will be borne by the Group.

The Management has established the maximum exposure to market risk that the Group can assume. This exposure is measured and monitored based on principal and stop-loss amounts and provides that overall market risk is controlled within the limits established by the Management.

Interest rate risk

The Group's interest rate risk arises mainly from bank deposits, clearing settlement funds, refundable deposits, financial assets held under resale agreements, bonds held for trading, bond securities investment fund held for trading and other debt investments. The interest rates of bank deposits are determined on the basis of the interbank deposit rates for the same period and negotiated with the respective deposit banks. The clearing settlement funds and refundable deposits are determined on the basis of the interbank deposit rate for the same period and negotiated with the China Securities Depository and Clearing Corporation, the futures exchanges and other institutions. Interest income from cash and bank balances, clearing settlement funds and refundable deposits fluctuates with changes in market interest rates. Investments in bonds and bond securities investment funds are exposed to the risk of a decline in fair value due to an increase in market interest rates, with floating-rate debts also exposed to the risk of future cash flows due to repricing at market interest rates at the end of each interest payment period.

The Group continuously monitors interest rate risk and makes decisions based on the latest market conditions by adjusting current positions etc.

**VIII. Risks related to financial instruments (continued)**

**3. Market risk (continued)**

Currency risk

Currency risk refers to the risk that fair value or future cash flow of financial instruments fluctuate due to variations in foreign exchange rates. The Group's foreign currency financial instruments are mainly customer deposits and clients' reserve, and the risk of exchange rate changes on the related financial instruments is borne by the customers. The Group has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies, and from its net investment in foreign subsidiaries.

Price risk

Price risks refer to the risks that the fair value or future cash flow of financial instruments held by the Group fluctuate due to changes in market price, instead of market interest rates or foreign exchange rates. The Group invests mainly in stocks, funds and bonds listed on stock exchanges or traded in the interbank market. The Group's exposure to equity price risk relates principally to the Group's investments in individual securities issuers' operating or special events, and may also arise from the effects of fluctuations in the securities market as a whole.

The Management of the Company adopts a "top-down" strategy in constructing and managing the investment portfolio, making asset allocation and portfolio construction decisions through analysis of macroeconomic conditions and policies combined with the performance of the securities market; and selects appropriate investments varieties through qualitative and quantitative analysis of individual securities. The Management of the Company regularly revises its investment strategy, asset allocation and portfolio in light of changes in the macro and microenvironments to proactively address possible market price risks.

**VIII. Risks related to financial instruments (continued)**

**3. Market risk (continued)**

Price risk (continued)

Exposure to price risks of financial assets held for trading is as follows:

	30 June 2021	31 December 2020
Financial assets held for trading – stocks	291,235,992.03	322,195,074.28
Financial assets held for trading - funds	6,042,705,454.03	1,862,969,825.18
Financial assets held for trading - others	4,204,036,436.81	10,646,688,499.39
Other non-current financial assets	204,889,094.07	123,926,074.02
Total	10,742,866,976.94	12,955,779,472.87

Sensitivity analysis of price risk:

Fluctuations in market prices primarily affect the Group's equity investments held at fair value. On the balance sheet date, if all other variables are held constant, the effect on the Group's profit before tax for the year that would result from a 3% increase or decrease in market prices is as follows:

The effect of Group's profit before tax	30 June 2021	31 December 2020
3% increase in market prices	322,286,009.31	388,673,384.19
3% decrease in market prices	(322,286,009.31)	(388,673,384.19)

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**IX. Fair value**

**1. Assets and liabilities measured at fair value**

	Fair value as at 30 June 2021			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Fair value measurement on a recurring basis</b>				
Financial assets held for trading				
Bonds	6,974,200.00	13,289,072,543.91	-	13,296,046,743.91
Stocks and NEEQ	269,105,480.30	-	22,130,511.73	291,235,992.03
Funds	5,521,515,625.19	521,189,828.84	-	6,042,705,454.03
Bank wealth management and structured deposits	-	4,187,493,449.05	-	4,187,493,449.05
Asset management products of brokers	-	16,469,823.76	-	16,469,823.76
Others	73,164.00	-	-	73,164.00
Derivative financial assets	1,127,660.00	-	61,719,093.41	62,846,753.41
Other debt investments	-	8,040,376,767.82	-	8,040,376,767.82
Other non-current financial assets	-	-	204,889,094.07	204,889,094.07
<b>Assets measured at fair value</b>	<b>5,798,796,129.49</b>	<b>26,054,602,413.38</b>	<b>288,738,699.21</b>	<b>32,142,137,242.08</b>
Financial liabilities held for trading	-	24,970,861.74	797,660,842.56	822,631,704.30
Derivative financial liabilities	344,960.00	-	45,828,698.64	46,173,658.64
<b>Liabilities measured at fair value</b>	<b>344,960.00</b>	<b>24,970,861.74</b>	<b>843,489,541.20</b>	<b>868,805,362.94</b>

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**IX. Fair value (continued)**

**1. Assets and liabilities measured at fair value (continued)**

	Quoted prices in active markets  (Level 1)	Fair value as at 31 December 2020 Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Fair value measurement on a recurring basis</b>				
Financial assets held for trading				
Bonds	7,446,859.50	8,254,627,279.78	-	8,262,074,139.28
Stocks and NEEQ	296,778,737.02	-	25,416,337.26	322,195,074.28
Funds	766,490,636.81	1,096,479,188.37	-	1,862,969,825.18
Bank wealth management and structured deposits	-	2,317,491,036.71	-	2,317,491,036.71
Asset management products of brokers	-	4,824,403.40	-	4,824,403.40
Others	2,298,920.00	-	60,000,000.00	62,298,920.00
Derivative financial assets	-	-	--	-
Other non-current financial assets	-	-	123,926,074.02	123,926,074.02
<b>Assets measured at fair value</b>	<b>1,073,015,153.33</b>	<b>11,673,421,908.26</b>	<b>209,342,411.28</b>	<b>12,955,779,472.87</b>
Financial liabilities held for trading	123,669,805.08	-	-	123,669,805.08
Derivative financial liabilities	430,968.80	-	-	430,968.80
<b>Liabilities measured at fair value</b>	<b>124,100,773.88</b>	<b>-</b>	<b>-</b>	<b>124,100,773.88</b>

**2. Basis for determining the market value measured at the recurring  
and non-recurring fair value at Level 1**

For investments with active markets, if there is a traded market price on the balance sheet date, the closing price on that date is used as the fair value; if there is no traded market price on the balance sheet date and the economic environment has not changed significantly since the most recent trading date, the closing price on the most recent trading date is used as the fair value.

**IX. Fair value (continued)****3. Valuation techniques and key parameters adopted for items measured at the recurring and non-recurring fair value at Level 2**

The fair value of debt investments measured as financial assets held for trading, financial liabilities held for trading and other debt investments are the valuation from bond registrations and settlement agencies. Relevant registrations and agencies use observable input values that reflect market situation in the process of valuation.

The fair value of debt investments, equity investments and structured entities, which without opening market and measured as financial assets held for trading, financial liabilities held for trading, other debt investments and other equity investments, are determined by valuation techniques. Observable inputs include but are not limited to yield curve, net asset and PE.

The fair value of derivative financial assets and liabilities are determined based on market price. The Group verify the discount of future cash flows according to the terms and maturity date of each contract, and the market interest rates and exchange rates of similar derivative financial instruments. The fair value of the derivative instruments embedded in the equity swap contracts are determined by the return of the relevant equity securities quoted in Exchange.

**4. Valuation techniques and key parameters adopted for items measured at the recurring and non-recurring fair value at Level 3**

	Fair value as at 30 June 2021	Valuation techniques	Unobservable input values
Financial assets held for trading			
NEEQ	22,130,511.73	Market comparable method of listed companies	Liquidity discount
Derivative financial assets	61,719,093.41	Option method	Price volatility of the instrument
Other non-current financial assets			
Equity instrument investment	204,889,094.07	Market comparable method of listed companies	Liquidity discount
Financial liabilities held for trading	797,660,842.56	Option method	Price volatility of the instrument
Derivative financial liabilities	45,828,698.64	Option method	Price volatility of the instrument

**X. Related parties and related transactions**

**1. Parent company of the Group**

Mr. Qi Shi (the natural person) is the ultimate and actual controller of the Group.

**2. Subsidiaries of the Group**

See “Note XII Equity in other entities” for details of subsidiaries of the Group.

**3. Joint ventures and associates of the Group**

See “Note XII Equity in other entities” for the details of significant joint ventures or associates of the Group.

**4. Other related parties**

Name of other related parties	Relationship with the group
Baofoo Internet Technology (Shanghai) Co., Ltd.	A wholly-owned subsidiary of Shanghai Mandao Financial Information Service Co., Ltd.
Shanghai Jinglu Technology Co., Ltd.	Controlled by the actual controller

**5. Related transactions**

(1) With regard to subsidiaries where the control relationship exists and which have been included in the scope of the Group’s consolidated financial statements, their intra-group transactions and the transactions between the parent company and subsidiaries have been offset.

(2) Related transaction on purchases or sales of goods, and rendering or receipt of services

Purchases of goods/receipt of services

Related party	Content of related transaction	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Baofoo Internet Technology (Shanghai) Co., Ltd.	Payment of settlement fee	993.40	230.38



**X. Related parties and related transactions (continued)**

**5. Related transactions (continued)**

(3) Related lease

The group as the lessee:

Name of the lessor	Type of leased assets	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Shanghai Jinglu Technology Co., Ltd.	Houses rent	1,124,468.35	180,952.38

(4) Other related transactions

The group's actual controllers, directors, supervisors and their relatives paid the fee of RMB26,310.35 in total for purchasing financial products such as stocks and funds through subsidiaries such as Eastmoney Securities. and Shanghai Tiantian Fund Distribution Co., Ltd. for the six months ended 30 June 2021.

(5) Related guarantees

The group as a guarantor		RMB: billion	
Guarantee	Guaranteed amount	Whether the guarantee has been fulfilled	
Shanghai Tiantian Fund Distribution Co., Ltd. and other subsidiaries	16.10	No	

(6) Remuneration of key management personnel

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Remuneration of key management personnel	8,621,959.34	4,665,230.59

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**X. Related parties and related transactions (continued)**

**6. Receivables from and payables to related parties**

**(1) Receivables**

Item	Related party	30 June 2021		31 December 2020	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Other receivables	Shanghai Jinglu Technology Co., Ltd.	190,000.00	9,500.00	190,000.00	9,500.00

**(2) Payables**

Item	Related party	30 June 2021	31 December 2020
Accounts payable	Shanghai Jinglu Technology Co., Ltd.	-	180,952.38
Lease Liabilities	Shanghai Jinglu Technology Co., Ltd.	4,740,263.00	-

**(3) Right-of-use assets**

Item	Related party	30 June 2021	31 December 2020
Right-of-use assets	Shanghai Jinglu Technology Co., Ltd.	3,977,699.44	-

**XI. Commitments and contingencies**

**1. Significant commitments**

**(1) Significant commitments on the balance sheet date**

The financial assets pledged or restricted due to the repurchase business and the margin financing and securities lending business carried out by the Group amounted to RMB2,077,661,360.64. Refer to Note V.3.1 for details.

Margin accounts receivable restricted due to the margin financing business, the transfer of the right to profit from rights of creditors and the repurchase business, which were carried out by the Group, amounted to RMB16,219,806,630.17.

**(2) External guarantee**

The Company did not provide any guarantee to any entity outside of the Group. Within the Group, the Company provided guarantees for the subsidiary Shanghai Tiantian Fund Distribution Co., Ltd. to get bank borrowings and the comprehensive credit guarantee, for details of these guarantees, Refer to Note XI.5.5 Related guarantee.

**XI. Commitments and contingencies (continued)**

**2. Contingencies**

**(1) Significant contingencies existing on the balance sheet date**

Debt default in “13 Tianwei PPN001”

In March 2013, Eastmoney Securities purchased the private targeted debt financing instruments in 2013 with the nominal value of RMB60.00 million issued by Tianwei Group (hereinafter referred to as “13 Tianwei PPN001”), at a consideration of RMB59,702,000.00. During the existing period of “13 Tianwei PPN001”, as Tianwei Group's financial position deteriorated seriously and its debt paying ability had material uncertainty, a resolution was made at the meeting of holders of “13 Tianwei PPN001” in May 2015, declaring that such debt should expire in advance on 25 May 2015. As Tianwei Group failed to repay its due debts, all holders jointly initiated an arbitration, which was accepted by the China International Economic and Trade Arbitration Commission on 31 August 2015.

In January 2016, Baoding Intermediate People's Court in Hebei Province accepted the bankruptcy reorganization application of Tianwei Group, by which the previous arbitration procedures were terminated. Through the negotiation with the Industrial Bank Co., Ltd. and the attorneys for arbitration, Eastmoney Securities declared the creditor's right to the Bankruptcy manager of Tianwei Group with reference to the finding in force of other holders of the targeted debt financing instruments, and applied with the China International Economic and Trade Arbitration Commission to withdraw the arbitration application.

As at the approval date of these financial statements, the bankruptcy reorganization of Tianwei Group failed to be completed, Eastmoney Securities had received the claim amount of RMB1,800,000.00. For the part exceeding RMB1,800,000.00, it will be paid off in proportion to actual realization when the assets stated in reorganization plan has been disposed of.

**XI. Commitments and contingencies (continued)**

**2. Contingencies (continued)**

With regard to this right of creditor, when the Company purchased 100% of equity of Eastmoney Securities, Yutong Group, an original shareholder of Eastmoney Securities made an irrevocable commitment to the Company that: “as for the targeted instrument purchased by Eastmoney Securities with its self-owned fund from Tianwei Group, when the relevant arbitration is completed, if the amount of repayment made by Tianwei Group to Eastmoney Securities regarding the target instrument of Tianwei Group is less than RMB58,559,940.00 (ie, the total amount of the book value and interest receivable of the targeted instrument of Tianwei Group as at 31 December 2014), Yutong Group will, within 10 working days of receiving the written payment notification from the Company, make compensate in full amount of the difference between amount actually repaid by Tianwei Group for the targeted instrument and the amount of RMB58,559,940.00 and the arbitration expenses related to the arbitration matters which were undertaken by Eastmoney Securities”.

**XII. Events after the balance sheet date**

Except for the events already disclosed in the financial statements, the Group has no other significant events after the balance sheet date.

**XIII. Other significant events**

**1. Segment information**

**(1) Determination basis and accounting policies for reportable segments**

The operating segment is determined based on the Group’s internal organization structure, management requirements and internal report system. As each report segment provides different products or services, the Group determines the report segment based on the type of products or services; however, due to the mixed operation of relevant business, total assets, total liabilities and period expenses have not been allocated.

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**XIII. Other significant events (continued)**

**2. Segment information (continued)**

**(2) Financial information of reportable segments**

	Financial data services	Online fund distribution business	Securities business	Internet advertisement services and others	Total
Operating revenue	122,517,488.18	2,397,069,504.39	-	35,586,990.43	2,555,173,983.00
Net interest income	-	-	993,066,279.39	2,242,352.16	995,308,631.55
Net income from fee and commission	-	-	2,229,959,074.72	3,324.35	2,229,962,399.07
Total operating revenue	<u>122,517,488.18</u>	<u>2,397,069,504.39</u>	<u>3,223,025,354.11</u>	<u>37,832,666.94</u>	<u>5,780,445,013.62</u>
Operating costs	114,237,493.53	181,549,329.82	-	44,153,332.25	339,940,155.60
Total operating costs	<u>114,237,493.53</u>	<u>181,549,329.82</u>	<u>-</u>	<u>44,153,332.25</u>	<u>339,940,155.60</u>

**XIV. Notes to key items of the company financial statements**

**1. Accounts receivable**

**(1) Disclosure of accounts receivable by aging**

Aging	30 June 2021	31 December 2020
Within 1 year	977,373,339.10	292,785,207.99
1 to 2 years	444,384.64	481,500.00
2 to 3 years	55,115.36	100,000.00
Over 3 years	<u>7,688,568.29</u>	<u>7,588,568.29</u>
Sub-total	<u>985,561,407.39</u>	<u>300,955,276.28</u>
Less: Provision for bad debts	<u>8,259,891.78</u>	<u>8,194,907.78</u>
Total	<u>977,301,515.61</u>	<u>292,760,368.50</u>

XIV. Notes to key items of the company financial statements (continued)

1. Accounts receivable (continued)

(2) Disclosure of accounts receivable by category

Items	Book value		30 June 2021 Provision for bad debts		Net book value	Book value		31 December 2020 Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Proportion (%)	Amount	Proportion (%)	Amount	
Provision for bad debts accrued on an individual basis	1,001,600.00	0.10	1,001,600.00	100.00	-	1,001,600.00	0.33	1,001,600.00	100.00	-
Provision for bad debts accrued on a portfolio basis	984,559,807.39	99.90	7,258,291.78	0.74	977,301,515.61	299,953,676.28	99.67	7,193,307.78	2.40	292,760,368.50
Including: Aging portfolio	15,395,476.67	1.56	7,258,291.78	47.15	8,137,184.89	14,406,258.10	4.79	7,193,307.78	49.93	7,212,950.32
Portfolio of related parties in the Group	969,164,330.72	98.34	-	-	969,164,330.72	285,547,418.18	94.88	-	-	285,547,418.18
	<u>985,561,407.39</u>	<u>100.00</u>	<u>8,259,891.78</u>	<u>0.84</u>	<u>977,301,515.61</u>	<u>300,955,276.28</u>	<u>100.00</u>	<u>8,194,907.78</u>	<u>2.72</u>	<u>292,760,368.50</u>

**XIV. Notes to key items of the company financial statements  
(continued)**

**1. Accounts receivable (continued)**

**(2) Disclosure of accounts receivable by category (continued)**

Provision for bad debts accrued on an individual basis:

	Closing balance	30 June 2021 Provision for bad debts	Proportion (%)	Reason for provision
Internet advertisement services	1,001,600.00	1,001,600.00	100.00	Expected to be irrecoverable
	<u>1,001,600.00</u>	<u>1,001,600.00</u>	<u>100.00</u>	

Provision for bad debts accrued on an aging portfolio basis:

	Closing balance	30 June 2021 Provision for bad debts	Proportion (%)
Within 1 year	8,209,008.38	410,450.42	5.00
1 to 2 years	444,384.64	133,315.39	30.00
2 to 3 years	55,115.36	27,557.68	50.00
Over 3 years	<u>6,686,968.29</u>	<u>6,686,968.29</u>	100.00
	<u>15,395,476.67</u>	<u>7,258,291.78</u>	

Provision for bad debts accrued on portfolio basis of related parties in the Group:

	Closing balance	30 June 2021 Provision for bad debts	Proportion (%)
Shanghai Tiantian Fund Distribution Co., Ltd.	928,400,784.53	-	-
Shanghai Eastmoney Futures Co., Ltd.	34,479,419.41	-	-
Shanghai Eastmoney Financial Data Services Co., Ltd.	3,917,252.72	-	-
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	1,766,874.06	-	-
Tibet Eastmoney Fund Management Co., Ltd.	<u>600,000.00</u>	<u>-</u>	<u>-</u>
	<u>969,164,330.72</u>	<u>-</u>	



**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**1. Accounts receivable (continued)**

**(3) Provision, reversal or recovery of provision for bad debts for the six months ended 30 June 2021**

	Balance at 31 December 2020	Provision	Changes Recovery or reversal	Provision	Balance at 30 June 2021
Provision for bad debts accrued on an individual basis	1,001,600.00	-	-	-	1,001,600.00
Provision for bad debts accrued on a portfolio basis	<u>7,193,307.78</u>	<u>64,984.00</u>	<u>-</u>	<u>-</u>	<u>7,258,291.78</u>
	<u>8,194,907.78</u>	<u>64,984.00</u>	<u>-</u>	<u>-</u>	<u>8,259,891.78</u>

**(4) Top 5 of accounts receivable as at 30 June 2021**

The sum amount of top 5 of accounts receivable as at 30 June 2021, presented by debtors was RMB 7,471,833.34, accounting for 0.76% of the ending balance of accounts receivable, and ending balance of the provision for bad debts made accordingly amounted to RMB 3,883,316.67.

**2. Other receivables**

	30 June 2021	31 December 2020
Dividend receivables	13,500,000.00	-
Other receivables	<u>120,235,613.85</u>	<u>39,036,019.57</u>
	<u>133,735,613.85</u>	<u>39,036,019.57</u>

**Dividend receivables**

Item	30 June 2021	31 December 2020
Shanghai Mandao Financial Information Service Co., Ltd.	<u>13,500,000.00</u>	<u>-</u>
	<u>13,500,000.00</u>	<u>-</u>

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**2. Other receivables (continued)**

**Other receivables**

**(1) Disclosure by aging**

	30 June 2021	31 December 2020
Within 1 year	116,066,300.12	35,797,641.11
1 - 2 years	5,446,666.00	1,570,789.28
2 - 3 years	1,538,906.00	1,681,193.73
Over 3 years	5,420,772.99	6,511,057.99
Sub-total	128,472,645.11	45,560,682.11
Less: provision for bad debts	8,237,031.26	6,524,662.54
	120,235,613.85	39,036,019.57

**(2) Provision for bad debts**

	Stage 1 Measured at an amount equal to 12-month ECLs	Stage 2 Measured at an amount equal to lifetime ECLs (no credit impairment occurred)	Stage 3 Measured at an amount equal to lifetime ECLs (credit impairment occurred)	Total
Balance at 31 December 2020	5,141,885.46	-	1,382,777.08	6,524,662.54
Accrual	1,716,995.29	-	-	1,716,995.29
Recovery or reversal	-	-	4,626.57	4,626.57
Balance at 30 June 2021	6,858,880.75	-	1,378,150.51	8,237,031.26

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**2. Other receivables (continued)**

**(3) Accrual, reversal or recovery of provision for bad debts**

Category	Balance at 31 December 2020	Accrual	Changes Recovery or reversal	Write-off or charge off	Balance at 30 June 2021
Provision for bad debts accrued on a portfolio basis	5,141,885.46	1,716,995.29	-	-	6,858,880.75
Provision for bad debts accrued on an individual basis	1,382,777.08	-	4,626.57	-	1,378,150.51
	<u>6,524,662.54</u>	<u>1,716,995.29</u>	<u>4,626.57</u>	<u>-</u>	<u>8,237,031.26</u>

**(4) Other receivables actually charged off for the six months ended 30 June 2021**

There were no other receivables actually charged off for the six months ended 30 June 2021.

**(5) Classification of other receivables by nature**

Entity name	Nature	30 June 2021	Aging	Proportion in total other receivables (%)	Provision for bad debts
Shenzhen Xiaomi Information Technology Co., Ltd.	Deposit	9,240,000.00	Within 1 year and 1 -2 years	7.19	1,590,750.00
Shanghai Donghu Hotel	Deposit	1,681,000.00	Over 3 years	1.31	1,681,000.00
APPLE Inc	Recharge for live streaming	1,425,802.54	Within 1 year to over 3 years	1.11	1,378,150.51
Shanghai Juhang Investment Management Co., Ltd.	Deposit	1,409,800.00	2-3 years and over 3 years	1.10	1,198,330.00
Shanghai Juxin Property Co., Ltd.	Deposit	1,118,725.00	Within 1 year and 1 -2 years	0.87	189,161.25
		<u>14,875,327.54</u>		<u>11.58</u>	<u>6,037,391.76</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**3. Long-term equity investments**

Item	Book value	30 June 2021 Provision for impairment	Net book value	Book value	31 December 2020 Provision for impairment	Net book value
Investments in subsidiaries	24,894,204,698.47	-	24,894,204,698.47	24,248,280,989.55	-	24,248,280,989.55
Investments in associates and joint ventures	404,302,204.06	25,120,485.00	379,181,719.06	476,643,227.84	25,120,485.00	451,522,742.84
	<u>25,298,506,902.53</u>	<u>25,120,485.00</u>	<u>25,273,386,417.53</u>	<u>24,724,924,217.39</u>	<u>25,120,485.00</u>	<u>24,699,803,732.39</u>

**(1) Investments in subsidiaries**

Investee	Balance at 31 December 2020	Increase	Balance at 30 June 2021	Balance of provision for impairment as at 30 June 2021
Shanghai Tiantian Fund Distribution Co., Ltd.	338,000,000.00	-	338,000,000.00	-
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	71,982,000.00	-	71,982,000.00	-
Shanghai Eastmoney Financial Data Services Co., Ltd.	50,000,000.00	-	50,000,000.00	-
Beijing Jingdongcai Information Technology Co., Ltd.	1,000,000.00	-	1,000,000.00	-
Guangzhou Eastmoney Information Technology Co., Ltd.	1,000,000.00	-	1,000,000.00	-
Shanghai Eastmoney Properties Co., Ltd.	200,000,000.00	-	200,000,000.00	-
Shanghai Youyou Business Consulting Co., Ltd.	181,033.55	-	181,033.55	-
Shanghai Eastmoney Network Technology Co., Ltd.	50,000,000.00	-	50,000,000.00	-
Shanghai UU Wealth Investment Management Co., Ltd.	10,000,000.00	-	10,000,000.00	-
Yangzhou Eastmoney Financial Information Services Co., Ltd.	50,000,000.00	-	50,000,000.00	-
East Money (HK) Limited	694,350,756.00	645,923,708.92	1,340,274,464.92	-
Eastmoney Securities	22,210,583,700.00	-	22,210,583,700.00	-
Shanghai Weizhao Information Technology Co., Ltd.	50,000,000.00	-	50,000,000.00	-
Eastmoney Credit Information Co., Ltd.	50,000,000.00	-	50,000,000.00	-
Langke Network Technology Co., Ltd.	50,000,000.00	-	50,000,000.00	-
Nanjing Eastmoney Information Technology Co., Ltd.	5,000,000.00	-	5,000,000.00	-
Shanghai huyue Information Technology Co., Ltd.	140,000,000.00	-	140,000,000.00	-
Eastmoney Insurance Broker Co., Ltd.	64,270,000.00	-	64,270,000.00	-
Chengdu Jinghe Enterprise Management Co., Ltd.	211,913,500.00	-	211,913,500.00	-
	<u>24,248,280,989.55</u>	<u>645,923,708.92</u>	<u>24,894,204,698.47</u>	<u>-</u>

**East Money Information Co., Ltd.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**30 June 2021** **Expressed in Renminbi Yuan**

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**3. Long-term equity investments (continued)**

**(2) Investments in associates and joint ventures**

Investee	Balance as at 31 December 2020	Increase or decrease		Balance as at 30 June 2021	Balance of provision for impairment as at 30 June 2021
		Income from long-term equity investments calculated under equity method	Cash dividends or profits declared to be distributed		
Associates					
Shanghai Mandao Financial Information Service Co., Ltd.	405,855,900.97	5,348,340.44	72,900,000.00	338,304,241.41	25,120,485.00
China Securities Credit Technology Co., Ltd.	45,666,841.87	2,210,635.78	7,000,000.00	40,877,477.65	-
Sub-total	451,522,742.84	7,558,976.22	79,900,000.00	379,181,719.06	25,120,485.00
	451,522,742.84	7,558,976.22	79,900,000.00	379,181,719.06	25,120,485.00

**4. Operating revenue and operating costs**

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Revenue	Cost	Revenue	Cost
Primary business	2,445,927,533.53	175,795,909.11	1,171,711,806.08	173,853,384.15
	2,445,927,533.53	175,795,909.11	1,171,711,806.08	173,853,384.15

**Breakdown of operating revenue:**

Contract types	Technical services	Financial data services	Internet advertisement services	Other businesses	Total
Services type	2,336,623,831.43	34,412,005.04	36,484,002.97	38,407,694.09	2,445,927,533.53
	2,336,623,831.43	34,412,005.04	36,484,002.97	38,407,694.09	2,445,927,533.53

**XIV. Notes to key items of the company financial statements  
(continued)**

**4. Operating revenue and operating costs (continued)**

Information related to performance obligations:

The Company's business activities are mainly divided into technical services, financial data services and internet advertisement services. The main information related to performance obligations for various business contracts is as follows:

Technical services:

- (1) Timing of performance obligations: continuous provision of technical services within the agreed contract period.
- (2) Important payment terms: settlement in the month following the provision of technical services.
- (3) Return and quality assurance terms: None.

Financial data services:

- (1) Timing of performance obligations: Revenue is recognized on a straight-line basis for the continuous provision of financial data services over the contractual service period.
- (2) Important payment terms: Payment is made prior to the provision of financial data services.
- (3) Return and quality assurance terms: None.

Internet advertisement services:

- (1) Timing of performance obligation: Revenue is recognized according to the contract amount and the advertising execution order during the period of advertising publication.
- (2) Important payment terms: 3 to 6 months after the completion of advertisement placement.
- (3) Return and quality assurance terms: None.

**XIV. Notes to key items of the company financial statements**  
**(continued)**

**5. Investment income**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Income from long-term equity investments calculated under equity method	7,558,976.22	6,133,530.83
Investment income from financial assets held for trading during the holding period	5,939,156.59	150.14
Investment income from disposal of financial assets held for trading	684.43	-
Investment income from other non-current financial assets during the holding period	3,000,000.00	-
	<u>16,498,817.24</u>	<u>6,133,680.97</u>

**1. Details of non-recurring profits and losses**

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Profit or loss from disposal of non-current assets	(171,268.71)	57,950.99
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	106,956,708.18	81,096,597.44
Profit or loss from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for the effective hedging operations associated with the Company's normal operations	4,679,668.15	12,145,852.10
Reversal of provisions for impairment of receivables and contract assets tested for impairment individually	14,918.45	-
Non-operating income and expenses other than the above-mentioned items	(2,448,393.57)	(9,158,257.54)
Other items of profit or loss subject to the definition of non-recurring profit or loss	7,808,482.04	-
Sub-total	116,840,114.54	84,142,142.99
Effect of corporate income tax	(17,394,405.44)	(12,012,553.59)
Total	99,445,709.10	72,129,589.40



## **2. Return on equity and earnings per share**

For the six months ended 30 June 2021

	Return on weighted average equity	Earnings per share (RMB) Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	10.46%	0.36	0.36
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit and loss	10.18%	0.35	0.35

For the six months ended 30 June 2020

	Return on weighted average equity	Earnings per share (RMB) Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.89%	0.19	0.19
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit and loss	17.64%	0.18	0.18

**EAST MONEY INFORMATION CO., LTD.**

**AUDITORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**East Money Information Co., Ltd.**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
(From January 1, 2020 to December 31, 2020)

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# Auditors' Report

PCPAR [2021] No. ZA10303

**All shareholders of East Money Information Co., Ltd.:**

## **I. Opinion**

We have audited the attached financial statements of East Money Information Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2020, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in owners' equity and the parent company's statement of changes in owners' equity for the year then ended as well as the notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the consolidated financial position of the Company and the parent company's financial position as at December 31, 2020 and the consolidated operating results and cash flows of the Company and the parent company's operating results and cash flows for the year then ended.

## **II. Basis for Our Opinion**

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company, and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **III. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are summarized as follows:

Key Audit Matters	How to cope with these matters in the audit
<p><b>(I) Goodwill impairment testing</b></p> <p>As listed in Note 5.18 of the consolidated financial statements, as at December 31, 2020, the original book value of goodwill of the Company was RMB 2,958,677,342.72, and the balance of provision for impairment was RMB 12,816,180.48.</p> <p>The impairment test for goodwill shall be conducted at least once at the end of each year. The management respectively recognizes Eastmoney Securities Co., Ltd., Eastmoney International Securities Limited, Shanghai Eastmoney Securities Investment Advisory Co., Ltd. (Formerly known as “Shanghai Eastmoney Securities Research Institute Co., Ltd.”), and Eastmoney Insurance Broker Co., Ltd. as a single asset group.</p> <p>(1) The Management hired external valuation experts to evaluate the recoverable amounts of the relevant asset groups (including goodwill) of Eastmoney Securities Co., Ltd. and Eastmoney International Securities Limited under the method of the fair value of assets minus the net amount of disposal costs. Key assumptions included the comparable asset group's P/B ratio and its weights, correction factors and liquidity discounts.</p> <p>(2) The Management hired external valuation experts to evaluate the recoverable amounts of the relevant asset groups (including goodwill) of Eastmoney Insurance Broker Co., Ltd. under the method of the fair value of assets minus the net amount of disposal costs. Key assumptions included the comparable asset group's P/B ratio and its weights and correction factors.</p> <p>(3) For the goodwill of relevant asset group of Shanghai Eastmoney Securities Investment Advisory Co., Ltd., the provision for impairment of goodwill was fully made in 2018.</p> <p>As the assessment method and selection of parameters involve the Management's judgment and may be influenced by the Management's risk appetite, we have included the impairment test for goodwill as a key audit matter of the Company in 2020.</p>	<p>The audit procedures we have performed for impairment test for goodwill mainly included:</p> <p>(1) Evaluated and tested the effectiveness of the design and implementation of internal controls related to impairment test for goodwill, including the adoption of key assumptions and the review and approval of provision amount for impairment.</p> <p>(2) Evaluated the professional competency, professional quality and objectivity of the external valuation experts hired by the Company.</p> <p>(3) Assessed the appropriateness of the valuation methods used by the Management for different asset groups by reference to industry practices.</p> <p>(4) Assessed the appropriateness of the selection of comparable companies and value ratios under the comparative method for listed companies, review and conduct the sensitivity analysis of key inputs such as weights, correction factors and liquidity discounts, and prudently evaluated these key assumptions and judgments.</p> <p>(5) Evaluated the reliability and historical accuracy of the Management's forecasting process in light of industry characteristics, and in combination with the growth of revenues, profits and cash flows for each asset group over the years.</p>

Key Audit Matters	How to cope with these matters in the audit
<b>(II) Measurement of expected credit losses of credit business</b>	
<p>As listed in Note 5.3 and 5.10 of the consolidated financial statements, as at December 31, 2020, the book value of margin accounts receivable of the Company was RMB 30,072,385,470.42, of which the balance of provision for impairment amounted to RMB 68,117,784.86; the book value of financial assets held under resale agreements was RMB 895,038,591.26, of which the balance of provision for impairment amounted to RMB 947,056.69. The book value of the above assets accounted for 28.07% of total ending balance of assets of the Company.</p> <p>The Company applies an expected credit loss model to measure expected credit losses based on parameters such as EAD, PD and LGD of asset portfolio.</p> <p>As the assessment of credit impairment losses on the above assets requires the Management's significant judgment and the ending book value of the above assets is material, we have included the measurement of expected credit impairment losses on credit business as a key audit matter of the Company in 2020.</p>	<p>The audit procedures we have performed on the measurement of expected credit losses of credit business mainly included:</p> <p>(1) Assessed and tested the effectiveness of the design and operation of internal controls related to the impairment accrual process for margin accounts receivable and financial assets held under resale agreements.</p> <p>(2) Assessed the reasonableness of the qualitative and quantitative criteria used by the Management to classify the impairment stages and the expected credit loss model used to determine the amount of impairment loss for each stage.</p> <p>(3) Assessed the reasonableness of the key parameters used by the Management in calculating the impairment loss, including parameters such as EAD, PD, LGD and forward-looking adjustment factors.</p> <p>(4) Selected a sample and reviewed the classification results of the impairment stage of the sample; recalculated the expected credit loss calculation process and compared the results.</p> <p>(5) Evaluated the reasonableness of the impairment model calculation results of the Management in the light of historical loss experience and the accrual of the same industry.</p>

Key Audit Matters	How to cope with these matters in the audit
<p data-bbox="228 365 547 398"><b>(III) Revenue recognition</b></p> <p data-bbox="228 1003 770 1500">As listed in Note 5.45, Note 5.46 and 5.47 of the consolidated financial statements, total operating revenue of the Company was RMB 8,238,557,108.92 in 2020. Total operating income included the operating revenue, net interest income, handling charges and net commission revenue. The business scope of the Company involved the securities business, online fund distribution business, financial data service, internet advertisement service, etc. Due to the diverse types and significant amounts of the Company's business, we have identified the recognition of revenue as a key audit matter of the Company in 2020.</p>	<p data-bbox="794 398 1372 465">Audit procedures we have undertaken for revenue recognition mainly included:</p> <p data-bbox="794 465 1372 566">(1) Understood and evaluated the design and operational effectiveness of key internal control related to the revenue recognition.</p> <p data-bbox="794 566 1372 768">(2) Implemented analytical procedures for different business types, based on different classifications such as sales products, sales regions and customer types as well as the situation of the same industry, to analyze the reasonableness of changes in revenue.</p> <p data-bbox="794 768 1372 1037">(3) Conducted the spot check on the customer contracts of different business types, and inspected whether the revenue recognition is in line with the Company's accounting policies on revenue recognition based on the billing methods, settlement cycles and service contents agreed in the relevant business processes and agreements.</p> <p data-bbox="794 1037 1372 1171">(4) Implemented the confirmation procedures for different business types under different sampling methods, to verify the authenticity and integrity of revenue.</p> <p data-bbox="794 1171 1372 1339">(5) Conducted the spot check on the basic information of information systems related to finance for different business types, to recalculate the accuracy of the recognition of relevant business;</p> <p data-bbox="794 1339 1372 1500">(6) Performed the deadline test and checked some revenue recognition records before and after the balance sheet date to evaluate whether the revenue is recognized in the appropriate accounting period.</p>

**IV. Other information**

The management of the Company (hereinafter referred to as the “Management”) is responsible for other information. Other information comprises the information of the annual report of the Company in 2020, but excludes the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact. However, we have nothing to report in this regard.

**V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**VI. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.



During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (III) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the management's use of the going-concern assumption. Based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) Evaluate the financial statements' overall presentation (including disclosure), structure and contents, and whether the financial statements fairly represent the underlying transactions and events.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them in regard to all relationships and other matters that may reasonably be thought to affect our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP**

**Certified Public Accountant of China:  
(Engagement partner)**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 25, 2021**

*This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.*

**East Money Information Co., Ltd.**  
**Consolidated Balance Sheet**  
**As at December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Cash and bank balances	5.1	41,420,490,433.77	25,011,288,900.23
Clearing settlement funds	5.2	6,652,245,869.33	3,368,125,706.25
Loans to banks and other financial institutions			
Margin accounts receivable	5.3	30,072,385,470.42	15,939,105,323.67
Financial assets held for trading	5.4	12,831,853,398.85	5,005,901,075.92
Derivative financial assets	5.5		98,655.92
Notes receivable			
Accounts receivable	5.6	726,021,922.60	314,416,633.97
Receivable financing			
Prepayments	5.7	106,959,684.71	86,012,395.46
Premium receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.8	9,801,549,035.32	4,332,951,636.94
Refundable deposits	5.9	2,070,467,729.03	1,069,580,035.79
Financial assets held under resale agreements	5.10	895,038,591.26	967,015,476.03
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	5.11	81,508,614.18	64,821,724.79
<b>Total current assets</b>		<b>104,658,520,749.47</b>	<b>56,159,317,564.97</b>
Non-current assets:			
Loans and advances	5.12	37,138,141.39	12,827,168.43
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	5.13	451,522,742.84	466,135,956.56
Other equity instrument investments			
Other non-current financial assets	5.14	123,926,074.02	119,127,036.06
Investment properties			
Fixed assets	5.15	1,763,881,149.40	1,558,276,152.52
Construction in progress	5.16	36,294,004.57	22,944,543.50
Productive biological assets			
Oil and gas assets			
Intangible assets	5.17	174,332,788.65	180,294,865.91
Development expenses			
Goodwill	5.18	2,945,861,162.24	2,953,945,474.64
Long-term prepaid expenses	5.19	55,709,096.26	75,179,824.46
Deferred tax assets	5.20	81,549,857.49	71,448,904.16
Other non-current assets	5.21		211,913,500.00
<b>Total non-current assets</b>		<b>5,670,215,016.86</b>	<b>5,672,093,426.24</b>
<b>Total assets</b>		<b>110,328,735,766.33</b>	<b>61,831,410,991.21</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Balance Sheet (Continued)**  
**As at December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 5	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings	5.22	2,940,214,165.22	402,516,964.44
Borrowings from central bank			
Short-term financing bonds payable	5.23	8,402,188,109.28	4,186,757,400.25
Placements from other financial institutions	5.24	1,012,222,222.22	603,520,833.34
Financial liabilities held for trading	5.25	123,669,805.08	
Derivative financial liabilities	5.5	430,968.80	
Notes payable			
Accounts payable	5.26	211,046,973.13	115,857,314.04
Receipts in advance	5.27	1,033,242.19	152,991,316.80
Contract liabilities	5.28	180,183,670.38	
Financial assets sold under repurchase agreements	5.29	8,533,225,079.65	3,198,980,741.66
Absorption of deposits and interbank deposit			
Accounts payable to brokerage customers	5.30	49,797,784,255.00	29,626,902,914.24
Receivings from vicariously sold securities			
Employee benefits payable	5.31	347,111,853.77	276,139,178.55
Taxes and surcharges payable	5.32	336,270,172.24	77,464,646.45
Other payables	5.33	1,759,641,832.07	530,967,121.69
Fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	5.34	2,239,377,911.52	204,658,630.14
Other current liabilities	5.35	4,175,801.76	142,034.14
<b>Total current liabilities</b>		<b>75,888,576,062.31</b>	<b>39,376,899,095.74</b>
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable	5.36	1,218,986,301.37	1,223,232,120.83
Including: preferred shares			
Perpetual bonds			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	5.37	1,450,000.00	515,000.00
Deferred tax liabilities	5.20	23,220,584.22	18,275,519.24
Other non-current liabilities	5.38	40,035,597.18	
<b>Total non-current liabilities</b>		<b>1,283,692,482.77</b>	<b>1,242,022,640.07</b>
<b>Total liabilities</b>		<b>77,172,268,545.08</b>	<b>40,618,921,735.81</b>
Owners' equity:			
Share capital	5.39	8,613,136,491.00	6,715,608,655.00
Other equity instruments	5.40		
Including: preferred shares			
Perpetual bonds			
Capital reserves	5.41	14,451,069,974.79	8,930,620,933.89
Less: treasury stock			
Other comprehensive income	5.42	-41,050,280.77	9,585,221.37
Special reserves			
Surplus reserves	5.43	594,148,886.07	438,681,541.78

Liabilities and owners' equity	Note 5	Balance as at December 31, 2020	Balance as at December 31, 2019
General risk reserves			
Retained earnings	5.44	9,539,162,150.16	5,117,992,903.36
Total equity attributable to owners of the parent		33,156,467,221.25	21,212,489,255.40
Minority equity			
<b>Total equity</b>		33,156,467,221.25	21,212,489,255.40
<b>Total liabilities and equity</b>		110,328,735,766.33	61,831,410,991.21

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Balance Sheet**  
**As at December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Cash and bank balances		690,708,967.36	478,032,024.07
Clearing settlement funds		213,443.63	200,833.95
Financial assets held for trading		102,706,476.71	
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	292,760,368.50	30,421,193.57
Receivables financing			
Prepayments		48,604,726.10	36,841,230.21
Other receivables	15.2	39,036,019.57	1,017,784,880.93
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			40,002,679.36
<b>Total current assets</b>		<b>1,174,030,001.87</b>	<b>1,603,282,842.09</b>
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	15.3	24,699,803,732.39	16,530,348,278.11
Other equity instrument investments			
Other non-current financial assets		123,926,074.02	119,127,036.06
Investment properties			
Fixed assets		1,291,695,016.76	1,380,056,236.78
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		11,983,804.52	11,676,200.31
Development expenses			
Goodwill			
Long-term prepaid expenses		355,080.25	748,653.37
Deferred tax assets		2,425,435.55	8,691,306.26
Other non-current assets		1,300,000,000.00	211,913,500.00
<b>Total non-current assets</b>		<b>27,430,189,143.49</b>	<b>18,262,561,210.89</b>
<b>Total assets</b>		<b>28,604,219,145.36</b>	<b>19,865,844,052.98</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Balance Sheet (Continued)**  
**As at December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings		253,017,819.18	400,568,140.56
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		88,166,825.18	76,821,701.49
Receipts in advance			105,441,821.02
Contract liabilities		66,425,231.87	
Employee benefits payable		124,081,793.67	117,349,790.94
Taxes and surcharges payable		161,209,042.49	10,848,966.05
Other payables		115,581,916.83	138,942,706.00
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		2,586,338.00	
<b>Total current liabilities</b>		<b>811,068,967.22</b>	<b>849,973,126.06</b>
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		1,450,000.00	515,000.00
Deferred tax liabilities		7,731,577.99	6,619,055.41
Other non-current liabilities		4,049,668.50	
<b>Total non-current liabilities</b>		<b>13,231,246.49</b>	<b>7,134,055.41</b>
<b>Total liabilities</b>		<b>824,300,213.71</b>	<b>857,107,181.47</b>
Owners' equity:			
Share capital		8,613,136,491.00	6,715,608,655.00
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserves		14,441,183,178.23	8,920,734,137.33
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		594,148,886.07	438,681,541.78
Retained earnings		4,131,450,376.35	2,933,712,537.40
<b>Total equity</b>		<b>27,779,918,931.65</b>	<b>19,008,736,871.51</b>
<b>Total liabilities and equity</b>		<b>28,604,219,145.36</b>	<b>19,865,844,052.98</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Income Statement**  
**For the Year Ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Note 5	Year 2020	Year 2019
I. Total operating revenue		8,238,557,108.92	4,231,678,035.56
Including: operating revenue	5.45	3,252,288,346.37	1,478,041,023.06
Net interest income	5.46	1,536,242,523.59	813,893,679.12
Premiums earned			
Net income from fee and commission	5.47	3,450,026,238.96	1,939,743,333.38
II. Total operating costs		3,037,001,311.66	2,378,564,063.27
Including: operating cost	5.45	566,645,612.46	390,944,096.83
Interest expenses			
Fee and commission expenses			
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance liability reserves			
Policy dividend payment			
Reinsurance costs			
Taxes and surcharges	5.48	67,064,868.31	41,048,014.49
Selling expenses	5.49	522,997,937.41	364,071,248.31
Administrative expenses	5.50	1,467,987,211.68	1,289,100,610.82
Research and development expenses	5.51	378,383,908.01	305,408,028.00
Financial expenses	5.52	33,921,773.79	-12,007,935.18
Including: interest expenses		208,246,592.16	76,001,501.28
Interest income		175,804,784.85	96,310,736.10
Add: other income	5.53	103,938,196.56	49,136,219.39
Investment income	5.54	316,086,963.18	270,853,292.04
Including: shares of profits and losses of associates and joint ventures		10,507,271.28	39,973,057.15
Income from derecognition of financial asset measured at amortized cost			
Foreign exchange gains/(losses)		-870,731.37	-2,763,791.45
Net open hedging profits and losses ("-" for losses)			
Fair value gains/ (losses)	5.55	-709,728.54	-6,846,651.68
Expected credit losses	5.56	-54,226,604.75	-20,871,466.56
Losses from impairment of assets ("-" for losses)	5.57	-33,204,797.40	
(Loss)/profit arising from disposal of assets	5.58	1,993.66	-477,860.27
III. Operating profits ("-" for losses)		5,532,571,088.60	2,142,143,713.76
Add: non-operating revenue	5.59	50,878.75	47,038.28
Less: non-operating expenses	5.60	17,167,738.93	14,603,243.97
IV. Profit before tax		5,515,454,228.42	2,127,587,508.07
Less: income tax expenses	5.61	737,349,377.68	296,298,656.75
V. Profit for the period		4,778,104,850.74	1,831,288,851.32
(I) Classified by operating sustainability			
1. Profit from continuing operations		4,778,104,850.74	1,831,288,851.32
2. Net profit from discontinuing operations ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent		4,778,104,850.74	1,831,288,851.32
2. Minority interest income ("-" for net loss)			
VI. Other comprehensive income, net of tax		-50,635,502.14	12,594,357.09
Other comprehensive income, net of tax,		-50,635,502.14	12,594,357.09



Item	Note 5	Year 2020	Year 2019
attributable to owners of the parent			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity investments			
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-50,635,502.14	12,594,357.09
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investment			
5. Cash flow hedging reserve			
6. Exchange differences on translation of foreign currency financial statements		-50,635,502.14	12,594,357.09
7. Others			
Other comprehensive income, net of tax attributable to minority shareholders			
VII. Total comprehensive income		4,727,469,348.60	1,843,883,208.41
Total comprehensive income attributable to owners of the parent		4,727,469,348.60	1,843,883,208.41
Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share:	5.62		
(I) Basic earnings per share (RMB/share)		0.5788	0.2313
(II) Diluted earnings per share (RMB/share)		0.5788	0.2313

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Income Statement**  
**For the Year Ended December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Year 2020	Year 2019
I. Operating revenue	15.4	3,001,472,217.43	1,488,078,797.51
Less: operating costs	15.4	365,624,587.11	334,917,593.98
Taxes and surcharges		28,158,048.05	20,150,656.15
Selling expenses		397,461,755.54	255,801,927.90
Administrative expenses		336,768,237.21	360,317,082.13
Research and development expenses		225,176,993.75	167,221,731.88
Financial expenses		-39,734,354.36	-30,102,187.30
Including: interest expenses		165,709,928.10	70,106,847.99
Interest income		205,713,785.60	100,482,291.17
Add: other income		45,902,599.81	21,825,981.61
Investment income	15.5	12,999,025.19	63,753,463.77
Including: shares of profits and losses of associates and joint ventures		10,507,271.28	39,973,057.15
Income from derecognition of financial asset measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Fair value gains/ (losses)		7,416,817.17	546,740.98
Expected credit losses		-251,332.88	-3,555,903.12
Losses from impairment of assets ("-" for losses)		-25,120,485.00	
(Loss)/profit arising from disposal of assets		-71,221.71	-163,515.15
II. Operating profits ("-" for losses)		1,728,892,352.71	462,178,760.86
Add: non-operating revenue		40,022.92	32,431.04
Less: non-operating expenses		3,639,555.55	7,016,500.00
III. Profit before tax		1,725,292,820.08	455,194,691.90
Less: income tax expenses		170,619,377.19	53,130,713.66
IV. Profit for the year		1,554,673,442.89	402,063,978.24
(I) Profit from continuing operations		1,554,673,442.89	402,063,978.24
(II) Net profit from discontinuing operations ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments			
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investment			
5. Cash flow hedging reserve			
6. Exchange differences on translation of foreign			

Item	Note 15	Year 2020	Year 2019
currency financial statements			
7. Others			
VI. Total comprehensive income		1,554,673,442.89	402,063,978.24
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2020	Year 2019
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		3,136,233,587.21	1,522,690,164.91
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, fee and commission		7,426,539,603.19	4,273,846,195.49
Net increase in placements from other financial institutions		400,000,000.00	600,000,000.00
Net decrease in loans and advances to customers			2,002,581.19
Net capital increase in repurchase business		5,376,453,481.38	3,688,150,833.01
Net decrease in financial assets held for trading purposes			306,885,042.43
Net cash received from vicariously traded securities		17,602,032,248.68	13,836,520,678.04
Refund of taxes		65,256,259.26	15,694,391.64
Cash received from other operating activities	5.63.1	301,985,641.58	178,452,347.01
Sub-total of cash inflows from operating activities		34,308,500,821.30	24,424,242,233.72
Cash paid for goods purchased and services received		483,843,732.50	346,695,428.60
Net increase in margin accounts receivable		14,063,080,053.23	7,507,178,207.65
Net increase in loans and advances to customers		24,692,484.20	
Net increase in deposits in central bank, other banks and financial institutions			
Cash paid for original insurance contract claims			
Net increase of financial assets held for trading		7,724,733,961.10	
Net increase in loans to banks and other financial institutions			
Cash paid for interest, fee and commission		1,699,194,555.17	987,134,445.75
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,198,395,287.01	1,118,128,349.18
Cash paid for taxes and surcharges		984,836,498.80	523,013,949.31
Cash paid for other operating activities	5.63.2	3,600,697,607.83	2,220,921,342.57
Sub-total of cash outflows from operating activities		29,779,474,179.84	12,703,071,723.06
<b>Net cash flows from operating activities</b>		4,529,026,641.46	11,721,170,510.66
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		1,300,236,469.64	4,676,349,466.26
Cash received from returns on investments		7,878,857.45	49,006,633.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,183,170.17	708,310.56
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities	5.63.3	55,124.86	
Sub-total of cash inflows from investing activities		1,309,353,622.12	4,726,064,409.84

Item	Note 5	Year 2020	Year 2019
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		275,962,559.86	76,882,960.22
Cash paid for investments		1,434,174,888.18	3,832,652,464.61
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units		10,170,000.00	17,400,978.72
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,720,307,448.04	3,926,936,403.55
<b>Net cash flows from investing activities</b>		-410,953,825.92	799,128,006.29
<b>III. Cash flows from financing activities</b>			
Cash received from capital contribution		38,777,860.94	75,258,862.56
Including: cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		3,045,454,554.60	494,611,939.35
Cash received from issuance of bonds		22,747,036,000.00	6,837,338,000.00
Cash received from other financing activities	5.63.4	52,469,336.72	
Sub-total of cash inflows from financing activities		25,883,737,752.26	7,407,208,801.91
Cash paid for debts repayments		9,759,217,841.63	5,342,778,603.96
Cash paid for distribution of dividends and profits or payment of interest		519,300,895.70	339,130,209.78
Including: dividends or profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		10,278,518,737.33	5,681,908,813.74
<b>Net cash flows from financing activities</b>		15,605,219,014.93	1,725,299,988.17
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		-51,398,789.38	3,052,578.27
<b>V. Net increase in cash and cash equivalents</b>		19,671,893,041.09	14,248,651,083.39
Add: beginning balance of cash and cash equivalents		28,359,134,372.58	14,110,483,289.19
<b>VI. Ending balance of cash and cash equivalents</b>		48,031,027,413.67	28,359,134,372.58

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2020	Year 2019
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		2,887,089,089.28	1,566,918,080.51
Refunds of taxes		55,655,410.44	9,789,400.77
Cash received from other operating activities		1,085,188,668.42	31,864,931.49
Sub-total of cash inflows from operating activities		4,027,933,168.14	1,608,572,412.77
Cash paid for goods purchased and services received		349,800,492.17	274,574,149.32
Cash paid to and on behalf of employees		461,674,675.12	395,629,103.00
Cash paid for taxes		188,735,711.47	127,710,232.54
Cash paid for other operating activities		440,691,534.32	1,179,331,689.08
Sub-total of cash outflows from operating activities		1,440,902,413.08	1,977,245,173.94
<b>Net cash flows from operating activities</b>		2,587,030,755.06	-368,672,761.17
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		600,057,083.75	4,050,000,000.00
Cash received from returns on investments		194,699,171.72	137,748,231.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,785.00	85,177.68
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		49,868,500.00	1,030,630,700.00
Sub-total of cash inflows from investing activities		844,633,540.47	5,218,464,108.84
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		87,205,343.04	20,807,425.62
Cash paid for investments		1,053,359,055.94	4,242,429,999.11
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		8,978,930,675.56	300,000,000.00
Sub-total of cash outflows from investing activities		10,119,495,074.54	4,563,237,424.73
<b>Net cash flows from investing activities</b>		-9,274,861,534.07	655,226,684.11
<b>III. Cash flows from financing activities</b>			
Cash received from capital contribution		38,777,860.94	75,258,862.56
Cash received from borrowings		375,454,562.60	494,611,939.35
Cash received from issuance of bonds		7,275,000,000.00	
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		7,689,232,423.54	569,870,801.91
Cash paid for debts repayments		572,618,841.63	338,355,603.96
Cash paid for distribution of dividends and profits or payment of interest		216,036,180.50	122,881,555.19
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		788,655,022.13	461,237,159.15
<b>Net cash flows from financing activities</b>		6,900,577,401.41	108,633,642.76
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		212,746,622.40	395,187,565.70
Add: beginning balance of cash and cash equivalents		478,175,788.59	82,988,222.89
<b>VI. Ending balance of cash and cash equivalents</b>		690,922,410.99	478,175,788.59

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity**  
**For the year ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2020												
	Equity attributable to owners of the parent												Minority equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	
		Preferred shares	Perpetual bonds	Others									Total equity
I. Balance as at December 31, 2019	6,715,608,655.00				8,930,620,933.89		9,585,221.37		438,681,541.78		5,117,992,903.36	21,212,489,255.40	21,212,489,255.40
Add: adjustments for changes in accounting policies													
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance as at January 1, 2020	6,715,608,655.00				8,930,620,933.89		9,585,221.37		438,681,541.78		5,117,992,903.36	21,212,489,255.40	21,212,489,255.40
III. Changes for the period	1,897,527,836.00				5,520,449,040.90		-50,635,502.14		155,467,344.29		4,421,169,246.80	11,943,977,965.85	11,943,977,965.85
(I) Total comprehensive income							-50,635,502.14				4,778,104,850.74	4,727,469,348.60	4,727,469,348.60
(II) Owners' contributions and reduction in capital	554,406,105.00				6,863,570,771.90							7,417,976,876.90	7,417,976,876.90
1. Capital contributions by owners	2,231,177.00				36,546,683.94							38,777,860.94	38,777,860.94
2. Capital contributed by the holders of other equity instruments	552,174,928.00				6,825,768,215.94							7,377,943,143.94	7,377,943,143.94
3. Amount of share-based payments recognized in owners' equity													
4. Others					1,255,872.02							1,255,872.02	1,255,872.02
(III) Profit distribution									155,467,344.29		-356,935,603.94	-201,468,259.65	-201,468,259.65
1. Withdrawal of surplus reserves									155,467,344.29		-155,467,344.29		
2. Withdrawal of general risk reserves													
3. Profit distributed											-201,468,259.65	-201,468,259.65	-201,468,259.65

Item	Year 2020														
	Equity attributable to owners of the parent													Minority equity	Total equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total			
		Preferred shares	Perpetual bonds	Others											
to owners (or shareholders)															
4. Others															
(IV) Transfer within equity	1,343,121,731.00				-1,343,121,731.00										
1. Capital reserves converted to share capital	1,343,121,731.00				-1,343,121,731.00										
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves															
1. Amount withdrawn in 2020															
2. Amount used in 2020															
(VI) Others															
IV. Balance as at December 31, 2020	8,613,136,491.00				14,451,069,974.79		-41,050,280.77		594,148,886.07		9,539,162,150.16	33,156,467,221.25		33,156,467,221.25	

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:



**East Money Information Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity (Continued)**  
**For the year ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2019												
	Equity attributable to owners of the parent												Minority equity
	Share capital	Preferred shares	Other equity instruments Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	
I. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,504,351,574.00		-3,698,398.13		394,788,468.43		3,412,564,404.20	15,695,239,474.55	
Add: adjustments for changes in accounting policies							689,262.41		3,686,675.53		26,272,856.58	30,648,794.52	
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance as at January 1, 2019	5,168,285,026.00			1,218,948,400.05	5,504,351,574.00		-3,009,135.72		398,475,143.96		3,438,837,260.78	15,725,888,269.07	
III. Changes for the period	1,547,323,629.00			-1,218,948,400.05	3,426,269,359.89		12,594,357.09		40,206,397.82		1,679,155,642.58	5,486,600,986.33	
(I) Total comprehensive income							12,594,357.09				1,831,288,851.32	1,843,883,208.41	
(II) Owners' contributions and reduction in capital	428,055,520.00			-1,218,948,400.05	4,545,889,374.06							3,754,996,494.01	
1. Capital contributions by owners	21,564,144.00				53,694,718.56							75,258,862.56	
2. Capital contributed by the holders of other equity instruments	406,491,376.00			-1,218,948,400.05	4,456,095,251.20							3,643,638,227.15	
3. Amount of share-based payments recognized in owners' equity					3,914,762.50							3,914,762.50	
4. Others					32,184,641.80							32,184,641.80	
(III) Profit distribution									40,206,397.82		-152,133,208.74	-111,926,810.92	
1. Withdrawal of surplus reserves									40,206,397.82		-40,206,397.82		
2. Withdrawal of general risk reserves													
3. Profit distributed to owners (or											-111,926,810.92	-111,926,810.92	

Item	Year 2019													
	Equity attributable to owners of the parent													
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity	Total equity
		Preferred shares	Perpetual bonds	Others										
shareholders)														
4. Others														
(IV) Transfer within equity	1,119,268,109.00				-1,119,268,109.00									
1. Capital reserves converted to share capital	1,119,268,109.00				-1,119,268,109.00									
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Amount withdrawn in 2019														
2. Amount used in 2019														
(VI) Others					-351,905.17							-351,905.17		-351,905.17
IV. Balance as at December 31, 2019	6,715,608,655.00				8,930,620,933.89		9,585,221.37		438,681,541.78		5,117,992,903.36	21,212,489,255.40		21,212,489,255.40

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Changes in Owners' Equity**  
**For the year ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
Preferred shares	Perpetual bonds	Others									
I. Balance as at December 31, 2019	6,715,608,655.00				8,920,734,137.33				438,681,541.78	2,933,712,537.40	19,008,736,871.51
Add: changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2020	6,715,608,655.00				8,920,734,137.33				438,681,541.78	2,933,712,537.40	19,008,736,871.51
III. Changes for the period	1,897,527,836.00				5,520,449,040.90				155,467,344.29	1,197,737,838.95	8,771,182,060.14
(I) Total comprehensive income										1,554,673,442.89	1,554,673,442.89
(II) Owners' contributions and reduction in capital	554,406,105.00				6,863,570,771.90						7,417,976,876.90
1. Capital contributions by owners	2,231,177.00				36,546,683.94						38,777,860.94
2. Capital contributed by the holders of other equity instruments	552,174,928.00				6,825,768,215.94						7,377,943,143.94
3. Amount of share-based payments recognized in owners' equity											
4. Others					1,255,872.02						1,255,872.02
(III) Profit distribution									155,467,344.29	-356,935,603.94	-201,468,259.65
1. Withdrawal of surplus reserves									155,467,344.29	-155,467,344.29	
2. Profit distributed to owners (or shareholders)										-201,468,259.65	-201,468,259.65
3. Others											
(IV) Transfer within equity	1,343,121,731.00				-1,343,121,731.00						

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
Preferred shares		Perpetual bonds	Others								
1. Capital reserves converted to share capital	1,343,121,731.00				-1,343,121,731.00						
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2020											
2. Amount used in 2020											
(VI) Others											
IV. Balance as at December 31, 2020	8,613,136,491.00				14,441,183,178.23				594,148,886.07	4,131,450,376.35	27,779,918,931.65

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Changes in Owners' Equity (Continued)**  
**For the year ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,494,464,777.44				394,788,468.43	2,650,601,688.13	14,927,088,360.05
Add: adjustments for changes in accounting policies									3,686,675.53	33,180,079.77	36,866,755.30
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2019	5,168,285,026.00			1,218,948,400.05	5,494,464,777.44				398,475,143.96	2,683,781,767.90	14,963,955,115.35
III. Changes for the period	1,547,323,629.00			-1,218,948,400.05	3,426,269,359.89				40,206,397.82	249,930,769.50	4,044,781,756.16
(I) Total comprehensive income										402,063,978.24	402,063,978.24
(II) Owners' contributions and reduction in capital	428,055,520.00			-1,218,948,400.05	4,545,889,374.06						3,754,996,494.01
1. Capital contributions by owners	21,564,144.00				53,694,718.56						75,258,862.56
2. Capital contributed by the holders of other equity instruments	406,491,376.00			-1,218,948,400.05	4,456,095,251.20						3,643,638,227.15
3. Amount of share-based payments recognized in owners' equity					3,914,762.50						3,914,762.50
4. Others					32,184,641.80						32,184,641.80
(III) Profit distribution									40,206,397.82	-152,133,208.74	-111,926,810.92
1. Withdrawal of surplus reserves									40,206,397.82	-40,206,397.82	
2. Profit distributed to owners (or shareholders)										-111,926,810.92	-111,926,810.92
3. Others											
(IV) Transfer within equity	1,119,268,109.00				-1,119,268,109.00						
1. Capital reserves converted to share capital	1,119,268,109.00				-1,119,268,109.00						
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
Preferred shares		Perpetual bonds	Others								
(V) Special reserves											
1. Amount withdrawn in 2019											
2. Amount used in 2019											
(VI) Others					-351,905.17						-351,905.17
IV. Balance as at December 31, 2019	6,715,608,655.00				8,920,734,137.33				438,681,541.78	2,933,712,537.40	19,008,736,871.51

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**  
**(Amounts are expressed in RMB unless otherwise stated)**

**1 Company profile**

**1.1 Company overview**

East Money Information Co., Ltd. (hereinafter referred to as the “Company”) was formerly known as Shanghai East Money Information Technology Limited. It was restructured into a limited liability company on December 20, 2007. The name was changed from Shanghai East Money Information Technology Limited to East Money Information Co., Ltd. on January 7, 2008.

According to the resolution of the Company’s second extraordinary general meeting of shareholders in 2009, and the approval by the China Securities Regulatory Commission with *the Official Reply to the Approval of the Initial Public Offering and Listing of East Money Information Co., Ltd. on the Growth Enterprise Market* (ZJXK [2010] No.249), the Company publicly issued 35,000,000 RMB ordinary shares, increasing the registered capital by RMB 35,000,000.00, and the registered capital after the issue amounted to RMB 140,000,000.00. The Company was listed on the Shenzhen Stock Exchange on March 19, 2010, and on April 12, 2010 it obtained the *Business License for Enterprise Legal Person* with the same registration number from the Shanghai Administration for Industry and Commerce.

As at December 31, 2020, the Company's total accumulative issued share capital was 8,613,136,491 shares, and the Company's registered capital was RMB 8,613,136,491.00. The registration address was located at Building No. 1, No.2999, Bao'An Road, Jiading District, Shanghai, and the operation address was Jinzuo, No.88, Wanping South Road, Xuhui District, Shanghai.

The main business activities of the company and its subsidiaries (hereinafter referred to as "the Group") are: securities business, online fund distribution business, financial data service, internet advertisement service.

Business scope of the Company: call center business and information service business (subject to operating license) in the second type of value-added telecommunications business, enterprise investment consulting, and planning, business consulting, conference affairs and exhibition consulting services, computer software and hardware and network system technology development, technical services, technical consultation, and technology transfer, design, manufacturing, release, and agency of various domestic and foreign advertisements, lease of self-owned properties, and sales of computer software.

As of December 31, 2020, the subsidiary Eastmoney Securities Co., Ltd. had 12 approved branches and 168 securities business departments.

The financial statements have been approved by all directors (Board of Directors) of the Company on April 25, 2021.

**1.2 Scope of consolidated financial statements**

See “Note 7 Equity in other entities” for relevant information about the subsidiaries of the Company.

See “Note 6 Changes in the scope of consolidation” for the changes in the scope of consolidation during the reporting period.

**2 Preparation basis for financial statements**

**2.1 Basis of preparation**

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific accounting standards, implementation guidance, interpretation and other relevant provisions issued by the Ministry of Finance (the “MOF”) (hereinafter referred to as ASBEs”), as well as the relevant provisions of the *Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

**2.2 Going concern**

The financial statements have been prepared on a going concern basis.

According to the comprehensive consideration of the macro policy risk, market operation risk, current or long-term profitability and solvency and financial flexibility, the Group is able to operate as a going concern within 12 months from the end of the reporting period.

**3 Principal accounting policies and accounting estimates**

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. See “Note 3.23 Revenue”, “Note 5.45 Operating revenue and operating cost”, “Note 5.46 Net interest income” and “Note 5.47 Net income from fee and commission” for details.

**3.1 Statements on compliance with the Accounting Standards for Business Enterprises**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the financial position of the Group and the Company as at December 31, 2020, and the operating results and cash flows for the year then ended.

**3.2 Accounting period**

The accounting year is a calendar year, from January 1 to December 31 of each year.

**3.3 Operating cycle**

The Company's operating cycle is 12 months.

**3.4 Functional currency**

The Company adopts RMB as its functional currency. The functional currencies of the subsidiaries of the Company is determined according to the main economic environment in which they operate. The functional currency of East Money (HK) Limited, Eastmoney International Securities Limited, Eastmoney Finance Co., Ltd. and Eastmoney International Futures Limited is HKD; the functional currency of Eastmoney Securities (USA) Inc. is USD.

The financial statements are presented in RMB.

**3.5 Accounting treatment methods for business combination under common control and business combination not under common control**

Business combination under common control: For assets and liabilities obtained through business combination by the acquirer (including the goodwill formed by the acquiree by the ultimate controller), they are measured at the book value of the assets and liabilities of the acquirer in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.



Business combination not under common control: The cost of consolidation is the fair value of the assets given, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control of the acquiree on the acquisition date. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. Each identifiable asset, liability and contingent liability of the acquiree acquired in a combination that qualifies for recognition is measured at fair value on the acquisition date.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

### **3.6 Preparation method of consolidated financial statements**

#### **3.6.1 Scope of consolidation**

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company, all the subsidiaries and structured entities. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.

#### **3.6.2 Procedures for consolidation**

The Company regards the whole Group as an accounting entity, and prepares the consolidated financial statements according to the consistent accounting policies to reflect the overall financial position, operating results and cash flows of the Group. The effects of internal transactions that occur between the Company and its subsidiaries or among the subsidiaries are offset. If an internal transaction indicates that there is an impairment loss on the related asset, such loss is recognized in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

##### **(1) Increase of subsidiaries or business**

During the reporting period, if the Company acquired a subsidiary or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiary or business from the beginning of the period for business combination to the end of the reporting period shall be included in the consolidated financial statements. Relevant items in the comparative financial statements for the same period shall be adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller obtains the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, the equity investments held before the control over the acquiree is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, the addition of subsidiaries or business as a result of a business combination not under common control is included in the consolidated financial statements from the acquisition date based on the fair value of each identifiable asset, liability and contingent liability determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure the equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the investment income in the current period. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity method, attributable to the equity interest in the acquiree held prior to the acquisition date, are transferred to investment income for the period on which the acquisition date falls.

(2) Disposal of subsidiaries

① General treatment methods

When control over an investee is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity investment after disposal is remeasured at its fair value on the date of loss of control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities and the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity under equity method, which relate to the equity investment of original subsidiaries, are transferred to investment income for the period on which the acquisition date falls.

② Disposal of subsidiaries in stages

Where the Company disposes the equity investments in a subsidiary through multiple transactions in stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in the subsidiary and economic effect meet one or more of the following circumstances, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;

- iii. The occurrence of a transaction depends on that of other transaction or more; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions are regarded as a package deal, accounting treatment of each transaction shall be made as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions are not regarded as a package deal, accounting treatment before the loss of the control shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; accounting treatment at the loss of the control shall be made according to general treatment methods for disposal of subsidiaries.

- (3) Purchase of minority equity of subsidiaries  
The share premium of the capital reserves under the consolidated balance sheet shall be adjusted by the balance between long-term equity investment obtained from purchase of minority interest, and the share in the net assets of the subsidiaries calculated continuously since the acquisition date or the combination date according to new shareholding ratios. Where the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted.
- (4) Partial disposal of equity investments in subsidiaries without losing control  
The share premium of the capital reserves under the consolidated balance sheet shall be adjusted by the balance between the proceeds obtained from disposal and the share in the net assets of the subsidiaries calculated continuously since the acquisition date or the combination date corresponding to disposal of the long-term equity investment. Where the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted.

### **3.7 Recognition criteria of cash and cash equivalents**

Cash refers to the cash on hand and the unrestricted deposit of the Company. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.8 Foreign currency transactions and translation of foreign currency statements**

#### **3.8.1 Foreign currency transaction**

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

### **3.8.2 Translation of foreign currency statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "Retained earnings", shall be translated at the spot exchange rates on the dates when the transactions occur. The revenue or any expense item in the income statement is translated at the exchange rate which is determined by the systematic and reasonable method and similar to the spot exchange rate prevailing on the transaction date.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statement related to such overseas business shall be transferred in the current profit or loss from the owner's equity.

## **3.9 Financial instruments**

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instruments should be recognized.

### **3.9.1 Classification of financial instruments**

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through profit or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through the current profit or loss as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of gathering contract cash flows; and
- The contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through the current profit or loss as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- The business model is adopted for both collecting contract cash flows and selling the financial assets; and
- The contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal.

At the initial recognition, the Company irrevocably designates the non-trading equity instrument investments as the financial assets (equity instruments) measured at fair value through the other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, the Company classifies all its remaining financial assets as financial assets measured at fair value through profit or loss. At the initial recognition, if it is possible to eliminate or significantly reduce accounting mismatches, the Company can irrevocably designate the financial assets that should be measured at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

At the time of initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

For the financial liabilities satisfying any of the following conditions, it might be designated as the financial liabilities at fair value through the current profit or loss upon initial recognition:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain embedded derivative needed to be separated.

According to the above conditions, such financial liabilities designated by the Company mainly include: financial liabilities held for trading

### **3.9.2 Recognition basis and measurement method of financial instruments**

- (1) Financial assets measured at amortized cost  
Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and debt investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

- (2) Financial assets (debt instruments) measured at fair value through the other comprehensive income  
Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current profit or loss.

- (3) Financial assets (equity instruments) measured at fair value through the other comprehensive income

Financial assets (equity instruments) measured at fair value through the other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

- (4) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

- (5) Financial liabilities measured at fair value through the current profit or loss

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

- (6) Financial liabilities measured at amortized cost

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

### **3.9.3 Derecognition and transfer of financial assets**

The Company derecognizes a financial asset when any of the following conditions is met:

- The contract rights of obtaining cash flows of the financial asset are terminated;
- The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial asset have been transferred to the transferee;

- The financial asset has been transferred, even though the Company neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset but gives up its control over the financial asset.

When a financial assets is transferred, but substantially all the risks and rewards on the ownership of the financial assets have been retained, it will not be derecognized by the Company.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts are included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred is the financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where partial transfer of a financial asset meets the derecognition conditions, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included in the current profit or loss:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the de-recognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred is the financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

### **3.9.4 Derecognition of financial liabilities**

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities of which terms have been modified shall be recognized as the new financial liabilities.

Where financial liabilities are derecognized is whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss or loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

**3.9.5 Method of determining the fair value of financial assets and financial liabilities**

Where there is an active market for any financial instrument, the fair value of such financial instrument shall be determined at the price quoted in the active market. Where there is no active market, the fair value of the same shall be determined by using valuation techniques. At the time of valuation, the Company shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or impractical to be obtained.

**3.9.6 Test method and accounting treatment for the impairment of financial assets**

The Company estimates the expected credit loss of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial guarantee contract individually or in portfolio.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Company calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.



If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 - Revenue (2017), whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

For lease receivables, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

### **3.10 Contract assets**

#### **Accounting policies applicable as of January 1, 2020**

##### **3.10.1 Recognition method and criteria for contract assets**

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

##### **3.10.2 Determination method and accounting treatment for the expected credit loss of contract assets**

See “3.9.6 Test method and accounting treatment for the impairment of financial assets”, for the determination method and accounting treatment for the expected credit loss of contract assets.

### **3.11 Long-term equity investments**

#### **3.11.1 Judgment criteria for common control and significant influence**

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee shall be the Company's associate.

### **3.11.2 Determination of initial investment cost**

- (1) Long-term equity investments acquired through business combination  
The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the combinee's owners' equity on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the Control can be exercised over the investee under common control as a result of additional investment and other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium. If the share premium is insufficient to be offset, retained earnings will be offset accordingly.

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of additional investment and other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

- (2) Long-term equity investments acquired by means other than business combination  
For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For the long-term equity investment acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

### **3.11.3 Subsequent measurement and recognition of profits or losses**

- (1) Long-term equity investment accounted for under the cost method  
Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.
- (2) Long-term equity investment accounted for under the equity method  
Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company should, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company should, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company should adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.

The Company calculates its attributable but not realized profit or loss from internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such profit or loss, and recognizes the investment income on that basis; however, businesses formed by assets invested or sold are excluded. Unrealized loss from internal transactions with the investee, if accounted for as part of asset impairment, should be recognized in full amount.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Company should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual purchase price is included in the current profit or loss.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be transferred to the current profit or loss in full.

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed should be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment should be made respectively for each transaction.

### **3.12 Fixed assets**

#### **3.12.1 Recognition criteria of fixed assets**

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

The initial measurement of fixed assets is made at cost (and by taking the impact of expected disposal costs).

The subsequent expense relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; as for the party replaced, the book value thereof is derecognized; all other subsequent expenses are included in the current profit or loss when they occur.

### 3.12.2 Depreciation methods

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20	5	4.75
Special equipment	Straight-line method	3 - 11	3 - 5	32.33 - 8.82
Transportation equipment	Straight-line method	5 - 6	3 - 5	16.17 - 19
General equipment	Straight-line method	5	5	19

### 3.12.3 Disposal of fixed assets

When the fixed assets are disposed, or they are expected not to bring any economic interest via use or disposal, such fixed assets will be derecognized. When the fixed asset is sold, transferred, scrapped or damaged, the Company will include such disposal revenue, deducting the book value and related taxes thereof, in the current profit or loss.

### 3.13 Construction in progress

The construction in progress is measured at the actually incurred cost. The actual cost includes the construction cost, installation cost, borrowing cost eligible for capitalization and other necessary expenditure incurred before making the construction in progress reach the working condition for intended use. When the construction in progress reaches the working condition for intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month.

### 3.14 Borrowing costs

#### 3.14.1 Recognition criteria of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

### **3.14.2 Capitalization period for borrowing costs**

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary for the assets to reach the working condition for their intended use or sale have been in progress.

The capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

### **3.14.3 Period of capitalization suspension**

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

### **3.14.4 Measurement method of capitalization rate and capitalized amounts of borrowing costs**

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from indrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalization, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

### 3.15 Intangible assets

#### 3.15.1 Measurement of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;  
The costs of externally purchased intangible assets include purchase prices, relevant taxes and other directly attributable expenditures incurred to prepare the assets for their intended uses.
- (2) Subsequent measurement  
The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.

#### 3.15.2 Estimated useful lives of intangible assets with definite useful lives

Item	Estimated useful life	Amortization method	Basis
Computer software	3 - 5 years	Straight-line amortization method	Estimated useful life
Company website domain name	10 years	Straight-line amortization method	Estimated useful life
Trading seat fee	10 years	Straight-line amortization method	Estimated useful life
Futures operating right	10 years	Straight-line amortization method	Estimated useful life
Land use right	40 years	Straight-line amortization method	Term of land use right

#### 3.15.3 Determination basis of intangible assets with indefinite useful lives and review procedures of the useful lives thereof

Item	Judgment basis
Investments in futures memberships	Investments in futures memberships will bring the Company an expected inflow of economic benefits during the Company's operating period and can be returned when it ceases to operate.
Shanghai Area Small Vehicle License Plate	The Company believes that the license plate will be used in the foreseeable future and will bring the Company the expected inflow of economic benefits.

#### 3.15.4 Specific criteria for classifying research and development phases

The Company's internal research and development expenditures include those incurred in the research phase and those in the development phase.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

### **3.15.5 Specific criteria for qualifying expenditure on the development phase for capitalization**

The research expenditure is included in the current profit or loss when it occurs. The development expenditure is recognized as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;
- (4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

### **3.16 Impairment of long-term assets**

For long-term equity investments, fixed assets, construction in progress, intangible assets with definite useful lives, oil and gas assets and other long-term assets, in case of any impairment thereof on the balance sheet date, the impairment test should be made. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the smallest asset group that can independently generate cash inflows.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combinations of asset groups if it is difficult to be amortized to relevant asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.



When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Thereafter, the Company pay make the impairment test on the asset group or portfolio of asset groups where the goodwill is included, and compare the book value of such group or portfolio with the recoverable amount of the same. If the recoverable amount is less than the book value, the amount of impairment loss should firstly be used to reduce the book value of the goodwill allotted to such group or portfolio, and then reduce book values of other assets than the goodwill in such group or portfolio based on proportions of these book values.

The above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

### 3.17 Long-term prepaid expenses

Long-term prepaid expenses are various expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over one year.

Amortization term and method for various expenses:

Item	Amortization method	Amortization period
Renovation costs	Evenly amortized over the benefit period	By housing lease term

### 3.18 Contract liabilities

#### Accounting policies applicable as of January 1, 2020

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

### 3.19 Employee benefits

#### 3.19.1 Accounting treatment of short-term benefits

During the accounting period where employees serve the Company, the short-term benefits actually incurred is recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education fund drew as required are used to calculate and determine the relevant employee benefits amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred in the Company are included in the current profit or loss or assets-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

### **3.19.2 Accounting treatment of post-employment benefits**

- (1) Defined contribution plan  
The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost. The Company pays to the local social insurance agencies at a certain proportion of the total amount of employee wages, with the corresponding expenditures included in the current profit or loss or assets-related cost.
- (2) Defined benefit plan  
The Company has no defined benefit plan.

### **3.19.3 Accounting treatment of dismissal benefits**

Where the Company provides the dismissal benefit to its employees, the employee benefit liability arising from the dismissal benefit shall be recognized on the following date, whichever is earlier, and included in the current profit or loss: when the Company fails to unilaterally withdraw the dismissal benefit offered due to the termination of the labor relation plan or layoff proposal; when the Company confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits.

### **3.20 Estimated liabilities**

When an obligation relating to a contingency meets all the following conditions at the same time, it will be recognized as an estimated liability by the Company:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money and other factors relating to contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- If contingencies are involved with single project, the estimate will be determined based on the amount which is most likely to occur.
- If contingencies are involved with several projects, the estimate will be determined based on various possible results and relevant probabilities.

If all or part of the expenses necessary for liquidating estimated liabilities are expected to be compensated by a third party, the compensation will be separately recognized as assets when it is virtually certain that the compensation will be received. The compensation recognized should not exceed the book value of estimated liabilities.

The Company reviews the book value of estimated liabilities on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.

### **3.21 Share-based payment**

The Company's share-based payment refers to the transaction where it grants the equity instrument or assumes the liability determined based on the equity instrument for the purpose of acquiring services rendered by employees or other parties. The Company's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

#### **Equity-settled share-based payment and equity instrument**

Where the Company acquires services rendered by employees via the equity-settled share-based payment, such payment should be calculated at the fair value of equity instruments granted to employees. The Company includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of equity instruments, and increases capital reserves accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Company, based on the best estimate of the quantity of equity instruments where relevant rights can be exercised, includes the services acquired during that period in relevant costs or expenses at the fair value on the grant date, and increases capital reserves accordingly.

In case any clause on the equity-settled share-based payment has been modified, services acquired should be recognized as if such clause has not been modified. In addition, the increase in services acquired should be recognized in case of any increase to the fair value of equity instruments granted or any change favorable to employees on the date of increasing such fair value.

During the waiting period, if any equity instrument granted is canceled, the Company will accelerate the right exercise relevant to the equity instrument canceled, immediately include the amount which should be recognized during the remaining waiting period in the current profit or loss, and recognize capital reserves at the same time. However, if any new equity instrument is granted and on the date of granting such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be made in the way for modifying terms and conditions of the original equity instrument.

### **3.22 Convertible corporate bonds**

At the issue of convertible corporate bonds, the Company determines whether these convertible corporate bonds contain both liability and equity components in accordance with relevant terms. If these convertible corporate bonds issued contain both liability and equity components, the liability and equity components should be split at the initial recognition for individual treatment. In the process of splitting, the fair value of the liability component should be first determined and taken as the initially recognized amount of the liability component; thereafter, the initially recognized amount of the equity component should be determined at the balance of the whole issuing price of the convertible corporate bonds less the initially recognized amount of the liability component. Transaction costs are amortized between the liability and equity components at their respective fair values. Liability components are presented as liabilities and subsequently measured at the amortized cost until they are cancelled, converted or redeemed. The equity components are presented as equity without the subsequent measurement.

### 3.23 Revenue

#### Accounting policies as of January 1, 2020

##### 1. Accounting policies for revenue recognition and measurement

The Company recognizes revenue when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Company measures the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and meanwhile takes into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. Where there is a significant financing element in a contract, the Company determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contract consideration over the contract period at the effective interest method. If the Company meets one of the following conditions, it shall perform the performance obligation within a certain period of time; otherwise, it shall perform the performance obligation at a certain period:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.
- Customers are able to control the goods under construction in the Company's performance process; or
- The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

For performance obligations performed within a certain period of time, the Company recognizes revenue pursuant to the progress of performance in such period, unless the performance progress cannot be reasonably determined. The Company uses either the output or input method to determine the performance progress, by taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Company recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes revenue when the customer obtains control of the relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired or services control over the goods, including:

- The Company has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- The Company has transferred the legal title of the goods to the customer, which means that the customer has the legal title of the goods.
- The Company has physically transferred the goods to the Customer, which means that the Customer has physical possession of the goods.
- The Company has transferred to the customer the principal risks and rewards of ownership of the goods, i.e., the customer has received the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

**2. Specific principles for the recognition of revenues from information technology services**

- (1) Revenue from financial data service  
If the service order or contract has been signed and the service payment has been received or the receipt voucher has been obtained, the revenue will be recognized by the straight-line method by stages within the agreed service period starting from the month when the service is provided.
- (2) Revenue from internet advertisement services business  
If the advertising contract has been signed or the advertisement execution order (advertisement schedule) has been confirmed by the client and the advertisement has been published, the revenue will be calculated and recognized based on the contract amount and the advertisement execution order at the rendering of services.
- (3) Revenue from online fund distribution business:  
If the service contract or agreement has been signed, and relevant services and information have been provided through the agency trading platform, the revenue will be recognized at the time-point of completing the agency trading matters based on the proportion agreed in the contract.

**3. Net revenue from fee and commission**

- (1) Revenues from brokerage business  
Revenue from agent securities trading: is recognized on the agent securities trading date.

Revenue from agent bond redemption: is recognized at the completion of agent redemption of securities and the actual receipt of price or the receipt of collection evidence.

- (2) Revenues from investment banking business  
Revenue from securities underwriting: is recognized after receiving the underwriting fee and commission based on the underwriting agreement, the actual underwriting amount of securities and the collection proportion at the end of the securities underwriting project.

Revenues from securities sponsor business and financial advisory business: are recognized when the rendering of relevant services provided in various businesses is completed.

- (3) Revenue from asset management business  
Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the directional asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.

If the management fee is charged for the aggregate asset management according to relevant contract, the income from the management fee that should be enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income. If the performance remuneration should be charged according to the contract, the performance remuneration should be charged at an agreed proportion and recognized as the current income, when the aggregate asset plan expires or relevant investor quits the plan.

Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the special asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.

- (4) Revenue from futures agency business  
The fees for any agency transaction should be determined based on the charging standard specified in the futures agency contract at the time of the agency transaction, and directly deducted from the client's margin account after such transaction.
- (5) Revenue from investment advisory  
When relevant investment advisory services have been rendered, the economic benefits agreed in relevant contract can flow into the enterprise, and relevant revenue can be measured reliably, the revenue should be recognized according to the contract or agreement.

#### **4. Interest income**

The Company's interest income mainly comes from the interest income arising from the primary business of such companies as Eastmoney Securities, Eastmoney International Securities Limited, Shanghai Eastmoney Futures Co., Ltd., Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd., Shanghai Xuhui Eastmoney Microcredit Co., Ltd. and Eastmoney International Futures Limited, the interest income of other companies are included in the financial expenses, and the following accounting policies apply to those companies who taking the interest income as the primary business.

When the transaction-related economic benefits can flow into an enterprise, and the revenue amount can be measured reliably, the interest income is recognized based on the fund utilization time and actual interest rate; the revenue from margin financing and

securities lending is recognized based on the lending time of fund or securities and the agreed interest rate, as agreed in the contract signed with the client; if the revenue from securities purchased under resale agreements is resold at maturity in the current period, the actual difference between the reselling price and the purchasing cost should be recognized as the current revenue; if the such securities have not matured in the current period, the interest should be calculated on an accrual basis at the end of the period, and recognized as the current revenue.

- 5. Difference in accounting policies for revenue recognition due to different operating models for the same type of business**  
None.

**Accounting policies before January 1, 2020**

**1. General recognition principles for revenue from sales of goods:**

- (1) The Company has transferred the substantial risks and rewards of ownership of the goods to the buyer;
- (2) The Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;
- (3) The amount of revenue can be measured reliably;
- (4) The related economic benefits are likely to flow into the Company; and
- (5) The relevant costs that have occurred or will occur can be measured reliably.

**2. Recognition and measurement principles of revenue from transfer of the use right of assets**

The economic benefits associated with the transaction are likely to flow into the enterprise, and the amount of revenue can be measured reliably. The revenue from transferring use right of assets is determined as follows:

- (1) The amount of interest revenue is determined based on the length of time for which the Company's cash is used by others and the actual interest rate; or
- (2) The amount of royalty revenue is determined based on the charging time and method as agreed in relevant contract or agreement.

**3. Specific principles for the recognition of revenues from information technology services**

- (1) Revenue from financial data service  
If the service order or contract has been signed and the service payment has been received or the receipt voucher has been obtained, the revenue will be recognized by the straight-line method by stages within the agreed service period starting from the month when the service is provided.
- (2) Advertising revenue:  
If the advertising contract has been signed or the advertisement execution order (advertisement schedule) has been confirmed by the client and the advertisement has been published, the revenue will be calculated and recognized based on the contract amount and the advertisement execution order at the rendering of services.

- (3) Revenue from online fund distribution business:  
If the service contract or agreement has been signed, and relevant services and information have been provided through the agency trading platform, the revenue will be recognized at the time-point of completing the agency trading matters based on the proportion agreed in the contract.

**4. Net revenue from fee and commission**

- (1) Revenue from handling charges of brokerage business  
Revenue from handling charges of agent securities trading: is recognized on the agent securities trading date.

Revenue from handling charges of agent bond redemption: is recognized at the completion of agent redemption of securities and the actual receipt of price or the receipt of collection evidence.

- (2) Revenue from handling charges of bank investments  
Revenue from securities underwriting: is recognized after receiving the underwriting handling charges based on the underwriting agreement, the actual underwriting amount of securities and the collection proportion at the end of the securities underwriting project.

Revenues from securities sponsor business and financial advisory business: are recognized when the rendering of relevant services provided in various businesses is completed.

- (3) Revenue from handling charges of asset management  
Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the directional asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.

If the management fee is charged for the aggregate asset management according to relevant contract, the income from the management fee that should be enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income. If the performance remuneration should be charged according to the contract, the performance remuneration should be charged at an agreed proportion and recognized as the current income, when the aggregate asset plan expires or relevant investor quits the plan.

Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the special asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.



- (4) Revenue from handling charges of futures agency business  
The handling charge for any agency transaction should be determined based on the charging standard specified in the futures agency contract at the time of the agency transaction, and directly deducted from the client's margin account after such transaction.
- (5) Revenue from investment consultation business  
When relevant investment consultation services have been rendered, the economic benefits agreed in relevant contract can flow into the enterprise, and relevant revenue can be measured reliably, the revenue should be recognized according to the contract or agreement.

**5. Interest income**

The Company's interest income mainly comes from the interest income arising from the primary business of such companies as Eastmoney Securities, Eastmoney International Securities Limited, Shanghai Eastmoney Futures Co., Ltd., Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd., Shanghai Xuhui Eastmoney Microcredit Co., Ltd. and Eastmoney International Futures Limited, the interest income of other companies are included in the financial expenses, and the following accounting policies apply to those companies who taking the interest income as the primary business.

When the transaction-related economic benefits can flow into an enterprise, and the revenue amount can be measured reliably, the interest income is recognized based on the fund utilization time and actual interest rate; the revenue from margin financing and securities lending is recognized based on the lending time of fund or securities and the agreed interest rate, as agreed in the contract signed with the client; if the revenue from securities purchased under resale agreements is resold at maturity in the current period, the actual difference between the reselling price and the purchasing cost should be recognized as the current revenue; if the such securities have not matured in the current period, the interest should be calculated on an accrual basis at the end of the period, and recognized as the current revenue.

**6. Investment income**

The bonus, dividends or cash dividends obtained by the Company during the period of holding financial assets are included in the current profit or loss;

At the disposal of financial assets, the difference between the purchase price and the book value of the financial assets should be included in the current profit or loss; meanwhile, the profit or loss from changes in fair value should be adjusted or the amount of disposal corresponding to the accumulated change in fair value which was originally and directly included in other comprehensive income should be transferred out and included in the investment profit or loss.

If the long-term equity investments are accounted for by the cost method, the part of cash dividends or profits declared and issued by the investee and belonging to the Company should be recognized as the current profit or loss;

If the long-term equity investments are accounted for by the equity method, the due share should be calculated based on the net profit realized by the investee or the net profit adjusted and included in the current profit or loss.

**3.24 Contract costs**

**Accounting policies as of January 1, 2020**

The contract costs are divided into contract performance costs and contract acquisition costs.

If the Company does not apply the scope of the relevant standards such as inventories, fixed assets or intangible assets for the costs incurred in performing the contract, such costs shall be recognized as an asset categorized as contract performance cost when the following conditions are met:

- The costs are directly related to a current or expected contract obtained.
- The costs increase the resources of the Company to fulfill its performance obligations in the future.
- The costs are expected to be recovered.

If the incremental cost incurred in the Company on account of contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of contract acquisition cost is less than one year, the Company will include such cost in the current profit or loss when it occurs.

If the book value of assets related to contract costs is higher than both of the following two differences, the Company will make impairment provision for the exceeding part and recognize it as losses from asset impairment:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the factors of impairment in the previous period have changed later, causing that the said difference is higher than the book value of the asset, the provision for asset impairment that was originally accrued should be reversed and included in the current profit or loss, but the reversed book value of the asset shall not exceed the book value of the asset on the date of reversal under the assumption that no provision for impairment is made.

### **3.25 Government grants**

#### **3.25.1 Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants are government grants that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to the government grants other than asset-related government grants.

Specific standard adopted by the Company for dividing the government grants into asset-related government grants:

Asset-related government grants are government grants acquired by the Company for the acquisition and construction of or otherwise formation of long-term assets.

Specific standard adopted by the Company for dividing the government grants into income-related government grants:

Income-related government grants refer to government grants obtained by the Company, other than asset-related government grants.

If the granting object fails to be specified in the government document, the standard adopted by the Company for dividing the government grants into asset/income-related government grants will be:

Government grants should all be classified as income-related government grants.

### **3.25.2 Timing of recognition**

Government grants shall be recognized only if the Company is able to comply with the conditions for the government grants, and is likely to receive the government grants.

### **3.25.3 Accounting treatment**

Asset-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. If they are recognized as deferred income, they will be recorded in the current profit or loss by stages in a reasonable and systematic manner over the useful lives of the relevant assets (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue).

Income-related government grants to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in the current profit or loss where the relevant expenses or losses are recognized (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or set off the related expenses or losses; those to be used as compensation for incurred expenses or losses are recorded in the current profit or loss (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or will set off the related expenses or losses.

## **3.26 Deferred tax assets and deferred tax liabilities**

Income tax includes the current income tax and deferred income tax. Except for the income tax from the business combination or transactions or matters directly recognized in the owners' equity (including other comprehensive income), the Company will include the current income tax and deferred income tax into the current profit or loss.

The deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Special situations where the deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transaction or matter that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss) on occurrence.

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred tax liabilities; unless the Company is able to control the time for reversing such temporary differences and such temporary differences are unlikely to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the period where relevant assets are expected to be recovered or relevant liabilities are expected to be discharged, according to the tax law.

On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset against the benefit of deferred tax assets, the book value of deferred tax assets shall be written down. If it is likely to obtain sufficient taxable income, the book value of deferred tax assets written down will be recovered.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, when the following conditions are met, the deferred tax assets and deferred tax liabilities not presented by net amount after offset.

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reversal of deferred tax assets and liabilities, the involved taxpayer intends to settle the current income tax assets and liabilities on a net amount basis, or obtain assets at the time of discharging liabilities.

### **3.27 Lease**

#### **Accounting treatment of operating leases**

- (1) The lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and shall be included in the current expenses. The initial direct costs related to the lease transactions paid by the Company are recorded in the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, such expenses shall be deducted from total rental expenses, and residual rental expenses shall be amortized over the lease term and included in the current expenses.

- (2) The lease fees received for the assets acquired under lease shall be recognized as current expenses over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the period charges; if the amounts are significant, they shall be capitalized and included in the current income by stages on the same basis as the recognition of lease income over the whole lease term.

When the Company bears costs related to the lease which shall be borne by the lessee, the Company should deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

### **3.28 Segment report**

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts. If two or more operating segments have the similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

### **3.29 Assets transfer with repurchase conditions**

#### **3.29.1 Financial assets held under resale agreements**

According to the commitment made in the agreement, financial assets to be resold on certain fixed date in the future should not be recognized in the balance sheet. Costs on buying such assets are presented in the balance sheet as the financial assets held under resale agreements. The difference between the purchasing price and selling price is recognized during the agreement term by the effective interest method, and included in the interest income.

#### **3.29.2 Financial assets sold under repurchase agreements**

The sold financial assets that will be repurchased on a specified date in the future according to the agreement shall not be derecognized in the balance sheet. Proceeds from sale of these assets are listed as financial assets sold under repurchase agreements in the balance sheet. The difference between the selling price and repurchasing price is recognized during the agreement term by the effective interest method, and included in the interest expense.

### **3.30 Margin financing and securities lending services**

Margin financing and securities lending business refers to the operating activity where the Company lends capital to clients for their purchase of securities or lends securities to them so as to sell these securities via them, and clients may deposit the corresponding collaterals. Margin financing and securities lending business can be divided into margin financing and securities lending.

The Group recognizes margin accounts receivable as creditor's right receivable, and recognizes the interest income accordingly; derecognizes securities lending, but still makes the accounting treatment based on the original category of financial assets and recognizes the interest income accordingly.

The margin financing and securities lending and securities transactions made for clients are subject to the accounting treatment made for securities brokerage.

### **3.31 Changes in significant accounting policies and accounting estimates**

#### **3.31.1 Changes in significant accounting policies**

Implement the *Accounting Standards for Business Enterprises No.14 –Revenue* (Revised in 2017) (the “New Revenue Standards”)

The Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 14 - Revenue* in 2017. According to the revised standards, the first implementation of the standards should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year based on the cumulative impact amount, and the information for the comparable period will not be adjusted.

The Company has implemented the New Revenue Standards from January 1, 2020. In accordance with the standards, the Company adjusted the retained earnings at the beginning of 2020 and other related items in the financial statements for cumulative impact amount of contracts that have not been completed on the first implementation date. The comparative financial statements were not adjusted. Main impacts of implementation of the above standards are as follows:

Content of and reason for changes in accounting policies	Procedures for examination and approval	Affected items in the financial statements	Affected amount as at January 1, 2020	
			Consolidated	Parent company
Advances related to the contract reclassified to contract liabilities	Adopted upon the deliberation of the board of directors	Receipts in advance	-152,190,197.72	-105,271,167.64
		Contract liabilities	132,235,721.92	94,166,960.49
		Other current liabilities	2,519,609.35	2,519,609.35
		Other non-current liabilities	17,434,866.45	8,584,597.80

Compared with the old revenue standards, the impact of the implementation of the New Revenue Standards on the related items in the financial statements in 2020 is as follows:

Affected items of balance sheet	Affected amount as at December 31, 2020	
	Consolidated	Parent company
Contract liabilities	180,183,670.38	66,425,231.87
Receipts in advance	-222,805,605.56	-73,061,238.37
Other current liabilities	2,586,338.00	2,586,338.00
Other non-current liabilities	40,035,597.18	4,049,668.50

(2) Implement the *Interpretation No.13 of Accounting Standards for Business Enterprises*

The Ministry of Finance issued the *Interpretation No.13 of Accounting Standards for Business Enterprises* (CK [2019] No.21) (hereinafter referred to as “Interpretation No.13”) on December 10, 2019 for the implementation as of January 1, 2020, not requiring the retroactive adjustment.

① Identification of related parties

Interpretation No.13 clarifies that the following circumstances constitute related parties: the enterprise and joint ventures or associates of other members of the enterprise group to which it belongs (including parent companies and subsidiaries); joint ventures of the enterprise and other joint ventures or associates of the enterprise. In addition, Interpretation No.13 also clarifies that two or more enterprises that are merely under the significant influence of one party do not constitute related parties, and adds that associates include associates and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Interpretation No.13 perfects the three elements of business composition, refines the conditions for judging what constitutes business, and introduces the “concentration test” option to simplify, to a certain extent, the issues such as the judgment of whether a portfolio not under common control constitutes business.

The Company has implemented Interpretation No.13 since January 1, 2020, and the comparative financial statements have not been adjusted. The Company's implementation of the Interpretation No.13 has had a significant impact on the Company's financial position and operating results.

(3) Implement the *Provisions on Accounting Treatment of Rental Concessions related to the COVID-19 Epidemic*

The Ministry of Finance has issued the *Provisions on Accounting Treatment of Rental Concessions related to the COVID-19 Epidemic* (CK [2020] No.10) on June 19, 2020, for implementation as of June 19, 2020, allowing enterprises to adjust the relevant rental concession from January 1, 2020 to the implementation date. In accordance with the provisions, enterprises may choose to adopt the simplified method of accounting for rent concessions such as rent reductions and deferred payment for rent that meet the conditions and are directly triggered by the COVID-19 epidemic.

The Company has chosen to adopt the simplified method of accounting for all rent concessions that fall within the scope of application of the provisions and has adjusted the relevant rent concessions that occurred between January 1, 2020 and the implementation date of the provisions accordingly. The implementation of the provisions has not had a significant impact on the Company's financial position and operating results.

**3.31.2 Changes in significant accounting estimates**

There is no significant change in accounting estimates for the Company in 2020.

**3.31.3 The Company has no change in the accounting estimates in 2020. First implementation of new lease standards and impact on relevant items of the financial statements at the beginning of the current year**

**Consolidated Balance Sheet**

Item	Balance as at December 31, 2019	Balance as at January 1, 2020	Amount adjusted		
			Reclassification	Remeasurement	Total
Receipts in advance	152,991,316.80	801,119.08	-152,190,197.72		-152,190,197.72
Contract liabilities		132,235,721.92	132,235,721.92		132,235,721.92
Other current liabilities	142,034.14	2,661,643.49	2,519,609.35		2,519,609.35
Other non-current liabilities		17,434,866.45	17,434,866.45		17,434,866.45

**Parent Company' Balance Sheet**

Item	Balance as at December 31, 2019	Balance as at January 1, 2020	Amount adjusted		
			Reclassification	Remeasurement	Total
Receipts in advance	105,441,821.02	170,653.38	-105,271,167.64		-105,271,167.64
Contract liabilities		94,166,960.49	94,166,960.49		94,166,960.49
Other current liabilities		2,519,609.35	2,519,609.35		2,519,609.35
Other non-current liabilities		8,584,597.80	8,584,597.80		8,584,597.80

#### 4 Taxation

##### 4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax (VAT)	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	3%, 5%, 6%, 9%, 13%
Urban maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	5%, 7%
Enterprise income tax	Levied based on the taxable income	10%, 15% and 25%

Notes to disclosure of enterprises with different enterprise income tax rates:

Name of taxpayer	Income tax rate
East Money Information Co., Ltd.	10%
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	15%
Eastmoney Securities Co., Ltd.	15%
Tibet Eastmoney Investment Management Co., Ltd.	15%
Tibet Eastmoney Fund Management Co., Ltd.	15%
East Money (HK) Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney International Securities Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney Finance Co., Ltd.	Adopting the tax rate applicable to the taxation policies in Cayman Islands
Eastmoney International Futures Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney Securities (USA) Inc.	Adopting the tax rate applicable to the taxation policies in the US
Other subsidiaries (sub-subsidiaries) in the scope of consolidation	25% (Where these subsidiaries (sub-subsidiaries) are qualified according to the <i>Circular of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Taxation Reducing Policies for Small and Micro Enterprises</i> ([2019] No. 13), they may adopted the preferential enterprise income tax rate for small and micro enterprises)

##### 4.2 Tax preference

Preference in enterprise income tax:

###### 1. East Money Information Co., Ltd.

According to the *Circular on Issues concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries (CS [2016] No.49) (No.49 Document)* issued by the Ministry of Finance, the Taxation State Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology on May 4, 2016, the key software enterprises included in the national planning may enjoy 10% preferential tax rate. In May 2020, the Company filed the matters qualified as a “key software enterprises within the national planning” in 2019 on the website of Shanghai Municipal Electronic Tax Service, the State Taxation Administration and made the final payments in 2019 at a preferential tax rate of 10%.



**2. Shanghai Eastmoney Securities Investment Advisory Co., Ltd.**

Shanghai Eastmoney Securities Investment Advisory Co., Ltd. obtained the certificate for high-tech enterprises jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration and Shanghai Local Taxation Bureau on November 2018. The certificate had a valid period of three years. Shanghai Eastmoney Securities Investment Advisory Co., Ltd. may enjoy the preference in enterprise income tax rate of 15% for three years from 2018 to 2020. The tax rate adopted by the company in 2020 was 15%.

**3. Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., and Tibet Eastmoney Fund Management Co., Ltd.**

According to the *Circular of the People's Government of the Tibet Autonomous Region on Issuing Several Provisions on Preferential Policies for Investment Introduction in Tibet Autonomous Region (for trial implementation)* (ZZF [2018] No.25), Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., and Tibet Eastmoney Fund Management Co., Ltd. adopted the enterprise income tax of 15% in 2020, and the tax on the part shared in Tibet Autonomous Region was paid by half.

**5 Notes to items of the consolidated financial statements**

**5.1 Cash and bank balances**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Cash on hand	174,400.35	149,395.47
Bank deposits	41,365,935,302.36	24,988,966,375.96
Including: customer deposits	36,781,607,801.53	22,871,440,684.09
Corporate deposits	4,584,327,500.83	2,117,525,691.87
Other cash and bank balances	18,887,190.24	6,892,894.90
Sub-total	41,384,996,892.95	24,996,008,666.33
Add: accrued interest	35,493,540.82	15,280,233.90
Total	41,420,490,433.77	25,011,288,900.23

Including margin financing and securities lending services:

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Self-owned credit funds			68,374.13			57,962.50
RMB			68,374.13			57,962.50
Customer credit funds			2,751,359,405.10			1,953,052,480.60
RMB			2,751,359,405.10			1,953,052,480.60
Total			2,751,427,779.23			1,953,110,443.10

Details of the cash and bank balances with restrictions on use due to the mortgage, pledge or freezing are as follows:

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Capital margin of insurance brokerage	5,000,000.00	5,000,000.00

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Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Special account deposit of general risk reserves	1,215,301.64	
Total	6,215,301.64	5,000,000.00

As at December 31, 2020, the total cash and bank balances deposited in Hong Kong by Eastmoney International Securities Limited, Eastmoney International Futures Limited and East Money (HK) Limited amounted to RMB 1,606,817,535.82; the total cash and bank balances deposited overseas of Eastmoney Securities (USA) Inc. amounted to RMB 79,505.91.

## 5.2 Clearing settlement funds

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Self-owned settlement funds			139,925,515.38			70,581,458.97
Including: RMB			134,829,281.17			67,433,600.76
USD	506,195.80	6.5249	3,302,876.98	168,637.47	6.9762	1,176,448.72
HKD	2,130,788.97	0.84164	1,793,357.23	2,200,774.17	0.89578	1,971,409.49
Client's settlement funds			5,465,146,358.42			2,829,722,593.70
Including: RMB			5,433,092,607.09			2,814,014,619.42
USD	3,978,983.84	6.5249	25,962,471.66	1,340,895.39	6.9762	9,354,354.42
HKD	7,237,393.27	0.84164	6,091,279.67	7,092,835.14	0.89578	6,353,619.86
Self-owned credit settlement funds			401,968,496.36			261,401,194.95
Including: RMB			401,968,496.36			261,401,194.95
Customer credit reserves			645,205,499.17			206,420,458.63
Including: RMB			645,205,499.17			206,420,458.63
Total			6,652,245,869.33			3,368,125,706.25

## 5.3 Margin accounts receivable

### 5.3.1 Presentation by business type

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Margin accounts receivable of margin financing and securities lending services	29,393,883,394.66	15,690,794,870.11
Margin financing and initial public offering loan	381,806,540.81	21,546,691.61
Sub-total	29,775,689,935.47	15,712,341,561.72
Add: accrued interest	364,813,319.81	267,762,839.55
Less: provision for impairment	68,117,784.86	40,999,077.60
Total book value	30,072,385,470.42	15,939,105,323.67

Remark: The amount of the above-mentioned margin accounts receivable restricted due to usufruct transfer of margin financing and repurchase business was RMB 3,578,007,335.91.

**5.3.2 Presentation by customer type**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Including:		
individual	28,841,897,179.10	15,524,283,532.80
Institution	933,792,756.37	188,058,028.92
Sub-total	29,775,689,935.47	15,712,341,561.72
Add: accrued interest	364,813,319.81	267,762,839.55
Less: provision for impairment	68,117,784.86	40,999,077.60
Total book value	30,072,385,470.42	15,939,105,323.67

**5.3.3 Fair value of collateral provided by customers to the Company for margin financing and securities lending services**

Category of collateral	Fair value as at December 31, 2020	Fair value as at December 31, 2019
Capital	3,382,538,134.55	2,228,038,471.44
Stocks	85,210,230,801.65	44,933,135,725.04
Funds	3,587,485,334.21	1,011,878,502.50
Bonds	286,918,511.42	54,200,623.37
Total	92,467,172,781.83	48,227,253,322.35

**5.4 Financial assets held for trading**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets measured at fair value through profit or loss	12,831,853,398.85	5,005,901,075.92
Including: bonds	8,262,074,139.28	656,363,116.25
Funds	1,862,969,825.18	1,419,613,552.13
Stocks and NEEQ	322,195,074.28	230,170,028.71
Bank wealth management and structured deposits	2,317,491,036.71	2,692,585,175.75
Asset management products of brokers	4,824,403.40	7,169,203.08
Others	62,298,920.00	
Total	12,831,853,398.85	5,005,901,075.92

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**5.5 Derivative financial instruments**

Category	As at December 31, 2020						As at January 1, 2020					
	Hedging instruments			Non-hedging instruments			Hedging instruments			Non-hedging instruments		
	Nominal amount	Fair value		Nominal amount	Fair value		Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Interest rate derivative instruments											77,036.75	
Interest rate swaps business (Remark 1)					145,448.62						710,490.81	
Offset: payables-pending settlement of interest rate swaps					-145,448.62						-688,871.64	
Stock index futures (Remark 2)						14,731,800.00						8,448,340.00
Offset: payables-pending settlement of stock index futures						-14,731,800.00						-8,448,340.00
Other derivative financial instruments (Remark 3)						430,968.80						
Total						430,968.80					98,655.92	

Remark 1: The interest rate swaps business held by the Company are classified into daily debt-free clearing and non-daily debt-free clearing by clearing method. Under the daily non-liability clearing system, the Company's other cash and bank balances already included the amount of gains or losses on positions arising from all interest rate swap business as at December 31, 2020, and therefore the interest rate swaps under the daily non-liability clearing are presented at the net amount (RMB 0) after offsetting. As of December 31, 2020, the notional amount of the Company's interest rate swap business was RMB 1.6 billion, with a fair value floating profit of RMB 145,448.62, which was offset against the payables-pending settlement of interest rate swap.

Remark 2: Investments in stock index futures held by the Company are under the daily mark-to-market and settlement arrangement, the Company's other cash and bank balances already included the amount of gains or losses on positions arising from all of stock index futures business as at December 31, 2020, the book value are presented at the net amount (RMB 0) after offsetting. As of December 31, 2020, the notional amount of the contract on stock index futures held by the Company was RMB 807,906,580.00, with a fair value float of RMB 14,731,800.00, which was offset against the payables-pending settlement of stock index futures.

Remark 3: Other derivative financial instruments refer to return swap and stock option.

**5.6 Accounts receivable**

**5.6.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	761,376,248.61	329,426,315.98
1 - 2 years	3,969,849.75	2,505,551.37
2 - 3 years	1,528,853.43	2,107,243.44
Over 3 years	8,517,144.97	6,751,813.74
Sub-total	775,392,096.76	340,790,924.53
Less: provision for bad debts	49,370,174.16	26,374,290.56
Total	726,021,922.60	314,416,633.97

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**5.6.2 Disclosure of accounts receivable by category**

Category	Balance as at December 31, 2020					Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	5,319,202.60	0.69	3,285,807.53	61.77	2,033,395.07	2,380,058.20	0.70	2,337,797.76	98.22	42,260.44
Provision for bad debts accrued on a portfolio basis	770,072,894.16	99.31	46,084,366.63	5.98	723,988,527.53	338,410,866.33	99.30	24,036,492.80	7.10	314,374,373.53
Including: Aging portfolio	770,072,894.16	99.31	46,084,366.63	5.98	723,988,527.53	338,410,866.33	99.30	24,036,492.80	7.10	314,374,373.53
Total	775,392,096.76	100.00	49,370,174.16		726,021,922.60	340,790,924.53	100.00	26,374,290.56		314,416,633.97



Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2020			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Securities business	2,269,259.59	2,269,259.59	100.00	Expected to be irrecoverable
Public fund management business	2,033,395.07			
Internet advertisement service	1,001,600.00	1,001,600.00	100.00	Expected to be irrecoverable
Online fund distribution business	14,947.94	14,947.94	100.00	Expected to be irrecoverable
Total	5,319,202.60	3,285,807.53		

Provision for bad debts made by aging portfolio:

Name	Balance as at December 31, 2020		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	759,342,853.54	37,967,142.67	5.00
1 - 2 years	3,149,849.79	944,954.94	30.00
2 - 3 years	815,843.62	407,921.81	50.00
Over 3 years	6,764,347.21	6,764,347.21	100.00
Total	770,072,894.16	46,084,366.63	

**5.6.3 Provision, reversal or recovery of provision for bad debts in 2020**

Category	Balance as at December 31, 2019	Balance as at January 1, 2020	Changes in 2020			Balance as at December 31, 2020
			Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts accrued on an individual basis	2,337,797.76	2,337,797.76	1,518,009.77	527,963.84	42,036.16	3,285,807.53
Provision for bad debts accrued on a portfolio basis	24,036,492.80	24,036,492.80	22,047,873.83			46,084,366.63
Total	26,374,290.56	26,374,290.56	23,565,883.60	527,963.84	42,036.16	49,370,174.16

**5.6.4 Accounts receivable actually charged off in 2020**

Item	Amount charged off
Accounts receivable actually charged off	42,036.16

**5.6.5 Top 5 accounts receivable as at December 31, 2020, presented by debtor**

The total amount of top 5 of accounts receivable from debtors as at December 31, 2020 was RMB 223,378,544.17, accounting for 28.81% of the ending balance of accounts receivable, and ending balance of the provision for bad debts made accordingly amounted to RMB 11,700,927.20.

**5.7 Prepayments**

**5.7.1 Prepayments presented by aging**

Aging	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	105,459,239.76	98.59	83,125,690.65	96.64
1 - 2 years	712,205.19	0.67	2,046,906.11	2.38
2 - 3 years	788,239.76	0.74	839,468.95	0.98
Over 3 years			329.75	0.00
Total	106,959,684.71	100.00	86,012,395.46	100.00

**5.7.2 Top 5 of prepayments as at December 31, 2020, presented by advance receiver**

The total amount of “Top 5 of prepayments as at December 31, 2020, presented by advance receiver” is RMB 32,721,939.04, accounting for 30.59% of total balance of prepayments as at December 31, 2020.

**5.8 Other receivables**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Other receivables	9,801,549,035.32	4,332,951,636.94
Total	9,801,549,035.32	4,332,951,636.94

**5.8.1 Other receivables**

(1) Disclosure by aging

Aging	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	9,805,203,787.87	4,335,926,205.93
1 - 2 years	11,036,475.33	23,146,990.53
2 - 3 years	22,957,093.10	47,268,140.90
Over 3 years	188,390,513.82	145,981,169.84
Sub-total	10,027,587,870.12	4,552,322,507.20
Less: provision for bad debts	226,038,834.80	219,370,870.26
Total	9,801,549,035.32	4,332,951,636.94

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(2) Disclosure under the methods of provision for bad debts by category

Category	Balance as at December 31, 2020					Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	228,958,326.35	2.28	209,885,595.91	91.67	19,072,730.44	214,783,782.60	4.72	206,213,790.44	96.01	8,569,992.16
Provision for bad debts accrued on a portfolio basis	9,798,629,543.77	97.72	16,153,238.89	0.16	9,782,476,304.88	4,337,538,724.60	95.28	13,157,079.82	0.30	4,324,381,644.78
Including: receivables from brokerage business clearing	1,750,518,778.87	17.46			1,750,518,778.87	989,700,991.12	21.74			989,700,991.12
Receivables from fund sales business redemption	5,162,385,758.16	51.48			5,162,385,758.16	2,184,631,650.86	47.98			2,184,631,650.86
Advances of fund sales business redemption	2,848,674,493.58	28.41			2,848,674,493.58	1,133,796,543.61	24.91			1,133,796,543.61
Other payments	37,050,513.16	0.37	16,153,238.89	43.60	20,897,274.27	29,409,539.01	0.65	13,157,079.82	44.74	16,252,459.19
Total	10,027,587,870.12	100.00	226,038,834.80		9,801,549,035.32	4,552,322,507.20	100.00	219,370,870.26		4,332,951,636.94

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**Provision for bad debts accrued on an individual basis:**

Name	Balance as at December 31, 2020			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Anhui Lanbowang Machinery Group Hecheng Machinery Co., Ltd.	70,923,420.00	70,923,420.00	100.00	Expected to be irrecoverable
Baoding Tianwei Transformer Group Co., Ltd.	57,902,000.00	57,902,000.00	100.00	Expected to be irrecoverable
Shanghai Infotm Micro-Electronics Co., Ltd.	46,696,398.13	46,696,398.13	100.00	Expected to be irrecoverable
Overdue margin financing and securities lending funds receivable from clients	17,818,895.54	17,818,895.54	100.00	Expected to be irrecoverable
Overdue stock pledge receivable from clients	794,856.71	794,856.71	100.00	Expected to be irrecoverable
APPLE Inc.	1,393,167.11	1,382,777.08	99.25	Expected to be irrecoverable
Receivables for futures risk loss	2,717,459.86			Offsetting with future futures risk reserves
Jinan Yuhan Real Estate Development Co., Ltd.	20,615,000.00	6,176,913.26	29.96	Expected to be partially uncollectible
Others	10,097,129.00	8,190,335.19	81.12	Expected to be partially uncollectible
<b>Total</b>	<b>228,958,326.35</b>	<b>209,885,595.91</b>		

(3) **Provision for bad debts**

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Measured at 12-month ECLs	Measured at lifetime ECLs (no credit impairment occurred)	Measured at lifetime ECLs (credit impairment occurred)	
Balance as at December 31, 2019	13,157,079.82		206,213,790.44	219,370,870.26
In 2020, balance as at December 31, 2019				
-- Transferred				

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Provision for bad debts	Stage I	Stage II	Stage III	Total
	Measured at 12-month ECLs	Measured at lifetime ECLs (no credit impairment occurred)	Measured at lifetime ECLs (credit impairment occurred)	
in Stage II				
-- Transferred in Stage III				
-- Reversal from Stage II				
-- Reversal from Stage I				
Provision in 2020	2,996,159.07		6,182,957.18	9,179,116.25
Recovery or reversal			2,511,151.71	2,511,151.71
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	16,153,238.89		209,885,595.91	226,038,834.80

(4) **Provision, reversal or recovery of provision for bad debts in 2020**

Category	Balance as at December 31, 2019	Changes in 2020			Balance as at December 31, 2020
		Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts accrued on a portfolio basis	13,157,079.82	2,996,159.07			16,153,238.89
Provision for bad debts accrued on an individual basis	206,213,790.44	6,182,957.18	2,511,151.71		209,885,595.91
Total	219,370,870.26	9,179,116.25	2,511,151.71		226,038,834.80

(5) **Other receivables actually written off in 2020**  
There were no other receivables actually written off in 2020.

(6) **Classification by nature of payment**

Nature of payment	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Receivables from	5,162,385,758.16	2,184,631,650.86

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Nature of payment	Book balance as at December 31, 2020	Book balance as at December 31, 2019
redemption of funds		
Advances to customers for redemption of funds	2,848,674,493.58	1,133,796,543.61
Receivables from brokerage business clearing	1,750,518,778.87	989,700,991.12
Overdue investment funds receivable	128,825,420.00	130,625,420.00
Deposits and security deposit	21,938,272.92	17,258,591.96
Settlement funds receivable from third-party payment platform	10,026,940.43	3,836,739.84
Other payments	105,218,206.16	92,472,569.81
<b>Total</b>	<b>10,027,587,870.12</b>	<b>4,552,322,507.20</b>

(7) **Top 5 of other receivables as at December 31, 2020 presented by debtor**

Entity name	Nature of payment	Balance as at December 31, 2020	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts as at December 31, 2020
Anhui Lanbowang Machinery Group Hecheng Machinery Co., Ltd.	Overdue investment funds receivable	70,923,420.00	Over 3 years	0.71	70,923,420.00
Baoding Tianwei Group Co., Ltd.	Overdue investment funds receivable	57,902,000.00	Over 3 years	0.58	57,902,000.00
Shanghai Infotm Micro-Electronics Co., Ltd.	Other payments	46,696,398.13	Over 3 years	0.47	46,696,398.13
Jinan Yuhan Real Estate Development Co., Ltd.	Other payments	20,615,000.00	Within 1 year	0.21	6,176,913.26
	Overdue margin financing and securities lending funds receivable				
Sheng Haiyan	from clients	15,690,350.55	2 -3 years	0.16	15,690,350.55
<b>Total</b>		<b>211,827,168.68</b>		<b>2.13</b>	<b>197,389,081.94</b>

## 5.9 Refundable deposits

Item	Balance as at December 31, 2020			Balance as at January 1, 2020		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Trading margin			2,026,528,270.24			1,047,182,568.95
Including: RMB			2,017,178,382.56			1,041,429,612.76
USA	200,000.00	6.52490	1,304,980.00	200,000.00	6.9762	1,395,240.00
HKD	9,558,609.00	0.84164	8,044,907.68	4,864,717.00	0.89578	4,357,716.19
L/C deposits			43,939,458.79			22,397,466.84
Including: RMB			43,939,458.79			22,397,466.84
Total			2,070,467,729.03			1,069,580,035.79

## 5.10 Financial assets held under resale agreements

### 5.10.1 Presentation by business type

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Stock-pledged repo	862,220,021.18	901,794,324.43
Bonds-pledged repo	29,300,000.00	35,000,000.00
Sub-total	891,520,021.18	936,794,324.43
Add: accrued interest	4,465,626.77	34,319,474.66
Less: provision for impairment	947,056.69	4,098,323.06
Total book value	895,038,591.26	967,015,476.03

### 5.10.2 By category of financial assets

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Stocks	862,220,021.18	901,794,324.43
Bonds	29,300,000.00	35,000,000.00
Total	891,520,021.18	936,794,324.43
Add: accrued interest	4,465,626.77	34,319,474.66
Less: provision for impairment	947,056.69	4,098,323.06
Total book value	895,038,591.26	967,015,476.03

### 5.10.3 Classified disclosure of stock-pledged repo business by remaining period

Remaining period	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 month	12,220,021.18	26,652,997.35
1 month to 3 months		10,443,157.00
3 months to 1 year	550,000,000.00	608,778,222.34
Over one year	300,000,000.00	255,919,947.74
Total	862,220,021.18	901,794,324.43

### 5.10.4 Collateral for financial assets held under resale agreements

As at December 31, 2020, the value of collateral collected under pledged repo business was RMB 5,075,049,985.70.

**5.11 Other current assets**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Short-term income certificate	69,620,678.62	
Input tax to be certified	4,289,928.71	2,592,503.06
Input tax to be deducted and retained for offsetting	6,136,102.33	21,980,099.15
Prepayment of enterprise income tax	153,777.92	40,249,122.58
Asset management turnover tax prepaid	1,308,126.60	
Total	81,508,614.18	64,821,724.79

**5.12 Disbursement of advances and loans:**

**5.12.1 Disbursement of loans measured at amortized cost**

Category	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Credit loans	37,831,383.41	100.00	13,138,899.21	100.00
Sub-total	37,831,383.41	100.00	13,138,899.21	100.00
Add: accrued interest	271,069.04		99,300.72	
Less: provision for impairment	964,311.06		411,031.50	
Total	37,138,141.39		12,827,168.43	

**5.12.2 Provision for bad debts**

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at January 1, 2020	248,838.55	77,955.49	84,237.46	411,031.50
- Transfer to Stage II				
-- Transferred in Stage III				
Provision in 2020	365,798.92		227,890.02	593,688.94
Reversal in 2020		40,409.38		40,409.38
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	614,637.47	37,546.11	312,127.48	964,311.06



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**5.13 Long-term equity investments**

Investee	Balance as at December 31, 2019	Increase or decrease in 2020								Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Associates											
Shanghai Mandao Financial Information Service Co., Ltd.	427,026,055.41			3,950,330.56				25,120,485.00		405,855,900.97	25,120,485.00
China Securities Credit Technology Co., Ltd.	39,109,901.15			6,556,940.72						45,666,841.87	
Sub-total	466,135,956.56			10,507,271.28				25,120,485.00		451,522,742.84	25,120,485.00
Total	466,135,956.56			10,507,271.28				25,120,485.00		451,522,742.84	25,120,485.00

**5.14 Other non-current financial assets**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets measured at fair value through profit or loss	123,926,074.02	119,127,036.06
Including: equity instrument investment	123,926,074.02	119,127,036.06
Total	123,926,074.02	119,127,036.06

**5.15 Fixed assets**

**5.15.1 Fixed assets and disposal of fixed assets**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Fixed assets	1,763,881,149.40	1,558,276,152.52
Total	1,763,881,149.40	1,558,276,152.52

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**5.15.2 Fixed assets**

Item	Buildings and constructions	Transportation facilities	General equipment	Special equipment	Total
1. Original book value					
(1) Balance as at December 31, 2019	1,652,636,701.81	17,912,361.44	60,650,367.97	552,723,532.62	2,283,922,963.84
(2) Increase in 2020	220,400,830.29	852,247.28	2,122,275.87	196,985,850.25	420,361,203.69
- Purchase		852,247.28	2,122,275.87	183,770,559.82	186,745,082.97
- Transferred from construction in progress				13,215,290.43	13,215,290.43
- Consolidated transfer-in	220,400,830.29				220,400,830.29
(3) Decrease in 2020		1,416,229.94	3,280,886.85	5,044,501.29	9,741,618.08
- Disposal or scrapping		1,416,229.94	3,280,886.85	5,044,501.29	9,741,618.08
(4) Balance as at December 31, 2020	1,873,037,532.10	17,348,378.78	59,491,756.99	744,664,881.58	2,694,542,549.45
2. Accumulated depreciation					
(1) Balance as at December 31, 2019	313,067,948.93	14,292,401.53	39,636,222.34	358,650,238.52	725,646,811.32
(2) Increase in 2020	100,975,630.89	1,424,279.37	8,034,386.95	103,187,258.72	213,621,555.93
- Provision	97,828,521.59	1,424,279.37	8,034,386.95	103,187,258.72	210,474,446.63
- Consolidated transfer-in	3,147,109.30				3,147,109.30
(3) Decrease in 2020		1,316,380.05	2,418,469.41	4,872,117.74	8,606,967.20
- Disposal or scrapping		1,316,380.05	2,418,469.41	4,872,117.74	8,606,967.20
(4) Balance as at December 31, 2020	414,043,579.82	14,400,300.85	45,252,139.88	456,965,379.50	930,661,400.05
3. Provision for impairment					
(1) Balance as at December 31, 2019					

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Item	Buildings and constructions	Transportation facilities	General equipment	Special equipment	Total
(2) Increase in 2020					
- Provision					
(3) Decrease in 2020					
- Disposal or scrapping					
(4) Balance as at December 31, 2020					
4. Book value					
(1) Book value as at December 31, 2020	1,458,993,952.28	2,948,077.93	14,239,617.11	287,699,502.08	1,763,881,149.40
(2) Book value as at December 31, 2019	1,339,568,752.88	3,619,959.91	21,014,145.63	194,073,294.10	1,558,276,152.52

### 5.15.3 Temporarily idle fixed assets

The Company has no temporarily idle fixed assets.

### 5.15.4 Fixed assets leased under finance lease

The Company has no fixed assets leased under finance lease.

### 5.15.5 Fixed assets leased under operating lease

Item	Book value as at December 31, 2020
No.42, Oriental Global Enterprise Center, Lane 118, Yonghe Road, Shanghai	24,270,695.09
Building 10, No.1525 Minqiang Road, Songjiang District, Shanghai	11,285,501.87
Building 1, No.966, North Section of Tianfu Avenue, Gaoxin District, Chengdu	86,237,714.82
Total	121,793,911.78

### 5.15.6 Fixed assets with pending certificates of title

The Company has no fixed assets with pending certificate of title.

## 5.16 Construction in progress

### 5.16.1 Construction in progress and project materials

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Construction in progress	36,294,004.57	22,944,543.50
Total	36,294,004.57	22,944,543.50

### 5.16.2 Construction in progress

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Software system and equipment	10,288,994.54		10,288,994.54	6,128,445.29		6,128,445.29
Renovation project of securities business offices and subsidiaries	1,041,812.32		1,041,812.32	2,944,606.83		2,944,606.83
Plot B16-1 project of Jiading New City Center	24,963,197.71		24,963,197.71	13,871,491.38		13,871,491.38
Total	36,294,004.57		36,294,004.57	22,944,543.50		22,944,543.50

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**5.16.3 Changes in important projects of construction in progress in 2020**

Name of item	Budget amount	Balance as at December 31, 2019	Increase in 2020	Amount transferred to fixed assets in 2020	Other decreases in 2020	Balance as at December 31, 2020	Proportion of accumulated project investment in budget	Accumulated capitalization amount of interest	Including: capitalization amount of interest in 2020	Capitalization rate of interest in 2020 (%)	Source of funds
Plot B16-1 project of Jiading New City Center	1,445,490,000.00	13,871,491.38	11,091,706.33			24,963,197.71	11.33%				Self-owned funds and bank loans
Total		13,871,491.38	11,091,706.33			24,963,197.71					

**5.17 Intangible assets**

Item	Land use right	Trading seat fee	Computer software	Futures management right	Futures membership competence investment	Company website domain name	Others	Total
1. Original book value								
(1) Balance as at December 31, 2019	120,600,455.96	8,355,652.50	157,980,883.88	32,490,415.53	1,400,000.00	7,619,417.48	119,500.00	328,566,325.35
(2) Increase in 2020			28,530,143.00				137,455.45	28,667,598.45
- Purchase			24,867,437.07				137,455.45	25,004,892.52
- Transferred from construction in progress			3,662,705.93					3,662,705.93
(3) Decrease in 2020			42,062.99					42,062.99
- Others			42,062.99					42,062.99
(4) Balance	120,600,455.96	8,355,652.50	186,468,963.89	32,490,415.53	1,400,000.00	7,619,417.48	256,955.45	357,191,860.81

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Item	Land use right	Trading seat fee	Computer software	Futures management right	Futures membership competence investment	Company website domain name	Others	Total
as at December 31, 2020								
2. Accumulated amortization								
(1) Balance as at December 31, 2019	321,601.22	8,355,652.50	110,769,197.01	25,758,212.65		3,066,796.06		148,271,459.44
(2) Increase in 2020	3,859,214.64		26,777,498.76	3,186,666.66		761,941.74	2,290.92	34,587,612.72
- Provision	3,859,214.64		26,777,498.76	3,186,666.66		761,941.74	2,290.92	34,587,612.72
(3) Decrease in 2020								
- Disposal								
(4) Balance as at December 31, 2019	4,180,815.86	8,355,652.50	137,546,695.77	28,944,879.31		3,828,737.80	2,290.92	182,859,072.16
3. Provision for impairment								
(1) Balance as at December 31, 2019								
(2) Increase in 2020								
- Provision								
(3) Decrease								

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Item	Land use right	Trading seat fee	Computer software	Futures management right	Futures membership competence investment	Company website domain name	Others	Total
in 2020								
- Disposal								
(4) Balance as at December 31, 2020								
4. Book value								
(1) Book value as at December 31, 2020	116,419,640.10		48,922,268.12	3,545,536.22	1,400,000.00	3,790,679.68	254,664.53	174,332,788.65
(2) Book value as at December 31, 2019	120,278,854.74		47,211,686.87	6,732,202.88	1,400,000.00	4,552,621.42	119,500.00	180,294,865.91



## 5.18 Goodwill

### 5.18.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2019	Increase in 2020 Amount formed through business combination	Decrease in 2020 Disposal	Balance as at December 31, 2020
Original book value				
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	4,731,868.08			4,731,868.08
Eastmoney Securities Co., Ltd.	2,924,666,919.69			2,924,666,919.69
Eastmoney International Securities Limited	2,772,040.44			2,772,040.44
Eastmoney Insurance Broker Co., Ltd.	26,506,514.51			26,506,514.51
Sub-total	2,958,677,342.72			2,958,677,342.72
Provision for impairment				
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	4,731,868.08			4,731,868.08
Eastmoney Insurance Broker Co., Ltd.		8,084,312.40		8,084,312.40
Sub-total	4,731,868.08	8,084,312.40		12,816,180.48
Book value	2,953,945,474.64	-8,084,312.40		2,945,861,162.24

### 5.18.2 Relevant information of asset group or combination of asset groups related to the goodwill

(1) Eastmoney Securities Co., Ltd.

In December 2015, the Company purchased 100% of shares of Eastmoney Securities Co., Ltd. by issuing shares. The combination cost was RMB 4,404,630,000, the fair value of identifiable net assets was RMB 1,479,963,100, and the goodwill formed by combination was RMB 2,924,666,900.

- (2) Shanghai Eastmoney Securities Investment Advisory Co., Ltd.  
 In June 2009, the Company purchased 60% shares of Shanghai Eastmoney Securities Investment Advisory Co., Ltd. in cash, with combination cost of RMB 7,000,000, the fair value of identifiable net assets of RMB 2,268,100, and goodwill formed by combination of RMB 4,731,900. In September 2010, the Company acquired the remaining 40% shares of Shanghai Eastmoney Securities Investment Advisory Co., Ltd. by cash payment.
- (3) Eastmoney International Securities Limited  
 In March 2015, the Company acquired 100% equity of the Company's non-wholly-owned subsidiary East Money (HK) Limited, with combination cost of RMB 7,996,100, the fair value of identifiable net assets of RMB 5,224,100, and goodwill formed by combination of RMB 2,772,000.
- (4) Eastmoney Insurance Broker Co., Ltd.  
 In May 2019, the Company purchased 100% shares of Eastmoney Insurance Broker Co., Ltd., with combination cost of RMB 28,170,000, the fair value of identifiable net assets of RMB 1,663,500, and goodwill formed by combination of RMB 26,506,500.

**5.18.3 Goodwill impairment test process and key parameters (such as forecast period growth rate, steady period growth rate, profit rate, discount rate, forecast period, etc. when estimating the present value of future cash flows, if applicable), as well as the confirmation method of goodwill impairment loss**

The Management conducts the impairment test for goodwill at least once at the end of each year. The Management respectively recognizes Eastmoney Securities Co., Ltd., Shanghai Eastmoney Securities Investment Advisory Co., Ltd., Eastmoney International Securities Limited and Eastmoney Insurance Broker Co., Ltd. as a single asset group.

For the recognition method of impairment loss of goodwill, please see Note 3.16 Impairment of long-term assets.

- (1) Eastmoney Securities Co., Ltd. and Eastmoney International Securities Limited  
 The recoverable amounts of the relevant asset groups (including goodwill) of are evaluated under the method of the fair value of assets minus the net amount of disposal costs. With the P/B ratio as the value ratio, the P/B ratio of the comparable asset group is adjusted based on the differences in the asset management scale, operating capacity, profitability, growth capacity, risk management capacity and business innovation capacity between the comparable asset group and the target asset group. The recoverable amount of the relevant asset group (including goodwill) is calculated based on the adjusted P/B ratio, liquidity discount rate and estimated disposal costs.
- (2) Eastmoney Insurance Broker Co., Ltd.  
 The recoverable amounts of the relevant asset groups (including goodwill) of are evaluated under the method of the fair value of assets minus the net amount of disposal costs. Among them, the fair value of assets is confirmed under market transactions method. With the P/B ratio as the value ratio, the P/B ratio of the comparable asset group is adjusted based on the differences in the asset scale, profitability, solvency capacity and operating capacity between the similar asset transaction object and the target asset group. The recoverable amount of the relevant asset groups (including goodwill) is calculated based on the adjusted P/B ratio and estimated disposal costs.

- (3) For the goodwill of relevant asset group of Shanghai Eastmoney Securities Investment Advisory Co., Ltd., the provision for impairment of goodwill was fully made in 2018.

#### 5.18.4 Impact of goodwill impairment test

After testing, the recoverable amounts of the asset groups of Eastmoney Securities Co., Ltd. and Eastmoney International Securities Limited were higher than their book values, so there was no sign of impairment for goodwill of asset group. The recoverable amounts of the asset group of Eastmoney Insurance Broker Co., Ltd. are lower than the book value, and the provision for impairment of goodwill amounted to RMB 8,084,312.40.

#### 5.19 Long-term prepaid expenses

Item	Balance as at December 31, 2019	Increase in 2020	Amortization in 2020	Other decreases	Balance as at December 31, 2020
Renovation costs	64,293,286.03	8,179,716.21	25,370,756.35		47,102,245.89
Others	10,886,538.43	1,443,310.51	3,722,998.57		8,606,850.37
Total	75,179,824.46	9,623,026.72	29,093,754.92		55,709,096.26

#### 5.20 Deferred tax assets and deferred tax liabilities

##### 5.20.1 Deferred tax assets before offset

Item	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of receivables	259,847,640.76	40,161,467.89	235,771,474.37	37,031,789.57
Provision for impairment of margin accounts receivable	67,354,171.78	9,162,127.58	40,955,984.22	6,037,957.53
Provision for impairment of financial assets held under resale agreements	947,056.69	128,827.27	4,098,323.06	604,197.43
Derivative financial liabilities	15,160,452.01	2,062,262.69	8,448,340.00	1,245,500.97
Changes in fair value of financial liabilities held for trading	460,117.71	62,589.40		

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Item	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	137,913,665.62	18,805,162.47	140,294,766.27	21,087,346.69
Stock option costs			6,426,021.00	963,903.15
Deductible loss	53,120,659.93	9,957,270.19	23,525,972.76	4,400,958.82
Deferred income	1,450,000.00	217,500.00	515,000.00	77,250.00
Changes in fair value of financial assets held for trading	6,570,600.00	992,650.00		
Total	542,824,364.50	81,549,857.49	460,035,881.68	71,448,904.16

**5.20.2 Deferred tax liabilities before offset**

Item	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Financial assets held for trading	99,339,835.93	15,465,049.86	64,450,087.24	9,637,875.36
Derivative financial assets	145,448.62	19,785.25	765,908.39	112,914.45
Asset evaluation increment from business combination not under common control	30,942,996.44	7,735,749.11	34,098,917.72	8,524,729.43
Total	130,428,280.99	23,220,584.22	99,314,913.35	18,275,519.24

**5.20.3 Breakdown of unrecognized deferred tax assets**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Changes in fair value	33,915,973.44	8,713,800.94
Deductible loss	183,617,842.38	238,788,316.67
Provision for credit impairment	17,289,292.34	10,427,811.33
Total	234,823,108.16	257,929,928.94

**5.20.4 Deductible losses on the unrecognized deferred tax assets that will mature in the following years:**

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Year	Balance as at December 31, 2020	Balance as at December 31, 2019	Remark
Year 2020		11,672,664.14	
Year 2021	19,575,814.50	20,515,494.41	
Year 2022	35,163,740.89	39,339,683.60	
Year 2023	39,676,195.67	43,892,377.05	
Year 2024	49,258,467.89	44,784,856.87	
Year 2025	17,465,600.76		
No time limit	22,478,022.67	78,583,240.60	
Total	183,617,842.38	238,788,316.67	

**5.21 Other non-current assets**

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Equity acquisition payment of Chengdu Jinghe Enterprise Management Co., Ltd.				211,913,500.00		211,913,500.00
Total				211,913,500.00		211,913,500.00

**5.22 Short-term borrowings**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Pledged borrowings		
Secured borrowings	252,723,093.20	399,944,104.70
Guaranteed borrowings	600,000,000.00	
Fiduciary borrowings	2,069,999,992.00	
Sub-total	2,922,723,085.20	399,944,104.70
Add: interest payable	17,491,080.02	2,572,859.74
Total	2,940,214,165.22	402,516,964.44

**5.23 Short-term financing bonds payable**

Bond name	Par value	Balance as at December 31, 2019	Changes in accounting policies	Balance as at January 1, 2020	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Short-term income certificate	8,332,386,000.00	4,186,757,400.25		4,186,757,400.25	13,393,289,126.48	9,177,858,417.45	8,402,188,109.28
Total	8,332,386,000.00	4,186,757,400.25		4,186,757,400.25	13,393,289,126.48	9,177,858,417.45	8,402,188,109.28

During the year, the Company issued 575 phases of income certificates maturing within one year, of which the outstanding income certificates had a fixed yield of 2.50% to 4.35%.

**5.24 Placements from other financial institutions**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Placements from China Securities Finance Corporation	1,000,000,000.00	600,000,000.00

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Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Limited		
Sub-total	1,000,000,000.00	600,000,000.00
Add: interest payable	12,222,222.22	3,520,833.34
Total	1,012,222,222.22	603,520,833.34

Including: Assets acquired through margin and securities refinancing following with the remaining term

Remaining period	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Balance	Interest rate range	Balance	Interest rate range
Within 1 month	1,000,000,000.00	2.50%		
3 - 12 months			600,000,000.00	3.25%
Total	1,000,000,000.00		600,000,000.00	

**5.25 Financial liabilities held for trading**

Item	Balance as at December 31, 2019	Balance as at December 31, 2020
Financial liabilities held for trading		94,231,907.71
Including: issued bonds held for trading		70,021,711.18
Derivative financial liabilities		409,080.00
Others		23,801,116.53
Financial liabilities designated to be measured at fair value through the current profit or loss		29,437,897.37
Including: Financial liabilities designated to be held for trading - Equity of third parties in consolidated structured entities		29,437,897.37
Total		123,669,805.08

For financial liabilities designated to be measured at fair value through the current profit or loss, the changes in fair value in 2020 are as follows:

Item	Changes in fair value in 2020	Changes in the fair value arising from the changes of the Company's own credit risk	Accumulated changes in the fair value arising from the changes of the Company's own credit risk
Financial liabilities designated to be held for trading - Equity of third parties in consolidated structured entities	1,231,350.65		
Total	1,231,350.65		

**5.26 Accounts payable**

**5.26.1 Presentation of accounts payable**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Payable advertising agency costs	10,749,248.77	10,838,401.57

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Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Payables costs for fund sales business	126,087,480.01	73,123,464.96
Payables for long-term asset purchases	3,421,053.28	2,212,182.28
Other payables	70,789,191.07	29,683,265.23
Total	211,046,973.13	115,857,314.04

**5.26.2 Significant accounts payable with aging over one year**

Item	Balance as at December 31, 2020	Reason for no payment or carry-forward
Bank of Communications Co., Ltd. Shanghai Branch	8,313,983.81	Not settled
China Minsheng Banking Corp. Ltd. Chengdu Branch	3,868,714.55	Not settled
Total	12,182,698.36	

**5.27 Receipts in advance**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Advances from financial data services		107,551,099.24
Advances from advertising business		44,513,098.48
Advances from other businesses	1,033,242.19	927,119.08
Total	1,033,242.19	152,991,316.80

**5.28 Contract liabilities**

Item	Balance as at December 31, 2020
Receipts in advances from financial data services	134,002,270.87
Receipts in advances from advertising business	43,105,633.25
Receipts in advances from investment advisory business	2,909,266.26
Receipts in advances from other businesses	166,500.00
Total	180,183,670.38

**5.29 Financial assets sold under repurchase agreements**

**5.29.1 Presentation by business type**

Item	Balance as at December 31, 2020	Balance as at January 1, 2020
Pledge-style sold under repurchase agreements	5,246,361,000.00	295,244,000.00
Usufruct repurchase of claims of margin financing and securities lending	3,280,000,000.00	2,900,000,000.00
Sub-total	8,526,361,000.00	3,195,244,000.00
Add: interest payable	6,864,079.65	3,736,741.66
Total	8,533,225,079.65	3,198,980,741.66

**5.29.2 Presentation by category of financial assets**

Item	Balance as at December 31, 2020	Balance as at January 1, 2020
Bonds	5,246,361,000.00	295,244,000.00
Usufruct of margin financing and securities lending	3,280,000,000.00	2,900,000,000.00
Sub-total	8,526,361,000.00	3,195,244,000.00
Add: interest payable	6,864,079.65	3,736,741.66



Item	Balance as at December 31, 2020	Balance as at January 1, 2020
Total	8,533,225,079.65	3,198,980,741.66

**5.29.3 Capital acquired through pledge-style sold under repurchase agreements classified by remaining period**

Remaining period	Balance as at December 31, 2020	Interest rate range	Balance as at January 1, 2020	Interest rate range
Within 1 month	5,246,361,000.00		295,244,000.00	
1 month to 3 months				
3 months to 1 year				
Over 1 year		1.5%-2.95%,		
Total	5,246,361,000.00	2.46%-5.1%	295,244,000.00	3.09%-3.80%

**5.30 Accounts payable to brokerage customers**

Item	Balance as at December 31, 2020	Balance as at January 1, 2020
Ordinary brokerage business		
Including: individual	30,654,141,668.05	16,917,429,311.58
Institution	2,003,750,723.14	2,150,505,748.34
Sub-total	32,657,892,391.19	19,067,935,059.92
Credit business		
Including: individual	3,161,754,224.67	2,181,659,045.82
Institution	220,783,909.88	46,524,425.62
Sub-total	3,382,538,134.55	2,228,183,471.44
Third-party fund sales business	13,753,950,878.94	8,328,843,436.77
Sub-total	13,753,950,878.94	8,328,843,436.77
Add: interest payable	3,402,850.32	1,940,946.11
Total	49,797,784,255.00	29,626,902,914.24

**5.31 Employee benefits payable**

**5.31.1 Breakdown of employee benefits payable**

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Short-term benefits	276,139,178.55	1,246,552,090.20	1,175,659,420.58	347,031,848.17
Post-employment benefits - defined contribution plans		16,156,523.77	16,076,518.17	80,005.60
Dismissal benefits		10,011,141.05	10,011,141.05	
Total	276,139,178.55	1,272,719,755.02	1,201,747,079.80	347,111,853.77

**5.31.2 Breakdown of short-term benefits**

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
(1) Salaries, bonuses, allowances and subsidies	270,968,756.05	1,105,266,748.62	1,036,171,220.94	340,064,283.73
(2) Employee welfare fees		14,579,596.68	14,579,596.68	
(3) Social insurance premiums		54,733,018.57	54,619,450.91	113,567.66
Including: medical insurance premiums		49,725,440.74	49,614,060.62	111,380.12
Work-related injury insurance premiums		212,808.31	212,731.69	76.62
Maternity insurance premiums		4,794,769.52	4,792,658.60	2,110.92
(4) Housing provident funds		52,502,634.91	52,159,951.65	342,683.26
(5) Labor union expenditures and employee education funds	5,170,422.50	19,470,091.42	18,129,200.40	6,511,313.52
Total	276,139,178.55	1,246,552,090.20	1,175,659,420.58	347,031,848.17

**5.31.3 Breakdown of a defined contribution plans**

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Basic endowment insurance premiums		15,655,620.63	15,580,289.43	75,331.20
Unemployment insurance premiums		500,903.14	496,228.74	4,674.40
Total		16,156,523.77	16,076,518.17	80,005.60

**5.32 Taxes and surcharges payable**

Tax item	Balance as at December 31, 2020	Balance as at December 31, 2019
Value-added tax (VAT)	73,487,947.30	20,025,642.41
Enterprise income tax	239,557,998.95	45,542,885.33

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Tax item	Balance as at December 31, 2020	Balance as at December 31, 2019
Individual income tax	6,781,626.02	8,845,111.91
Property tax	5,422,593.08	
Urban maintenance and construction tax	4,556,027.23	1,500,417.21
Educational surtax	3,996,766.96	1,243,988.90
Stamp duty	2,423,680.20	108,035.14
Others	5,654.36	11,834.07
Land use tax	37,878.14	
Culture undertaking construction costs		186,731.48
Total	336,270,172.24	77,464,646.45

**5.33 Other payables**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Other payables	1,759,641,832.07	530,967,121.69
Total	1,759,641,832.07	530,967,121.69

**5.33.1 Other payables**

(1) Breakdown of other payables by nature

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Payments for settlement of open-ended funds to be settled and brokerage business	1,601,149,350.61	434,358,383.17
Securities investor protection fund	12,860,180.45	6,372,330.96
Futures investor security fund	538,168.48	444,131.60
Futures risk reserves	46,564,436.77	27,716,050.83
Deposits and other payables	98,529,695.76	51,906,225.13
Equity purchase price payable		10,170,000.00
Total	1,759,641,832.07	530,967,121.69

**5.33.2 Other significant payables aged over one year**

Item	Balance as at December 31, 2020	Reason for failure in repayment or carry-forward
Futures risk reserves	27,716,050.83	Write-offs in a futures trading risk loss event
Brokerage risk reserves	5,550,438.48	According to the agreement
Total	33,266,489.31	

**5.34 Non-current liabilities due within one year**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Bonds payable maturing within one year	2,239,377,911.52	204,658,630.14
Including: 2020 corporate bonds (Phase I) privately issued by Eastmoney Securities Co., Ltd.	2,010,542,465.76	

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Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Over-one-year income certificates	228,835,445.76	204,658,630.14
Total	2,239,377,911.52	204,658,630.14

**5.35 Other current liabilities**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Output tax to be carried forward	2,586,338.00	
Interest on refinancing of securities	1,589,463.76	142,034.14
Total	4,175,801.76	142,034.14

**5.36 Bonds payable**

**5.36.1 Breakdown of bonds payable**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Convertible corporate bonds		
Subordinated bonds	1,218,986,301.37	1,218,986,301.37
Corporate bonds		
Income certificates		4,245,819.46
Total	1,218,986,301.37	1,223,232,120.83

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**5.36.2 Increase or decrease in convertible corporate bonds**

Name of bonds	Par value	Issue date	Term of bonds	Amount issued	Balance as at December 31, 2019	Issued in 2020	Interest withdrawn by par value	Amortization of premiums or discounts	Transaction fee	Equity spin-offs	Repayment in 2020	Conversion of shares in 2020	Balance as at December 31, 2020
Eastmoney Convertible Bonds 2	7,300,000,000.00	2020/1/13	6 years	7,300,000,000.00		7,300,000,000.00	7,706,187.05	143,750,204.75	-23,584,905.66	-1,119,814,431.49	-49,928,342.20	-6,258,128,712.45	
Total				7,300,000,000.00		7,300,000,000.00	7,706,187.05	143,750,204.75	-23,584,905.66	-1,119,814,431.49	-49,928,342.20	-6,258,128,712.45	

**5.36.3 Conditions and time for conversion of shares into corporate bonds**

In 2020, the Company issued convertible corporate bonds with a total face value of RMB 7,300,000,000.00 to public investors, each with a face value of RMB 100. These bonds were issued at face value with a term of 6 years. The Company's convertible corporate 2 have been listed for trading on Shenzhen Stock Exchange on February 14, 2020. The abbreviation of the bond is “Eastmoney Convertible Bonds 2” and the bond code is 123041. The nominal interest rates of the above-mentioned convertible corporate bonds are 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 1.0% in the fourth year, 1.5% in the fifth year, and 2.0% in the sixth year. The annual interest payment date is the day of each full year since the first day of the issuance of this convertible bond.

The conversion term for the “Eastmoney Convertible Bonds 2” is from the first trading day (July 17, 2020) to the maturity date of the convertible bonds (January 12, 2026) after 6 months from the end of the issue of convertible bonds (January 17, 2020, T+4 day). The initial conversion price: RMB15.78/share (adjusted to RMB13.13/share due to capital increase and cash dividend distribution).

The closing price of the Company's shares for 15 consecutive trading days from July 17, 2020 to August 6, 2020 was not less than 130% (RMB17.07/share) of the current conversion price (RMB13.13/share), which triggered the conditional redemption clause as agreed in the *Prospectus for the 2019 GEM Public Issue of Convertible Bonds of East Money Information Co., Ltd.* At the Seventh Meeting of the Fifth Session of the Board of Directors of the Company, the *Proposal on Redemption of All Issued Convertible Corporate Bonds* was considered and passed, deciding to exercise the redemption right of “Eastmoney Convertible Bonds 2” and redeem all the “Eastmoney Convertible Bonds 2” registered after the close of business on the redemption registration date at the price of the face value of the convertible bonds plus the accrued interest for the current period.

As of August 2020, all “Eastmoney Convertible Bonds 2” have been converted or redeemed.

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**5.36.4 Increase or decrease in subordinated bonds**

Name of bonds	Par value	Date of value	Term of bonds	Amount issued	Nominal interest rate	Balance as at December 31, 2019	Changes in accounting policies	Balance as at January 1, 2020	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Securities company subordinated bonds in 2017 of Tibet Eastmoney Securities Co., Ltd. (Phase I)	1,200,000,000.00	September 2017	5 years	1,200,000,000.00	6.00%	1,218,986,301.37		1,218,986,301.37	72,000,000.00	72,000,000.00	1,218,986,301.37
Total	1,200,000,000.00					1,218,986,301.37		1,218,986,301.37	72,000,000.00	72,000,000.00	1,218,986,301.37

**5.36.5 Increase or decrease in corporate bonds**

Name of bonds	Par value	Date of value	Term of bonds	Amount issued	Nominal interest rate	Balance as at December 31, 2019	Changes in accounting policies	Balance as at January 1, 2020	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
2020 corporate bonds (Phase I) privately issued by Eastmoney Securities Co., Ltd.	2,000,000,000.00	2020/11/10	367 days	2,000,000,000.00	3.70%				2,010,542,465.76		2,010,542,465.76
Including: Reclassification to non-current liabilities due within one year	2,000,000,000.00	2020/11/10	367 days	2,000,000,000.00	3.70%				2,010,542,465.76		2,010,542,465.76
Total	2,000,000,000.00								2,010,542,465.76		2,010,542,465.76

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**5.36.6 Increase or decrease in income certificates**

Name of bonds	Par value	Date of value	Term of bonds	Amount issued	Nominal interest rate	Balance as at December 31, 2019	Changes in accounting policies	Balance as at January 1, 2020	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Income certificates maturing within more than 1 year	227,452,000.00					208,904,449.60		208,904,449.60	232,647,160.54	212,716,164.38	228,835,445.76
Including: over-one-year income certificates maturing within one year	227,452,000.00					204,658,630.14		204,658,630.14			228,835,445.76
Total	227,452,000.00					208,904,449.60		208,904,449.60	232,647,160.54	212,716,164.38	228,835,445.76

The Company issued 4 phases of income certificates with a term of more than one year in the current year, of which the fixed yield rate of unexpired income certificates was 3.80% to 4.10%. Among them, RMB 228,835,445.77 of over-one-year income certificates maturing within one year are presented under the item non-current liabilities due within one year.

### 5.37 Deferred income

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Cause
Government grants	515,000.00	1,450,000.00	515,000.00	1,450,000.00	
Total	515,000.00	1,450,000.00	515,000.00	1,450,000.00	

Items involving government grants:

Liabilities items	Balance as at December 31, 2019	New grants in 2020	Amount included in the current profit or loss in 2020	Other changes	Balance as at December 31, 2020	Assets/income-related
P2B-based Eastmoney non-standardized financial asset service platform project	15,000.00		15,000.00			Assets-related
Cultural Masters and "Four Batches" Talent Project	500,000.00		500,000.00			Income-related
Special funds for the project of Eastmoney Lezhixue Intelligent Teaching Platform		1,450,000.00			1,450,000.00	Assets-related
Total	515,000.00	1,450,000.00	515,000.00		1,450,000.00	

### 5.38 Other non-current liabilities

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Contract liabilities - Financial data business	40,035,597.18	
Total	40,035,597.18	

### 5.39 Share capital

Item	Balance as at December 31, 2019	Changes in 2020 ("+" for increase and "-" for decrease)					Balance as at December 31, 2020
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
Total shares	6,715,608,655.00	2,231,177.00		1,343,121,731.00	552,174,928.00	1,897,527,836.00	8,613,136,491.00

Notes to main increases and decreases in share capital in 2020:

- According to the resolution made at the Company's 2019 annual general meeting of shareholders, the Company took the total share capital amounting to 6,715,608,655 shares on the date of equity registration as the base, and used the capital reserves to add 2 shares for every 10 shares to all shareholders, involving a total of 1,343,121,731 shares. The registered capital after this conversion amounted to RMB 8,058,730,386.00, and the paid-in capital (share capital) amounted to RMB 8,058,730,386.00.



2. According to the *Proposal on the Exercise of the Fourth Exercise Period of the Reserved Stock Options Granted by the Company's 2014 Stock Option Incentive Plan*, which was considered and approved at the Fifth Meeting of the Fifth Board of Directors held on June 11, 2020, the exercise conditions of the fourth exercise period of the reserved stock options granted by the Company's 2014 Stock Option Incentive Plan have been fulfilled, and the Board of Directors agreed to grant reserved stock options to 182 incentive recipients to exercise in the fourth exercise period. During the exercise period, the number of exercisable stock options was 2,795,626, and the exercise price was RMB17.38 per share.  
Among them, 130 incentive recipients applied for exercising their stock options, and the total number of stock options exercised was 2,231,177; 52 incentive recipients gave up exercising their stock options due to personal reasons, and the total number of stock options given up for exercising was 564,448, which were canceled according to the relevant provisions of the *Stock Option Incentive Plan*.
3. Approved by the China Securities Regulatory Commission with the document (ZJXX [2019] No. 2658), the Company publicly issued 73.00 million convertible corporate bonds on January 13, 2020, with the face value of RMB 100.00. The total issuance amounted to RMB 7.3 billion. In 2020, a total of 72,501,315 convertible corporate bonds were converted. The number of shares formed by the conversion amounted to 552,174,928 shares, and the share capital increased by 552,174,928 shares.

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**5.40 Other equity instruments**

Financial Instruments issued	As at December 31, 2019		Increase in 2020		Decrease in 2020		As at December 31, 2020	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Initial recognition of equity in convertible corporate bonds			73,000,000.00	1,119,814,431.49	73,000,000.00	1,119,814,431.49		
Total			73,000,000	1,119,814,431.49	73,000,000	1,119,814,431.49		

Remark: For details about the convertible corporate bonds, please see Note 5.36.3 Conditions and time for conversion of shares into corporate bonds

- (1) Approved by the China Securities Regulatory Commission with the document (ZJXK [2019] No. 2658), the Company publicly issued 73.00 million convertible corporate bonds on January 13, 2020, with the face value of RMB 100.00. The total issuance amounted to RMB 7.3 billion. The initial recognition amount of the equity component of convertible bonds, 1,119,814,431.49, was recorded in other equity instruments.
- (2) During the reporting period, a total of 72,501,315 convertible bonds were converted and 498,685 convertible bonds were redeemed by the Company, in connection with the “Eastmoney Convertible Bonds 2” issued by the Company in 2020. The equity component of convertible bonds is fully transferred to capital premium.

**5.41 Capital reserves**

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Capital premium (share premium)	8,744,871,174.42	6,866,755,160.18	1,343,121,731.00	14,268,504,603.60
Other capital reserves	185,749,759.47	3,241,632.72	6,426,021.00	182,565,371.19
(1) Others	179,323,738.47	3,241,632.72		182,565,371.19
(2) Equity-settled share-based payment	6,426,021.00		6,426,021.00	
Total	8,930,620,933.89	6,869,996,792.90	1,349,547,752.00	14,451,069,974.79

1. Reasons for changes of capital premiums

Increase in 2020: The capital reserves increased by RMB 36,546,683.94 due to the exercise of stock options, other capital reserves amounting to RMB 4,440,260.30 was transferred to capital premiums due to the exercise of stock options, RMB 6,825,768,215.94 was transferred to capital premiums due to the conversion of convertible bonds. A total of RMB 6,866,755,160.18 increased.

Decrease in 2020: According to the resolution made at the Company's 2019 annual general meeting of shareholders, the Company took the total share capital of 6,715,608,655 shares on the date of equity registration as the base, and used the capital reserves to add 2 shares for every 10 shares to all shareholders, involving a total of 1,343,121,731 shares.

2. Reasons for changes in other capital reserves

(1) Others:

Increase in 2020:

1) Due to the exercise of stock options, the amount that can be deducted before tax calculated based on the fair price of the stock at the time of exercise exceeds the cost and expenses related to the share-based payment, and for the excess, RMB 1,396,694.52 subject to the influence of income tax was included in other capital reserves.

2) Due to the cancellation of the reserved stock options and the failure to exercise the stock options during the third exercise period, RMB 1,844,938.20, originally recognized as "capital reserve-equity-settled share-based payments" was transferred to "capital reserve-others".

(2) Equity-settled share-based payment:

Decrease in 2020: Due to the exercise of stock options and cancellation of reserved options, others capital reserves decreased by RMB 6,426,021.00.

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**5.42 Other comprehensive income**

Item	Balance as at December 31, 2019	Year 2020						Balance as at December 31, 2020
		Pre-tax amount incurred in 2020	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
Other comprehensive income that will be reclassified into profit or loss	9,585,221.37	-50,635,502.14				-50,635,502.14		-41,050,280.77
Including: differences arising from translation of foreign currency financial statements	9,585,221.37	-50,635,502.14				-50,635,502.14		-41,050,280.77
Total of other comprehensive income	9,585,221.37	-50,635,502.14				-50,635,502.14		-41,050,280.77

**5.43 Surplus reserves**

Item	Balance as at December 31, 2019	Balance as at January 1, 2020	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Statutory surplus reserves	438,681,541.78	438,681,541.78	155,467,344.29		594,148,886.07
Total	438,681,541.78	438,681,541.78	155,467,344.29		594,148,886.07

The increase in 2020 refers to the statutory surplus reserves calculated at 10% of the net profit of RMB according to the relevant provisions of the Articles of Association of the Company.

**5.44 Retained earnings**

Item	Year 2020	Year 2019
Retained earnings at the end of the previous year before adjustment	5,117,992,903.36	3,412,564,404.20
Total adjustment to Retained earnings at the beginning of the year (“+” for increase and “-” for decrease)		26,272,856.58
Retained earnings at the beginning of the year after adjustment	5,117,992,903.36	3,438,837,260.78
Add: net profit attributable to owners of the parent company in the current period	4,778,104,850.74	1,831,288,851.32
Less: withdrawal of statutory surplus reserves	155,467,344.29	40,206,397.82
Common stock dividends payable	201,468,259.65	111,926,810.92
Retained earnings at the end of the period	9,539,162,150.16	5,117,992,903.36

Common stock dividends payable in 2020:

Pursuant to the resolution of the Second Meeting of the Fifth Session of the Board of Directors of the Company held on April 8, 2020 and the resolution of the 2019 Annual General Meeting held on April 30, 2020, the Company paid a cash dividend of RMB0.30 (including tax) for every 10 shares to all shareholders based on the total share capital of 6,715,608,655 shares as at the registration date of the shares, totaling a cash dividend of RMB 201,468,259.65 distributed.

**5.45 Operating revenue and operating costs**

Item	Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost
Primary business	3,247,833,420.51	566,645,612.46	1,474,199,538.93	390,944,096.83
Other businesses	4,454,925.86		3,841,484.13	
Total	3,252,288,346.37	566,645,612.46	1,478,041,023.06	390,944,096.83

Breakdown of operating revenue:

Contract type	Online fund distribution business	Financial data service	Internet advertisement service and others	Total
Service type	2,962,428,571.69	187,999,809.41	101,859,965.27	3,252,288,346.37
Total	2,962,428,571.69	187,999,809.41	101,859,965.27	3,252,288,346.37

Information related to performance obligations:

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The Company's business activities are mainly divided into online fund distribution business, financial data services and internet advertisement services, and the main information related to the performance obligations of each business contract is as follows:

1. Online fund distribution business
  - (1) Timing of performance obligations: Fees related to fund transactions are recognized as revenue upon completion of the transactions; fees related to fund holdings are recognized as revenue over the period of fund holdings.
  - (2) Important payment terms: fees related to fund transactions are collected upon completion of the transaction; fees related to fund holdings are collected on a quarterly settlement basis.
  - (3) Return and quality assurance terms: None.
2. Financial data services
  - (1) Timing of performance obligations: Revenue is recognized on a straight-line basis for the continuous provision of financial data services over the contractual service period.
  - (2) Important payment terms: Payment is made prior to the provision of financial data services.
  - (3) Return and quality assurance terms: None.
3. Internet advertisement services:
  - (1) Timing of performance obligation: Revenue is recognized according to the contract amount and the advertising execution order during the period of advertising publication.
  - (2) Important payment terms: 3 to 6 months after the completion of advertisement placement.
  - (3) Return and quality assurance terms: None.

**5.46 Net interest income**

Item	Year 2020	Year 2019
Interest income	2,143,269,974.91	1,225,197,063.71
Including: interest income from cash and bank balances and clearing settlement funds	650,894,687.56	384,414,937.46
Interest income from loans to banks and other financial institutions		
Interest income from margin accounts receivable	1,440,235,262.88	774,427,940.71
Interest income from financial assets held under resale agreements	48,290,407.43	63,810,583.30
Including: interest income from stock repurchase agreement		
Interest income from share pledge repo	45,262,826.75	61,965,406.56
Disbursement of advances and loans	3,547,090.04	2,543,602.24
Interest income from debt	302,527.00	

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Item	Year 2020	Year 2019
investments		
Interest expenses	607,027,451.32	411,303,384.59
Including: interest expenses on customer funds deposit	110,565,852.64	69,211,525.57
Interest expenses on placements from other financial institutions	46,629,880.30	4,368,476.81
Including: interest expenses on margin and securities refinancing	36,980,443.52	4,055,810.13
Interest expenses on funds from sales of financial assets under repurchase agreement	132,012,638.49	113,455,377.35
Interest expenses on long-term borrowings		-
Interest expenses on bonds payable	305,951,752.25	218,756,038.82
Including: interest expenses on subordinated bonds	72,000,000.00	88,500,000.00
Others	11,867,327.64	5,511,966.04
Net interest income	1,536,242,523.59	813,893,679.12

**5.47 Net income from fee and commission**

Item	Year 2020	Year 2019
<b>Net revenue from securities brokerage business</b>	3,032,162,906.13	1,662,215,061.19
- Revenue from securities brokerage business	4,368,700,689.26	2,409,598,235.81
Including: Brokerage business for customers	4,056,516,355.82	2,225,362,620.74
Seat lease for participant business unit	210,423,324.90	123,319,962.70
Commission sale business of financial products	101,761,008.54	60,915,652.37
- Expenditures for securities brokerage business	1,336,537,783.13	747,383,174.62
Including: Brokerage business for customers	1,336,537,783.13	747,383,174.62
Seat lease for participant business unit		
Commission sale business of financial products		
<b>Net revenue from futures brokerage business</b>	376,960,731.93	218,996,446.92
- Revenue from futures brokerage business	376,960,731.93	218,996,446.92
- Expenditures for futures brokerage business		
<b>Net revenue from investment banking business</b>	11,246,854.71	45,832,122.63
- Revenue from investment banking business	13,227,986.79	52,968,915.10
Including: securities	10,283,018.86	46,841,981.13

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Item	Year 2020	Year 2019
underwriting business		
Securities sponsoring business		
Financial consultancy business	2,944,967.93	6,126,933.97
- Expenditures for investment banking business	1,981,132.08	7,136,792.47
Including: securities underwriting business	1,981,132.08	7,136,792.47
Securities sponsoring business		
Financial consultancy business		
<b>Net revenue from asset management business</b>	<b>9,013,653.99</b>	<b>7,118,372.44</b>
- Revenue from asset management business	9,062,268.14	7,152,722.44
- Expenditures for asset management business	48,614.15	34,350.00
<b>Net revenue from fund management business</b>	<b>15,894,130.70</b>	<b>967,924.03</b>
- Revenue from fund management business	15,894,130.70	967,924.03
- Expenditures for fund management business		
<b>Net revenue from investment advisory business</b>	<b>4,230,251.89</b>	<b>2,542,084.43</b>
- Revenue from investment advisory business	4,230,251.89	2,542,084.43
- Expenditures for investment advisory business		
<b>- Net revenue from other fee and commission</b>	<b>517,709.61</b>	<b>2,071,321.74</b>
- Revenue from other fee and commission	517,709.61	2,096,665.92
- Expenditures for other fee and commission		25,344.18
<b>Total</b>	<b>3,450,026,238.96</b>	<b>1,939,743,333.38</b>

**5.48 Taxes and surcharges**

Item	Year 2020	Year 2019
Urban maintenance and construction tax	25,770,662.23	13,269,903.98
Educational surtax	20,266,029.88	9,919,043.01
Vehicle and vessel tax	33,670.00	30,750.00
Urban land use tax	175,005.89	148,637.44
Property tax	14,177,714.49	13,317,612.99
Stamp duty	6,606,885.26	4,075,988.33
Culture undertaking construction costs		264,693.51
Hydraulic funds, etc.	34,900.56	21,385.23
<b>Total</b>	<b>67,064,868.31</b>	<b>41,048,014.49</b>



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**5.49 Selling expenses**

Item	Year 2020	Year 2019
Selling expenses	522,997,937.41	364,071,248.31
Including: main expense items		
Employee benefits	206,249,242.69	187,827,773.70
Advertising and publicity expenses	52,221,095.06	87,124,243.44
Rental expense	7,521,916.90	14,846,784.61
Technical and consulting service fees	245,184,660.58	61,081,190.16
Utility bills	1,634,764.16	1,896,183.69
Amortization of Long-term prepaid expenses	1,649,560.41	1,797,757.85
Depreciation of fixed assets	479,719.98	512,506.45
Amortization of intangible assets	345,985.39	387,919.09

**5.50 Administrative expenses**

Item	Year 2020	Year 2019
Administrative expenses	1,467,987,211.68	1,289,100,610.82
Including: main expense items		
Employee compensation	708,725,922.89	682,518,434.21
Intermediary service charges	27,662,412.89	26,667,325.30
Rental fees	80,286,354.08	75,302,056.83
Amortization of low-cost consumables	8,143,443.59	5,506,270.62
Amortization of intangible assets	30,382,412.69	31,143,828.20
Depreciation expenses	124,530,251.75	104,242,986.26
Investor protection fund	22,205,468.11	10,467,893.50
Amortization of Long-term prepaid expenses	27,444,194.51	27,253,751.27
Technical and consulting service fees	90,741,539.51	72,959,888.19
Exchange facilities royalties	105,075,147.53	60,301,776.12
Electronic equipment running charges	91,688,513.01	74,136,179.70

**5.51 Research and development expenses**

Item	Year 2020	Year 2019
Expenses on materials, fuel and power	11,191,894.94	12,345,107.20
Labor costs	357,401,344.29	284,496,511.20
Depreciation	9,790,668.78	8,566,409.60
Total	378,383,908.01	305,408,028.00

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**5.52 Financial expenses**

Item	Year 2020	Year 2019
Interest expenses	208,246,592.16	76,001,501.28
Less: interest income	175,804,784.85	96,310,736.10
Gains or losses on exchange	-107,444.13	6,778,439.97
Bank charges, etc.	1,587,410.61	1,522,859.67
Total	33,921,773.79	-12,007,935.18

**5.53 Other income**

Item	Year 2020	Year 2019
Government grants	93,937,547.92	46,241,254.11
Additional deduction of input tax	4,399,000.58	2,124,407.52
Handling charges for withholding individual income tax	5,601,648.06	770,557.76
Total	103,938,196.56	49,136,219.39

**Government grants included in other income**

Grant item	Year 2020	Year 2019	Assets/income-related
Financial support funds	42,430,531.72	22,370,000.00	Income-related
Comprehensive assessment and reward funds of the Management Committee of Liuwu New District, Lhasa	41,793,582.85	8,838,949.40	Income-related
Special fund for financial development	2,960,266.00	5,450,305.00	Income-related
Refund of exchange stamp duty		5,156,193.13	Income-related
Subsidies for post stabilization	3,748,167.35	1,714,053.91	Income-related
Financial support funds granted by Pudong New Area to promote the development of financial industry	2,070,000.00	1,490,000.00	Income-related
Big Data “Yundun” Project	420,000.00	980,000.00	Income-related
Eastmoney Internet financial quantitative investment platform		157,822.72	Assets-related
P2B-based Eastmoney non-standardized financial asset service platform project	15,000.00	36,000.00	Assets-related
VAT refund		22,380.00	Income-related
Electronic financial management e-commerce platform		17,549.95	Assets-related
Upgrade project of Eastmoney financial service interactive platform		8,000.00	Assets-related
Cultural Masters and “Four Batches” Talent Project	500,000.00		Income-related
Total	93,937,547.92	46,241,254.11	

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**5.54 Investment income**

Item	Year 2020	Year 2019
Income from long-term equity investments calculated under equity method	10,507,271.28	39,973,057.15
Investment income from holding of financial assets held for trading	287,705,678.87	239,135,211.49
Investment income from disposal of financial assets held for trading	33,859,548.22	-7,780,763.18
Investment income from other non-current financial assets during the holding period	2,500,000.00	2,000,000.00
Investment income from disposal of derivative financial assets	-18,485,535.19	-2,474,213.42
Total	316,086,963.18	270,853,292.04

**5.55 Fair value gains/ (losses)**

Sources of fair value gains/ (losses)	Year 2020	Year 2019
Changes in fair value of financial assets held for trading	3,515,273.64	884,931.22
income from changes in fair value of derivative financial instruments	-7,332,571.78	-8,485,965.67
Other non-current financial assets	4,799,037.96	754,382.77
Financial liabilities held for trading	-1,691,468.36	
Total	-709,728.54	-6,846,651.68

**5.56 Expected credit losses**

Item	Year 2020	Year 2019
Losses from bad debts of accounts receivable	23,037,919.76	6,543,770.61
Losses from bad debts of other receivables	6,667,964.54	650,360.60
Losses from impairment of loans and advances	553,279.56	26,842.24
Losses from impairment of margin accounts receivable	27,118,707.26	15,801,667.47
Losses from impairment of financial assets held under resale agreements	-3,151,266.37	-2,151,174.36
Total	54,226,604.75	20,871,466.56

**5.57 Losses from impairment of assets**

Item	Year 2020	Year 2019
Losses from impairment of long-term equity investments	25,120,485.00	
Losses from impairment of goodwill	8,084,312.40	
Total	33,204,797.40	

**5.58 (Loss)/profit arising from disposal of assets**

Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
(Loss)/profit arising from disposal of non-current assets	1,993.66	-477,860.27	1,993.66
Total	1,993.66	-477,860.27	1,993.66

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**5.59 Non-operating revenue**

Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
Others	50,878.75	47,038.28	50,878.75
Total	50,878.75	47,038.28	50,878.75

**5.60 Non-operating expenses**

Item	Year 2020	Year 2019	Amount included in non-recurring profit or loss in the current period
External donations	16,689,235.55	13,386,390.00	16,689,235.55
Others	478,503.38	1,216,853.97	478,503.38
Total	17,167,738.93	14,603,243.97	17,167,738.93

**5.61 Income tax expenses**

**5.61.1 Table of income tax expenses**

Item	Year 2020	Year 2019
Current income tax expenses	742,505,266.03	295,819,950.44
Deferred income tax expenses	-5,155,888.35	478,706.31
Total	737,349,377.68	296,298,656.75

**5.61.2 Adjustment process of accounting profit and income tax expenses**

Item	Year 2020
Total profits	5,515,454,228.42
Income tax expenses calculated at statutory [or applicable] tax rate	551,545,422.84
Effect of application of various tax rates by subsidiaries	213,345,072.80
Effect of adjustments to the income tax for the prior years	-3,744,550.73
Effect of non-taxable income	-3,739,978.64
Effect of non-deductible costs, expenses and losses	20,514,160.72
Effect of using the deductible losses related to deferred tax assets unrecognized in previous periods	-6,338,673.35
Effect of deductible temporary differences or deductible losses on deferred tax assets not recognized in 2020	12,291,392.93
Changes in the balance of deferred tax assets/liabilities as at the beginning of the period caused by tax rate adjustment	6,944,567.50
Effect of additional tax deduction of costs and expenses	-51,904,994.38
Other matters	-1,563,042.01
Income tax expenses	737,349,377.68

**5.62 Earnings per share**

**5.62.1 Basic earnings per share**

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the Company:

Item	Year 2020	Year 2019
Consolidated net profit attributable to the common stockholder of the parent company	4,778,104,850.74	1,831,288,851.32
Weighted average of the Company's outstanding common stock	8,255,904,472.08	6,597,930,044.00
Basic earnings per share	0.5788	0.2313
Including: basic earnings per share from continuing operations	0.5788	0.2313
Basic earnings per share from discontinuing operations		

**5.62.2 Diluted earnings per share**

Diluted earnings per share are calculated by dividing the (diluted) consolidated net profit attributable to ordinary shareholders of the parent company by the (diluted) weighted average number of outstanding ordinary shares of the Company:

Item	Year 2020	Year 2019
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	4,778,104,850.74	1,831,288,851.32
Weighted average of the Company's outstanding common stock (diluted)	8,255,904,472.08	6,597,930,044.00
Diluted earnings per share	0.5788	0.2313
Including: diluted earnings per share from continuing operations	0.5788	0.2313
Diluted earnings per share from discontinuing operations		

**5.63 Items of the statement of cash flows**

**5.63.1 Cash received from other operating activities**

Item	Year 2020	Year 2019
Recovery of current accounts and advances	21,508,274.25	31,694,778.22
Recovery of advances for the redemption of funds sales business		
Special subsidies and grants	100,718,070.67	45,843,940.32
Interest income	175,635,382.96	96,456,369.87
Non-operating revenue	50,989.19	47,038.28
Lease revenue	4,072,924.51	4,410,220.32
Total	301,985,641.58	178,452,347.01

**5.63.2 Cash paid for other operating activities**

Item	Year 2020	Year 2019
Changes in other receivables and other payables	55,866,852.34	19,235,470.88
Increase in advances to customers for redemption of funds	1,714,497,296.91	1,097,540,116.34
Period business expenses	752,897,039.22	583,402,411.37
others	1,077,436,419.36	520,743,343.98
Total	3,600,697,607.83	2,220,921,342.57

**5.63.3 Cash received from other investing activities**

Item	Year 2020	Year 2019
Cash increase from acquisition of subsidiaries	55,124.86	
Total	55,124.86	

**5.63.4 Cash received from other financing activities**

Item	Year 2020	Year 2019
Stock index options	263,140.00	
Return swap	23,999,650.00	
Income from investments in asset management plans	28,206,546.72	
Total	52,469,336.72	

**5.64 Supplementary information to the statement of cash flows**

**5.64.1 Supplementary information to the statement of cash flows**

Supplementary information	Year 2020	Year 2019
1. Net profit adjusted to cash flows from operating activities		
Profit for the period	4,778,104,850.74	1,831,288,851.32
Add: losses from credit impairment	54,226,604.75	20,871,466.56
Provision for impairment of assets	33,204,797.40	
Depreciation of fixed assets	210,474,446.63	193,344,231.58
Amortization of intangible assets	30,728,398.08	31,531,747.29
Amortization of Long-term prepaid expenses	29,093,754.92	29,051,509.12
Gains/losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-1,993.66	477,860.27
Losses from write-off of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)	709,728.54	6,846,651.68
Financial expenses ("-" for gains)	525,687,125.06	309,690,372.50
Investment loss ("-" for income)	-18,421,683.26	-70,587,492.55
Decreases in deferred tax assets	-10,100,953.33	-1,217,864.61

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Supplementary information ("–" for increases)	Year 2020	Year 2019
Increases in deferred tax liabilities ("–" for decreases)	4,945,064.98	1,696,570.92
Decreases in inventories ("–" for increases)		11,557,822.48
Decreases in operating receivables ("–" for increases)	-28,725,589,666.17	-8,807,088,193.42
Increases in operating payables ("–" for decreases)	27,616,106,989.28	18,159,792,215.02
Others	-140,822.50	3,914,762.50
Net cash flows from operating activities	4,529,026,641.46	11,721,170,510.66
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	48,031,027,413.67	28,359,134,372.58
Less: beginning balance of cash	28,359,134,372.58	14,110,483,289.19
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	19,671,893,041.09	14,248,651,083.39

**5.64.2 Net cash paid for acquisition of subsidiaries in 2020**

	Amount
Add: cash or cash equivalents paid in 2020 for business combinations occurred in previous periods	10,170,000.00
Including: Eastmoney Insurance Broker Co., Ltd.	10,170,000.00
Net cash paid to acquire subsidiaries	10,170,000.00

**5.64.3 Breakdown of cash and cash equivalents**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
I. Cash	48,031,027,413.67	28,359,134,372.58
Including: cash on hand	174,400.35	149,395.47
Unrestricted bank deposit	41,364,720,000.72	24,988,966,375.96
Other unrestricted cash and bank balances	13,887,190.24	1,892,894.90
Unrestricted clearing settlement funds	6,652,245,822.36	3,368,125,706.25
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	48,031,027,413.67	28,359,134,372.58
Including: restricted cash and cash equivalents of the parent company or subsidiaries of the Group		

**5.65 Securities lending**

Item	Fair value as at December 31, 2020	Fair value as at January 1, 2020
Securities lending	852,235,624.63	158,805,037.04
- Financial assets held for trading	148,075,977.37	143,947,765.14
- Securities refinanced	704,159,647.26	14,857,271.90
Total securities refinanced	1,643,297,644.00	57,487,132.00

**5.66 Assets with restrictions on ownership or use right**

Item	Book value as at December 31, 2020	Reason for restriction
Financial assets held for trading	5,218,609,000.00	It is pledged under the sell-repo transaction agreement
Financial assets held for trading	142,248,243.27	The securities have been financed
Financial assets held for trading	5,827,734.12	The securities have been financed
Margin accounts receivable	3,578,007,335.91	The right to receive relevant benefits is transferred
Cash and bank balances	1,215,301.64	General risk reserves of public fund management business
Cash and bank balances	5,000,000.00	Deposit for capital requirement of insurance brokerage business
Fixed assets	987,769,221.31	It has been used as the self-owned assets to apply for credit and loans from banks
Total	9,938,676,836.25	



**5.67 Foreign currency monetary items**

**5.67.1 Monetary items in foreign currencies**

Item	Balance in foreign currency as at December 31, 2020	Exchange rate	Balance in RMB as at December 31, 2020
Cash and bank balances			1,623,999,395.69
Including: USD	1,303,464.82	6.5249	8,504,977.62
HKD	1,919,460,123.18	0.84164	1,615,494,418.07
Clearing settlement funds			37,149,985.54
Including: USD	4,485,179.64	6.5249	29,265,348.64
HKD	9,368,182.24	0.84164	7,884,636.90
Margin accounts receivable			381,042,927.73
Including: HKD	452,738,614.76	0.84164	381,042,927.73
Other receivables			792,513.64
Including: HKD	941,630.20	0.84164	792,513.64
Refundable deposits			9,349,887.68
Including: USD	200,000.00	6.5249	1,304,980.00
HKD	9,558,609.00	0.84164	8,044,907.68
Accounts payable to brokerage customers			1,333,598,986.95
Including: HKD	1,584,524,246.65	0.84164	1,333,598,986.95
Accounts payable			38,715.44
Including: HKD	46,000.00	0.84164	38,715.44
Other payables			42,879,459.53
Including: USD	188,914.50	6.5249	1,232,648.22
HKD	49,482,927.73	0.84164	41,646,811.31

**5.67.2 Explanation to overseas operating entities, for important overseas operating entities, their principal overseas place of business, functional currency and basis for selection as well as the reason for change in functional currency (if any) should be disclosed**

Overseas operating entities of the Company mainly include East Money (HK) Limited, Eastmoney International Securities Limited, Eastmoney Finance Co., Ltd., and Eastmoney International Futures Limited, of which the place of business is in Hong Kong and the functional currency is HKD, and Eastmoney Securities (USA) Inc. which operates in the United States and adopts USD as its functional currency.

**5.68 Government grants**

**5.68.1 Asset-related government grants**

Category	Amount	Item presented on the balance sheet	Amount included in the current profit or loss or offsetting the loss in related cost expenses		Item included in the current profit or loss or used to offset relevant costs, expenses or losses
			Year 2020	Year 2019	
Project-related government grants	2,050,000.00	Deferred income	15,000.00	219,372.67	Other income

**5.68.2 Income-related government grants**

Category	Amount included in the current profit or loss or offsetting the loss in related cost expenses		Item included in the current profit or loss or used to offset relevant costs, expenses or losses
	Year 2020	Year 2019	
Project-related government grants	920,000.00		Other income
Subsidy funds	3,748,167.35	1,714,053.91	Other income
Special support funds	89,254,380.57	44,307,827.53	Other income
Total	93,922,547.92	46,021,881.44	

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**6 Changes in the scope of consolidation**

**6.1 Business combination not under common control**

**6.1.1 Business combination not under common control occurred in 2020**

Acquiree	Time of equity acquisition	Cost of equity acquisition	Ratio of the acquired equity (%)	Method of equity acquisition	Date of purchase	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to December 31, 2020	Net profit of the acquiree from the acquisition date to December 31, 2020
Chengdu Jinghe Enterprise Management Co., Ltd.	2020/1/16	211,913,500.00	100.00	Acquisition	2020/1/16	Acquisition of control right	7,196,161.45	-6,729,452.25

**6.1.2 Combination costs and goodwill**

	Chengdu Jinghe Enterprise Management Co., Ltd.
Combination cost	
- Cash	211,913,500.00
Total combination costs	211,913,500.00
Less: shares of fair value of the identifiable net assets acquired	211,913,500.00
Difference amount of shares of fair value of the identifiable net assets acquired subtracting the goodwill/combination cost	

**6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date**

	Chengdu Jinghe Enterprise Management Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	217,308,845.85	201,635,758.86
Cash and bank balances	55,124.86	55,124.86
Fixed assets	217,253,720.99	201,580,634.00
Liabilities:	5,395,345.85	5,395,345.85
Payables	5,395,345.85	5,395,345.85
Net assets	211,913,500.00	196,240,413.01
Less: minority equity		
Net assets acquired	211,913,500.00	196,240,413.01

**6.2 Changes in the scope of consolidation due to other reasons**

In 2020, four structured entities newly added in the scope of consolidation are Selection No.1 FOF Aggregate Asset Management Plan of Eastmoney Securities, Tongxin Yangguang Contractual-type Private Investment Fund, Cairui FOF No.6 Single Asset Management Plan of Caitong Securities, and Wealth No.1 Aggregate Asset Management Plan of Minsheng Royal Fund Management Co., Ltd.

**7 Equity in other entities**

**7.1 Equity in subsidiaries**

**7.1.1 Structure of the Group**

Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shanghai Youyou Business Consulting Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00		Establishment
Shanghai Eastmoney Securities Investment Advisory Co., Ltd. (Remark)	Shanghai	Shanghai	Consulting services	100.00		Business combination not under common control
Beijing Jingdongcai Information Technology Co., Ltd.	Beijing	Beijing	Information technology services	100.00		Establishment

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Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Guangzhou Eastmoney Information Technology Co., Ltd.	Guangzhou	Guangzhou	Information technology services	100.00		Establishment
Shanghai Tiantian Fund Distribution Co., Ltd.	Shanghai	Shanghai	Fund sales	100.00		Establishment
Shanghai Eastmoney Financial Data Services Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00		Establishment
Shanghai Eastmoney Properties Co., Ltd.	Shanghai	Shanghai	Lease of non-residential real estate, and property management	100.00		Establishment
Shanghai Eastmoney Network Technology Co., Ltd.	Shanghai	Shanghai	E-commerce services and various commodity auctions	100.00		Establishment
East Money (HK) Limited	Hong Kong	Hong Kong	Internet information services, Internet financial services	100.00		Establishment
Shanghai UU Wealth Investment Management Co., Ltd.	Shanghai	Shanghai	Investment management, asset management	100.00		Establishment
Shenzhen Eastmoney Financial Data Service Co., Ltd.	Shenzhen	Shenzhen	Information service		100.00	Establishment
Yangzhou Eastmoney Financial Information Services Co., Ltd.	Yangzhou	Yangzhou	Information service	100.00		Establishment
Shanghai Weizhao Information Technology Co., Ltd.	Shanghai	Shanghai	Information service	100.00		Establishment
Eastmoney Securities Co., Ltd.	Shanghai	Lhasa	Securities brokerage, securities proprietary trading, asset management, etc.	99.93	0.07	Business combination not under common control
Shanghai Eastmoney Futures Co., Ltd.	Shanghai	Shanghai	Futures agency		100.00	Business combination not under common control
Tibet Eastmoney	Shanghai	Lhasa	Equity investments		100.00	Business combination not

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Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Investment Management Co., Ltd.						under common control
Eastmoney International Securities Limited	Hong Kong	Hong Kong	Stock brokerage		100.00	Business combination not under common control
Nanjing Eastmoney Information Technology Co., Ltd.	Nanjing	Nanjing	Information service	100.00		Establishment
Eastmoney International Futures Limited	Hong Kong	Hong Kong	Futures agency		100.00	Establishment
Eastmoney Finance Co., Ltd.	Hong Kong	Cayman Island	Information service		100.00	Establishment
Eastmoney Credit Information Co., Ltd.	Shanghai	Shanghai	Corporate credit services	100.00		Establishment
Langke Network Technology Co., Ltd.	Shanghai	Shanghai	Cultural information services	100.00		Establishment
Shanghai Xuhui Eastmoney Microcredit Co., Ltd.	Shanghai	Shanghai	Loan disbursement and related consultation	70.00	30.00	Establishment
Tibet Eastmoney Fund Management Co., Ltd.	Shanghai	Lhasa	Fund management, fund sales, etc.		100.00	Establishment
Tibet Eastmoney Innovation Capital Co., Ltd.	Shanghai	Lhasa	Alternative investments		100.00	Establishment
Eastmoney Insurance Broker Co., Ltd.	Shanghai	Shanghai	Insurance brokerage	100.00		Business combination not under common control
Eastmoney Securities (USA) Inc.	America	America	Liquidating broker (application in progress)		100.00	Establishment
Chengdu Jinghe Enterprise Management Co., Ltd.	Chengdu	Chengdu	House rent, and property management	100.00		Business combination not under common control

Remark: Shanghai Eastmoney Securities Investment Advisory Co., Ltd. was formerly known as “Shanghai Eastmoney Securities Research Institute Co., Ltd.”.

**7.2 Equity in joint ventures or associates**

**7.2.1 Significant associates**

Name of joint venture/associate	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for the investments in joint ventures or associates	Strategic to the Company's activities or not
				Direct	Indirect		
Shanghai Mandao Financial Information Service Co., Ltd.	Shanghai	Shanghai	Information service	27.00		Equity method	No

**7.2.2 Principle financial information of major associates**

	Shanghai Mandao Financial Information Service Co., Ltd.	
	Balance as at December 31, 2020/Year 2020	Balance as at December 31, 2019/ Year 2019
Current assets	2,788,180,640.73	3,450,597,775.09
Non-current assets	147,513,141.75	167,179,372.25
Total assets	2,935,693,782.48	3,617,777,147.34
Current liabilities	1,839,433,119.30	2,534,921,338.07
Non-current liabilities	974,000.00	2,200,000.00
Total liabilities	1,840,407,119.30	2,537,121,338.07
Minority equity		
Equity attributable to the shareholders of the parent company	1,095,286,663.18	1,080,655,809.27
Net assets calculated based on shareholding ratio	295,727,399.06	291,777,068.50
Adjustments	110,128,501.91	135,248,986.91
--Goodwill		
- Unrealized profits of internal transactions		
- Others	110,128,501.91	135,248,986.91
Book value of equity investment in associates	405,855,900.97	427,026,055.41
Fair value of the equity investment in associates with public offer		
Operating revenue	569,096,647.17	959,576,863.51
Profit	13,727,413.77	130,808,952.93
Net profit of discontinuing operations		
Other comprehensive income		
Total comprehensive income	13,727,413.77	130,808,952.93
Dividends received from associates in the current period		18,273,600.00

**7.2.3 Summary of financial information on insignificant joint ventures and associates.**

	Balance as at December 31, 2020/Year 2020	Balance as at December 31, 2019/ Year 2019
Associates:		
Total book value of investments	45,666,841.87	39,109,901.15
Total amounts of the following items calculated at shareholding ratio		
- Profit	6,556,940.73	4,654,639.86
- Other comprehensive income		
- Total comprehensive income	6,556,940.73	4,654,639.86

**7.3 Equities of the structuring entities not included in the scope of consolidated financial statements**

The structured entities of the Company that are not included in the scope of the consolidated financial statements are mainly asset management plans and index funds sponsored by Eastmoney Securities and Eastmoney Fund. The purpose of these structured entities is mainly to earn management fees or residual income through managing the investors' assets.

The equity of Eastmoney Securities and Eastmoney Fund in these structured entities not included in the scope of consolidated financial statements mainly include the directly-held investments or the management fee income or residual income from managing these structured entities. A comprehensive analysis on the extent of participation of own funds, expected variable returns and loss of risk exposure indicates that the Company does not have control over these structured entities, which therefore is not included in the scope of consolidation.

The book values of the relevant asset and liability items in the Company's balance sheet and the maximum exposure to loss at the end of the period for the equity in structured entities indirectly held by the Company through subsidiaries that are not included in the scope of the consolidated financial statements are presented as follows:

No.	Name of portfolio	Business nature	Assets recognized in the financial statements related to structured entities	Proportion of investment of own funds	Balance of assets recognized in the financial statements related to structured entities	Maximum exposure to loss of interest in a structured entities
1	Eastmoney Securities Leshan No. 1 Pooled Asset Management Plan	Asset management	Financial assets held for trading	23.81%	4,823,500.00	4,823,500.00
2	Tibet Eastmoney SSE 50 Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	8.73%	13,675,982.85	13,675,982.85
3	Tibet Eastmoney Growth Enterprise	Investment funds	Financial assets held for trading	6.00%	15,945,717.60	15,945,717.60



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No.	Name of portfolio	Business nature	Assets recognized in the financial statements related to structured entities	Proportion of investment of own funds	Balance of assets recognized in the financial statements related to structured entities	Maximum exposure to loss of interest in a structured entities
	Index Initiating Securities Investment Fund					
4	Tibet Eastmoney CSI Health Care 100 Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	7.28%	13,676,615.49	13,676,615.49
5	Tibet Eastmoney CSI Communication Technology Theme Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	1.89%	10,249,383.62	10,249,383.62
6	Tibet Eastmoney Quantitative Selection and Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	1.34%	10,514,467.34	10,514,467.34
7	Tibet Eastmoney Consumption-selected and Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	7.34%	11,411,513.55	11,411,513.55
8	Tibet Eastmoney Information Industry Selected Hybrid Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	12.94%	9,860,443.75	9,860,443.75
9	Tibet Eastmoney CSI New Energy Vehicle Index Initiating Securities Investment Fund	Investment funds	Financial assets held for trading	6.94%	10,530,473.90	10,530,473.90

**8 Risks related to financial instruments**

The Company faces various financial risks in the course of its business operation, including credit risks, liquidity risks and market risks (including the exchange rate risk, interest rate risk and other price risk). The above-mentioned financial risks and the risk management policies adopted by the Company for reducing those risks are as follows:

The Board of Directors is responsible for planning and building the risk management structure for the Company, formulating the Company's policies and relevant guidelines for risk management, and supervising the implementation of risk management measures. The Company has formulated the risk management policies to identify and analyze all risks faced by the Company. These risk management policies have specified the provisions on specific risks, covering the management of market risk, credit risk and liquidity risk. The Company may make the regular assessment on the market environment and the changes in its operating activities to decide whether the risk management policies and systems need to be updated. The Company's risk management is carried out by the Risk Management Committee according to the policies approved by the Board of Directors. The Risk Management Committee identify, assess and avoid relevant risks by closely cooperating with other business departments of the Company. The Company's internal audit department may conduct the regular audit regarding the risk management and control and the procedures therefor, and submit the audit result to the Company's Audit Committee.

The Company may spread risks in financial instruments via the proper and diversified investment and business portfolios, and reduce risks centralized in any single industry, specified area or counterparty by formulating the corresponding risk management policies.

**8.1 Credit risk**

The credit risk refers to the risk where the Company may have the financial loss caused by the counterparties's failure in performing any contractual obligation.

Credit risks of the Company mainly come from cash and bank balances, clearing settlement funds, margin accounts receivable, financial assets held under resale agreements, accounts receivable, other receivables, debt investment, financial assets held for trading and derivative financial assets. On the balance sheet date, the book value of the Company's financial assets is taken as the maximum credit risk exposure thereof.

The Company's cash and bank balances mainly refer to the bank deposits in the state-owned banks with good reputation and high credit rating and other large- and medium- scale listed banks, clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation, and the Company believes that it has not any significant credit risk, nor any significant loss caused by relevant bank's default.

The Company's credit risk arises primarily from the following business:

- (1) As for accounts receivable and other receivables, the Company has set relevant policies to control the credit risk exposure. The Company, based on its customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and other factors such as the current market conditions, evaluates the credit qualifications of customers and set the corresponding credit period. The Company may monitor the customers' credit records periodically; as for the customers with bad credit records, the Company may press for payment in writing, or shorten or cancel the credit period to ensure that its overall credit risks are within the controllable scope.
- (2) The credit risk of securities financing business mainly involves customers providing false information, failing to repay liabilities in full and in a timely manner, violating contractual agreements in terms of position size and structure, violating regulatory requirements in terms of trading behavior, and providing collateral assets involved in legal disputes. The Company controls the credit risk of its credit business mainly through investor suitability management, credit limit approval, day-by-day market surveillance, customer risk alert, mandatory position closing and judicial recourse.

- (3) The Company has established a credit risk management process to control the credit risk of securities issuers by evaluating the credit ratings of investment varieties and to spread credit risk the by diversifying its investments. The credit ratings of the Company's bond investments are tallied and summarized according to the criteria set by the *Guidelines on Credit Rating Management of The People's Bank of China*.

## 8.2 Liquidity risk

Liquidity risk generally refers to the risk of experiencing a shortage of funds in meeting obligations related to financial liabilities. Liquidity refers to the ability of assets to be liquidated quickly without loss of value, and the liquidity of funds affects the Company's ability to pay its debts as they fall due. Since the majority of the Company's liquid assets are cash and bank deposits, it has the ability to meet foreseeable financing commitments at maturity or the need for funds to be withdrawn by customers.

Each subsidiary within the Company is responsible for its own cash flow forecast. Based on the aggregated cash flow forecast of each subsidiary, the headquarter finance department continuously monitors short- and long-term capital requirements to ensure that sufficient cash reserves and readily realizable marketable securities are maintained to meet the capital requirements for daily operations and the repayment of related debt obligations as they fall due.

On the balance sheet date, the Company's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

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Various financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	Balance as at December 31, 2020							Total
	On demand	Within 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	No time limit	
Short-term borrowings		2,687,196,346.04		253,017,819.18				2,940,214,165.22
Short-term financing bonds payable	-	167,017,208.95	-	8,235,170,900.33	-	-		8,402,188,109.28
Placements from other financial institutions	-	1,012,222,222.22	-	-	-	-		1,012,222,222.22
Financial liabilities held for trading	29,846,977.37	905,359.28	10,095,485.45	82,821,982.98	-	-		123,669,805.08
Derivative financial liabilities	2,316.79	100,841.73	15,360.28	312,450.00	-	-		430,968.80
Accounts payable				211,046,973.13				211,046,973.13
Financial assets sold under repurchase agreements	-	5,249,086,480.32	800,948,750.00	2,483,189,849.33	-	-		8,533,225,079.65
Accounts payable to brokerage customers	49,797,784,255.00							49,797,784,255.00
Other payables	1,601,149,350.61	-	-	111,928,044.69	-	-	46,564,436.77	1,759,641,832.07
Non-current liabilities due within one year	-	24,266,184.40	-	2,215,111,727.12	-	-		2,239,377,911.52
Other current liabilities		1,589,463.76						1,589,463.76
Bonds payable	-	-	-	-	1,218,986,301.37	-		1,218,986,301.37
Total financial liabilities	51,428,782,899.77	9,142,384,106.70	811,059,595.73	13,592,599,746.76	1,218,986,301.37	-	46,564,436.77	76,240,377,087.10

Item	Balance as at December 31, 2019							Total
	On demand	Within 1 months	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	No time limit	
Short-term borrowings				402,516,964.44				402,516,964.44
Short-term financing bonds payable		424,593,320.61	424,757,356.93	3,337,406,722.71				4,186,757,400.25
Placements from other financial institutions				603,520,833.34				603,520,833.34
Accounts payable				115,857,314.04				115,857,314.04
Financial		295,414,293.04		2,903,566,448.62				3,198,980,741.66

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Item	Balance as at December 31, 2019							
	On demand	Within 1 months	1 - 3 months	3 months to 1 year	1 - 5 years	Over 5 years	No time limit	Total
assets sold under repurchase agreements								
Accounts payable to brokerage customers	29,626,902,914.24							29,626,902,914.24
Other payables	434,358,383.17			58,722,687.69	10,170,000.00		27,716,050.83	530,967,121.69
Non-current liabilities due within one year				204,658,630.14				204,658,630.14
Other current liabilities		142,034.14						142,034.14
Bonds payable					1,223,232,120.83			1,223,232,120.83
Total	30,061,261,297.41	720,149,647.79	424,757,356.93	7,626,249,600.98	1,233,402,120.83		27,716,050.83	40,093,536,074.77

Maintaining a matching maturity structure of assets and liabilities and effectively controlling matching differences are of paramount importance to the Management of the Company. Due to the uncertain duration and different categories of business, the Company can rarely maintain an exact match between asset and liability items. Unmatched positions may increase returns, but may also increase the risk of loss.

The matching of the maturity structure of asset and liability items and the Company's ability to replace maturing liabilities at an acceptable cost are both important factors in evaluating the Company's liquidity risk.

### **8.3 Market risk**

Market risk arises as a result of general or specific changes in the market that affect open positions in currency, interest rate and derivative financial instrument transactions. The market risk mainly related to the Company refers to profit or loss arising from changes in market prices of securities, changes in interest rates or changes in exchange rates when making various investments with its own funds.

The Company is also engaged in stock and bond underwriting business and is required to make balance subscription commitments for subscription of certain initial public offerings of new shares and bond underwriting. In such cases, the risk of price changes arising from the market price being lower than the underwriting price due to changes in market conditions for any uncompleted portion of the underwriting will be borne by the Company.

The Management has established the maximum exposure to market risk that the Company can assume. This exposure is measured and monitored based on principal and stop-loss amounts and provides that overall market risk is controlled within the limits established by the Management.

#### **8.3.1 Interest rate risk**

The Company's interest rate risk arises mainly from bank deposits, settlement reserve, refundable deposits, bought-and-sold financial assets, trading bond investments and trading bond fund investments, etc. The interest rates of bank deposits are determined on the basis of the interbank deposit rate for the same period and negotiated with the respective deposit banks, and the settlement reserve and refundable deposits are determined on the basis of the interbank deposit rate for the same period and negotiated with the China Securities Depository and Clearing Corporation, the futures exchanges. Ltd. and other institutions. Interest income from bank deposits, settlement reserve and refundable deposits fluctuates with changes in market interest rates. Investments in bonds and bondsecurities investment funds are exposed to the risk of a decline in fair value due to an increase in market interest rates, with floating-rate bonds also exposed to the risk of future cash flows due to repricing at market interest rates at the end of each interest payment period.

The Company continuously monitors interest rate risk and makes decisions based on the latest market conditions by adjusting current positions, etc.

#### **8.3.2 Exchange rate risk**

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate. The Company's foreign currency financial instruments are mainly customer deposits and customer allowances, and the risk of exchange rate changes on the related financial instruments is borne by the customers. The Company's exposure to the risk of exchange rate changes is mainly related to the Company's operating activities (when revenues and expenses are settled in a foreign currency different from the Company's functional currency) and its net investment in foreign subsidiaries.

#### **8.3.3 Other price risks**

Price risks refer to the risks that the fair value or future cash flows of financial instruments held by the Company will fluctuate due to changes in market price factors other than market interest rates and foreign exchange rates. The Company invests mainly in stocks, funds and bonds listed on stock exchanges or traded in the interbank market. Other price risks to which the Company is exposed arise from the effects of individual securities issuers' own operating conditions or special events, and may also arise from the effects of fluctuations in the securities market as a whole.

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The Management of the Company adopts a “top-down” strategy in constructing and managing the investment portfolio, making asset allocation and portfolio construction decisions through analysis of macroeconomic conditions and policies, combined with the performance of the securities market; and selects appropriate investment varieties through qualitative and quantitative analysis of individual securities. The Management of the Company regularly revises its investment strategy, asset allocation and portfolio in light of changes in the macro and micro environment to proactively address possible market price risks.

Exposure to price risks of financial assets held for trading is as follows:

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets held for trading – stocks	322,195,074.28	230,170,028.71
Financial assets held for trading - funds	1,862,969,825.18	1,419,613,552.13
Financial assets held for trading - others	10,646,688,499.39	3,356,117,495.08
Other non-current financial assets	123,926,074.02	119,127,036.06
Total	12,955,779,472.87	5,125,028,111.98

Sensitivity analysis of price risk:

Fluctuations in market prices primarily affect the Company's equity investments held at fair value. On the balance sheet date, when all other variables are held constant, the effect on the Company's net income and shareholders' equity for the year that would result from a 3% increase or decrease in market prices is as follows.

As at December 31, 2020	Effect on net profit	Effect on shareholders' equity
3% increase in market prices	388,673,384.19	
3% decrease in market prices	-388,673,384.19	

As at January 1, 2020	Effect on net profit	Effect on shareholders' equity
3% increase in market prices	153,750,843.36	
3% decrease in market prices	-153,750,843.36	

## 9 Disclosure of fair value

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date;

Level 2 inputs are directly or indirectly observable inputs of relevant assets or liabilities other than first-level inputs;

Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 9.1 Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Fair value as at December 31, 2020			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
<b>1. Continuous measurement at fair value</b>				

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Item	Fair value as at December 31, 2020			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
◆ Financial assets held for trading	1,073,015,153.33	11,673,421,908.26	85,416,337.26	12,831,853,398.85
(1) Bonds	7,446,859.50	8,254,627,279.78	-	8,262,074,139.28
(2) Stocks and NEEQ	296,778,737.02	-	25,416,337.26	322,195,074.28
(3) Funds	766,490,636.81	1,096,479,188.37	-	1,862,969,825.18
(4) Bank wealth management and structured deposits	-	2,317,491,036.71	-	2,317,491,036.71
(5) Brokerage capital management products	-	4,824,403.40	-	4,824,403.40
(6) Others	2,298,920.00	-	60,000,000.00	62,298,920.00
◆ Derivative financial assets	-	-	-	-
◆ Other non-current financial assets	-	-	123,926,074.02	123,926,074.02
(1) Debt instrument investment	-	-	-	-
(2) Equity instrument investment	-	-	123,926,074.02	123,926,074.02
(3) Derivative financial assets	-	-	-	-
<b>Total assets continuous measured at fair value</b>	1,073,015,153.33	11,673,421,908.26	209,342,411.28	12,955,779,472.87
◆ Financial liabilities held for trading	123,669,805.08			123,669,805.08
(1) Others	123,669,805.08			123,669,805.08
◆ Derivative financial liabilities	430,968.80			430,968.80
<b>Total liabilities with continuous measurement at fair value</b>	124,100,773.88			124,100,773.88



Basis for determining the market value of items continuously and non-continuously measured at the fair value at Level 1

For investments with active markets, if there is a traded market price on the balance sheet date, the closing price on that date is used as the fair value; if there is no traded market price on the balance sheet date and the economic environment has not changed significantly since the most recent trading date, the closing price on the most recent trading date is used as the fair value.

**9.2 Nature and quantitative information of valuation techniques and key parameters adopted for items continuously and non-continuously measured at the fair value at Level 2**

Item	Book value as at December 31, 2020	Valuation technique	Important parameters
◆ Financial assets held for trading			
(1) Bonds	8,254,627,279.78	Quotes from the valuation system of the registrar and clearing house	Yield to maturity
(2) Funds	1,096,479,188.37	Discount cash flow method	Expected rate of return
(3) Bank wealth management and structured deposit products	2,317,491,036.71	Discount cash flow method	Expected rate of return
(4) Brokerage capital management products	4,824,403.40	Manager's net worth quotes	Fair value of underlying assets

**9.3 Nature and quantitative information of valuation techniques and key parameters adopted for items continuously and non-continuously measured at the fair value at Level 3**

Item	Fair value as at December 31, 2020	Valuation technique	Unobservable input values
Financial assets held for trading			
(1) NEEQ	25,416,337.26	Market comparable method of listed companies	Liquidity discount
(2) Others	60,000,000.00	Market comparable method of listed companies	Liquidity discount
◆ Other non-current financial assets			
(1) Equity instrument investment	123,926,074.02	Comparative method for listed companies	Liquidity discount

**10 Related parties and related transactions**

**10.1 Parent company of the Company**

Mr. Qi Shi (the natural person) directly holds 20.57% of shares of the Company, acting as the ultimate and actual controller of the Company.

## 10.2 Subsidiaries of the Company

See “Note 7 Equity in other entities” for details of subsidiaries of the Company.

## 10.3 Joint ventures and associates of the Company

See “Note 7 Equity in other entities” for the details of significant joint ventures or associates of the Company

## 10.4 Other related parties

Name of other related parties	Relationship with the Company
Baofoo Internet Technology (Shanghai) Co., Ltd.	A wholly-owned subsidiary of Shanghai Mandao Financial Information Service Co., Ltd.
Shanghai Jinglu Technology Co., Ltd.	Controlled by the actual controller

## 10.5 Related transactions

**10.5.1 With regard to subsidiaries where the control relationship exist and which have been included in the scope of the Company’s consolidated financial statements, their intra-group transactions and the transactions between the parent company and subsidiaries have been offset.**

### 10.5.2 Related transaction on purchase or sales of goods, and rendering or receipt of services

Purchases of goods/receipt of services

Related party	Content of related transaction	Year 2020	Year 2019
Baofoo Internet Technology (Shanghai) Co., Ltd.	Payment of settlement fee	1,441.32	2,271,357.62

Sales of goods/ rendering of services

Related party	Contents of related transaction	Year 2020	Year 2019
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### 10.5.3 Related lease

The Company as the lessee:

Name of the lessor	Type of leased assets	Rental fees recognized in 2020	Rental fees recognized in 2019
Shanghai Jinglu Technology Co., Ltd.	Houses rent	1,266,666.66	

### 10.5.4 Other related transactions

The Company’s actual controllers, directors, supervisors or and their relatives paid the fee of RMB 264,760.55 in total for purchasing financial products such as stocks and funds through subsidiaries such as Eastmoney Securities and Tiantian Fund in 2020.

### 10.5.5 Related guarantees

As adopted at the second meeting of the 5th board of directors and the annual general meeting of shareholders in 2019, the Company provided guarantees for Tiantian Fund to apply for credit granting and bank borrowings from banks, in which the amounts of credit granting and borrowings should not exceed RMB 15 billion. During the guaranty period, from the date when relevant resolutions were adopted upon deliberation at the annual general meeting of shareholders in 2019 to the date when the annual general meeting of shareholders in 2020 was held, the aforesaid amounts can be recycled.

**10.5.6 Remuneration of key management personnel**

Item	Year 2020	Year 2019
Remuneration of key management personnel (RMB '0,000)	1,912.97	996.08

**10.6 Receivables from and payables to related parties**

**10.6.1 Receivables**

Item	Related party	Balance as at December 31, 2020		Balance as at December 31, 2019	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables					
	Shanghai Jinglu Technology Co., Ltd.	190,000.00	9,500.00		

**10.6.2 Payables**

Item	Related party	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Accounts payable			
	Shanghai Jinglu Technology Co., Ltd.	180,952.38	

**11 Share-based payment**

**11.1 General information of share-based payment**

Reserved stock options granted under the stock option incentive plan in 2014

Total amount of various equity instruments granted by the Company in 2020: None.

Total amount of various equity instruments exercised by the Company in 2020: 2,231,177 shares.

Total amount of various equity instruments invalidated by the Company in 2020: 564,448 shares.

**11.2 Equity-settled share-based payment**

Determination method of the fair value of equity instrument on the granting date: Based on the reasonable setting of various parameters, the Company determines the fair value of the stock option incentive plan on the granting date by using the black-scholes model.

Determination method of the optimal estimation of the quantity of exercise equity instruments: The optimal estimation should be made based on the change in the number of exercise employees obtained as at the approval date of these financial statements and other subsequent information.

Reason for the significant difference between the estimation in 2020 and that in 2019: None.

The equity-settled share-based payments included in capital reserves accumulatively amounted to: RMB 0.00.

Expenses recognized based on the equity-settled share-based payment in 2020 amounted to: RMB -140,822.50.

#### **Reserved stock options granted under the stock option incentive plan in 2014**

According to the Proposal on Relevant Matters Concerning the Granting of Reserved Stocks under the Company's Stock Option Incentive Plan in 2014 adopted upon deliberation at the 24th meeting of the 3rd Board of Directors, the Board of Directors agreed to grant 4,200,000 shares of reserved stock options on July 23, 2015 at the exercise price of RMB 65.19, and 4,104,000 shares of stock options were actually granted.

According to the equity distribution plan from 2015 to 2019, the board of directors respectively adopted upon deliberation and adjusted the quantities and executive prices of all stock options within the exercise period.

During this reporting period, the board of directors of the Company agreed to grant 182 incentive objects of reserved stock options to exercise in the 4th exercise period, the actual number of stock options exercised was 2,231,177 and the number of stock options abandoned for exercise was 564,448.

As at December 31, 2020, the stock options first granted under the stock option incentive plan in 2014 had been fully exercised.

#### **11.3 Cash-settled share-based payments**

The Company had no cash-settled share-based payment.

#### **11.4 The Company had no cash-settled share-based payment. Adjustment or termination of share-based payment**

Modification to and termination of share-based payments during the reporting period: None.

### **12 Commitments and contingencies**

#### **12.1 Significant commitments**

##### **12.1.1 Significant commitments on the balance sheet date**

- (1) The financial assets pledged or restricted due to the repurchase business and the margin financing and securities lending business carried out by the Company amounted to RMB 487,703,187.94. See Note 5.4.2 for details.
- (2) Margin accounts receivable restricted due to the margin financing business, transfer of the right to profit from creditor's right and the repurchase business, which were carried out by the Company, amounted to RMB 3,245,787,933.21.

##### **12.1.2 Pledge of assets made by the Company on account of short-term borrowings:**

Debit bank	Balance of borrowings	Mortgagor	Collateral	Mortgage amount
China Merchants Bank Co., Ltd. (Shanghai Branch)	253,017,819.18	East Money Information Co., Ltd.	HFD (X) Z 2016 No. 019197; HFD (X) Z 2016 No. 019174; HFD (X) Z 2016 No. 019154; HFD (X) Z 2016 No. 019148;	800,000,000.00

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Debit bank	Balance of borrowings	Mortgagor	Collateral	Mortgage amount
			HFD (X) Z 2016 No. 019150; HFD (X) Z 2016 No. 019130; HFD (X) Z 2016 No. 019161; HFD (X) Z 2016 No. 019131; HFD (X) Z 2016 No. 019157; HFD (X) Z 2016 No. 019179; HFD (X) Z 2016 No. 019151; HFD (X) Z 2016 No. 019177; HFD (X) Z 2016 No. 019147; HFD (X) Z 2016 No. 019153; HFD (X) Z 2016 No. 019128; HFD (X) Z 2016 No. 019129; HFD (X) Z 2016 No. 019156; HFD (X) Z 2016 No. 019178; HFD (X) Z 2016 No. 019159; HFD (X) Z 2016 No. 019175; HFD (X) Z 2016 No. 019146; HFD (X) Z 2016 No.	

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Debit bank	Balance of borrowings	Mortgagor	Collateral	Mortgage amount
			019152; HFD (X) Z 2016 No. 019132; HFD (X) Z 2016 No. 019149; HFD (X) Z 2016 No. 019176;	

### 12.1.3 External guarantee

The Company did not provide any guarantee to any entity outside of the group, within the group, the Company provided guarantees for the subsidiary Tiantian Fund to get bank borrowings and the comprehensive credit granting, for details of these guarantees, see Note 10.5.4 Related guarantee.

## 12.2 Contingencies

### 12.2.1 Significant contingencies existing on balance-sheet date

Debt default in “13 Tianwei PPN001”

In March 2013, Eastmoney Securities purchased the private targeted debt financing instruments in 2013 with the nominal value of RMB 60.00 million and issued by Tianwei Group (hereinafter referred to as “13 Tianwei PPN001”), at a consideration of RMB 59,702,000.00. During the existing period of “13 Tianwei PPN001”, as Tianwei Group's financial position deteriorated seriously and its debt paying ability had material uncertainty, a resolution was made at the meeting of holders of “13 Tianwei PPN001” in May 2015, declaring that such debt should expire in advance on May 25, 2015. As Tianwei Group failed to repay its due debts, all holders jointly initiated an arbitration, which was accepted by the China International Economic and Trade Arbitration Commission on August 31, 2015.

In January 2016, Baoding Intermediate People's Court in Hebei Province accepted the bankruptcy reorganization application of Tianwei Group, by which the previous arbitration procedures were terminated. Through the negotiation with the Industrial Bank and the attorneys for arbitration, the Company declared the creditor's right to the Bankruptcy manager of Tianwei Group with reference to the finding in force of other holders of the targeted debt financing instruments, and applied with the China International Economic and Trade Arbitration Commission to withdraw the arbitration application.

As at the approval date of these financial statements, the bankruptcy reorganization of Tianwei Group failed to be completed, Eastmoney Securities had received the claim amount of RMB 1,800,000.00. For the part exceeding RMB 1,800,000.00, it will be paid off in proportion to actual realization when the assets stated in reorganization plan has been disposed of .

With regard to this right of creditor, when the Company purchased 100% of equity of Eastmoney Securities, Yutong Group, an original shareholder of Eastmoney Securities made an irrevocable commitment to the Company that: “as for the targeted instrument purchased by Eastmoney Securities with its self-owned fund from Tianwei Group, when the relevant arbitration is completed, if the amount of repayment made by Tianwei Group to Eastmoney Securities regarding the target instrument of Tianwei Group is less than RMB 58,559,940.00 (ie, the total amount of the book value and interest receivable of the targeted instrument of Tianwei Group as at December 31, 2014), Yutong Group will, within 10 working days of receiving the written payment notification from the Company, make compensate in full amount of the difference between amount actually repaid by Tianwei Group for the targeted instrument and the amount of RMB 58,559,940.00 and the arbitration expenses related to the arbitration matters which were undertaken by Eastmoney Securities”.

### 13 Post balance sheet events

#### 13.1 Significant non-adjusting events

The issuance of convertible bonds (“Convertible Bonds”) by the Company to unspecified objects has been approved for registration by the China Securities Regulatory Commission with the Document (ZJXK [2021] No.885). On April 7, 2021, the Company issued 158,000,000 shares of convertible bonds with a face value of RMB 100 each to unspecified objects, raising funds of RMB 15.8 billion in total. The convertible bonds issued are called “Eastmoney Convertible Bonds 3” and the bond code is “123111”. The Company received the raised funds after deducting the issuance costs on April 13, 2021.

#### 13.2 Profit distribution

According to the resolution adopted at the 12th meeting of the 5th board of directors of the Company held on April 25, 2020, the Company intends to implement the following plans of conversion from capital reserves to share capital and profit distribution: 1. The Company will convert 2 shares for every 10 shares from the capital reserves to all shareholders based on the total share capital of 8,613,136,491 shares, with a total of 1,722,627,298 shares transferred; the total share capital of the Company will be 10,335,763,789 shares after the conversion; 2. The Company will distribute cash dividends of RMB 0.60 (including tax) for every 10 shares to all shareholders based on the total share capital of 8,613,136,491 shares, totaling RMB 516,788,189.46 in cash. The plans are subject to the consideration of the Company's annual general meeting in 2020.

#### 13.3 Notes to other post-balance sheet events

None.

### 14 Other significant events

#### 14.1 Segment information

##### 14.1.1 Determination basis and accounting policies for reportable segments

The operating segment is determined based on the Company's internal organization structure, management requirements and internal report system. As each report segment provides different products or services, the Company determines the report segment based on the type of products or services; however, due to the mixed operation of relevant business, total assets, total liabilities and period expenses have not been allocated.

##### 14.1.2 Financial information of reportable segments

Item	Financial data service	Online fund distribution business	Securities business	Internet advertisement service and others	Total
Operating revenue	187,999,809.41	2,962,428,571.69		101,859,965.27	3,252,288,346.37
Net interest			1,531,905,832.06	4,336,691.53	1,536,242,523.59

**EAST MONEY INFORMATION CO., LTD.**  
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Item	Financial data service	Online fund distribution business	Securities business	Internet advertisement service and others	Total
income					
Net income from fee and commission			3,449,923,623.67	102,615.29	3,450,026,238.96
Total operating revenue	187,999,809.41	2,962,428,571.69	4,981,829,455.73	106,299,272.09	8,238,557,108.92
Operating costs	227,052,016.22	245,879,992.42		93,713,603.82	566,645,612.46
Total operating costs	227,052,016.22	245,879,992.42		93,713,603.82	566,645,612.46

**14.2 Pledge of stock equity of holding shareholders**

As at the approval date of these financial statements, Mr. Qi Shi the holding shareholder and actual controller of the Company and Mr. Shen Yougen and Mrs. Lu Lili persons acting in concert of the Company jointly held 2,094,127,814 shares of stock of the Company, accounting for 24.31% of the Company's total share capital, in which 295,050,000 shares of stock were pledged for the pledge-style repo of stock, accounting for 14.09% of total shares held by the aforesaid shareholders in the Company and 3.43% of the Company's total share capital.

**14.3 Other major events affecting decision-making of investors**

The Company had no other significant matters required to be disclosed.

**15 Notes to the main items of the parent company's financial statements**

**15.1 Accounts receivable**

**15.1.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	292,785,207.99	31,321,405.49
1 - 2 years	481,500.00	110,714.28
2 - 3 years	100,000.00	1,126,600.00
Over 3 years	7,588,568.29	6,461,968.29
Sub-total	300,955,276.28	39,020,688.06
Less: provision for bad debts	8,194,907.78	8,599,494.49
Total	292,760,368.50	30,421,193.57



EAST MONEY INFORMATION CO., LTD.  
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**15.1.2 Disclosure under the methods of provision for bad debts by category**

Type	Balance as at December 31, 2020					Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made individually	1,001,600.00	0.33	1,001,600.00	100.00		1,571,600.00	4.03	1,571,600.00	100.00	
Provision for bad debts made by portfolio	299,953,676.28	99.67	7,193,307.78	2.40	292,760,368.50	37,449,088.06	95.97	7,027,894.49	18.77	30,421,193.57
Including: aging portfolio	14,406,258.10	4.79	7,193,307.78	49.93	7,212,950.32	15,755,492.25	40.37	7,027,894.49	44.61	8,727,597.76
Current account in the group company	285,547,418.18	94.88			285,547,418.18	21,693,595.81	55.60			21,693,595.81
Total	300,955,276.28	100.00	8,194,907.78		292,760,368.50	39,020,688.06	100.00	8,599,494.49		30,421,193.57

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Provision for bad debts made individually:

Name	Balance as at December 31, 2020			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Internet advertisement service	1,001,600.00	1,001,600.00	100.00	Expected to be irrecoverable
Total	1,001,600.00	1,001,600.00		

Provision for bad debts made by aging portfolio:

Item	Balance as at December 31, 2020		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	7,237,789.81	361,889.49	5.00
1 - 2 years	481,500.00	144,450.00	30.00
2 - 3 years			
Over 3 years	6,686,968.29	6,686,968.29	100.00
Total	14,406,258.10	7,193,307.78	

Provision for bad debts made by portfolio for current account in the group company:

Portfolio name	Balance as at December 31, 2020		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Shanghai Eastmoney Financial Data Services Co., Ltd.	35,314.18		
Eastmoney Futures Co., Ltd.	37,953,349.10		
Shanghai Tiantian Fund Distribution Co., Ltd.	247,558,754.90		
Total	285,547,418.18		

**15.1.3 Provision, reversal or recovery of provision for bad debts in 2020**

Type	Balance as at December 31, 2019	Balance as at January 1, 2020	Changes in 2020			Balance as at December 31, 2020
			Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts made individually	1,571,600.00	1,571,600.00		527,963.84	42,036.16	1,001,600.00
Provision for bad debts made by portfolio	7,027,894.49	7,027,894.49	165,413.29			7,193,307.78
Total	8,599,494.49	8,599,494.49	165,413.29	527,963.84	42,036.16	8,194,907.78

**15.1.4 Accounts receivable actually written off in 2020**

Item	Amount charged off
Accounts receivable actually charged off	42,036.16

**15.1.5 Top 5 of accounts receivable as at December 31, 2020, presented by debtor**

Top 5 of accounts receivables as at December 31, 2020, presented by debtors (excluding the current account in the group company) amounted to RMB 6,853,500.00, accounting for 2.28% of the total ending balance of accounts receivable, and the total ending balance of provision for bad debts made accordingly amounted to RMB 3,843,800.00.

**15.2 Other receivables**

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Other receivables	39,036,019.57	1,017,784,880.93
Total	39,036,019.57	1,017,784,880.93

**15.2.1 Other receivables**

(1) Disclosure by aging

Aging	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	35,797,641.11	1,012,540,085.97
1 - 2 years	1,570,789.28	3,097,144.08
2 - 3 years	1,681,193.73	3,450,319.34
Over 3 years	6,511,057.99	4,608,110.65
Sub-total	45,560,682.11	1,023,695,660.04
Less: provision for bad debts	6,524,662.54	5,910,779.11
Total	39,036,019.57	1,017,784,880.93

**EAST MONEY INFORMATION CO., LTD.**  
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(2) Disclosure under method of provision for bad debts by category

Type	Balance as at December 31, 2020					Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made individually	1,401,892.11	3.08	1,382,777.08	98.64	19,115.03	1,377,213.16	0.13	1,376,733.16	99.97	480.00
Provision for bad debts made by portfolio	44,158,790.00	96.92	5,141,885.46	11.64	39,016,904.54	1,022,318,446.88	99.87	4,534,045.95	0.44	1,017,784,400.93
Including: other payments	11,910,461.67	26.14	5,141,885.46	43.17	6,768,576.21	7,269,734.45	0.71	4,534,045.95	62.37	2,735,688.50
Current account in the group company	32,248,328.33	70.78			32,248,328.33	1,015,048,712.43	99.16			1,015,048,712.43
Total	45,560,682.11	100.00	6,524,662.54		39,036,019.57	1,023,695,660.04	100.00	5,910,779.11		1,017,784,880.93

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Provision for bad debts made individually:

Name	Balance as at December 31, 2020			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
APPLE Inc.	1,393,167.11	1,382,777.08	99.25	Expected to be irrecoverable
Other payments	8,725.00			
Total	1,401,892.11	1,382,777.08		

Provision for bad debts made by portfolio:

Name	Balance as at December 31, 2020		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Other payments	11,910,461.67	5,141,885.46	43.17
Current account in the group company	32,248,328.33		
Total	44,158,790.00	5,141,885.46	

(3) Provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Measured at an amount equal to 12-month ECLs	Measured at an amount equal to lifetime ECLs (no credit impairment occurred)	Measured at an amount equal to lifetime ECLs (credit impairment occurred)	
Balance as at December 31, 2019	4,534,045.95		1,376,733.16	5,910,779.11
In 2020, balance as at December 31, 2019				
-Transfer to Stage II				
-Transfer to Stage III				
-Reversal from Stage II				
-Reversal from Stage I				

**EAST MONEY INFORMATION CO., LTD.**  
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Provision for bad debts	Stage I	Stage II	Stage III	Total
	Measured at an amount equal to 12-month ECLs	Measured at an amount equal to lifetime ECLs (no credit impairment occurred)	Measured at an amount equal to lifetime ECLs (credit impairment occurred)	
Provision in 2020	607,839.51		6,043.92	613,883.43
Reversal in 2020				
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	5,141,885.46		1,382,777.08	6,524,662.54

(4) Provision, reversal or recovery of provision for bad debts in 2020

Type	Balance as at December 31, 2019	Increase or decrease in 2020			Balance as at December 31, 2020
		Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts made by portfolio	4,534,045.95	607,839.51			5,141,885.46
Provision for bad debts made individually	1,376,733.16	6,043.92			1,382,777.08
Total	5,910,779.11	613,883.43			6,524,662.54

(5) Other receivables actually charged off in 2020  
There were no other receivables actually charged off in 2020.

(6) Classification by nature of payment

Nature	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Deposits and margin	9,219,380.00	4,841,052.00
Settlement funds receivable from third-party payment platform	1,981,409.61	1,716,011.32
Current account in the group company	32,248,328.33	1,015,048,712.43
Other payments	2,111,564.17	2,089,884.29

**EAST MONEY INFORMATION CO., LTD.**  
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Nature	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Total	45,560,682.11	1,023,695,660.04

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(7) Top 5 of other receivables as at December 31, 2020, presented by debtor

Entity name	Nature	Balance as at December 31, 2020	Aging	Proportion in total other receivables (%)	Provision for bad debts Balance as at December 31, 2020
APPLE Inc.	Recharge for live streaming	1,393,167.11	Within 1 year or over 3 years	3.06	1,382,777.08
Shanghai Juxin Property Co., Ltd.	Deposit	532,900.00	1 -2 years	1.17	159,870.00
Shanghai Donghu Hotel	Deposit	1,681,000.00	Over 3 years	3.69	1,681,000.00
Shanghai Juhan Investment Management Co., Ltd.	Deposit	1,409,800.00	1-2 years and over 3 years	3.09	1,113,742.00
Shenzhen Xiaomi Information Technology Co., Ltd.	Deposits	4,515,000.00	Within 1 year	9.91	225,750.00
Total		9,531,867.11		20.92	4,563,139.08

**15.3 Long-term equity investments**

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	24,248,280,989.55		24,248,280,989.55	16,064,212,321.55		16,064,212,321.55
Investments in associates and joint ventures	476,643,227.84	25,120,485.00	451,522,742.84	466,135,956.56		466,135,956.56
Total	24,724,924,217.39	25,120,485.00	24,699,803,732.39	16,530,348,278.11		16,530,348,278.11

**15.3.1 Investment in subsidiaries**

Investee	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Provision for impairment in 2020	Balance of provision for impairment as at December 31, 2020
Shanghai Tiantian Fund Distribution Co., Ltd.	338,000,000.00			338,000,000.00		
Shanghai Eastmoney Securities Investment Advisory Co., Ltd.	71,982,000.00			71,982,000.00		
Shanghai Eastmoney Financial Data Services Co., Ltd.	50,000,000.00			50,000,000.00		
Beijing Jingdongcai Information Technology	1,000,000.00			1,000,000.00		



**EAST MONEY INFORMATION CO., LTD.**  
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Investee	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Provision for impairment in 2020	Balance of provision for impairment as at December 31, 2020
Co., Ltd.						
Guangzhou Eastmoney Information Technology Co., Ltd.	1,000,000.00			1,000,000.00		
Shanghai Eastmoney Properties Co., Ltd.	200,000,000.00			200,000,000.00		
Shanghai Youyou Business Consulting Co., Ltd.	181,033.55			181,033.55		
Shanghai Eastmoney Network Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Shanghai Youyou Wealth Investment Management Co., Ltd.	10,000,000.00			10,000,000.00		
Yangzhou Eastmoney Financial Information Services Co., Ltd.	50,000,000.00			50,000,000.00		
East Money (HK) Limited	372,195,588.00	322,155,168.00		694,350,756.00		
Eastmoney Securities Co., Ltd.	14,560,583,700.00	7,650,000,000.00		22,210,583,700.00		
Shanghai Weizhao Information Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Eastmoney Credit Information Co., Ltd.	50,000,000.00			50,000,000.00		
Langke Network Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Nanjing Eastmoney Information Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Shanghai Xuhui Eastmoney Microcredit Co., Ltd.	140,000,000.00			140,000,000.00		
Eastmoney Insurance Broker Co., Ltd.	64,270,000.00			64,270,000.00		
Chengdu Jinghe Enterprise Management Co., Ltd.		211,913,500.00		211,913,500.00		
Total	16,064,212,321.55	8,184,068,668.00		24,248,280,989.55		

EAST MONEY INFORMATION CO., LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
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**15.3.2 Investments in associates and joint ventures**

Investee	Balance as at December 31, 2019	Increase/decrease in 2020								Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Associates											
Shanghai Mandao Financial Information Service Co., Ltd.	427,026,055.41			3,950,330.56				25,120,485.00		405,855,900.97	25,120,485.00
China Securities Credit Technology Co., Ltd.	39,109,901.15			6,556,940.72						45,666,841.87	
Sub-total	466,135,956.56			10,507,271.28				25,120,485.00		451,522,742.84	25,120,485.00
Total	466,135,956.56			10,507,271.28				25,120,485.00		451,522,742.84	25,120,485.00

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**15.4 Operating revenue and operating costs**

Item	Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost
Primary business	3,001,472,217.43	365,624,587.11	1,488,078,797.51	334,917,593.98
Total	3,001,472,217.43	365,624,587.11	1,488,078,797.51	334,917,593.98

**Breakdown of operating revenue:**

Contract classification	Technical services	Financial data service	Internet advertisement business	Other business	Total
Services type	2,777,507,216.38	75,128,735.84	94,623,624.95	54,212,640.26	3,001,472,217.43
Total	2,777,507,216.38	75,128,735.84	94,623,624.95	54,212,640.26	3,001,472,217.43

**Information related to performance obligations:**

The Company's business activities are mainly divided into technical services, financial data services and Internet advertisement services. The main information related to performance obligations for various business contracts is as follows:

1. Technical services:
  - (1) Fulfillment time of performance obligation: continuous provision of technical services within the agreed contract period.
  - (2) Important payment terms: settlement in the month following the provision of technical services.
  - (3) Return and quality assurance terms: None.
2. Financial data services:
  - (1) Fulfillment time of performance obligation: Revenue is recognized under straight-line method for financial data services provided on an ongoing basis within the agreed contract period.
  - (2) Significant payment terms: payment is made before the provision of financial data services.
  - (3) Return and quality assurance terms: None.
3. Internet advertisement services:
  - (1) Fulfillment time of performance obligation: during the period of advertisement release, the revenue is recognized in accordance with the contract amount and the advertisement release execution order.
  - (2) Significant payment terms: 3 to 6 months after the completion of the advertisement placement.
  - (3) Return and quality assurance terms: None.

**15.5 Investment income**

Item	Year 2020	Year 2019
Long-term equity investment income calculated under the equity method	10,507,271.28	39,973,057.15
Investment income from financial assets held for trading during the holding period		21,780,406.62
Investment income from disposal of financial assets	-8,246.09	

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Item	Year 2020	Year 2019
held for trading		
Investment income from other non-current financial assets during the holding period	2,500,000.00	2,000,000.00
Total	12,999,025.19	63,753,463.77

**16 Supplementary information**

**16.1 Details of non-recurring profits and losses in 2020**

Item	Amount	Description
Profit or loss from disposal of non-current assets	1,993.66	
Tax return or relief under unauthorized approval or without official approval document		
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	93,937,547.92	
Fund possession costs included in the profit or loss for the period and collected from non-financial enterprises		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing		
Profit or loss from exchange of non-monetary assets		
Profit or loss from assets investment or management entrusted to other persons		
Provisions for impairment of various assets due to any force majeure, such as the natural disaster		
Profits or losses from debt restructuring		
Enterprise restructuring expenses, such as the expenses on employee placement, and integration expenses		
Profit or loss from the part generating in the transaction where the transaction price is not fair and exceeding the fair value		
Current net profit or loss of the subsidiaries from business combination under common control from the beginning of the period to the combination date		
Profit or loss from contingencies irrelevant to normal business operation of the Company		
Profit or loss from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment, except for the effective hedging operations associated with the Company's normal operations	-10,149,549.95	
Reversal of provisions for impairment of receivables and contract assets tested for impairment individually	3,039,115.55	
Profit or loss from external entrusted loans		
Profit or loss from changes in fair value of investment		

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Item	Amount	Description
property subsequently measured by adopting the fair value mode		
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting		
Income from trustee fees charged for entrusted operation		
Non-operating revenue and expenses other than the above-mentioned items	-17,116,860.18	
Other items of profit or loss subject to the definition of non-recurring profit or loss	10,000,648.64	
Sub-total	79,712,895.64	
Affected amount of income tax	-12,978,158.82	
Affected amount of minority equity (after tax)		
Total	66,734,736.82	

**16.2 Rate of return on net assets and earnings per share**

Profit in the reporting period	Return on weighted average equity (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.89	0.5788	0.5788
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit and loss	17.64	0.5707	0.5707

**East Money Information Co., Ltd.**

**April 25, 2021**

**EAST MONEY INFORMATION CO., LTD.**

**AUDITORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**East Money Information Co., Ltd.**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

(From January 1, 2019 to December 31, 2019)

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# Auditors' Report

PCPAR [2020] No. ZA10228

**All shareholders of East Money Information Co., Ltd.,**

## **I. Opinion**

We have audited the attached financial statements of East Money Information Co., Ltd. (hereinafter referred to as the “Company”), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2019, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in owners' equity and the parent company's statement of changes in owners' equity for the year then ended as well as the notes to the financial statements..

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the consolidated financial position of the Company and the parent company's financial position as at December 31, 2019 and the consolidated operating results and cash flows of the Company and the parent company's operating results and cash flows for the year then ended..

## **II. Basis for Our Opinion**

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company, and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion..

## **III. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine to communicate the following key audit matters in the auditors' report.



Key Audit Matters	How to cope with these matters in the audit
<p><b>(I) Goodwill impairment testing</b></p> <p>As listed in Note 5.21 of the consolidated financial statements, as at December 31, 2019, the original book value of goodwill of the Company was RMB 2,953,945,474.64, and the balance of provision for impairment was RMB 4,731,868.08.</p> <p>The impairment test for goodwill shall be conducted at least once at the end of each year. The management respectively recognizes Eastmoney Securities Co., Ltd., Eastmoney International Securities Limited, Shanghai Eastmoney Securities Research Institute Co., Ltd., and Eastmoney Insurance Broker Co., Ltd. as a single asset group.</p> <p>(1) The Management hired external valuation experts to evaluate the recoverable amounts of the asset groups of Eastmoney Securities Co., Ltd. and Eastmoney International Securities Limited under the market comparable method of listed companies. Key assumptions included the comparable asset group's P/B ratio and its weights, correction factors and liquidity discounts.</p> <p>(2) For the goodwill of relevant asset groups of Shanghai Eastmoney Securities Research Institute Co., Ltd., the provision for impairment of goodwill was fully made in 2018.</p> <p>(3) The Company acquired 100% equity of Eastmoney Insurance Broker Co., Ltd. in May 2019. There was no change in the operation of the relevant asset group and asset group portfolio, the Management assessed that there was no impairment of goodwill of the asset group of Eastmoney Insurance Broker Co., Ltd..</p> <p>As the assessment method and selection of parameters involve the Management's judgment and may be influenced by the Management's risk appetite, we have included the impairment test for goodwill as a key audit matter of the Company in 2019.</p>	<p>The audit procedures we have performed for impairment test for goodwill mainly included:</p> <p>(1) Evaluated and tested the effectiveness of the design and implementation of internal controls related to impairment test for goodwill, including the adoption of key assumptions and the review and approval of provision amount for impairment.</p> <p>(2) Evaluated the professional competency, professional quality and objectivity of the external valuation experts hired by the Company.</p> <p>(3) Assessed the appropriateness of the valuation methods used by the Management for different asset groups by reference to industry practices.</p> <p>(4) Assessed the appropriateness of the selection of comparable companies and value ratios under the market comparable method of listed companies, review and conduct the sensitivity analysis of key inputs such as weights, correction factors and liquidity discounts, and prudently evaluated these key assumptions and judgments.</p> <p>(5) Evaluated the reliability and historical accuracy of the Management's forecasting process in light of industry characteristics, and in combination with the growth of revenues, profits and cash flows for each asset group over the years.</p>

Key Audit Matters	How to cope with these matters in the audit
<b>(II) Measurement of expected credit losses of credit business</b>	
<p>As listed in Note 5.3 and 5.11 of the consolidated financial statements, as at December 31, 2019, the book value of margin accounts receivable of the Company was RMB 15,939,105,323.67, of which the balance of provision for impairment amounted to RMB 40,999,077.60; the book value of financial assets held under resale agreements was RMB 967,015,476.03, of which the balance of provision for impairment amounted to RMB 4,098,323.06. The book value of the above assets accounted for 27.34% of total ending balance of assets of the Company.</p> <p>The Company implemented the <i>Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments</i> since January 1, 2019, in which the Company applies an expected credit loss model to measure expected credit losses based on parameters such as EAD, PD and LGD of asset portfolio. As the assessment of credit impairment losses on the above assets requires the Management's significant judgment and the ending book value of the above assets is material, we have included the measurement of expected credit impairment losses on credit business as a key audit matter of the Company in 2019.</p>	<p>The audit procedures we have performed on the measurement of expected credit losses of credit business mainly included:</p> <p>(1) Assessed and tested the effectiveness of the design and operation of internal controls related to the impairment accrual process for margin accounts receivable and financial assets held under resale agreements.</p> <p>(2) Assessed the reasonableness of the qualitative and quantitative criteria used by the Management to classify the impairment stages and the expected credit loss model used to determine the amount of impairment loss for each stage.</p> <p>(3) Assessed the reasonableness of the key parameters used by the Management in calculating the impairment loss, including parameters such as EAD, PD, LGD and forward-looking adjustment factors.</p> <p>(4) Selected a sample and reviewed the classification results of the impairment stage of the sample; recalculated the expected credit loss calculation process and compared the results.</p> <p>(5) Evaluated the reasonableness of the impairment model calculation results of the Management in the light of historical loss experience and the accrual of the same industry.</p>

Key Audit Matters	How to cope with these matters in the audit
<p data-bbox="304 353 805 387"><b>(III) Revenue recognition</b></p> <p data-bbox="304 862 805 1160">As listed in Note 5.45, Note 5.46 and 5.47 of the consolidated financial statements, total operating revenue of the Company was RMB 4,231,678,035.56 in 2019. Total operating revenue included the operating revenue, net interest income, handling charges and net commission revenue.</p> <p data-bbox="304 1167 805 1328">The business scope of the Company involved the securities business, online fund distribution business, financial data service, internet advertisement service, etc.</p> <p data-bbox="304 1335 805 1512">Due to the diverse types and significant amounts of the Company's business, we have identified the recognition of revenue as a key audit matter of the Company in 2019.</p>	<p data-bbox="805 394 1380 454">Audit procedures we have undertaken for revenue recognition mainly included:</p> <p data-bbox="805 461 1380 562">(1) Understood and evaluated the design and operational effectiveness of key internal control related to the revenue recognition.</p> <p data-bbox="805 568 1380 757">(2) Implemented analytical procedures for different business types, based on different classifications such as sales products, sales regions and customer types as well as the situation of the same industry, to analyze the reasonableness of changes in revenue.</p> <p data-bbox="805 763 1380 1025">(3) Conducted the spot check on the customer contracts of different business types, and inspected whether the revenue recognition is in line with the Company's accounting policies on revenue recognition based on the billing methods, settlement cycles and service contents agreed in the relevant business processes and agreements.</p> <p data-bbox="805 1032 1380 1160">(4) Implemented the confirmation procedures for different business types under different sampling methods, to verify the authenticity and integrity of revenue.</p> <p data-bbox="805 1167 1380 1328">(5) Conducted the spot check on the basic information of information systems related to finance for different business types, to recalculate the accuracy of the recognition of relevant business;</p> <p data-bbox="805 1335 1380 1512">(6) Performed the deadline test and checked some revenue recognition records before and after the balance sheet date to evaluate whether the revenue is recognized in the appropriate accounting period.</p>

**IV. Other information**

The management of the Company (hereinafter referred to as the “Management”) is responsible for other information. Other information comprises the information of the annual report of the Company in 2019, but excludes the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of other information, we are required to report that fact. However, we have nothing to report in this regard.

**V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**VI. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (III) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the management's use of the going-concern assumption. Based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern..
- (V) Evaluate the financial statements' overall presentation, structure and contents, and whether the financial statements fairly represent the underlying transactions and events.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them in regard to all relationships and other matters that may reasonably be thought to affect our independence, and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP**

**Certified Public Accountant of China:  
(Engagement partner)**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 8, 2020**

*This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.*

**East Money Information Co., Ltd.**  
**Consolidated Balance Sheet**  
**As at December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at December 31, 2019	Balance as at December 31, 2018
Current assets:			
Cash and bank balances	5.1	25,011,288,900.23	11,334,325,902.76
Clearing settlement funds	5.2	3,368,125,706.25	2,776,157,386.43
Loans to banks and other financial institutions			
Margin accounts receivable	5.3	15,939,105,323.67	8,186,326,745.80
Financial assets held for trading	5.4	5,005,901,075.92	
Financial assets measured at fair value through profit or loss	5.5		5,562,782,650.55
Derivative financial assets	5.6	98,655.92	487,181.33
Notes receivable			
Accounts receivable	5.7	314,416,633.97	257,906,912.27
Receivable financing			
Prepayments	5.8	86,012,395.46	64,111,875.29
Premium receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.9	4,332,951,636.94	3,100,739,274.82
Refundable deposits	5.10	1,069,580,035.79	586,890,312.64
Financial assets held under resale agreements	5.11	967,015,476.03	1,508,886,850.22
Inventories	5.12		145,708,168.60
Assets held for sale			
Non-current assets due within one year			
Other current assets	5.13	64,821,724.79	847,467,906.00
<b>Total current assets</b>		<b>56,159,317,564.97</b>	<b>34,371,791,166.71</b>
Non-current assets:			
Loans and advances	5.14	12,827,168.43	14,762,943.39
Debt investment			
Available-for-sale financial assets	5.15		89,008,982.93
Other debt investment			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	5.16	466,135,956.56	444,788,404.58
Other equity instrument investments			
Other non-current financial assets	5.17	119,127,036.06	
Investment properties			
Fixed assets	5.18	1,558,276,152.52	1,716,423,761.02
Construction in progress	5.19	22,944,543.50	9,942,080.28
Productive biological assets			
Oil and gas assets			
Intangible assets	5.20	180,294,865.91	77,318,129.06
Development expenses			
Goodwill	5.21	2,953,945,474.64	2,927,438,960.13
Long-term prepaid expenses	5.22	75,179,824.46	90,161,427.70
Deferred tax assets	5.23	71,448,904.16	69,325,834.92
Other non-current assets	5.24	211,913,500.00	
<b>Total non-current assets</b>		<b>5,672,093,426.24</b>	<b>5,439,170,524.01</b>
<b>Total assets</b>		<b>61,831,410,991.21</b>	<b>39,810,961,690.72</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Balance Sheet (Continued)**  
**As at December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 5	Balance as at December 31, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term borrowings	5.25	402,516,964.44	213,057,069.31
Short-term financing bonds payable	5.26	4,186,757,400.25	1,917,025,000.00
Placements from other financial institutions	5.27	603,520,833.34	
Financial liabilities held for trading			
Financial liabilities measured at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.28	115,857,314.04	105,506,035.18
Receipts in advance	5.29	152,991,316.80	137,043,760.80
Financial assets sold under repurchase agreements	5.30	3,198,980,741.66	85,985,126.50
Absorption of deposits and interbank deposit			
Accounts payable to brokerage customers	5.31	29,626,902,914.24	14,293,180,675.18
Receivings from vicariously sold securities			
Employee benefits payable	5.32	276,139,178.55	245,366,464.51
Taxes and surcharges payable	5.33	77,464,646.45	34,979,904.01
Other payables	5.34	530,967,121.69	1,650,507,113.12
Fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	5.35	204,658,630.14	606,399,591.47
Other current liabilities	5.36	142,034.14	
<b>Total current liabilities</b>		39,376,899,095.74	19,289,050,740.08
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable	5.37	1,223,232,120.83	4,814,884,053.09
Including: preferred shares			
Perpetual bonds			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	5.38	515,000.00	1,714,372.67
Deferred tax liabilities	5.23	18,275,519.24	10,073,050.33
Other non-current liabilities			
<b>Total non-current liabilities</b>		1,242,022,640.07	4,826,671,476.09
<b>Total liabilities</b>		40,618,921,735.81	24,115,722,216.17
Owners' equity:			
Share capital	5.39	6,715,608,655.00	5,168,285,026.00
Other equity instruments	5.40		1,218,948,400.05
Including: preferred shares			
Perpetual bonds			
Capital reserves	5.41	8,930,620,933.89	5,504,351,574.00
Less: treasury stock			
Other comprehensive income	5.42	9,585,221.37	-3,698,398.13
Special reserves			
Surplus reserves	5.43	438,681,541.78	394,788,468.43



Liabilities and owners' equity	Note 5	Balance as at December 31, 2019	Balance as at December 31, 2018
General risk reserves			
Retained earnings	5.44	5,117,992,903.36	3,412,564,404.20
Total equity attributable to owners of the parent		21,212,489,255.40	15,695,239,474.55
Minority equity			
<b>Total equity</b>		21,212,489,255.40	15,695,239,474.55
<b>Total liabilities and equity</b>		61,831,410,991.21	39,810,961,690.72

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Balance Sheet**  
**As at December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at December 31, 2019	Balance as at December 31, 2018
Current assets:			
Cash and bank balances		478,032,024.07	82,790,098.20
Clearing settlement funds		200,833.95	198,124.69
Financial assets held for trading			
Financial assets measured at fair value through current profit or loss			400,207,641.79
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	30,421,193.57	14,496,236.03
Receivable financing			
Prepayments		36,841,230.21	26,194,360.06
Other receivables	15.2	1,017,784,880.93	992,525,111.79
Inventories			
Assets held for sale			
Non-current assets due within one year			
Other current assets		40,002,679.36	679,499,183.08
<b>Total current assets</b>		<b>1,603,282,842.09</b>	<b>2,195,910,755.64</b>
Non-current assets:			
Debt investment			
Available-for-sale financial assets			75,000,000.00
Other debt investment			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	15.3	16,530,348,278.11	10,796,904,038.13
Other equity instrument investments			
Other non-current financial assets		119,127,036.06	
Investment properties			
Fixed assets		1,380,056,236.78	1,528,668,313.91
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		11,676,200.31	15,481,824.16
Development expenses			
Goodwill			
Long-term prepaid expenses		748,653.37	1,896,617.42
Deferred tax assets		8,691,306.26	16,964,864.78
Other non-current assets		211,913,500.00	4,621,676,788.89
<b>Total non-current assets</b>		<b>18,262,561,210.89</b>	<b>17,056,592,447.29</b>
<b>Total assets</b>		<b>19,865,844,052.98</b>	<b>19,252,503,202.93</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Balance Sheet (Continued)**  
**As at December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term borrowings		400,568,140.56	213,057,069.31
Financial liabilities held for trading			
Financial liabilities measured at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		76,821,701.49	61,732,925.36
Receipts in advance		105,441,821.02	98,024,320.02
Employee benefits payable		117,349,790.94	57,745,814.67
Taxes and surcharges payable		10,848,966.05	3,645,266.75
Other payables		138,942,706.00	275,559,874.74
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
<b>Total current liabilities</b>		<b>849,973,126.06</b>	<b>709,765,270.85</b>
Non-current liabilities:			
Long-term borrowings			
Bonds payable			3,614,884,053.09
Including: preferred shares			
Perpetual bonds			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		515,000.00	734,372.67
Deferred tax liabilities		6,619,055.41	31,146.27
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>7,134,055.41</b>	<b>3,615,649,572.03</b>
<b>Total liabilities</b>		<b>857,107,181.47</b>	<b>4,325,414,842.88</b>
Owners' equity:			
Share capital		6,715,608,655.00	5,168,285,026.00
Other equity instruments			1,218,948,400.05
Including: preferred shares			
Perpetual bonds			
Capital reserves		8,920,734,137.33	5,494,464,777.44
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		438,681,541.78	394,788,468.43
Retained earnings		2,933,712,537.40	2,650,601,688.13
<b>Total equity</b>		<b>19,008,736,871.51</b>	<b>14,927,088,360.05</b>
<b>Total liabilities and equity</b>		<b>19,865,844,052.98</b>	<b>19,252,503,202.93</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Income Statement**  
**For the Year Ended December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2019	Year 2018
I. Total operating revenue		4,231,678,035.56	3,123,446,007.42
Including: operating revenue	5.45	1,478,041,023.06	1,309,580,716.93
Net interest income	5.46	813,893,679.12	618,315,240.90
Earned premiums			
Net income from fee and commission	5.47	1,939,743,333.38	1,195,550,049.59
II. Total operating costs		2,378,564,063.27	2,260,534,352.81
Including: operating cost	5.45	390,944,096.83	371,335,725.53
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance liability reserves			
Policy dividend payment			
Reinsurance costs			
Taxes and surcharges	5.48	41,048,014.49	31,033,977.04
Selling expenses	5.49	364,071,248.31	259,775,169.89
Administrative expenses	5.50	1,289,100,610.82	1,191,609,602.23
Research and development expenses	5.51	305,408,028.00	250,328,059.28
Financial expenses	5.52	-12,007,935.18	156,451,818.84
Including: interest expenses		76,001,501.28	235,893,544.12
Interest income		96,310,736.10	79,448,938.35
Add: other income	5.53	49,136,219.39	19,340,032.16
Investment income	5.54	270,853,292.04	211,236,184.64
Including: shares of profits and losses of associates and joint ventures		39,973,057.15	60,581,162.68
Income from derecognition of financial asset measured at amortized cost			
Foreign exchange gains/(losses)		-2,763,791.45	407,950.63
Net open hedging profits and losses ("-" for losses)			
Fair value gains/(losses)	5.55	-6,846,651.68	49,207,969.78
Expected credit losses	5.56	-20,871,466.56	
Losses from impairment of assets ("-" for losses)	5.57		-11,908,623.24
Loss arising from disposal of assets	5.58	-477,860.27	-594,999.89
III. Operating profits ("-" for losses)		2,142,143,713.76	1,130,600,168.69
Add: non-operating revenue	5.59	47,038.28	165,241.98
Less: non-operating expenses	5.60	14,603,243.97	9,931,417.01
IV. Profit before tax		2,127,587,508.07	1,120,833,993.66
Less: income tax expenses	5.61	296,298,656.75	162,615,256.92
V. Profit for the year		1,831,288,851.32	958,218,736.74
(I) Classified by operating sustainability			
1. Profit from continuing operations ("-" for net loss)		1,831,288,851.32	958,218,736.74
2. Net profit from discontinuing operations ("-" for net loss)			
(II) Classified by ownership			
1. Profit attributable to owners of the parent		1,831,288,851.32	958,695,412.88
2. Minority interest income ("-" for net loss)			-476,676.14
VI. Other comprehensive income, net of tax		12,594,357.09	5,212,999.80
Other comprehensive income, net of tax attributable to owners of the parent		12,594,357.09	5,212,999.80

Item	Note 5	Year 2019	Year 2018
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity investments			
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		12,594,357.09	5,212,999.80
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Profit or loss of change in fair value of available-for-sale financial assets			-979,103.37
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investment			
7. Cash flow hedging reserve (effective portion of cash flow hedging profit or loss)			
8. Exchange differences on translation of foreign currency financial statements		12,594,357.09	6,192,103.17
9. Others			
Other comprehensive income, net of tax attributable to minority shareholders			
VII. Total comprehensive income		1,843,883,208.41	963,431,736.54
Total comprehensive income attributable to owners of the parent company		1,843,883,208.41	963,908,412.68
Total comprehensive income attributable to minority shareholders			-476,676.14
VIII. Earnings per share:	5.62		
(I) Basic earnings per share (RMB/share)		0.2776	0.1549
(II) Diluted earnings per share (RMB/share)		0.2776	0.1549

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Income Statement**  
**For the Year Ended December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Year 2019	Year 2018
I. Operating revenue	15.4	1,488,078,797.51	1,350,205,157.15
Less: operating cost	15.4	334,917,593.98	321,915,924.00
Taxes and surcharges		20,150,656.15	16,866,397.69
Selling expenses		255,801,927.90	150,384,437.25
Administrative expenses		360,317,082.13	320,361,515.60
Research and development expenses		167,221,731.88	194,312,614.30
Financial expenses		-30,102,187.30	15,815,737.25
Including: interest expenses		70,106,847.99	224,717,178.80
Interest income		100,482,291.17	209,375,867.52
Add: other income		21,825,981.61	10,288,808.89
Investment income	15.5	63,753,463.77	548,044,162.68
Including: shares of profits and losses of associates and joint ventures		39,973,057.15	60,581,162.68
Gains from derecognition of financial assets measured at amortized cost			
Gains from net exposure hedging ("-" for losses)			
Fair value gains/(losses)		546,740.98	207,641.79
Expected credit losses		-3,555,903.12	
Losses from impairment of assets ("-" for losses)			-1,149,114.17
Loss arising from disposal of assets		-163,515.15	-621,020.88
II. Operating profit ("-" for losses)		462,178,760.86	887,319,009.37
Add: Non-operating revenue		32,431.04	59,109.76
Less: non-operating expenses		7,016,500.00	3,058,000.00
III. Profit before tax		455,194,691.90	884,320,119.13
Less: income tax expenses		53,130,713.66	50,628,532.14
IV. Profit for the year		402,063,978.24	833,691,586.99
(I) Profit from continuing operations ("—" for net loss)		402,063,978.24	833,691,586.99
(II) Net profit from discontinuing operations ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments			
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Profit or loss of change in fair value of available-for-sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit or loss arising from reclassification of			

Item	Note 15	Year 2019	Year 2018
held-to-maturity investments as available-for-sale financial assets			
6. Provision for credit impairment of other debt investment			
7. Cash flow hedging reserves (effective portion of cash flow hedging profit or loss)			
8. Exchange differences on translation of foreign-currency financial statements			
9. Others			
VI. Total comprehensive income		402,063,978.24	833,691,586.99
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:                      Accounting Principal:                      Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2019	Year 2018
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		1,522,690,164.91	1,463,998,203.64
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, fee and commission		4,273,846,195.49	2,862,381,976.53
Net increase in placements from other financial institutions		600,000,000.00	
Net decrease in loans and advances to customers		2,002,581.19	
Net capital increase in repurchase business		3,688,150,833.01	395,674,284.30
Net decrease in margin accounts receivable			1,640,598,484.40
Net decrease in financial assets held for trading purposes		306,885,042.43	
Net cash received from brokerage business for customers		13,836,520,678.04	453,288,814.98
Refunds of taxes		15,694,391.64	27,000,589.75
Cash received from other operating activities	(5.63.1)	178,452,347.01	1,031,000,572.66
Sub-total of cash inflows from operating activities		24,424,242,233.72	7,873,942,926.26
Cash paid for goods purchased and services received		346,695,428.60	281,650,023.32
Net increase in margin accounts receivable		7,507,178,207.65	
Net increase of financial assets held for trading			2,397,785,078.51
Net increase in loans to banks and other financial institutions			
Net increase in loans and advances to customers			12,225,780.40
Net increase in deposits in central bank, other banks and financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, fee and commission		987,134,445.75	620,695,238.88
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,118,128,349.18	993,613,216.03
Cash paid for taxes and surcharges		523,013,949.31	302,462,859.17
Cash paid for other operating activities	(5.63.2)	2,220,921,342.57	598,165,737.62
Sub-total of cash outflows from operating activities		12,703,071,723.06	5,206,597,933.93
<b>Net cash flows from operating activities</b>		<b>11,721,170,510.66</b>	<b>2,667,344,992.33</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		4,676,349,466.26	1,112,007,081.60
Cash received from returns on investments		49,006,633.02	28,578,604.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		708,310.56	785,147.59



Item	Note 5	Year 2019	Year 2018
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities	(5.63.3)		1,739,000,000.00
Sub-total of cash inflows from investing activities		4,726,064,409.84	2,880,370,833.33
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		76,882,960.22	197,721,488.12
Cash paid for investments		3,832,652,464.61	1,570,521,017.86
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units		17,400,978.72	
Cash paid for other investing activities	(5.63.4)		2,288,000,000.00
Sub-total of cash outflows from investing activities		3,926,936,403.55	4,056,242,505.98
<b>Net cash flows from investing activities</b>		799,128,006.29	-1,175,871,672.65
<b>III. Cash flows from financing activities</b>			
Cash received from capital contribution		75,258,862.56	75,417,168.96
Including: cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		494,611,939.35	213,057,069.31
Cash received from issuance of bonds		6,837,338,000.00	5,491,570,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		7,407,208,801.91	5,780,044,238.27
Cash paid for debts repayments		5,342,778,603.96	7,209,332,533.82
Cash paid for distribution of dividends and profits or payment of interest		339,130,209.78	376,354,651.75
Including: dividends or profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		5,681,908,813.74	7,585,687,185.57
<b>Net cash flows from financing activities</b>		1,725,299,988.17	-1,805,642,947.30
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		3,052,578.27	9,439,995.10
<b>V. Net increase in cash and cash equivalents</b>		14,248,651,083.39	-304,729,632.52
Add: beginning balance of cash and cash equivalents		14,110,483,289.19	14,415,212,921.71
<b>VI. Ending balance of cash and cash equivalents</b>		28,359,134,372.58	14,110,483,289.19

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2019	Year 2018
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		1,566,918,080.51	1,786,498,278.59
Refunds of taxes		9,789,400.77	26,755,069.82
Cash received from other operating activities		31,864,931.49	92,567,963.29
Sub-total of cash inflows from operating activities		1,608,572,412.77	1,905,821,311.70
Cash paid for goods purchased and services received		274,574,149.32	263,076,537.32
Cash paid to and on behalf of employees		395,629,103.00	342,529,911.23
Cash paid for taxes and surcharges		127,710,232.54	50,770,220.85
Cash paid for other operating activities		1,179,331,689.08	218,112,785.96
Sub-total of cash outflows from operating activities		1,977,245,173.94	874,489,455.36
<b>Net cash flows from operating activities</b>		-368,672,761.17	1,031,331,856.34
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		4,050,000,000.00	
Cash received from returns on investments		137,748,231.16	724,331,780.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		85,177.68	5,982,324.47
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		1,030,630,700.00	1,453,000,000.00
Sub-total of cash inflows from investing activities		5,218,464,108.84	2,183,314,104.48
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets		20,807,425.62	149,379,194.74
Cash paid for investments		4,242,429,999.11	604,000,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investing activities		300,000,000.00	3,209,676,788.89
Sub-total of cash outflows from investing activities		4,563,237,424.73	3,963,055,983.63
<b>Net cash flows from investing activities</b>		655,226,684.11	-1,779,741,879.15
<b>III. Cash flows from financing activities</b>			
Cash received from capital contribution		75,258,862.56	75,417,168.96
Cash received from borrowings		494,611,939.35	213,057,069.31
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		569,870,801.91	288,474,238.27
Cash paid for debts repayments		338,355,603.96	
Cash paid for distribution of dividends and profits or payment of interest		122,881,555.19	100,744,334.32
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		461,237,159.15	100,744,334.32
<b>Net cash flows from financing activities</b>		108,633,642.76	187,729,903.95
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		395,187,565.70	-560,680,118.86
Add: beginning balance of cash and cash equivalents		82,988,222.89	643,668,341.75
<b>VI. Ending balance of cash and cash equivalents</b>		478,175,788.59	82,988,222.89

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity**  
**For the Year Ended December 31, 2019**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2019												
	Equity attributable to owners of the parent company												
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity
I. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,504,351,574.00		-3,698,398.13		394,788,468.43		3,412,564,404.20	15,695,239,474.55	
Add: adjustments for changes in accounting policies							689,262.41		3,686,675.53		26,272,856.58	30,648,794.52	
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance as at January 1, 2019	5,168,285,026.00			1,218,948,400.05	5,504,351,574.00		-3,009,135.72		398,475,143.96		3,438,837,260.78	15,725,888,269.07	
III. Changes for the period	1,547,323,629.00			-1,218,948,400.05	3,426,269,359.89		12,594,357.09		40,206,397.82		1,679,155,642.58	5,486,600,986.33	
(I) Total comprehensive income							12,594,357.09				1,831,288,851.32	1,843,883,208.41	
(II) Owners' contributions and reduction in capital	428,055,520.00			-1,218,948,400.05	4,545,889,374.06							3,754,996,494.01	
1. Capital contributions	21,564,144.00				53,694,718.56							75,258,862.56	
2. Capital contributed by the holders of other equity instruments	406,491,376.00			-1,218,948,400.05	4,456,095,251.20							3,643,638,227.15	
3. Amounts of share-based payments recognized in owners' equity					3,914,762.50							3,914,762.50	
4. Others					32,184,641.80							32,184,641.80	
(III) Profit distribution									40,206,397.82		-152,133,208.74	-111,926,810.92	
1. Withdrawal of surplus reserves									40,206,397.82		-40,206,397.82		
2. Withdrawal of general risk reserves													
3. Profit distributed											-111,926,810.92	-111,926,810.92	

Item	Year 2019												
	Equity attributable to owners of the parent company												Minority equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	
to owners (or shareholders)													
4. Others													
(IV) Transfer within equity	1,119,268,109.00				-1,119,268,109.00								
1. Capital reserves converted to share capital	1,119,268,109.00				-1,119,268,109.00								
2. Conversion of surplus reserves into paid-in capital (or share capital)													
3. Surplus reserves offsetting losses													
4. Carry-forward of changes in the defined benefit plan for retained earnings													
5. Carry-forward of other comprehensive income for retained earnings													
6. Others													
(V) Special reserves													
1. Amount withdrawn in 2019													
2. Amount used in 2019													
(VI) Others					-351,905.17							-351,905.17	-351,905.17
IV. Balance as at December 31, 2019	6,715,608,655.00				8,930,620,933.89		9,585,221.37		438,681,541.78		5,117,992,903.36	21,212,489,255.40	21,212,489,255.40

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity (Continued)**  
**For the Year Ended December 31, 2019**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2018													
	Equity attributable to owners of the parent company												Minority equity	Total equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total		
		Preferred shares	Perpetual bonds	Others										
I. Balance as at December 31, 2017	4,288,779,718.00			1,219,365,239.40	6,244,200,290.32		-8,911,397.93		311,419,309.73		2,623,013,744.38	14,677,866,903.90	2,579,711.48	14,680,446,615.38
Add: adjustments for changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2018	4,288,779,718.00			1,219,365,239.40	6,244,200,290.32		-8,911,397.93		311,419,309.73		2,623,013,744.38	14,677,866,903.90	2,579,711.48	14,680,446,615.38
III. Changes for the period	879,505,308.00			-416,839.35	-739,848,716.32		5,212,999.80		83,369,158.70		789,550,659.82	1,017,372,570.65	-2,579,711.48	1,014,792,859.17
(I) Total comprehensive income							5,212,999.80				958,695,412.88	963,908,412.68	-476,676.14	963,431,736.54
(II) Owners' contributions and reduction in capital	21,749,365.00			-416,839.35	117,555,321.51							138,887,847.16	-2,103,035.34	136,784,811.82
1. Capital contributions	21,609,504.00				53,807,664.96							75,417,168.96	-4,000,000.00	71,417,168.96
2. Capital contributed by the holders of other equity instruments	139,861.00			-416,839.35	1,487,779.92							1,210,801.57		1,210,801.57
3. Amount of share-based payments recognized in owners' equity					38,063,208.00							38,063,208.00		38,063,208.00
4. Others					24,196,668.63							24,196,668.63	1,896,964.66	26,093,633.29

Item	Year 2018													
	Equity attributable to owners of the parent company													Total equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity	
		Preferred shares	Perpetual bonds	Others										
(III) Profit distribution									83,369,158.70		-169,144,753.06	-85,775,594.36		-85,775,594.36
1. Withdrawal of surplus reserves									83,369,158.70		-83,369,158.70			
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-85,775,594.36	-85,775,594.36		-85,775,594.36
4. Others														
(IV) Transfer within equity	857,755,943.00				-857,755,943.00									
1. Capital reserves converted to share capital	857,755,943.00				-857,755,943.00									
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Others														
(V) Special reserves														
1. Amount withdrawn in 2018														
2. Amount used in 2018														
(VI) Others					351,905.17							351,905.17		351,905.17
IV. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,504,351,574.00		-3,698,398.13		394,788,468.43		3,412,564,404.20	15,695,239,474.55		15,695,239,474.55

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Changes in Owners' Equity**  
**For the Year Ended December 31, 2019**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
I. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,494,464,777.44				394,788,468.43	2,650,601,688.13	14,927,088,360.05
Add: changes in accounting policies									3,686,675.53	33,180,079.77	36,866,755.30
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2019	5,168,285,026.00			1,218,948,400.05	5,494,464,777.44				398,475,143.96	2,683,781,767.90	14,963,955,115.35
III. Changes for the period	1,547,323,629.00			-1,218,948,400.05	3,426,269,359.89				40,206,397.82	249,930,769.50	4,044,781,756.16
(I) Total comprehensive income										402,063,978.24	402,063,978.24
(II) Owners' contributions and reduction in capital	428,055,520.00			-1,218,948,400.05	4,545,889,374.06						3,754,996,494.01
1. Capital contributions	21,564,144.00				53,694,718.56						75,258,862.56
2. Capital contributed by the holders of other equity instruments	406,491,376.00			-1,218,948,400.05	4,456,095,251.20						3,643,638,227.15
3. Amounts of share-based payments recognized in owners' equity					3,914,762.50						3,914,762.50
4. Others					32,184,641.80						32,184,641.80
(III) Profit distribution									40,206,397.82	-152,133,208.74	-111,926,810.92
1. Withdrawal of surplus reserves									40,206,397.82	-40,206,397.82	
2. Profit distributed to owners (or shareholders)										-111,926,810.92	-111,926,810.92
3. Others											
(IV) Transfer within	1,119,268,109.00				-1,119,268,109.00						



Item	Year 2019										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
	Preferred shares	Perpetual bonds	Others								
equity											
1. Capital reserves converted to share capital	1,119,268,109.00				-1,119,268,109.00						
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2019											
2. Amount used in 2019											
(VI) Others					-351,905.17						-351,905.17
IV. Balance as at December 31, 2019	6,715,608,655.00				8,920,734,137.33				438,681,541.78	2,933,712,537.40	19,008,736,871.51

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Parent Company's Statement of Changes in Owners' Equity (Continued)**  
**For the Year Ended December 31, 2019**  
**(Amounts are expressed in RMB unless otherwise stated)**

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance as at December 31, 2017	4,288,779,718.00			1,219,365,239.40	6,232,416,529.10				311,419,309.73	1,986,054,854.20	14,038,035,650.43
Add: changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2018	4,288,779,718.00			1,219,365,239.40	6,232,416,529.10				311,419,309.73	1,986,054,854.20	14,038,035,650.43
III. Changes for the period	879,505,308.00			-416,839.35	-737,951,751.66				83,369,158.70	664,546,833.93	889,052,709.62
(I) Total comprehensive income										833,691,586.99	833,691,586.99
(II) Owners' contributions and reduction in capital	21,749,365.00			-416,839.35	119,452,286.17						140,784,811.82
1. Capital contributions	21,609,504.00				53,807,664.96						75,417,168.96
2. Capital contributed by the holders of other equity instruments	139,861.00			-416,839.35	1,487,779.92						1,210,801.57
3. Amounts of share-based payments recognized in owners' equity					38,063,208.00						38,063,208.00
4. Others					26,093,633.29						26,093,633.29
(III) Profit distribution									83,369,158.70	-169,144,753.06	-85,775,594.36
1. Withdrawal of surplus reserves									83,369,158.70	-83,369,158.70	
2. Profit distributed										-85,775,594.36	-85,775,594.36

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
to owners (or shareholders)											
3. Others											
(IV) Transfer within equity	857,755,943.00				-857,755,943.00						
1. Capital reserves converted to share capital	857,755,943.00				-857,755,943.00						
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Others											
(V) Special reserves											
1. Amount withdrawn in 2018											
2. Amount used in 2018											
(VI) Others					351,905.17						351,905.17
IV. Balance as at December 31, 2018	5,168,285,026.00			1,218,948,400.05	5,494,464,777.44				394,788,468.43	2,650,601,688.13	14,927,088,360.05

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

**East Money Information Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**  
**(Amounts are expressed in RMB unless otherwise stated)**

**1 Company profile**

**1.1 Company overview**

East Money Information Co., Ltd. (hereinafter referred to as the "Company") was formerly known as Shanghai East Money Information Technology Limited. It was restructured into a limited liability company on December 20, 2007. The name was changed from Shanghai East Money Information Technology Limited to East Money Information Co., Ltd. on January 7, 2008.

According to the resolution of the Company's second extraordinary general meeting of shareholders in 2009, and the approval by the China Securities Regulatory Commission with *the Official Reply to the Approval of the Initial Public Offering and Listing of East Money Information Co., Ltd. on the Growth Enterprise Market* (ZJXX [2010] No. 249), the Company publicly issued 35,000,000 RMB ordinary shares, increasing the registered capital by RMB 35,000,000.00, and the registered capital after the issue amounted to RMB 140,000,000.00. The Company was listed on the Shenzhen Stock Exchange on March 19, 2010, and on April 12, 2010, it obtained the Business License for Enterprise Legal Person with the same registration number from the Shanghai Administration for Industry and Commerce.

As at December 31, 2019, the Company's total accumulative issued share capital was 6,715,608,655 shares, and the Company's registered capital was RMB 6,715,608,655.00. The registration address was located at Building No. 1, No. 2999, Bao'an Road, Jiading District, Shanghai, and the operation address was Jinzuo, No. 88, Wanping South Road, Xuhui District, Shanghai.

The main business activities of the Company and its subsidiaries (hereinafter referred to as "the Group") are: securities business, online fund distribution business, financial data service, internet advertisement service.

Business scope of the Company: call center business and information service business (subject to operating license) in the second type of value-added telecommunications business, enterprise investment consulting, and planning, business consulting, conference affairs and exhibition consulting services, computer software and hardware and network system technology development, technical services, technical consultation, and technology transfer, design, manufacturing, release, and agency of various domestic and foreign advertisements, lease of self-owned properties, and sales of computer software. [Items subject to approval according to law can be carried out only after such approval is granted by the competent authorities].

As of December 31, 2019, the subsidiary Eastmoney Securities Co., Ltd. had 12 approved branches and 148 securities business departments.

The financial statements have been approved by all directors (Board of Directors) of the Company on April 8, 2020.

**1.2 Scope of consolidated financial statements**

As at December 31, 2019, subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

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Subsidiary
Shanghai Tiantian Fund Distribution Co., Ltd. (hereinafter referred to as "Tiantian Fund")

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Subsidiary
Shanghai Eastmoney Securities Research Institute Co., Ltd. (hereinafter referred to as “Eastmoney Research Institute”)
Shanghai Eastmoney Financial Data Services Co., Ltd.
Beijing Jingdongcai Information Technology Co., Ltd.
Guangzhou Eastmoney Information Technology Co., Ltd.
Shanghai Eastmoney Properties Co., Ltd.
Shanghai Youyou Business Consulting Co., Ltd.
Shanghai Eastmoney Network Technology Co., Ltd. (Remark 1)
Shanghai UU Wealth Investment Management Co., Ltd. (Remark 2)
Shanghai Weizhao Information Technology Co., Ltd. (hereinafter referred to as “Weizhao Technology”)
Yangzhou Eastmoney Financial Information Services Co., Ltd.
Eastmoney Credit Information Co., Ltd.
Langke Network Technology Co., Ltd. (hereinafter referred to as “Langke Network”)
Nanjing Eastmoney Information Technology Co., Ltd.
Eastmoney Securities Co., Ltd. (hereinafter referred to as “Eastmoney Securities”)
East Money (HK) Limited
Eastmoney International Securities Limited (Remark 3)
Eastmoney Finance Co., Ltd. (Remark 3)
Eastmoney International Futures Limited (Remark 3)
Shenzhen Eastmoney Financial Data Service Co., Ltd. (Remark 4)
Shanghai Eastmoney Futures Co., Ltd. (Remark 5)
Tibet Eastmoney Investment Management Co., Ltd. (Remark 5)
Shanghai Xuhui Eastmoney Microcredit Co., Ltd.
Tibet Eastmoney Fund Management Co., Ltd. (hereinafter referred to as “Eastmoney Fund”) (Remark 5)
Tibet Eastmoney Innovation Capital Co., Ltd. (Remark 5)
Eastmoney Insurance Broker Co., Ltd. (Remark 6)
Eastmoney Securities (USA) Inc. (Remark 7)

Remark 1. Shanghai Eastmoney Network Technology Co., Ltd. originally known as “Shanghai Changsheng E-commerce Co., Ltd.”.

Remark 2. Shanghai UU Wealth Investment Management Co., Ltd. originally known as “Shanghai Dongxin Internet Financial Services Co., Ltd.”

Remark 3. Eastmoney International Securities Limited, Eastmoney Finance Co., Ltd. and Eastmoney International Futures Limited refer to the wholly-owned subsidiaries of the subsidiary East Money (HK) Limited

Remark 4. Shenzhen Eastmoney Financial Data Service Co., Ltd. refers to the wholly-owned subsidiaries of the subsidiary Shanghai Eastmoney Financial Data Services Co., Ltd.

Remark 5. Shanghai Eastmoney Futures Co., Ltd., Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd. and Tibet Eastmoney Innovation Capital Co., Ltd. refer to the wholly-owned subsidiaries of the subsidiary Eastmoney Securities.

Remark 6: The original name of Eastmoney Insurance Broker Co., Ltd. was “Shanghai Zhongxin Insurance Broker Co., Ltd.”

Remark 7: Eastmoney Securities (USA) Inc. refers to the wholly-owned subsidiary of Eastmoney Finance Co., Ltd.

See "Note 6 Changes in the scope of consolidation" and "Note 7 Equities in other entities" for details of the scope of consolidated financial statements and the changes thereof in 2019.

## **2 Preparation basis for financial statements**

### **2.1 Basis of preparation**

Based on going concern and according to actually occurred transactions and events, the Company prepares financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and specific accounting standards, implementation guidance, interpretation and other relevant provisions issued by the Ministry of Finance (the "MOF") (hereinafter referred to as ASBEs"), as well as the disclosure provisions of the *Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

### **2.2 Going concern**

According to the comprehensive consideration of the macro policy risk, market operation risk, current or long-term profitability and solvency and financial flexibility, the Group is able to operate as a going concern within 12 months from the end of the reporting period.

## **3 Principal accounting policies and accounting estimates**

Tips of specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. See Note 3.21 Revenue, Note 5.45 Operating revenue and operating cost, Note 5.46 Net interest income and Note 5.47 Net income from fee and commission for details.

### **3.1 Statements on compliance with the Accounting Standards for Business Enterprises**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the financial position of the Group and the Company as at December 31, 2019, and the operating results and cash flows for the year then ended.

### **3.2 Accounting period**

The accounting year is a calendar year, from January 1 to December 31 of each year.

### **3.3 Operating cycle**

The Company's operating cycle is 12 months.

### **3.4 Functional currency**

The Company adopts RMB as its functional currency.

### **3.5 Accounting treatment methods for business combination under common control and business combination not under common control**

For business combinations under common control: For assets and liabilities obtained through business combination by the acquirer (including the goodwill formed by the acquisition of the acquiree by the ultimate controller), they are measured at the book value of the assets and liabilities of the acquire in the consolidated financial statements of the ultimate controller on the combination date. The share premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the share premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: The acquirer, on the acquisition date, measures the assets surrendered and liabilities incurred or assumed for a business combination at their fair values. The difference between the fair value and their book value are included in the current profit or loss. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

### **3.6 Preparation method of consolidated financial statements**

#### **3.6.1 Scope of consolidation**

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company, all the subsidiaries and structured entities.

#### **3.6.2 Procedures for consolidation**

The Company prepares the consolidated financial statements based on its own financial statements and those of its subsidiaries, and other relevant information. Upon preparation of consolidated financial statements, the Company shall deem the whole group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the group in accordance with relevant requirements for recognition, measurement and presentation as stated in the Accounting Standards for Business Enterprises as well as uniform accounting policies.

All the subsidiaries within the scope of consolidation for the consolidated financial statements adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company. For the subsidiaries acquired through business combination not under common control, adjustments to their financial statements are made based on the fair values of net identifiable assets on the acquisition date. For the subsidiaries acquired through business combination under common control, adjustment to their financial statements are made based on the book values of its assets and liabilities (including goodwill formed in the acquisition of these subsidiaries by the ultimate controller) as presented in the financial statements of the ultimate controller.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet is adjusted; the revenue, expenses and profits of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated income statement; the cash flows of the same for the aforesaid period are included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller obtains the control.

Where control can be exercised on the investee under common control for additional investment or other reasons, adjustment is made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the acquiree is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The revenue, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period will be included in the consolidated income statement; the cash flows of the same for the aforesaid period will be included in the consolidated statement of cash flows.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income accounted for under equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the relevant other comprehensive income and other changes in owners' equity shall be transferred to the investment income in the year which the acquisition date falls in, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

① General treatment methods

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date shall be included in the consolidated cash flow statement; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated cash flow statement.



When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities and the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, shall be transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of defined benefit plan.

Where the Company loses the control due to the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

②

Disposal of subsidiaries in stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions in stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be subject to accounting processing as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of other transaction or more; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control are regarded as a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control are not regarded as a package deal, accounting treatment before the loss of the control shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; accounting treatment shall be made at the loss of the control according to general treatment methods for disposal of subsidiaries.

- (3) **Purchase of minority equity of subsidiaries**  
The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company from the purchase of minority interest and the share of net assets of the subsidiaries calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.
- (4) **Partial disposal of equity investments in subsidiaries without losing control**  
The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained from partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of the subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

### **3.7 Recognition criteria of cash and cash equivalents**

For the purpose of preparing the statement of cash flows, the term “cash” refers to the cash on hand and the unrestricted deposit of the Company. The term “cash equivalents” refers to short-term (maturing within three months from the acquisition date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.8 Foreign currency transactions and translation of foreign currency statements**

#### **3.8.1 Foreign currency transactions**

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

#### **3.8.2 Translation of foreign currency statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of “retained earnings”, shall be translated at the spot exchange rates on the dates when the transactions occur. The revenue or any expense item in the income statement is translated at the exchange rate which is determined by the systematic and reasonable method and similar to the spot exchange rate prevailing on the transaction date.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statement related to such overseas business shall be transferred in the current profit or loss from the owner's equity.

### **3.9 Financial instruments**

Financial instruments include financial assets, financial liabilities and equity instruments.

#### **3.9.1 Classification of financial instruments**

##### **Accounting policies applicable as of January 1, 2019**

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial assets measured at fair value through profit or loss.

Financial assets of which business model is adopted for the purpose of gathering the contractual cash flow that is only used for paying the principal and the interest accrued based on the amount of unpaid principal shall be classified as the financial assets measured at the amortized cost; financial assets of which business model is adopted for the purpose of both gathering the contractual cash flow and selling such financial assets, moreover, the contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal, shall be classified as the financial assets (debt instruments) measured at fair value through the other comprehensive income; besides, other financial assets shall be classified as the financial assets measured at fair value through profit or loss.

At the initial recognition, the Company makes decisions on whether the non-trading equity instrument investments can be designated as financial assets (equity instruments) measured at fair value through the other comprehensive income. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may designate financial assets as the financial assets measured at fair value through profit or loss.

At the time of initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at the amortized cost.

For the financial liabilities satisfying any of the following conditions, it might be designated as the financial liabilities at fair value through profit or loss upon initial recognition:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain embedded derivative needed to be separated.

**Accounting policies applicable before January 1, 2019**

At the initial recognition, financial assets and financial liabilities are classified into: financial assets or financial liabilities measured at fair value through profit or loss, including financial assets or financial liabilities held for trading and financial assets or financial liabilities directly designated to be measured at fair value through profit or loss; held-to-maturity investments; receivables; available-for-sale financial assets; and other financial liabilities, etc.

**3.9.2 Recognition basis and measurement method of financial instruments**

**Accounting policies applicable as of January 1, 2019**

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through the other comprehensive income

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current profit or loss.

(3) Financial assets (equity instruments) measured at fair value through the other comprehensive income

Financial assets (equity instruments) measured at fair value through the other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

- (4) Financial assets measured at fair value through profit or loss  
Financial assets measured at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

- (5) Financial liabilities measured at fair value through profit or loss  
Financial liabilities measured at fair value through profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

- (6) Financial liabilities measured at amortized cost  
Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

#### **Accounting policies applicable before January 1, 2019**

- (1) Financial assets (financial liabilities) measured at fair value through profit or loss  
Financial assets (financial liabilities) measured at fair value through profit or loss are initially recognized at the fair value (deducting cash dividends declared but not yet paid or bond interest due but not yet received) at acquisition and the related transaction costs are included in the current profit or loss.

The interest or cash dividend received is recognized as investment income during the holding period. The change in fair value is included in the current profit or loss at the end of the period.

Difference between the fair value and initial entry value is recognized as investment income at disposal; meanwhile, the profit or loss from the change in fair value is adjusted.

- (2) Held-to-maturity investments  
Held-to-maturity investments are initially recognized at the sum of the fair value (deducting bond interest that has matured but not been drawn) and relevant transaction costs.

During the holding period, interest income is recognized based on the amortized cost and effective interest rate and included in the investment income. The effective interest rates are determined at acquisition and remain unchanged during the expected remaining period, or a shorter period if applicable.

Difference between the purchase price and the book value of the investment is recognized as investment income at disposal.

(3) Receivables

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable, other receivables and others, the initial recognition amount are the contract price or agreement price receivable from purchasing party; for those with financing nature, they are initially recognized at their present values.

At recovery or disposal, the difference between the purchase price and the book value of the receivables is included in the current profit or loss.

(4) Available-for-sale financial assets

Amount of available-for-sale financial assets is initially recognized at the sum of the fair value (deducting net of cash dividends declared but not yet paid or bond interest that has matured but not been drawn) and related transaction costs at acquisition.

The interest or cash dividend received will be recognized as investment income during the holding period. At the end of the period, measurement is carried out at fair value and changes in fair value are included in other comprehensive income. However, the equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured and the derivative financial assets linked to the said equity instrument and settled by delivery of the equity instrument are measured at cost.

Difference between the purchase price and the book value of the financial assets should be included in investment profit or loss at disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which was originally and directly included in other comprehensive income should be transferred out and included in the current profit or loss.

(5) Other financial liabilities

Other financial liabilities are initially recognized at the sum of fair value and transaction expenses. The subsequent measurement is made based on the amortized cost.

**3.9.3 Recognition basis and measurement methods of the transfer of financial assets**

When the transfer of financial assets occurs, if nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards related to the ownership of the financial assets are retained, the Company will not derecognize the financial assets.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts are included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income and available-for-sale financial assets).

Where partial transfer of a financial asset meets the derecognition conditions, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included in the current profit or loss:

- (1) The book value of the derecognized part;
- (2) The consideration of the part derecognized and the amount of the corresponding derecognized part in the accumulated change amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income and available-for-sale financial assets).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

#### **3.9.4 Derecognition criteria of financial liabilities**

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liability of which terms have been modified shall be recognized as a new financial liability.

Where financial liabilities are derecognized is whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss or loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

**3.9.5 Method of determining the fair value of financial assets and financial liabilities**

Where there is an active market for any financial instrument, the fair value of such financial instrument shall be determined at the price quoted in the active market. Where there is no active market, the fair value of the same shall be determined by using valuation techniques. At the time of valuation, the Company shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or impractical to be obtained.

**3.9.6 Test method and accounting treatment for the impairment of financial assets**  
**The applicable accounting policies as of January 1, 2019**

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit loss of financial assets measured at the amortized cost and financial assets (debt instruments) measured at fair value through the other comprehensive income individually or in portfolio. The measurement of expected credit loss depends on whether there is obvious increase in credit risk following the initial recognition.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For accounts receivable, whether or not they contain significant financing components, the Company always measures the loss provision according to the amount equivalent to the expected credit loss over the whole duration.



For the receivables from leasing and the long-term receivables of sales of goods or rendering of services, the Company always measures the loss provision according to the amount equivalent to the expected credit loss over the whole duration.

**The applicable accounting policies before January 1, 2019**

Except for the financial assets measured at fair values through profit or loss, the book value of financial assets on the balance sheet date should be checked. If there is objective evidence that a financial asset is impaired, provision for impairment shall be made.

**(1) Provision for impairment of available-for-sale financial assets:**

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering of various relevant factors, the impairment will be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity will be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of such impairment losses, the previously recognized impairment losses may be reversed and included in the current profit or loss.

Impairment losses from the investment in available-for-sale equity instruments should not be reversed through the profit or loss.

The Company's recognition criteria for impairment of available-for-sale debt instrument investment:

Criteria for judging "significant" decline in the fair value of the Company's available-for-sale equity investments: The accumulated decline in fair value of the available-for-sale equity investments exceeds 40% (inclusive) of the initial costs of such investment.

Criteria for judging "non-temporary" decline in the fair value of the Company's available-for-sale equity investments: The continuous decline in the fair value of available-for-sale equity investments lasts for more than 12 months, there is no significant sign of recovery 2 months after the balance sheet date, and the Company considers that a provision for impairment is required on an individual assessment basis.

**(2) Provision for bad debts of receivables:**

1 Receivables with individually significant amount and individual provision for bad debts:

Basis and standard for "individually significant":

The sum of top 5 receivables or those accounting for 10% or above of the ending balance of receivables

Provision method for receivables with individually significant amount and individual provision for bad debts:

The impairment test will be carried out separately, and the provision for bad debts will be made at the difference of the present value of estimated future cash flow in short of their book value and included in the current profit or loss, if there is objective evidence that such receivables have been impaired. Receivables that are not impaired through the test are included in relevant portfolio to be provided for impairment.

- 2 Accounts receivable with provision for bad debts made by portfolio with the credit risk characteristics:

Method of the provision for bad debts made by portfolio with the credit risk characteristics (aging analysis method, balance percentage method and other methods)	
Portfolio 1	No provision for impairment of receivables formed through internal transactions within the Group (Remark)
Portfolio 2	Aging analysis method

Remark: The "Group" refers to the Company and the subsidiaries included in the consolidation scope by the Company.

Provision for bad debts made by aging analysis method in the portfolio:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (excluding interest receivable) (%)
Within 1 year (including 1 year)	5	5
1 - 2 years	30	30
2 - 3 years	50	50
Over 3 years	100	100

- 3 Receivables with insignificant single amount but with separate provision for bad debts:

Reasons for individual provision for bad debts:

Receivables with insignificant single amount and impairment after separate test.

Method of provision for bad debts:

A separate impairment test is conducted. If there is objective evidence that impairment has occurred, the impairment losses shall be recognized and relevant provisions for bad debts shall be made at the difference of the present value of future cash flows in short of the book value.

### (3) Loans and advances and provision for bad debts

A risk-based classification method (referred to as "loan risk classification") is used, whereby loans are classified into five categories: Pass, Special Mention, Substandard, Doubtful, and Loss.

Pass: A loan can be classified as "Pass" when the borrower operates its business well and can pay the principal and interest as scheduled, or the loan is overdue for less than three months (exclusive) or the interest is owned for less than ten working days (exclusive), the guarantee status is normal, and there is no sufficient reason to suspect that the loan principal and interest cannot be repaid in full.

Special Mention: A loan can be classified as "Special Mention" when the loan is overdue for more than three months (inclusive) and less than six months (exclusive), or the interest is owed for more than ten working days (inclusive), and it is expected to be no loss on the loan.

Substandard: A loan is classified as "Substandard" when the loan is overdue for more than three months (inclusive) and less than six months (exclusive), or the interest is owed for more than one month (exclusive), and it is estimated that the loss after guarantee settlement is less than or equal to 10%.

Doubtful: A loan is classified as "Doubtful" when the loan is overdue for more than six months (inclusive), the interest is owed for more than two months (exclusive), and it is estimated that the loss after guarantee settlement is larger than 10% but less than or equal to 20%.

Loans that are overdue for more than one year (inclusive) or have entered the legal process should be classified as "Doubtful".

Loss: A loan is classified as "Loss" after the borrower terminates its legal person qualification due to dissolution, closure, revocation or bankruptcy according to law, and the loss is estimated to be greater than 20% after guarantee prosecution according to law.

According to the current situation, the Company determines the proportion of provision for bad debts as follows:

Category	Proportion of provision for the disbursed loans and advances (%)
Pass	1
Special Mention	2
Substandard	25
Doubtful	50
Loss	100

**(4) Provision for impairment of held-to-maturity investments:**

Measurement of impairment loss on held-to-maturity investments is treated in accordance with the measurement method of impairment loss on receivables.

**(5) Provision for margin accounts receivable and financial assets held under resale agreements**

The Company makes provision for bad debts of financing-type business, including special provision for bad debts and general provision for bad debts. For financing-type items for which there is sufficient objective evidence and whose specific losses can be identified, the Company conducts individual impairment tests based on the status of customers and the amount of possible losses, analyzes the counterparties' creditworthiness, collateral securities, guarantee ratios and solvency, etc., and uses this to make special provision for bad debts.

For financing-type business for which no specific provision for impairment has been made, the provision for bad debts is made using the percentage-of-balance method based on credit risk classification, with the following proportion of provision.

Item	Proportion of provision
Margin accounts receivable	0.2%
Financial assets held under resale agreements - stock repurchase agreement	0.3%
Financial assets held under resale agreements - stock-pledged repo	0.5%

### **3.10 Inventories**

#### **3.10.1 Classification of inventories**

Inventories are classified as: development costs, land to be developed, development products, development products for lease, engineering construction, stock commodities, and revolving materials.

#### **3.10.2 Measurement method of inventories dispatched**

Inventories are measured using specific identification method when dispatched.

#### **3.10.3 Recognition basis for net realizable values of inventories in different categories**

Net realizable values of merchandise inventories held directly for sale, such as development goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of development costs which need further construction are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal development or production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

The provision for inventory depreciation is made on an individual basis at the end of the period, for inventories with large quantities and relatively low unit prices, the provision for inventory depreciation is made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provision for inventory depreciation is made on a portfolio basis.

The net realizable values of inventory items are determined based on the market price on the balance sheet date, except for there is obvious evidence showing the market price on the balance sheet date is abnormal.

Net realizable value of inventory items at the end of the year is determined at the market price on the balance sheet date.

#### **3.10.4 Inventory system**

The perpetual inventory system is adopted.

#### **3.10.5 Amortization methods of low-cost consumables and packaging materials**

- (1) Low-cost consumables: lump-sum amortization method;
- (2) One-off amortization method is adopted for packaging materials.

### **3.11 Long-term equity investments**

#### **3.11.1 Judgment criteria for common control and significant influence**

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee shall be the Company's associate.

### 3.11.2 Determination of initial investment cost

- (1) Long-term equity investments acquired through business combination
- Business combination under common control: if the Company pays a consideration to the combinee in cash, by transferring non-cash assets or by assuming debts and issuing equity securities, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investment. In case the Company can exercise control over the investee under common control due to additional investment or other reasons, the initial investment cost of long-term equity investments is recognized at the share of book value of net asset of the acquiree after the combination in the consolidated financial statements of the ultimate controller on the combination date. The share premium is adjusted at difference between the initial investment cost of the long-term equity investment on the combination date and the sum of the book value of the long-term equity investment before combination plus the book value of the consideration newly paid with shares acquired on the combination date; and if the share premium is insufficient to be offset, retained earnings will be offset.

Business combination not under common control: the Company recognizes the combination cost determined on the combination date as the initial investment cost of long-term equity investments. If the Company can exercise control over the investee not under the common control as a result of additional investment or other reasons, the sum of the book value of the equity investment previously held plus the newly increased investment costs will be regarded as the initial investment cost measured by the cost method.

- (2) Long-term equity investments acquired by other means
- For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For the long-term equity investment acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

On the premise that non-monetary asset trade is of commercial nature and the fair value of the asset traded in or out can be measured reliably, the initial cost of a long-term equity investment traded in with non-monetary asset should be determined according to the fair value of the asset traded out and relevant taxes and surcharges payable, unless any unambiguous evidence indicates that the fair value of the asset traded in is more reliable; as to the non-monetary asset trade not meeting the aforesaid premise, the book value of the asset traded out and relevant taxes and surcharges payable should be recognized as the initial cost of the long-term equity investment.

For the long-term equity investment acquired via debt restructuring, its entry value shall be determined at such other costs as the fair value of creditor's right waived and the tax that may directly attributable to such asset, and the difference between the fair value of creditor's right waived and the book value of the same shall be included in the current profit or loss.

**3.11.3 Subsequent measurement and recognition of profits or losses**

- (1) Long-term equity investment accounted for under the cost method  
Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.
- (2) Long-term equity investment accounted for under the equity method  
Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. For the positive difference between the initial cost of investment and the investor's share of the fair values of the investee's net identifiable assets on acquisition of the investment, no adjustment to the initial cost of such long-term equity investment is made; for the negative difference between the initial cost of investment and the investor's share of the fair values of the investee's net identifiable assets on acquisition of the investment, such difference is recorded into the current profit or loss.

The Company shall, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Company shall adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company shall, based on the fair value of net identifiable net assets of the investee when the investment is made, recognize its attributable share of the net profit or loss of the investee after the adjustment made to the net profit of the investee according to the accounting policies and accounting period of the Company. When holding the investment, if the investee prepares the consolidated financial statements, the said profits or losses will be measured based on the amount of the net profit, other comprehensive income and other changes in owners' equity attributed to the investee presented in the consolidated financial statements.

The Company calculates its attributable profit or loss of internal transactions that are not realized arising among itself, associates and joint ventures based on its attributable percentage and offsets it, and determines the investment income on that basis. Unrealized loss from internal transactions with the investee, if accounted for as part of asset impairment, should be recognized in full amount. For transactions on investments or sales of assets between the Company and associates or joint ventures, where such assets constitute business, they should be accounted for according to the relevant policies disclosed in "Note 3.5 Accounting treatment of business combinations under common control and not under common control" and "Note 3.6 Preparation of consolidated financial statements".

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: Firstly, the book value of the long-term equity investment shall be reduced. Secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equity which form net investment in the investee in substance and the book value of long term receivables shall be reduced. Finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included in current investment loss according to the obligations estimated to undertake.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual purchase price is included in the current profit or loss.

Where a long-term equity investment is accounted for under the equity method, accounting treatment shall be made on the part which is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of. Owner's equity recognized at the changes in the investee's other owner's equity other than net profit or loss, other comprehensive income and profit distribution shall be carried over to the current profit or loss pro rata, except for other comprehensive income from changes arising from the investee's re-measurement of net liabilities or net assets of defined benefit plan.

In case the common control or significant influence over the investee is lost for disposing part of equity investments or other reasons, the remaining equity will be accounted for according to the recognition and measurement principles of financial instruments, while the difference between the fair value and the book value on the date of the loss of common control or significant influence is included in the current profit or loss. For other comprehensive income that is recognized from original equity investment by using the equity method, the accounting treatment will be made on the basis the same as that for the direct disposal of related assets or liabilities by the investee when the accounting by the equity method is terminated. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit or loss when the equity method is no longer adopted.

In the event of the loss of control over the investee due to the decrease of the Company's shareholding ratio caused by the partial disposal of equity investment and the capital increase by other investors in the subsidiaries, in the preparation of the individual financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting by the equity method will be made, and the adjustment will be made as if the remaining equity had been accounted for by the equity method at acquisition; if the remaining equity has no common control over or significant influence on the investee, the accounting treatment will be made according to relevant provisions of the standards for the recognition and accounting of financial instruments. The difference on the day when the control is lost between the fair value of the remaining equity and the book value of the same will be included in the current profit or loss.

Where the equity disposed of is acquired through business combination as a result of additional investment and other reasons, in the preparation of the individual financial statements, if the remaining equity after disposal is accounted for by the cost method or equity method, other comprehensive income and other owners' equities recognized under the equity method in equity investments held before the acquisition date shall be carried forward pro rata; if the remaining equities after disposal are accounted for according to the standards for the recognition and measurement of financial instruments, other comprehensive income and other owners' equities will all be carried forward.

### 3.12 Fixed assets

#### 3.12.1 Recognition criteria of fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

#### 3.12.2 Depreciation methods

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20	5	4.75
Special equipment	Straight-line method	3-11	3-5	32.33-8.82
Transportation equipment	Straight-line method	5-6	3-5	16.17-19
General equipment	Straight-line method	5	5	19

### 3.13 Construction in progress

The book-entry values of the fixed asset are stated at the necessary expenditures incurred before the construction in progress reaching the working condition for its intended use. For construction in progress that has reached working condition for intended use but for which the completion settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. as of the date when it reaches the working condition for intended use, and the fixed assets shall be depreciated in accordance with the Company's policy for fixed assets depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided for will not be adjusted.



### **3.14 Borrowing costs**

#### **3.14.1 Recognition criteria of capitalization of borrowing costs**

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in relevant asset costs; other borrowing costs should be recognized as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

#### **3.14.2 Capitalization period for borrowing costs**

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

The capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such assets should be ceased.

Where construction for each part of assets purchased, constructed or manufactured has been completed separately but can be used or sold only after the entire assets have been completed, capitalization of borrowing costs should cease at the completion of the entire assets.

#### **3.14.3 Period of capitalization suspension**

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

**3.14.4 Measurement method of capitalization rate and capitalized amounts of borrowing costs**

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from indrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

**3.15 Intangible assets**

**3.15.1 Measurement of intangible assets**

- (1) The Company initially measures intangible assets at cost on acquisition; The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

For intangible assets obtained through debt restructuring and used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the assets reaching intended use. The difference between the fair value and book value of the abandoned creditor's right is included in the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature, and the fair value of the assets traded in and the fair value of the assets traded out can both be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets, with gains or losses not recognized.

- (2) Subsequent measurements  
The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the straight-line amortization method is adopted in the period when such intangible assets bring economic benefit to the enterprise; if such period cannot be estimated, the intangible assets will be deemed as intangible assets with indefinite useful lives and will not be amortized.

**3.15.2 Estimated useful lives of intangible assets with definite useful lives**

Item	Estimated useful life	Amortization method	Basis
Computer software	3 - 5 years	Straight-line amortization method	Estimated useful life
Company website domain name	10 years	Straight-line amortization method	Estimated useful life
Trading seat fee	10 years	Straight-line amortization method	Estimated useful life
Futures operating right	10 years	Straight-line amortization method	Estimated useful life
Futures company name	14 years	Straight-line amortization method	Estimated useful life
Land use right	40 years	Straight-line amortization method	Term of land use right

The useful lives and amortization methods of intangible assets with definite useful lives shall be reviewed at the end of each year.

Upon review, the useful lives and amortization methods of the intangible assets at the end of the current period are not different from those estimated before.

**3.15.3 Determination basis of intangible assets with indefinite useful lives and review procedures of the useful lives thereof**

Item	Judgment basis
Investments in futures memberships	Investments in futures memberships will bring the Company an expected inflow of economic benefits during the Company's operating period and can be returned when it ceases to operate.
Shanghai Area Small Vehicle License Plate	The Company believes that the license plate will be used in the foreseeable future and will bring the Company the expected inflow of economic benefits.

**3.15.4 Specific criteria for classifying research and development phases**

The Company's internal research and development expenditures include those incurred in the research phase and those in the development phase.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

**3.15.5 Specific criteria for qualifying expenditure on the development phase for capitalization**

Expenditures arising from development phase on internal research and development projects shall be recognized as intangible assets when the following criteria are met simultaneously:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;

- (3) The method that the intangible assets generate economic benefits, including the existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

### **3.16 Impairment of long-term assets**

Where there are signs of impairment on long-term equity investments, investment property measured with cost model, fixed assets, construction in progress, intangible assets with limited useful lives and other long-term assets on the balance sheet date, impairment test should be made. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the smallest asset group that can independently generate cash inflows.

Goodwill, intangible assets with indefinite useful lives, and intangible assets not reaching the condition for their intended use shall be subject to impairment test at least once at the end of each year.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combinations of asset groups if it is difficult to be amortized to relevant asset groups. The Company allocates the book value of goodwill based on the relative benefits that the relevant asset group or combination of asset groups can obtain from the synergies of the business combination, and conducts a goodwill impairment test on this basis.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of asset groups containing goodwill, and compare the book value of these asset groups or combinations of asset groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant asset groups or combinations of asset groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

The above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

### **3.17 Long-term prepaid expenses**

Long-term prepaid expenses are various expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over one year. The Company's long-term prepaid expenses include the renovation costs for leased premises.

#### **3.17.1 Amortization method**

Long-term prepaid expenses are evenly amortized over the benefit period.

### 3.17.2 Amortization period

Item	Amortization period
Renovation costs	By housing lease term

## 3.18 Employee benefits

### 3.18.1 Accounting treatment of short-term benefits

During the accounting period where employees serve the Company, the short-term benefits actually incurred is recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education fund drew as required are used to calculate and determine the relevant employee benefits amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The non-monetary benefits of employees that can be measured reliably are measured at fair value.

### 3.18.2 Accounting treatment of post-employment benefits

#### (1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

In addition to the basic endowment insurance, the Company has also established an enterprise annuity contribution system (supplementary endowment insurance) / enterprise annuity plan in accordance with the policies regarding the national enterprise annuity contribution system. The Company pays to the local social insurance agencies at a certain proportion of the total amount of wages of employees, with the corresponding expenditures included in the current profit or loss or assets-related cost.

#### (2) Defined benefit plan

The Company has no defined benefit plan.

### 3.18.3 Accounting treatment of dismissal benefits

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whichever is earlier), the employee benefits liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

## 3.19 Share-based payment

The Company's share-based payment refers to the transaction where it grants the equity instrument or assumes the liability determined based on the equity instrument for the purpose of acquiring services rendered by employees or other parties. The Company's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

### Equity-settled share-based payment and equity instrument

Where the Company acquires services rendered by employees via the equity-settled share-based payment, such payment should be calculated at the fair value of equity instruments granted to employees. On each balance sheet date during the waiting period, the Company makes the optimal estimation for the quantity of equity instruments with the feasible right based on the newest subsequent information, including the change in employees holding the feasible right and the employee's achievement in the specified performance conditions, by which the Company includes services obtained in the current period in relevant costs or expenses at the fair value on the granting date to increase the capital reserves accordingly. After the vesting date, the Company will not adjust relevant costs or expenses and total amount of owners' equity which have been recognized any more. The Company includes the equity instrument where the feasible right is executive subsequent to the granting date in relevant costs or expenses on the granting date at fair value, and increases capital reserves accordingly.

Share-based payments where the feasible right fails to be executed in the end should not be recognized as costs or expenses, unless the right executing conditions are market conditions or non-feasible right conditions, in which the feasible right will be recognized as long as all non-market conditions included in the feasible right conditions are met, no matter whether the market conditions or non-feasible right conditions are met.

In case any clause on the equity-settled share-based payment has been modified, services acquired should be recognized as if such clause has not been modified. In addition, the increase in services acquired should be recognized in case of any increase to the fair value of equity instruments granted or any change favorable to employees on the date of increasing such fair value.

If the equity-settled share-based payment is cancelled, the Company will accelerate the right exercise on the cancellation date, and immediately recognize the amount which has not been recognized. If any employee or other party is able to choose to satisfy the conditions other than those for the exercisable right but fail to do so during the waiting period, the Company will consider that the employee or such party has cancelled the equity-settled share-based payment. However, if any new equity instrument is granted and on the date of granting such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be made in the way for modifying terms and conditions of the original equity instrument.

### **3.20 Convertible corporate bonds**

At the issue of convertible corporate bonds, the Company determines whether these convertible corporate bonds contain both liability and equity components in accordance with relevant terms. If these convertible corporate bonds issued contain both liability and equity components, the liability and equity components should be split at the initial recognition for individual treatment. In the process of splitting, the fair value of the liability component should be first determined and taken as the initially recognized amount of the liability component; thereafter, the initially recognized amount of the equity component should be determined at the balance of the whole issuing price of the convertible corporate bonds less the initially recognized amount of the liability component. Transaction costs are amortized between the liability and equity components at their respective fair values. Liability components are presented as liabilities and subsequently measured at the amortized cost until they are cancelled, converted or redeemed. The equity components are presented as equity without the subsequent measurement.

### **3.21 Revenue**

#### **3.21.1 General recognition principles for revenue from sales of goods**

- (1) The Company has transferred the substantial risks and rewards of ownership of the goods to the buyer;
- (2) The Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;
- (3) The amount of revenue can be measured reliably;
- (4) The related economic benefits are likely to flow into the Company; and
- (5) The relevant costs that have occurred or will occur can be measured reliably.

#### **3.21.2 Recognition and measurement principles for revenue from transferring the use right of assets**

The revenue from transferring the use right of assets can be recognized when the economic interest related to the transfer of the use right of assets is likely to flow into the enterprise and the revenue amount can be measured reliably. The revenue from transferring the use right of assets will be determined based on the following circumstances:

- (1) Interest income is determined based on the time when the cash and bank balances of the enterprise are used by others and the effective interest rate.
- (2) The amount of royalty revenue is determined based on the charging time and method as agreed in relevant contract or agreement.

#### **3.21.3 Specific principles for the recognition of revenues from information technology services**

- (1) Revenue from financial data service  
 If the service order or contract has been signed and the service payment has been received or the receipt voucher has been obtained, the revenue will be recognized under the straight-line method by stages within the agreed service period starting from the month when the service is provided.
- (2) Revenue from internet advertisement services business  
 If the advertising contract has been signed or the advertisement execution order (advertisement schedule) has been confirmed by the client and the advertisement has been published, the revenue will be calculated and recognized based on the contract amount and the advertisement execution order at the rendering of services.
- (3) Revenue from online fund distribution business :  
 If the service contract or agreement has been signed, and relevant services and information have been provided through the agency trading platform, the revenue will be recognized at the time-point of completing the agency trading matters based on the proportion agreed in the contract.

#### **3.21.4 Revenues from fee and commission**

- (1) Revenues from brokerage business  
 Revenue from agent securities trading: is recognized on the agent securities trading date.

Revenue from agent bond redemption: is recognized at the completion of agent redemption of securities and the actual receipt of price or the receipt of collection evidence.

- (2) Revenues from investment banking business  
Revenue from securities underwriting: is recognized after receiving the underwriting fee and commission based on the underwriting agreement, the actual underwriting amount of securities and the collection proportion at the end of the securities underwriting project.
- Revenues from securities sponsor business and financial advisory business: are recognized when the rendering of relevant services provided in various business is completed.
- (3) Revenue from asset management business  
Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the directional asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.
- If the management fee is charged for the aggregate asset management according to relevant contract, the income from the management fee that should be enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income. If the performance remuneration should be charged according to the contract, the performance remuneration should be charged at an agreed proportion and recognized as the current income, when the aggregate asset plan expires or relevant investor quits the plan.
- Upon the expiration of the entrusted investment management contract and settlement with the client, the income from the management fee charged for the special asset management and enjoyed by the Company should be calculated at the proportion specified in the contract and recognized as the current income; if the Company should collect the management fee and performance remuneration at the proportion agreed in the contract, the income from management fee and performance remuneration should be recognized by stages during the contract period.
- (4) Revenue from futures agency business  
The fees for any agency transaction should be determined based on the charging standard specified in the futures agency contract at the time of the agency transaction, and directly deducted from the client's margin account after such transaction.
- (5) Revenue from investment advisory  
When relevant investment advisory services have been rendered, the economic benefits agreed in relevant contract can flow into the enterprise, and relevant revenue can be measured reliably, the revenue should be recognized according to the contract or agreement.



### **3.21.5 Interest income**

The Company's interest income mainly comes from the interest income arising from the primary business of such companies as Eastmoney Securities, Eastmoney International Securities Limited, Shanghai Eastmoney Futures Co., Ltd., Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd., Shanghai Xuhui Eastmoney Microcredit Co., Ltd. and Eastmoney International Futures Limited, the interest income of other companies are included in the financial expenses, and the following accounting policies apply to those companies who taking the interest income as the primary business.

When the transaction-related economic benefits can flow into an enterprise, and the revenue amount can be measured reliably, the interest income is recognized based on the fund utilization time and actual interest rate; the revenue from margin financing and securities lending is recognized based on the lending time of fund or securities and the agreed interest rate, as agreed in the contract signed with the client; if the revenue from securities purchased under resale agreements is resold at maturity in the current period, the actual difference between the reselling price and the purchasing cost should be recognized as the current revenue; if the such securities have not matured in the current period, the interest should be calculated on an accrual basis at the end of the period, and recognized as the current revenue.

### **3.21.6 Investment income**

The premiums, stock dividends or cash dividends obtained by the Company during the period of holding financial assets are included in the current profit or loss;

At the disposal of financial assets, the difference between the purchase price and the book value of the financial assets should be included in the current profit or loss; meanwhile, the profit or loss from changes in fair value should be adjusted or the amount of disposal corresponding to the accumulated change in fair value which was originally and directly included in other comprehensive income should be transferred out and included in the investment profit or loss.

If the long-term equity investments are accounted for by the cost method, the part of cash dividends or profits declared and issued by the investee and belonging to the Company should be recognized as the current profit or loss;

If the long-term equity investments are accounted for by the equity method, the due share should be calculated based on the net profit realized by the investee or the net profit adjusted and included in the current profit or loss.

## **3.22 Government grants**

### **3.22.1 Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government, which are classified into the asset-related government grants and the income-related government grants.

Asset-related government grants are government grants that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to government grants other than asset-related government grants.

Specific standard adopted by the Company for dividing the government grants into asset-related government grants:

Asset-related government grants are government grants acquired by the Company for the acquisition and construction of or otherwise formation of long-term assets.

Specific standard adopted by the Company for dividing the government grants into income-related government grants:

Income-related government grants refer to government grants obtained by the Company, other than asset-related government grants.

If the granting object fails to be specified in the government document, the standard adopted by the Company for dividing the government grants into asset/income-related government grants will be:

Government grants should all be classified as income-related government grants.

### **3.22.2 Timing of recognition**

The Company's government grants are recognized when they are actually received.

### **3.22.3 Accounting treatment**

Asset-related government grants are used to offset the book value of relevant assets or recognized as deferred income. If such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (if such grants are relevant to routine activities of the Company, they will be included in other income; if such grants are irrelevant to routine activities of the Company, they will be included in non-operating revenue);

Income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Company are recognized as the deferred income, and, during the period when relevant costs or losses are recognized, are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in other income; if income-related government grants are irrelevant to routine activities of the Company, they will be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Company are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in the other income; if income-related government grants are irrelevant to routine activities of the Company, they will be included in the non-operating revenue) or used to offset relevant costs or losses.

## **3.23 Deferred tax assets and deferred tax liabilities**

Deductible temporary differences, not exceeding the taxable income which is likely to be obtained in the future and is used to deduct the deductible temporary differences, are recognized as deferred tax assets. Deductible losses and tax credits that can be carried forward to subsequent years, not exceeding the taxable income which is likely to be obtained in the future for the purpose of deducting the deductible losses and tax credits, are recognized as deferred tax assets accordingly.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Special circumstances in which deferred tax assets or deferred tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

When the Company has the legal rights to settle income tax assets and income tax liabilities for the current period with net amount, and deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred tax assets and deferred tax liabilities shall be presented based on the net amount after offset.

### **3.24 Leases**

#### **Accounting treatment of operating lease**

- (1) Lease fees paid by the Company for leased asset are amortized by the straight-line method over the whole lease term (including the rent-free period), and included in the period charges. Initial direct costs related to lease transactions paid by the Company are included in the period charges.

When assets leaser bears the lease-related expenses which shall be borne by the Company, the Company should deduct such expenses from the total rents and amortize the rents after deduction over the lease term and include them in the period charges.

- (2) Lease fees received by the Company from leasing assets are amortized at the straight-line method over the whole lease period (including rent-free period)) and recognized as leases-related revenue. Initial direct cost related to any lease transaction paid by the Company is included in the period charges; if it has a large amount, it will be capitalized, and included in the current income by stages within the whole lease term on same basis for recognition of lease-related revenue.

When the Company has borne the costs related to the lease which shall be borne by the lessee, the Company should deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

### **3.25 Segment report**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segment based on the operating segment and discloses the segment information.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts. If two or more operating segments have the similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

### **3.26 Asset transfer with repurchase conditions**

#### **3.26.1 Financial assets held under resale agreements**

According to the commitment made in the agreement, financial assets to be resold on certain fixed date in the future should not be recognized in the balance sheet. Costs on buying such assets are presented in the balance sheet as the financial assets held under resale agreements. The difference between the purchasing price and selling price is recognized during the agreement term by the effective interest method, and included in the interest income.

### **3.26.2 Funds from sales of financial assets under repurchase agreements**

According to the commitment made in the agreement, the financial assets sold but to be repurchased on certain fixed date in the future should not be derecognized in the balance sheet. Funds from selling such assets are presented in the balance sheet as the funds from sales of financial assets under repurchase agreements. The difference between the selling price and repurchasing price is recognized during the agreement term by the effective interest method, and included in the interest expense.

### **3.27 Margin financing and securities lending business**

Margin financing and securities lending business refers to the operating activity where the Company lends capital to clients for their purchase of securities or lends securities to them so as to sell these securities via them, and clients may deposit the corresponding collaterals. Margin financing and securities lending business can be divided into margin financing and securities lending.

The Group recognizes margin accounts receivable as creditor's right receivable, and recognizes the interest income accordingly; derecognizes securities lending, but still makes the accounting treatment based on the original category of financial assets and recognizes the interest income accordingly.

The margin financing and securities lending and securities transactions made for clients are subject to the accounting treatment made for securities brokerage.

### **3.28 Changes in significant accounting policies and accounting estimates**

#### **3.28.1 Changes in significant accounting policies**

- (1) Implementation of the *Circular of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019* and the *Circular on Revising and Issuing the Format of Consolidated Financial Statements (Version 2019)*

The Ministry of Finance respectively promulgated the *Circular on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019* (CK [2019] No. 6) and the *Circular on Revising and Issuing the Format of Consolidated Financial Statements (Version 2019)* (CK [2019] No. 16) on April 30, 2019 and September 19, 2019, to revise the format of the financial statements of general enterprises.

- 1) According to the document (CK [2019] No. 6), the item "other receivables" should be presented at the amount of the total of ending balances of items "interest receivable", "dividends receivable" and "other receivables", less the ending balances of relevant provision for bad debts in the item "provision for bad debts". In which, "interest receivable" only reflects the interest, which has been matured for collection but not paid on the balance sheet date, for relevant financial instruments. The interest for any financial instrument calculated and accrued by the effective interest method should be included in the book balance of such financial instrument. The item "other payables" should be presented at the total of ending balances of items "interest payable", "dividends payable" and "other payables". In which, "interest payable" only reflects the interest, which has been matured and should be paid but not paid on the balance sheet date, for relevant financial instruments. The interest for any financial instrument calculated and accrued by the effective interest method should be included in the book balance of such financial instrument. The Company implemented the New Standards for Financial Instruments as of January 1, 2019, without making adjustment to the comparative date.

- 2) In the balance sheet, the item "notes receivable and accounts receivable" is divided into items "notes receivable" and "accounts receivable"; the item "notes payable and accounts payable" is divided into items "notes payable" and "accounts payable". As both the "notes receivable" and "notes payable" of the Company as at December 31, 2018 and December 31, 2019 amounted to RMB 0, the Company's implementation of the aforesaid standards did not cause any significant influence during the reporting period.
- (2) Implementation of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*, the *Accounting Standards for Business Enterprises No. 24 - Hedge Accounting*, and the *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (Revised in 2017)*  
 In 2017, the Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*, the *Accounting Standards for Business Enterprises No. 24 - Hedge Accounting*, and the *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments*. According to the revised standards, for financial instruments that have not been derecognized on the implementation date, if the previous confirmation and measurement are inconsistent with the revised standards, the retrospective adjustment will be made. If the comparative data of financial statements for prior periods are inconsistent with the revised standards, no adjustment will be required. The retained earnings and other comprehensive income on January 1, 2019 are adjusted based on the cumulative impact amounts generated due to the retrospective adjustment.

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Based on ending balances of the prior year after the adjustment made according to the document (CK [2019] No. 6) and the document (CK [2019] No. 16), the comparison of results of the classification and measurement of all financial assets and financial liabilities made according to the standards for recognition and measurement of financial instruments before and after revision is as follows:

**Consolidated**

Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value as at December 31, 2018 after adjustment	Item	Measurement category	Book value as at January 1, 2019
Cash and bank balances	Measured at amortized cost	11,346,287,983.46	Cash and bank balances	Measured at amortized cost	11,346,287,983.46
Clearing settlement funds	Measured at amortized cost	2,776,157,386.43	Clearing settlement funds	Measured at amortized cost	2,776,157,386.43
Margin accounts receivable	Measured at amortized cost	8,373,713,898.86	Margin accounts receivable	Measured at amortized cost	8,367,321,688.36
Financial assets measured at fair value through profit or loss	Measured at fair value through profit or loss	5,572,857,724.60	Financial assets held for trading	Measured at fair value through profit or loss	5,572,857,724.60
Derivative financial assets	Measured at fair value through profit or loss	487,181.33	Derivative financial assets	Measured at fair value through profit or loss	487,181.33
Accounts receivable	Measured at amortized cost	257,906,912.27	Accounts receivable	Measured at amortized cost	257,906,912.27
Other receivables	Measured at amortized cost	2,840,947,325.89	Other receivables	Measured at amortized cost	2,840,947,325.89
Financial assets held under resale agreements	Measured at amortized cost	1,559,147,098.65	Financial assets held under resale agreements	Measured at amortized cost	1,558,416,143.74
Other current assets	Measured at cost	790,000,000.00	Financial assets held for trading	Measured at fair value through profit or loss	790,000,000.00
Loans and advances	Measured at amortized cost	14,870,336.08	Loans and advances	Measured at amortized cost	14,870,336.08
Available-for-sale financial assets	Measured at cost (equity instruments)	75,000,000.00	Other non-current financial assets	Measured at fair value through profit or loss	118,372,653.29
Available-for-sale financial assets	(Equity instrument) measured at fair value	14,008,982.93	Financial assets held for trading	Measured at fair value through profit or loss	14,008,982.93

Remark: According to the document (CK [2019] No. 6), the interest receivable in above-mentioned sheet as at December 31, 2018 has been adjusted to the book balance of the corresponding financial assets.

**Parent company**

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Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value as at December 31, 2018 after adjustment	Item	Measurement category	Book value as at January 1, 2019
Cash and bank balances	Measured at amortized cost	83,008,723.20	Cash and bank balances	Measured at amortized cost	83,008,723.20
Clearing settlement funds	Measured at amortized cost	198,124.69	Clearing settlement funds	Measured at amortized cost	198,124.69
Financial assets measured at fair value through profit or loss	Measured at fair value through profit or loss	400,207,641.79	Financial assets held for trading	Measured at fair value through profit or loss	400,207,641.79
Other current assets	Measured at cost	670,000,000.00	Financial assets held for trading	Measured at fair value through profit or loss	670,000,000.00
Accounts receivable	Measured at amortized cost	14,496,236.03	Accounts receivable	Measured at amortized cost	14,496,236.03
Other receivables	Measured at amortized cost	992,306,486.79	Other receivables	Measured at amortized cost	992,306,486.79
Available-for-sale financial assets	Measured at cost (equity instruments)	75,000,000.00	Other non-current financial assets	Measured at fair value through profit or loss	118,372,653.29
Other non-current assets	Measured at amortized cost	4,621,676,788.89	Other non-current assets	Measured at amortized cost	4,621,676,788.89

Remark: According to the document (CK [2019] No. 6), the interest receivable and interest payable in above-mentioned sheet as at December 31, 2018 has been adjusted to the book balance of the corresponding financial instruments.

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- (3) Implementation of the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets* (Revised in 2019)  
The Ministry of Finance issued the *Circular on Issuing the Revised Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets* (CK [2019] No. 8) on May 9, 2019 for implementation as of June 10, 2019, and the exchange of non-monetary assets incurred during the period from January 1, 2019 to the date of implementing the revised standards should be adjusted accordingly. No retrospective adjustment to the exchange of non-monetary assets incurred before January 1, 2019 is required according to these standards. The implementation of the above-mentioned standards by the Company has no significant influence during the reporting period.
- (4) Implement the *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring* (Revised in 2019)  
The Ministry of Finance issued the *Circular on Issuing the Revised Accounting Standards for Business Enterprises No. 12 - Debt Restructuring* (CK [2019] No. 9) on May 16, 2019 for implementation as of June 17, 2019, and the debt restructuring conducted during the period from January 1, 2019 to the date of implementing the revised standards should be adjusted accordingly. No retrospective adjustment to the debt restructuring conducted before January 1, 2019 is required according to these standards. The implementation of the above-mentioned standards by the Company has no significant influence during the reporting period.

**3.28.2 Changes in significant accounting estimates**

The Company had no change in accounting estimates in 2019.

**3.28.3 Adjustment to items in the financial statements at the beginning of the year for initial implementation of the new standards for financial instruments according to the new standards for financial instruments initially implemented**

**Consolidated Balance Sheet**

Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Current assets:					
Cash and bank balances	11,334,325,902.76	11,346,287,983.46	11,962,080.70		11,962,080.70
Clearing settlement funds	2,776,157,386.43	2,776,157,386.43			
Loans to banks and other financial institutions					
Margin accounts receivable	8,186,326,745.80	8,367,321,688.36	187,387,153.06	-6,392,210.50	180,994,942.56
Financial assets held for trading	N/A	6,376,866,707.53	6,376,866,707.53		6,376,866,707.53
Financial assets measured at fair value through profit or loss	5,562,782,650.55	N/A	-5,562,782,650.55		-5,562,782,650.55
Derivative financial assets	487,181.33	487,181.33			



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Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Notes receivable					
Accounts receivable	257,906,912.27	257,906,912.27			
Receivables financing	N/A				
Prepayments	64,111,875.29	64,111,875.29			
Premiums receivable					
Reinsurance accounts receivable					
Reinsurance contract reserve receivable					
Other receivables	3,100,739,274.82	2,840,947,325.89	-259,791,948.93		-259,791,948.93
Refundable deposits	586,890,312.64	586,890,312.64			
Financial assets held under resale agreements	1,508,886,850.22	1,558,416,143.74	50,260,248.43	-730,954.91	49,529,293.52
Inventories	145,708,168.60	145,708,168.60			
Assets held for sale					
Non-current assets due within one year					
Other current assets	847,467,906.00	57,467,906.00	-790,000,000.00		-790,000,000.00
<b>Total current assets</b>	<b>34,371,791,166.71</b>	<b>34,378,569,591.54</b>	<b>13,901,590.24</b>	<b>-7,123,165.41</b>	<b>6,778,424.83</b>
Non-current assets:					
Loans and advances	14,762,943.39	14,870,336.08	107,392.69		107,392.69
Debt investment	N/A				
Available-for-sale financial assets	89,008,982.93	N/A	-89,008,982.93		-89,008,982.93
Other debt investment	N/A				
Held-to-maturity investments		N/A			
Long-term receivables					
Long-term equity investments	444,788,404.58	444,788,404.58			
Investment in other equity instruments	N/A				
Other non-current financial	N/A	118,372,653.29	75,000,000.00	43,372,653.29	118,372,653.29

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Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
assets					
Investment properties					
Fixed assets	1,716,423,761.02	1,716,423,761.02			
Construction in progress	9,942,080.28	9,942,080.28			
Productive biological assets					
Oil and gas assets					
Intangible assets	77,318,129.06	77,318,129.06			
Development expenditures					
Goodwill	2,927,438,960.13	2,927,438,960.13			
Long-term prepaid expenses	90,161,427.70	90,161,427.70			
Deferred tax assets	69,325,834.92	70,231,039.55		905,204.63	905,204.63
Other non-current assets					
<b>Total non-current assets</b>	5,439,170,524.01	5,469,546,791.69	-13,901,590.24	44,277,857.92	30,376,267.68
<b>Total assets</b>	39,810,961,690.72	39,848,116,383.23		37,154,692.51	37,154,692.51
Current liabilities:					
Short-term borrowings	213,057,069.31	213,340,257.64	283,188.33		283,188.33
Short-term financing bonds payable	1,917,025,000.00	1,946,754,318.71	29,729,318.71		29,729,318.71
Placements from other financial institutions					
Financial liabilities held for trading	N/A				
Financial liabilities measured at fair value through profit or loss		N/A			
Derivative financial liabilities		270,722.10	270,722.10		270,722.10
Notes payable					
Accounts payable	105,506,035.18	105,506,035.18			
Receipts in advance	137,043,760.80	137,043,760.80			
Funds from sales of financial assets under repurchase agreement	85,985,126.50	85,990,314.06	5,187.56		5,187.56

**EAST MONEY INFORMATION CO., LTD.**  
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Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Absorption of deposits and interbank deposit					
Accounts payable to brokerage customers	14,293,180,675.18	14,294,306,458.78	1,125,783.60		1,125,783.60
Receivings from vicariously sold securities					
Employee benefits payable	245,366,464.51	245,366,464.51			
Taxes and surcharges payable	34,979,904.01	34,979,904.01			
Other payables	1,650,507,113.12	1,596,355,587.61	-54,151,525.51		-54,151,525.51
Handling fee and commission payable					
Reinsurance accounts payable					
Liabilities held for sale					
Non-current liabilities due within one year	606,399,591.47	609,539,317.50	3,139,726.03		3,139,726.03
Other current liabilities					
<b>Total current liabilities</b>	<b>19,289,050,740.08</b>	<b>19,269,453,140.90</b>	<b>-19,597,599.18</b>		<b>-19,597,599.18</b>
Non-current liabilities:					
Reserves for insurance contracts					
Long-term borrowings					
Bonds payable	4,814,884,053.09	4,834,481,652.27	19,597,599.18		19,597,599.18
Including: preferred shares					
Perpetual bonds					
Long-term payables					
Long-term employee benefits payable					
Estimated liabilities					
Deferred income	1,714,372.67	1,714,372.67			
Deferred tax liabilities	10,073,050.33	16,578,948.32		6,505,897.99	6,505,897.99
Other non-current liabilities					

**EAST MONEY INFORMATION CO., LTD.**  
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Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
<b>Total non-current liabilities</b>	4,826,671,476.09	4,852,774,973.26	19,597,599.18	6,505,897.99	26,103,497.17
<b>Total liabilities</b>	24,115,722,216.17	24,122,228,114.16		6,505,897.99	6,505,897.99
Owners' equity:					
Share capital	5,168,285,026.00	5,168,285,026.00			
Other equity instruments	1,218,948,400.05	1,218,948,400.05			
Including: preferred shares					
Perpetual bonds					
Capital reserves	5,504,351,574.00	5,504,351,574.00			
Less: treasury stock					
Other comprehensive income	-3,698,398.13	-3,009,135.72	689,262.41		689,262.41
Special reserves					
Surplus reserves	394,788,468.43	398,475,143.96		3,686,675.53	3,686,675.53
General risk reserves					
Retained earnings	3,412,564,404.20	3,438,837,260.78	-689,262.41	26,962,118.99	26,272,856.58
Total equity attributable to owners of the parent	15,695,239,474.55	15,725,888,269.07		30,648,794.52	30,648,794.52
Minority equity					
<b>Total equity</b>	15,695,239,474.55	15,725,888,269.07		30,648,794.52	30,648,794.52
<b>Total liabilities and owners' equity</b>	39,810,961,690.72	39,848,116,383.23		37,154,692.51	37,154,692.51

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Parent Company's Balance Sheet					
Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Current assets:					
Cash and bank balances	82,790,098.20	83,008,723.20	218,625.00		218,625.00
Clearing settlement funds	198,124.69	198,124.69			
Financial assets held for trading	N/A	1,070,207,641.79	1,070,207,641.79		1,070,207,641.79
Financial assets measured at fair value through profit or loss	400,207,641.79	N/A	-400,207,641.79		-400,207,641.79
Derivative financial assets					
Notes receivable					
Accounts receivable	14,496,236.03	14,496,236.03			
Receivables financing	N/A				
Prepayments	26,194,360.06	26,194,360.06			
Other receivables	992,525,111.79	992,306,486.79	-218,625.00		-218,625.00
Inventories					
Assets held for sale					
Non-current assets due within one year					
Other current assets	679,499,183.08	9,499,183.08	-670,000,000.00		-670,000,000.00
<b>Total current assets</b>	<b>2,195,910,755.64</b>	<b>2,195,910,755.64</b>			
Non-current assets:					
Debt investment	N/A				
Available-for-sale financial assets	75,000,000.00	N/A	-75,000,000.00		-75,000,000.00
Other debt investment	N/A				
Held-to-maturity investments		N/A			
Long-term receivables					
Long-term equity investments	10,796,904,038.13	10,796,904,038.13			
Investment in other equity instruments	N/A				
Other non-current financial assets	N/A	118,372,653.29	75,000,000.00	43,372,653.29	118,372,653.29

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Investment properties					
Fixed assets	1,528,668,313.91	1,528,668,313.91			
Construction in progress					
Productive biological assets					
Oil and gas assets					
Intangible assets	15,481,824.16	15,481,824.16			
Development expenditures					
Goodwill					
Long-term prepaid expenses	1,896,617.42	1,896,617.42			
Deferred tax assets	16,964,864.78	16,964,864.78			
Other non-current assets	4,621,676,788.89	4,621,676,788.89			
<b>Total non-current assets</b>	17,056,592,447.29	17,099,965,100.58		43,372,653.29	43,372,653.29
<b>Total assets</b>	19,252,503,202.93	19,295,875,856.22		43,372,653.29	43,372,653.29
Current liabilities:					
Short-term borrowings	213,057,069.31	213,340,257.64	283,188.33		283,188.33
Financial liabilities held for trading	N/A				
Financial liabilities measured at fair value through profit or loss		N/A			
Derivative financial liabilities					
Notes payable					
Accounts payable	61,732,925.36	61,732,925.36			
Receipts in advance	98,024,320.02	98,024,320.02			
Employee benefits payable	57,745,814.67	57,745,814.67			
Taxes and surcharges payable	3,645,266.75	3,645,266.75			
Other payables	275,559,874.74	274,665,388.60	-894,486.14		-894,486.14
Liabilities held for sale					
Non-current liabilities due within one year					
Other current liabilities					
<b>Total current liabilities</b>	709,765,270.85	709,153,973.04	-611,297.81		-611,297.81
Non-current liabilities:					

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted		
			Reclassification	Remeasurement	Total
Long-term borrowings					
Bonds payable	3,614,884,053.09	3,615,495,350.90	611,297.81		611,297.81
Including: preferred shares					
Perpetual bonds					
Long-term payables					
Long-term employee benefits payable					
Estimated liabilities					
Deferred income	734,372.67	734,372.67			
Deferred tax liabilities	31,146.27	6,537,044.26		6,505,897.99	6,505,897.99
Other non-current liabilities					
<b>Total non-current liabilities</b>	3,615,649,572.03	3,622,766,767.83	611,297.81	6,505,897.99	7,117,195.80
<b>Total liabilities</b>	4,325,414,842.88	4,331,920,740.87		6,505,897.99	6,505,897.99
Owners' equity:					
Share capital	5,168,285,026.00	5,168,285,026.00			
Other equity instruments	1,218,948,400.05	1,218,948,400.05			
Including: preferred shares					
Perpetual bonds					
Capital reserves	5,494,464,777.44	5,494,464,777.44			
Less: treasury stock					
Other comprehensive income					
Special reserves					
Surplus reserves	394,788,468.43	398,475,143.96		3,686,675.53	3,686,675.53
Retained earnings	2,650,601,688.13	2,683,781,767.90		33,180,079.77	33,180,079.77
<b>Total equity</b>	14,927,088,360.05	14,963,955,115.35		36,866,755.30	36,866,755.30
<b>Total liabilities and owners' equity</b>	19,252,503,202.93	19,295,875,856.22		43,372,653.29	43,372,653.29

#### 4 Taxation

##### 4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
VAT	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	3%, 5%, 6%, 9%, 13%
Urban maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	5%, 7%
Enterprise income tax	Levied based on taxable income	15%, 25%

For taxpayers adopting different enterprise income tax rates, the information should be disclosed as follows:

Taxpayer	Income tax rate
East Money Information Co., Ltd.	15%
Shanghai Eastmoney Securities Research Institute Co., Ltd.	15%
Eastmoney Securities Co., Ltd.	15%
Tibet Eastmoney Investment Management Co., Ltd.	15%
Tibet Eastmoney Fund Management Co., Ltd.	15%
Tibet Eastmoney Innovation Capital Co., Ltd.	15%
East Money (HK) Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney International Securities Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney Finance Co., Ltd.	Adopting the tax rate applicable to the taxation policies in Cayman Islands
Eastmoney International Futures Limited	Adopting the tax rate applicable to the taxation policies in Hong Kong area
Eastmoney Securities (USA) Inc.	Adopting the tax rate applicable to the taxation policies in the US
Other subsidiaries (sub-subsidiaries) in the scope of consolidation	25% (Where these subsidiaries (sub-subsidiaries) are qualified according to the <i>Circular of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Taxation Reducing Policies for Small and Micro Enterprises</i> ([2019] No. 13), they may adopted the preferential enterprise income tax rate for small and micro enterprises)

##### 4.2 Tax preference

Preference in enterprise income tax:

###### 4.2.1 East Money Information Co., Ltd.

The company obtained the certificate for high-tech enterprises jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration and Shanghai Local Taxation Bureau on October 2019. The certificate had a valid period of three years. The company may enjoy the preference in enterprise income tax rate of 15% for three years from 2019 to 2021. The tax rate adopted by the company in 2019 was 15%.



**4.2.2 Shanghai Eastmoney Securities Research Institute Co., Ltd.**

Shanghai Eastmoney Securities Research Institute Co., Ltd. obtained the certificate for high-tech enterprises jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration and Shanghai Local Taxation Bureau on November 2018. The certificate had a valid period of three years. Shanghai Eastmoney Securities Research Institute Co., Ltd. may enjoy the preference in enterprise income tax rate of 15% for three years from 2018 to 2020. The tax rate adopted by the company in 2019 was 15%.

**4.2.3 Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd. and Tibet Eastmoney Innovation Capital Co., Ltd.**

According to the *Circular of the People's Government of the Tibet Autonomous Region on Issuing Several Provisions on Preferential Policies for Investment Introduction in Tibet Autonomous Region (for trial implementation)* (ZZF [2018] No. 25), Eastmoney Securities and its subsidiaries Tibet Eastmoney Investment Management Co., Ltd., Tibet Eastmoney Fund Management Co., Ltd. and Tibet Eastmoney Innovation Capital Co., Ltd. adopted the enterprise income tax of 15% in 2019, and the tax on the part shared in Tibet Autonomous Region was paid by half.

**5 Notes to the items of consolidated financial statements**

**5.1 Cash and bank balances**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Cash on hand	149,395.47	191,307.71
Bank deposits	24,988,966,375.96	11,333,841,165.72
Including: customer deposits	22,871,440,684.09	10,031,321,740.34
Corporate deposits	2,117,525,691.87	1,302,519,425.38
Other cash and bank balances	6,892,894.90	293,429.33
Sub-total	24,996,008,666.33	11,334,325,902.76
Add: accrued interest	15,280,233.90	
Total	25,011,288,900.23	11,334,325,902.76

Including, margin financing and securities lending services:

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Self-owned credit funds			57,962.50			250,696.87
RMB			57,962.50			250,696.87
Customer credit funds			1,953,052,480.60			769,071,520.57
RMB			1,953,052,480.60			769,071,520.57

Among them, the cash and bank balances with use restrictions

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Capital margin of insurance brokerage	5,000,000.00	

As at December 31, 2019, the cash and bank balances of Eastmoney International Securities Limited and Eastmoney International Futures Limited deposited in Hong Kong totaled RMB 827,217,840.62.

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5.2 Clearing settlement funds**

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Self-owned settlement funds			70,581,458.97			15,172,258.19
Including: RMB			67,433,600.76			12,869,198.63
USD	168,637.47	6.9762	1,176,448.72	208,742.48	6.8632	1,432,641.39
HKD	2,200,774.17	0.89578	1,971,409.49	993,401.24	0.87620	870,418.17
Client's settlement funds			2,829,722,593.70			2,482,296,733.11
Including: RMB			2,814,014,619.42			2,459,898,376.76
USD	1,340,895.39	6.9762	9,354,354.42	1,638,154.50	6.8632	11,242,981.96
HKD	7,092,835.14	0.89578	6,353,619.86	12,731,538.91	0.87620	11,155,374.39
Self-owned credit settlement funds			261,401,194.95			265,972,550.46
Including: RMB			261,401,194.95			265,972,550.46
Client's credit settlement funds			206,420,458.63			12,715,844.67
Including: RMB			206,420,458.63			12,715,844.67
Total			3,368,125,706.25			2,776,157,386.43

**5.3 Margin accounts receivable**

**5.3.1 Presentation by business type**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Margin accounts receivable of margin financing and securities lending services	15,690,794,870.11	8,205,131,945.43
Margin financing and initial public offering loan	21,546,691.61	
Sub-total	15,712,341,561.72	8,205,131,945.43
Add: accrued interest	267,762,839.55	
Less: provision for impairment	40,999,077.60	18,805,199.63
Total book value	15,939,105,323.67	8,186,326,745.80

Remark: The amount of the above-mentioned margin accounts receivable restricted due to usufruct transfer of margin financing and repurchase business was RMB 3,245,787,933.21.

**5.3.2 Presentation by customer type**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Including: individual	15,524,283,532.80	8,156,720,578.16
Institution	188,058,028.92	48,411,367.27
Sub-total	15,712,341,561.72	8,205,131,945.43
Add: accrued interest	267,762,839.55	
Less: provision for impairment	40,999,077.60	18,805,199.63
Total book value	15,939,105,323.67	8,186,326,745.80

**5.3.3 Fair value of collateral provided by customers to the Company for margin financing and securities lending services**

Category of collateral	Fair value as at December 31, 2019	Fair value as at December 31, 2018
Capital	2,228,038,471.44	947,796,076.57
Stocks	44,933,135,725.04	21,711,905,635.64
Funds	1,011,878,502.50	342,657,651.22
Bonds	54,200,623.37	22,670,411.68
Total	48,227,253,322.35	23,025,029,775.11

**5.4 Financial assets held for trading**

**5.4.1 Presentation of items**

Item	Balance as at December 31, 2019
Financial assets measured at fair value through current profit or loss	
Including: bonds	656,363,116.25
Funds	1,419,613,552.13
Stocks and NEEQ	230,170,028.71
Bank wealth management and structured deposits	2,692,585,175.75
Asset management products of brokers	7,169,203.08
Total	5,005,901,075.92

**5.4.2 Financed securities in financial assets held for trading**

Item	Fair value as at December 31, 2019
Securities financing	
-Financial assets held for trading	143,944,825.14

**5.4.3 Financial assets held for trading with commitment conditions**

Item	Restricted selling conditions or other significant restrictions on cashing aspect	Balance as at December 31, 2019
Bonds	Pledge of sale for repurchase transactions	343,758,362.80
Funds	Securities financed	125,168,274.40
Stocks	Securities financed	18,776,550.74
Total		487,703,187.94

**5.5 Financial assets measured at fair value through profit or loss**

**5.5.1 Financial assets measured at fair value through profit or loss**

Item	Balance as at December 31, 2018
Financial assets held for trading	5,561,729,689.79
Including: debt instrument investments	312,783,898.77
Equity instrument investments	2,186,129,210.60
Others	3,062,816,580.42
Financial asset designated to be measured by fair value through profit or loss	1,052,960.76
Including: debt instrument investments	1,052,960.76
Total	5,562,782,650.55

**5.5.2 Securities financed of financial assets measured at fair value through profit or loss**

Item	Fair value as at December 31, 2018
Securities financing	
-Financial assets held for trading	4,125,658.01

**5.5.3 Financial assets with commitment conditions**

Item	Restricted selling conditions or other significant restrictions on cashing aspect	Balance as at December 31, 2018
Bonds	Pledge of sale for repurchase transactions	147,013,089.22
ETF	Securities financed	4,125,658.01
Total		151,138,747.23

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**5.6 Derivative financial assets**

Category	As at December 31, 2019						As at December 31, 2018					
	Hedging instruments			Non-hedging instruments			Hedging instruments			Non-hedging instruments		
	Nominal amount	Fair value		Nominal amount	Fair value		Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Interest rate derivative instruments (Remark 1)					77,036.75						487,181.33	
Interest rate swap business					710,490.81						316,352.73	
Offset: settlement of interest rate swap					-688,871.64						-316,352.73	
Stock index futures (Remark 2)						8,448,340.00						
Offset: settlement of treasury futures						-8,448,340.00						
Total					98,655.92						487,181.33	

Remark 1: The interest rate swaps business held by the Company are classified into daily debt-free clearing and non-daily debt-free clearing by clearing method. Under the daily non-liability clearing system, the Company's other cash and bank balances already included the amount of gains or losses on positions arising from all interest rate swap business as at December 31, 2019, and therefore the interest rate swaps under the daily non-liability clearing are presented at the net amount (RMB 0) after offsetting. As of December 31, 2019, the notional amount of the Company's interest rate swap business was RMB 4.3 billion, with a fair value floating profit of RMB 688,871.64, which was offset against the payables-pending settlement of interest rate swap, with interest receivable of RMB 21,619.17. The interest rate swaps under the daily non-liability clearing are presented at the full amount. As at December 31, 2019, notional amount of the Company's interest rate swap business was RMB 70 million, with a fair value floating profit of RMB 77,036.75.

Remark 2: Investments in stock index futures held by the Company are under the daily mark-to-market and settlement arrangement, the Company's other cash and bank balances already included the amount of gains or losses on positions arising from all of stock index futures business as at December 31, 2019, the book value are presented at the net amount (RMB 0) after offsetting. As of December 31, 2019, the notional amount of the contract on stock index futures held by the Company was RMB 148,529,100.00, with a fair value float of RMB 8,448,340.00, which was offset against the payables-pending settlement of stock index futures.

**5.7 Accounts receivable**

**5.7.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year	329,426,315.98	266,974,379.27
1 - 2 years	2,505,551.37	3,639,666.25
2 - 3 years	2,107,243.44	4,795,327.15
Over 3 years	6,751,813.74	2,350,432.87
Sub-total	340,790,924.53	277,759,805.54
Less: provision for bad debts	26,374,290.56	19,852,893.27
Total	314,416,633.97	257,906,912.27

**5.7.2 Disclosure under methods of provision for bad debts by category**

Disclosure under methods of provision for bad debts by category					
Type	Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	2,380,058.20	0.70	2,337,797.76	98.22	42,260.44
Provision for bad debts accrued on a portfolio basis	338,410,866.33	99.30	24,036,492.80	7.10	314,374,373.53
Including: aging portfolio	338,410,866.33	99.30	24,036,492.80	7.10	314,374,373.53
Total	340,790,924.53	100.00	26,374,290.56	7.74	314,416,633.97

Type	Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with individually significant amount and individual provision for bad debts					
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	276,791,645.37	99.65	18,884,733.10	6.82	257,906,912.27
Accounts receivable with individually insignificant amount and individual provision for bad debts	968,160.17	0.35	968,160.17	100.00	
Total	277,759,805.54	100.00	19,852,893.27	7.15	257,906,912.27

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**Provision for bad debts accrued on an individual basis**

Name	Balance as at December 31, 2019			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Securities business	751,249.82	751,249.82	100.00	Expected to be irrecoverable
Public fund management business	42,260.44			
Internet advertisement service	1,571,600.00	1,571,600.00	100.00	Expected to be irrecoverable
Online fund distribution business	14,947.94	14,947.94	100.00	Expected to be irrecoverable
<b>Total</b>	<b>2,380,058.20</b>	<b>2,337,797.76</b>		

**Provision for bad debts made by aging portfolio:**

Name	Balance as at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	328,824,769.82	16,441,238.47	5.00
1 - 2 years	2,386,827.33	716,048.20	30.00
2 - 3 years	640,126.11	320,063.06	50.00
Over 3 years	6,559,143.07	6,559,143.07	100.00
<b>Total</b>	<b>338,410,866.33</b>	<b>24,036,492.80</b>	

**5.7.3 Provision, reversal or recovery of provision for bad debts in 2019**

Type	Balance as at December 31, 2018	Balance as at January 1, 2019	Increase or decrease in 2019			Balance as at December 31, 2019
			Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts accrued on an individual basis	968,160.17	968,160.17	1,369,637.59			2,337,797.76
Provision for bad debts accrued on a portfolio basis	18,884,733.10	18,884,733.10	5,174,133.02		22,373.32	24,036,492.80
<b>Total</b>	<b>19,852,893.27</b>	<b>19,852,893.27</b>	<b>6,543,770.61</b>		<b>22,373.32</b>	<b>26,374,290.56</b>

**5.7.4 Accounts receivable actually written off in 2019**

Item	Amount charged off
Accounts receivable actually charged off	22,373.32

**5.7.5 Top 5 accounts receivable as at December 31, 2019, presented by debtors**

The total sum amount of top 5 of accounts receivable from debtors as at December 31, 2019 was RMB 86,967,564.26, accounting for 25.52% of the ending balance of accounts receivable, and ending balance of the provision for bad debts made accordingly amounted to RMB 5,019,628.21.

## 5.8 Prepayments

### 5.8.1 Presentation of prepayments by aging

Aging	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	83,125,690.65	96.64	58,197,940.94	90.78
1 - 2 years	2,046,906.11	2.38	5,898,730.37	9.20
2 - 3 years	839,468.95	0.98	11,753.03	0.02
Over 3 years	329.75	0.00	3,450.95	0.01
Total	86,012,395.46	100.00	64,111,875.29	100.01

### 5.8.2 Top 5 of prepayments as at December 31, 2019, presented by suppliers

The sum amount of top 5 of prepayments as at December 31, 2019, based on the concentration ratio of suppliers, was RMB 22,554,066.08, accounting for 26.22% of the total ending balances of advances.

## 5.9 Other receivables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Dividendreceivables		259,791,948.93
Other receivables	4,332,951,636.94	2,840,947,325.89
Total	4,332,951,636.94	3,100,739,274.82

### 5.9.1 Dividend receivables

Classification of interest receivable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bond investments		10,075,074.05
Time deposits		218,625.00
Deposits with banks and other financial institutions		11,743,455.70
Margin financing and securities lending		187,387,153.06
Purchase for resale		50,260,248.43
Including: newly pledged repurchase of treasury bonds		514,003.06
Stock pledge repurchase		49,746,245.37
Loans and advances		107,392.69
Total		259,791,948.93

### 5.9.2 Other receivables

(1) Disclosure by aging

Aging	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year	4,335,926,205.93	2,857,839,158.37
1 - 2 years	23,146,990.53	55,638,899.69
2 - 3 years	47,268,140.90	7,268,980.75
Over 3 years	145,981,169.84	138,920,796.74
Sub-total	4,552,322,507.20	3,059,667,835.55
Less: provision for bad debts	219,370,870.26	218,720,509.66
Total	4,332,951,636.94	2,840,947,325.89



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(2) Disclosure by classification

Category	Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	214,783,782.60	4.72	206,213,790.44	96.01	8,569,992.16
Provision for bad debts accrued on a portfolio basis	4,337,538,724.60	95.28	13,157,079.82	0.30	4,324,381,644.78
Including: receivables from brokerage business clearing	989,700,991.12	21.74			989,700,991.12
Receivables from fund sales business redemption	2,184,631,650.86	47.98			2,184,631,650.86
Advances of fund sales business redemption	1,133,796,543.61	24.91			1,133,796,543.61
Other payments	29,409,539.01	0.65	13,157,079.82	44.74	16,252,459.19
Total	4,552,322,507.20	100.00	219,370,870.26	4.82	4,332,951,636.94

Type	Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with individually significant amount and individual provision for bad debts	193,515,770.55	6.32	193,515,770.55	100.00	
Other receivables with provision for bad debts made by portfolio with credit risk characteristics	26,424,731.28	0.86	10,809,852.61	40.91	15,614,878.67
Other receivables that are individually insignificant but with provision for bad debts made on an individual basis	2,839,727,333.72	92.82	14,394,886.50	0.51	2,825,332,447.22
Total	3,059,667,835.55	100.00	218,720,509.66	7.15	2,840,947,325.89

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2019			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Anhui Lanbowang Machinery Group Hecheng Machinery Co., Ltd.	70,923,420.00	70,923,420.00	100.00	Expected to be irrecoverable
Baoding Tianwei Transformer Group Co., Ltd.	59,702,000.00	59,702,000.00	100.00	Expected to be irrecoverable
Shanghai Infotm Micro-Electronics Co., Ltd.	46,696,398.13	46,696,398.13	100.00	Expected to be irrecoverable
Overdue margin financing and securities lending funds receivable from clients	18,087,216.06	18,087,216.06	100.00	Expected to be irrecoverable
Overdue stock pledge receivable from clients	857,034.84	857,034.84	100.00	Expected to be irrecoverable
APPLE Inc.	1,377,213.16	1,376,733.16	99.97	Expected to be irrecoverable
Receivables for futures risk loss	752,874.61			Offsetting with future futures risk reserves
Others	16,387,625.80	8,570,988.25	52.30	Expected to be partially uncollectible
Total	214,783,782.60	206,213,790.44		

(3) Provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at January 1, 2019	10,809,852.61		207,910,657.05	218,720,509.66
Provision in 2019	2,347,227.21			2,347,227.21
Reversal in 2019			1,696,866.61	1,696,866.61
Write-off in 2019				
Charge-off in 2019				
Other changes				
Balance as at December 31, 2019	13,157,079.82		206,213,790.44	219,370,870.26

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(4) Provision, reversal or recovery of provision for bad debts in 2019

Type	Balance as at December 31, 2018	Balance as at January 1, 2019	Increase or decrease in 2019			Balance as at December 31, 2019
			Provision	Recovery or reversal	Resale or write-off	
Provision for bad debts accrued on a portfolio basis	10,809,852.61	10,809,852.61	2,347,227.21			13,157,079.82
Provision for bad debts accrued on an individual basis	207,910,657.05	207,910,657.05		1,696,866.61		206,213,790.44
Total	218,720,509.66	218,720,509.66	2,347,227.21	1,696,866.61		219,370,870.26

(5) Other receivables actually written off in 2019  
There are no other receivables actually written off in 2019.

(6) Classification by nature of payment

Nature of payment	Book balance as at December 31, 2019	Book balance as at December 31, 2018
Receivables from redemption of funds	2,184,631,650.86	398,494,808.48
Advances to customers for redemption of funds	1,133,796,543.61	36,256,427.27
Receivables from brokerage business clearing	989,700,991.12	2,388,729,975.43
Overdue investment funds receivable	130,625,420.00	130,625,420.00
Deposits and security deposit	17,258,591.96	17,415,266.57
Settlement funds receivable from third-party payment platform	3,836,739.84	4,842,563.11
Other payments	92,472,569.81	83,303,374.69
Total	4,552,322,507.20	3,059,667,835.55

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(7) Top 5 of other receivables as at December 31, 2019, presented by debtors

Entity name	Nature of payment	Balance as at December 31, 2019	Aging	Proportion in the total ending balance of other receivables (%)	Provision for bad debts Balance as at December 31, 2019
Anhui Lanbowang Machinery Group Hecheng Machinery Co., Ltd.	Overdue investment funds receivable	70,923,420.00	Over 3 years	1.56	70,923,420.00
Baoding Tianwei Group Co., Ltd.	Overdue investment funds receivable	59,702,000.00	Over 3 years	1.31	59,702,000.00
Shanghai Infotm Micro-Electronics Co., Ltd.	Other payments	46,696,398.13	2 - 3 years	1.03	46,696,398.13
Sheng Haiyan	Overdue margin financing and securities lending funds receivable from clients	15,690,350.55	1 - 2 years	0.34	15,690,350.55
Zhengzhou Yutong Group Co., Ltd.	Other payments	3,296,162.48	Within 1 year	0.07	164,808.12
Total		196,308,331.16		4.31	193,176,976.80

**5.10 Refundable deposits**

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Amount in original currency	Conversion rate	Amount converted into RMB	Amount in original currency	Conversion rate	Amount converted into RMB
Trading margin			1,047,182,568.95			572,494,156.13
Including: RMB			1,041,429,612.76			568,931,016.13
USD	200,000.00	6.9762	1,395,240.00	200,000.00	6.8632	1,372,640.00
HKD	4,864,717.00	0.89578	4,357,716.19	2,500,000.00	0.87620	2,190,500.00
L/C deposits			22,397,466.84			14,396,156.51
Including: RMB			22,397,466.84			14,396,156.51
Total			1,069,580,035.79			586,890,312.64

## 5.11 Financial assets held under resale agreements

### 5.11.1 By business type

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Stock-pledged repo	901,794,324.43	1,098,405,392.73
Bonds-pledged repo	35,000,000.00	416,000,000.00
Sub-total	936,794,324.43	1,514,405,392.73
Add: accrued interest	34,319,474.66	
Less: provision for impairment	4,098,323.06	5,518,542.51
Total book value	967,015,476.03	1,508,886,850.22

### 5.11.2 By type of financial assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Stocks	901,794,324.43	1,098,405,392.73
Bonds	35,000,000.00	416,000,000.00
Total	936,794,324.43	1,514,405,392.73
Add: accrued interest	34,319,474.66	
Less: provision for impairment	4,098,323.06	5,518,542.51
Total book value	967,015,476.03	1,508,886,850.22

### 5.11.3 Classified disclosure of stock-pledged repo business by remaining period

Remaining period	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 month	26,652,997.35	93,642,582.24
1 month to 3 months	10,443,157.00	147,942,134.79
3 months to 1 year	608,778,222.34	835,861,287.00
More than 1 year	255,919,947.74	20,959,388.70
Total	901,794,324.43	1,098,405,392.73

### 5.11.4 Collateral for financial assets held under resale agreements

As at December 31, 2019, the value of collateral collected under the stock-pledged repo business was RMB 3,651,151,875.81.

## 5.12 Inventories

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for inventory depreciation	Book value	Book balance	Provision for inventory depreciation	Book value
Development costs				145,708,168.60		145,708,168.60

## 5.13 Other current assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bank finance management plan		790,000,000.00
Input tax to be certified	2,592,503.06	4,462,858.29
Input tax to be deducted and retained for offsetting	21,980,099.15	29,324,210.78
Prepayment of enterprise income tax	40,249,122.58	16,539,824.88
Asset management turnover tax prepaid		7,141,012.05
Total	64,821,724.79	847,467,906.00

## 5.14 Loans and advances:

**5.14.1 Disbursement of loans measured at amortized cost**

Category	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Credit loans	13,138,899.21	100.00	15,141,480.40	100.00
Sub-total	13,138,899.21	100.00	15,141,480.40	100.00
Add: accrued interest	99,300.72			
Less: provision for impairment	411,031.50		378,537.01	
Total	12,827,168.43		14,762,943.39	

**5.14.2 Provision for bad debts**

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at January 1, 2019	378,537.01			378,537.01
- Transfer to Stage II	-3,258.60	3,258.60		
- Transfer to Stage III	-2,105.94		2,105.94	
Provision in 2019		74,696.89	82,131.52	156,828.41
Reversal in 2019	124,333.92			124,333.92
Write-off in 2019				
Charge-off in 2019				
Other changes				
Balance as at December 31, 2019	248,838.55	77,955.49	84,237.46	411,031.50

**5.15 Available-for-sale financial assets**

Item	Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value
Available-for-sale equity instruments	80,857,000.00		80,857,000.00
Including: measured at fair value	5,857,000.00		5,857,000.00
Measured at cost	75,000,000.00		75,000,000.00
Brokers asset management plan	8,151,982.93		8,151,982.93
Total	89,008,982.93		89,008,982.93

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**5.16 Long-term equity investment**

Investee	Balance as at December 31, 2018	Increase or decrease in 2019								Balance as at December 31, 2019	Balance of provision for impairment as at December 31, 2019
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Associates											
Shanghai Mandao Financial Information Service Co., Ltd.	409,981,238.12			35,318,417.29			18,273,600.00			427,026,055.41	
China Securities Credit Technology Co., Ltd.	34,807,166.46			4,654,639.86		-351,905.17				39,109,901.15	
Sub-total	444,788,404.58			39,973,057.15		-351,905.17	18,273,600.00			466,135,956.56	
Total	444,788,404.58			39,973,057.15		-351,905.17	18,273,600.00			466,135,956.56	

**5.17 Other non-current financial assets**

Item	Balance as at December 31, 2019
Financial assets measured at fair value through current profit or loss	119,127,036.06
Including: equity instrument investment	119,127,036.06
Total	119,127,036.06

**5.18 Fixed assets**

**5.18.1 Fixed assets and disposal of fixed assets**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Fixed assets	1,558,276,152.52	1,716,423,761.02
Disposal of fixed assets		
Total	1,558,276,152.52	1,716,423,761.02



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**5.18.2 Details of fixed assets**

Item	Houses and buildings	Transportation facilities	General equipment	Special equipment	Total
1. Original book value					
(1) Balance as at December 31, 2018	1,652,600,291.09	18,193,280.44	58,668,063.60	542,962,886.57	2,272,424,521.70
(2) Increase in 2019	36,410.72		4,186,192.74	32,116,938.66	36,339,542.12
-Purchase			4,186,192.74	29,350,215.37	33,536,408.11
-Transfer from construction in progress				2,766,723.29	2,766,723.29
-Others	36,410.72				36,410.72
(3) Decrease in 2019		280,919.00	2,203,888.37	22,356,292.61	24,841,099.98
-Disposal or write-off		280,919.00	2,203,888.37	22,356,292.61	24,841,099.98
(4) Balance as at December 31, 2019	1,652,636,701.81	17,912,361.44	60,650,367.97	552,723,532.62	2,283,922,963.84
2. Accumulated depreciation					
(1) Balance as at December 31, 2018	225,792,015.91	12,750,582.35	30,983,104.17	286,475,058.25	556,000,760.68
(2) Increase in 2019	87,275,933.02	1,808,692.23	10,695,197.84	93,564,408.49	193,344,231.58
-Provision	87,275,933.02	1,808,692.23	10,695,197.84	93,564,408.49	193,344,231.58
(3) Decrease in 2019		266,873.05	2,042,079.67	21,389,228.22	23,698,180.94
-Disposal or write-off		266,873.05	2,042,079.67	21,389,228.22	23,698,180.94
(4) Balance as at December 31, 2019	313,067,948.93	14,292,401.53	39,636,222.34	358,650,238.52	725,646,811.32
3. Provision for impairment					
(1) Balance as at December 31, 2018					
(2) Increase in 2019					
(3) Decrease in 2019					
(4) Balance as at December 31, 2019					
4. Book value					
(1) Book value as at December 31, 2019	1,339,568,752.88	3,619,959.91	21,014,145.63	194,073,294.10	1,558,276,152.52
(2) Book value as at December 31, 2018	1,426,808,275.18	5,442,698.09	27,684,959.43	256,487,828.32	1,716,423,761.02

**5.18.3 Temporarily idle fixed assets**

The Company has no temporarily idle fixed assets.

**5.18.4 Details of fixed assets leased under finance lease**

The Company has no fixed assets leased under finance lease.

**5.18.5 Details of fixed assets leased under operating lease**

Item	Book value as at December 31, 2019
No. 42, Oriental Global Enterprise Center, Lane 118, Yonghe Road, Shanghai	18,616,412.72
Building 10, No. 1525 Minqiang Road, Songjiang District, Shanghai	12,225,067.50
Total	30,841,480.22

**5.18.6 Fixed assets with pending certificates of title**

The Company has no fixed assets with pending certificate of title.

**5.19 Construction in progress**

**5.19.1 Construction in progress and project materials**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Construction in progress	22,944,543.50	9,942,080.28
Project materials		
Total	22,944,543.50	9,942,080.28

**5.19.2 Construction in progress**

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Software system and equipment	6,128,445.29		6,128,445.29	1,112,264.16		1,112,264.16
Renovation project of securities business offices and subsidiaries	2,944,606.83		2,944,606.83	8,829,816.12		8,829,816.12
Plot B16-1 project of Jiading New City Center	13,871,491.38		13,871,491.38			
Total	22,944,543.50		22,944,543.50	9,942,080.28		9,942,080.28

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**5.19.3 Changes of significant construction in progress in 2019**

Name of item	Balance as at December 31, 2018	Increase in 2019	Transfer into fixed assets in 2019	Other decreases in 2019	Balance as at December 31, 2019	Accumulated capitalization amount of interest	Including: capitalization amount of interest in 2019	Capitalization rate for the interest of 2019 (%)	Capital source
Software system and equipment	1,112,264.16	10,989,963.22	1,902,211.50	4,071,570.59	6,128,445.29				Self-owned funds
Renovation project of securities business offices and subsidiaries	8,829,816.12	10,033,617.09	864,511.79	15,054,314.59	2,944,606.83				Self-owned funds
Plot B16-1 project of Jiading New City Center		13,871,491.38			13,871,491.38				Self-owned funds
Total	9,942,080.28	34,895,071.69	2,766,723.29	19,125,885.18	22,944,543.50				

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**5.20 Intangible assets**  
**Details of intangible assets**

Item	Land use right	Trading seat fee	Computer software	Futures management right	Futures membership competence investment	Company website domain name	Others	Total
1. Original book value								
(1) Balance as at December 31, 2018		8,355,652.50	143,751,254.48	32,490,415.53	1,400,000.00	7,619,417.48	119,500.00	193,736,239.99
(2) Increase in 2019	120,600,455.96		14,229,629.40					134,830,085.36
- Purchase			10,158,058.81					10,158,058.81
- Transfer from construction in progress			4,071,570.59					4,071,570.59
- Transfer of inventories	120,600,455.96							120,600,455.96
(3) Decrease in 2019								
- Disposal								
(4) Balance as at December 31, 2019	120,600,455.96	8,355,652.50	157,980,883.88	32,490,415.53	1,400,000.00	7,619,417.48	119,500.00	328,566,325.35
2. Accumulated amortization								
(1) Balance as at December 31, 2018		8,355,652.50	83,186,058.12	22,571,545.99		2,304,854.32		116,418,110.93
(2) Increase in 2019	321,601.22		27,583,138.89	3,186,666.66		761,941.74		31,853,348.51
- Provision	321,601.22		27,583,138.89	3,186,666.66		761,941.74		31,853,348.51
(3) Decrease in								

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Item	Land use right	Trading seat fee	Computer software	Futures management right	Futures membership competence investment	Company website domain name	Others	Total
2019								
(4) Balance as at December 31, 2019	321,601.22	8,355,652.50	110,769,197.01	25,758,212.65		3,066,796.06		148,271,459.44
3. Provision for impairment								
(1) Balance as at December 31, 2018								
(2) Increase in 2019								
(3) Decrease in 2019								
(4) Balance as at December 31, 2019								
4. Book value								
(1) Book value as at December 31, 2019	120,278,854.74		47,211,686.87	6,732,202.88	1,400,000.00	4,552,621.42	119,500.00	180,294,865.91
(2) Book value as at December 31, 2018			60,565,196.36	9,918,869.54	1,400,000.00	5,314,563.16	119,500.00	77,318,129.06

## 5.21 Goodwill

### 5.21.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2018	Increase in 2019 Formed by business combination	Decrease in 2019 Disposal	Balance as at December 31, 2019
Original book value				
Shanghai Eastmoney Securities Research Institute Co., Ltd.	4,731,868.08			4,731,868.08
Eastmoney Securities Co., Ltd.	2,924,666,919.69			2,924,666,919.69
Eastmoney International Securities Limited	2,772,040.44			2,772,040.44
Eastmoney Insurance Broker Co., Ltd.		26,506,514.51		26,506,514.51
Sub-total	2,932,170,828.21	26,506,514.51		2,958,677,342.72
Provision for impairment				
Shanghai Eastmoney Securities Research Institute Co., Ltd.	4,731,868.08			4,731,868.08
Sub-total	4,731,868.08			4,731,868.08
Book value	2,927,438,960.13	26,506,514.51		2,953,945,474.64

### 5.21.2 Relevant information of asset group or combination of asset groups related to the goodwill

- (1) Eastmoney Securities Co., Ltd.  
In December 2015, the Company purchased 100% of shares of Eastmoney Securities Co., Ltd. by issuing shares. The combination cost was RMB 4,404,630,000, the fair value of identifiable net assets was RMB 1,479,963,100, and the goodwill formed by combination was RMB 2,924,666,900.
- (2) Shanghai Eastmoney Securities Research Institute Co., Ltd.  
In June 2009, the Company purchased 60% shares of Shanghai Eastmoney Securities Research Institute Co., Ltd., with combination cost of RMB 7,000,000, the fair value of identifiable net assets of RMB 2,268,100, and goodwill formed by combination of RMB 4,731,900. In September 2010, the Company acquired the remaining 40% shares of Shanghai Eastmoney Securities Research Institute Co., Ltd. by cash payment.
- (3) Eastmoney International Securities Limited  
In March 2015, the Company acquired 100% equity of the Company's non-wholly-owned subsidiary East Money (HK) Limited, with combination cost of RMB 7,996,100, the fair value of identifiable net assets of RMB 5,224,100, and goodwill formed by combination of RMB 2,772,000.
- (4) Eastmoney Insurance Broker Co., Ltd.  
In May 2019, the Company purchased 100% shares of Eastmoney Insurance Broker Co., Ltd., with combination cost of RMB 28,170,000, the fair value of identifiable net assets of RMB 1,663,500, and goodwill formed by combination of RMB 26,506,500.

### 5.21.3 Procedures and key parameters of impairment test of goodwill, and recognition method of impairment loss of goodwill

The Management conducts the impairment test for goodwill at least once at the end of each year. The Management respectively recognizes Eastmoney Securities Co., Ltd., Shanghai Eastmoney Securities Research Institute Co., Ltd., Eastmoney International Securities Limited and Eastmoney Insurance Broker Co., Ltd. as a single asset group.

For the recognition method of impairment loss of goodwill, please see Note 3.16 Impairment of long-term assets.

- (1) Eastmoney Securities Co., Ltd. and Eastmoney International Securities Limited

The recoverable amount of the asset group is assessed by used of the market comparable method of listed companies. With the P/B ratio as the value ratio, the P/B ratio of the comparable asset group is adjusted based on the differences in the asset management scale, operating capacity, profitability, growth capacity, risk management capacity and business innovation capacity between the comparable asset group and the target asset group. The recoverable amount of the target asset group is calculated based on the adjusted P/B ratio, liquidity discount rate and estimated disposal costs.

- (2) For the goodwill of relevant asset group of Shanghai Eastmoney Securities Research Institute Co., Ltd., the provision for impairment of goodwill was fully made in 2018.

- (3) The Company acquired 100% equity of Eastmoney Insurance Broker Co., Ltd. in May 2019. There was no change in the operation of the relevant asset group and asset group portfolio, so there was no impairment sign of goodwill.

### 5.21.4 Impact of goodwill impairment test

After testing, the recoverable amounts of the asset groups of Eastmoney Securities Co., Ltd., Eastmoney International Securities Limited and Eastmoney Insurance Broker Co., Ltd. were higher than their book values, so there was no sign of impairment for goodwill of asset group.

## 5.22 Long-term prepaid expenses

Item	Balance as at December 31, 2018	Increase in 2019	Amortization in 2019	Other decreases	Balance as at December 31, 2019
Renovation costs	76,942,716.30	13,252,641.20	25,902,071.47		64,293,286.03
Others	13,218,711.40	817,264.68	3,149,437.65		10,886,538.43
Total	90,161,427.70	14,069,905.88	29,051,509.12		75,179,824.46

## 5.23 Deferred tax assets and deferred tax liabilities

### 5.23.1 Deferred tax assets before offset

Item	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment receivables	235,771,474.37	37,031,789.57	236,479,458.76	32,895,169.78
Provision for	40,955,984.22	6,037,957.53	18,805,199.63	2,389,745.66

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Item	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
impairment of margin accounts receivable				
Provision for impairment of financial assets held under resale agreements	4,098,323.06	604,197.43	5,518,542.51	701,290.77
Derivative financial liabilities	8,448,340.00	1,245,500.97		
Financial assets measured at fair value through current profit or loss			36,160.00	9,040.00
Employee benefits payable	140,294,766.27	21,087,346.69	138,682,191.53	17,623,591.98
Stock option costs	6,426,021.00	963,903.15	50,978,453.50	7,646,768.03
Deductible loss	23,525,972.76	4,400,958.82	51,973,051.89	7,950,072.80
Deferred income	515,000.00	77,250.00	734,372.67	110,155.90
Total	460,035,881.68	71,448,904.16	503,207,430.49	69,325,834.92

**5.23.2 Deferred tax liabilities before offset**

Item	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Financial assets held for trading	64,450,087.24	9,637,875.36		
Financial assets measured at fair value through current profit or loss			5,134,357.47	657,228.29
Derivative financial assets	765,908.39	112,914.45	803,534.06	102,112.29
Asset evaluation increment from business combination not under the same control	34,098,917.72	8,524,729.43	37,254,839.00	9,313,709.75
Total	99,314,913.35	18,275,519.24	43,192,730.53	10,073,050.33



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**5.24 Other non-current assets**

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Equity acquisition payment of Chengdu Jinghe Enterprise Management Co., Ltd. (Remark)	211,913,500.00		211,913,500.00			
Total	211,913,500.00		211,913,500.00			

Remark: On December 11, 2019, the Company signed a contract for transaction of property rights with Anbang Insurance Group Co., Ltd. (hereinafter referred to as “Anbang Group”) and Anbang Property & Casualty Insurance Co., Ltd. (hereinafter referred to as “APCI”), regarding the target enterprise Chengdu Jinghe Enterprise Management Co., Ltd.. The Company acquired the equity of the targeted enterprise with RMB 217,308,845.85: (1) equity of the targeted enterprise; (2) creditor's right of RMB 795,345.85 held by Anbang Group, and (3) creditor's right of RMB 4,600,000.00 held by APCI.

The Company paid all the above-mentioned equity transfer amount of RMB 211,913,500 in December 2019. As of the end of the reporting period, the delivery of the property rights of the targeted enterprise, Chengdu Jinghe Enterprise Management Co., Ltd., had not been completed.

**5.25 Short-term borrowings**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Secured borrowings	399,944,104.70	213,057,069.31
Sub-total	399,944,104.70	213,057,069.31
Add: interest payable	2,572,859.74	
Total	402,516,964.44	213,057,069.31

**5.26 Short-term financing bonds payable**

Bond name	Par value	Balance as at December 31, 2018	Changes in accounting policies	Balance as at January 1, 2019	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Short-term income certificate	4,139,789,000.00	1,917,025,000.00	29,729,318.71	1,946,754,318.71	6,745,291,844.72	4,505,288,763.18	4,186,757,400.25
Total	4,139,789,000.00	1,917,025,000.00	29,729,318.71	1,946,754,318.71	6,745,291,844.72	4,505,288,763.18	4,186,757,400.25

During the year, the Company issued 393 phases of income certificates maturing within one year, of which the outstanding income certificates had a fixed yield of 3.30% to 4.35%.

**5.27 Placements from other financial institutions**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Placements from China Securities Finance Corporation Limited	600,000,000.00	
Sub-total	600,000,000.00	
Add: interest payable	3,520,833.34	
Total	603,520,833.34	

Including: Assets acquired through margin and securities refinancing following with the remaining term

Remaining period	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Balance	Interest rate range	Balance	Interest rate range
3 - 12 months	600,000,000.00	3.25%		
Total	600,000,000.00			

**5.28 Accounts payable**

**Presentation of accounts payable**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Payable advertising agency costs	10,838,401.57	11,475,947.54
Payables costs for fund sales business	73,123,464.96	58,707,516.06
Payables for long-term asset purchases	2,212,182.28	5,797,191.34
Other payables	29,683,265.23	29,525,380.24
Total	115,857,314.04	105,506,035.18

**5.29 Receipts in advance**

**Presentation of receipts in advance**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Receipts in advances from financial data services	107,551,099.24	98,213,254.97
Receipts in advances from advertising business	44,513,098.48	37,163,528.85
Receipts in advances from asset management business		1,216,875.00
Receipts in advances from other businesses	927,119.08	450,101.98
Total	152,991,316.80	137,043,760.80

**5.30 Financial assets sold under repurchase agreements**

**5.30.1 Presentation by business category**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Pledge-style sold under repurchase agreements	295,244,000.00	85,985,126.50
Usufruct repurchase of claims of margin financing and securities lending	2,900,000,000.00	
Sub-total	3,195,244,000.00	85,985,126.50
Add: interest payable	3,736,741.66	
Total	3,198,980,741.66	85,985,126.50

**5.30.2 Presentation by category of financial assets**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bonds	295,244,000.00	85,985,126.50
Usufruct of margin financing and securities lending	2,900,000,000.00	
Sub-total	3,195,244,000.00	85,985,126.50
Add: interest payable	3,736,741.66	
Total	3,198,980,741.66	85,985,126.50

**5.30.3 Capital acquired through pledge-style sold under repurchase agreements classified by remaining period**

Remaining period	Balance as at December 31, 2019	Interest rate range	Balance as at December 31, 2018	Interest rate range
Within 1 month	295,244,000.00	3.09%-3.80%	85,985,126.50	2.90%-3.39%
Total	295,244,000.00		85,985,126.50	

**5.31 Accounts payable to brokerage customers**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Ordinary brokerage business	19,067,935,059.92	11,081,150,635.80
Including: individual accounts	16,917,429,311.58	9,993,039,769.01
Institutional accounts	2,150,505,748.34	1,088,110,866.79
Credit brokerage business	2,228,183,471.44	947,796,076.85
Including: individual accounts	2,181,659,045.82	927,452,953.88
Institutional accounts	46,524,425.62	20,343,122.97
Third-party fund sales business	8,328,843,436.77	2,264,233,962.53
Sub-total	29,624,961,968.13	14,293,180,675.18
Add: interest payable	1,940,946.11	
Total	29,626,902,914.24	14,293,180,675.18

**5.32 Employee benefits payable**

**5.32.1 Presentation**

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Short-term benefits	245,366,464.51	1,042,182,895.06	1,011,410,181.02	276,139,178.55
Post-employment benefits - defined contribution plans		106,530,209.94	106,530,209.94	
Dismissal benefits		2,548,472.05	2,548,472.05	
Total	245,366,464.51	1,151,261,577.05	1,120,488,863.01	276,139,178.55

### 5.32.2 Presentation of short-term benefits

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
(1) Salaries, bonuses, allowances and subsidies	238,347,639.38	906,808,294.43	874,187,177.76	270,968,756.05
(2) Employee welfare fees		11,120,872.96	11,120,872.96	
(3) Social insurance premiums		61,750,558.75	61,750,558.75	
Including: medical insurance premiums		54,909,751.43	54,909,751.43	
Work-related injury insurance premiums		1,243,637.80	1,243,637.80	
Maternity insurance premiums		5,597,169.52	5,597,169.52	
(4) Housing provident funds	51,144.00	45,627,234.75	45,678,378.75	
(5) Labor union expenditures and employee education funds	6,967,681.13	16,875,934.17	18,673,192.80	5,170,422.50
Total	245,366,464.51	1,042,182,895.06	1,011,410,181.02	276,139,178.55

### 5.32.3 Presentation of a defined contribution plan

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Basic endowment insurance premiums		103,470,002.04	103,470,002.04	
Unemployment insurance premiums		3,060,207.90	3,060,207.90	
Total		106,530,209.94	106,530,209.94	

### 5.33 Taxes and surcharges payable

Tax item	Balance as at December 31, 2019	Balance as at December 31, 2018
Value-added tax (VAT)	20,025,642.41	6,430,133.92
Enterprise income tax	45,542,885.33	21,105,676.89
Individual income tax	8,845,111.91	6,000,216.58
Urban maintenance and construction tax	1,500,417.21	457,533.39
Educational surtax	1,243,988.90	316,912.88
Culture undertaking construction costs	186,731.48	479,451.84
Stamp duty	108,035.14	167,554.10
Others	11,834.07	22,424.41
Total	77,464,646.45	34,979,904.01

### 5.34 Other payables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest payable		54,151,525.51
Other payables	530,967,121.69	1,596,355,587.61
Total	530,967,121.69	1,650,507,113.12

**5.34.1 Interest payable**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Short-term financing bonds payable		31,369,044.74
Subordinated bonds		20,486,301.37
Client funds		1,125,783.60
Convertible corporate bonds		611,297.81
Short-term borrowings		283,188.33
RMB interest rate swap		270,722.10
Sold under repurchase agreements		5,187.56
Total		54,151,525.51

**5.34.2 Other payables**

Presentation of other payables by nature

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Payments for settlement of open-ended funds to be settled and brokerage business	434,358,383.17	1,525,089,745.84
Securities investor protection fund	6,372,330.96	9,995,081.43
Futures investor security fund	444,131.60	318,543.23
Futures risk reserves	27,716,050.83	16,766,006.23
Deposits and other payables	51,906,225.13	44,186,210.88
Equity purchase price payable	10,170,000.00	
Total	530,967,121.69	1,596,355,587.61

**5.35 Non-current liabilities due within one year**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bonds payable maturing within one year	204,658,630.14	606,399,591.47
Including: subordinated bonds of Bank of Tibet		300,000,000.00
Two-year income certificate maturing within one year	204,658,630.14	306,399,591.47
Total	204,658,630.14	606,399,591.47

**5.36 Other current liabilities**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest on refinancing of securities	142,034.14	
Total	142,034.14	

**5.37 Bonds payable**

**5.37.1 Details of bonds payable**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Convertible corporate bonds		3,614,884,053.09
Subordinated bonds	1,218,986,301.37	1,200,000,000.00
Income certificate	4,245,819.46	
Total	1,223,232,120.83	4,814,884,053.09

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**5.37.2 Increase/decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments divided into the financial liabilities)**

Name of bonds	Par value	Issue date	Term of bonds	Amount issued	Balance as at December 31, 2018	Changes in accounting policies	Balance as at January 1, 2019	Issued in 2019	Interest payable	Amortization of premiums or discounts	Repayment in 2019	Conversion of shares in 2019	Balance as at December 31, 2019
Eastmoney convertible bonds	4,650,000,000.00	2017.12.20	6 years	4,650,000,000.00	3,614,884,053.09	611,297.81	3,615,495,350.90		-562,288.69	-54,913,327.40	30,679,709.12	3,639,166,680.49	
Total	4,650,000,000.00			4,650,000,000.00	3,614,884,053.09	611,297.81	3,615,495,350.90		-562,288.69	-54,913,327.40	30,679,709.12	3,639,166,680.49	

**Conditions and time for conversion of shares into corporate bonds**

In 2017, the Company issued convertible corporate bonds with a total face value of RMB 4,650,000,000.00 to public investors, each with a face value of RMB 100. These bonds were issued at face value with a term of 6 years. The Company's convertible corporate bonds have been listed for trading on Shenzhen Stock Exchange on January 29, 2018. The abbreviation of the bond is "Eastmoney Convertible Bond" and the bond code is 123006. The nominal interest rates of the above-mentioned convertible corporate bonds are 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 1.0% in the fourth year, 1.5% in the fifth year, and 2.0% in the sixth year. The annual interest payment date is the day of each full year since the first day of the issuance of this convertible bond.

The conversion term for the "Eastmoney Convertible Bonds" publicly issued this time is from the first trading day (June 26, 2018) six months after the end of the issuance of the convertible bonds (December 26, 2017) to the maturity date of the convertible bond (December 20, 2023), and the initial conversion price: RMB 13.69 per share.

As of May 2019, all Eastmoney Convertible Bonds have been converted or redeemed.

**5.37.3 Changes in subordinated bonds:**

Bond name	Par value	Date of value	Term of bonds	Amount issued	Nominal interest rate	Balance as at December 31, 2018	Changes in accounting policies	Balance as at January 1, 2019	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Securities company subordinated bonds in 2017 of Tibet Eastmoney Securities Co., Ltd. (Phase I)	1,200,000,000.00	September 2017	5 years	1,200,000,000.00	6.00%	1,200,000,000.00	18,986,301.37	1,218,986,301.37	72,000,000.00	72,000,000.00	1,218,986,301.37
Total	1,200,000,000.00					1,200,000,000.00	18,986,301.37	1,218,986,301.37	72,000,000.00	72,000,000.00	1,218,986,301.37

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**5.37.4 Income certificate**

Bond name	Par value	Date of value	Term of bonds	Amount issued	Nominal interest rate	Balance as at December 31, 2018	Changes in accounting policies	Balance as at January 1, 2019	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Two-year income certificate	204,121,000.00					306,399,591.47	1,639,726.03	308,039,317.50	222,846,398.23	321,981,266.13	208,904,449.60
Including: two-year income certificate maturing within one year	200,000,000.00					306,399,591.47					204,658,630.14
Total	204,121,000.00					306,399,591.47	1,639,726.03	308,039,317.50	222,846,398.23	321,981,266.13	208,904,449.60

The Company issued 6 phases of income certificates with a term of more than one year in the current year, of which the fixed yield rate of unexpired income certificates was 3.90% to 4.30%. Among them, RMB 204,658,630.14 of two-year income certificates maturing within one year are presented under the item non-current liabilities due within one year.

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**5.38 Deferred income**

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Government grants	1,714,372.67		1,199,372.67	515,000.00
Total	1,714,372.67		1,199,372.67	515,000.00

Items involving government grants:

Liabilities items	Balance as at December 31, 2018	New grants in 2019	Amount included in the current profit or loss in 2019	Other changes	Balance as at December 31, 2019	Assets/income-related
Financial management e-commerce platform (Remark 1)	17,549.95		17,549.95			Assets-related
Upgrade project of financial service interactive platform (Remark 2)	8,000.00		8,000.00			Assets-related
Internet financial quantitative investment platform project (Remark 3)	157,822.72		157,822.72			Assets-related
P2B-based Eastmoney non-standardized financial asset service platform project (Remark 4)	51,000.00		36,000.00		15,000.00	Assets-related
Cultural Masters and "Four Batches" Talent Project	500,000.00				500,000.00	Income-related
Big Data "Yundun" Project (Remark 5)	980,000.00		980,000.00			Income-related
Total	1,714,372.67		1,199,372.67		515,000.00	

Remark 1: In June 2013, the Company received a total of RMB 960,000.00 from the zero balance special account funds of Shanghai Treasury Collection and Payment Center. According to the project contract on the scientific research plan of Financial Wealth Management E-commerce Platform of Science and Technology Commission of Shanghai Municipality, the special funds were used for equipment procurement and labor costs, etc. According to the project budget and investment situation, the grants are divided into asset-related parts and income-related parts. The project has been checked and accepted, and other assets-related income amounting to RMB 17,549.95 has been carried forward in the current period. As at December 31, 2019, the carry-forward of deferred income has been completed.



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Remark 2: The Company received RMB 800,000.00 from Shanghai Jiading District Financial Fund Collection and Payment Center in December 2013, received a total of RMB 240,000.00 from Shanghai Jiading District Financial Fund Collection and Payment Center in August 2014, and received a total of RMB 160,000.00 from Shanghai Jiading District Financial Fund Collection and Payment Center in August 2017. According to the planning assignment for the Eastmoney Network Financial Service Interactive Platform Upgrade Project from the Leading Group Office of Shanghai Cultural and Creative Industry Promotion, the special funds are used for equipment procurement and labor costs, and the project acceptance for this period has been completed. Other income related to assets carried forward in the current period amounts to RMB 8,000.00. As at December 31, 2019, the carry-forward of deferred income has been completed.

Remark 3: In December 2013, the Company received a total of RMB 2,000,000.00 from the zero balance special account funds of Shanghai Treasury Collection and Payment Center. According to the document of the SHEITC (HJXT [2013] No. 769), the Circular of the SHEITC on Issuing the Project Plan of Special Funds for Information Development in Shanghai in 2013 (Second Batch), the special funds are used for equipment procurement and labor costs. The project acceptance in the current period has been completed. Other income related to assets carried forward in the current period amounts to RMB 157,822.72. As at December 31, 2019, the carry-forward of deferred income has been completed.

Remark 4: The Company received RMB 540,000.00 and RMB 60,000.00 from the zero balance special account funds of Shanghai Treasury Collection and Payment Center respectively in September 2015 and October 2017. According to the document of the SHEITC (HJXX [2015] No. 509), the Circular of the SHEITC on Issuing the Project Plan of Special Funds for the Development of Software and Integrated Circuit Industry in 2015, the special funds are used for fixed assets procurement and labor costs. Other income related to assets carried forward in the current period amounts to RMB 36,000.00. As at December 31, 2019, the ending balance is related to assets.

Remark 5: In November 2019, the big data “Yundun” project has been accepted by expert group. The income related amount carried forward in the current period amounted to RMB 980,000.00. As at December 31, 2019, the carry-forward of deferred income has been completed.

### **5.39 Share capital**

Item	Balance as at December 31, 2018	Changes in 2019 ("+" for increase and "-" for decrease)					Balance as at December 31, 2019
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
Total shares	5,168,285,026.00	21,564,144.00		1,119,268,109.00	406,491,376.00	1,547,323,629.00	6,715,608,655.00

Notes to main increases and decreases in share capital in 2019:

1. According to the Proposal of the Company on Granting the Fourth Exercise Period of Stock Options for the First time and the Third Exercise Period of Reserved Stock Options for 2014 Stock Option Incentive Plan, reviewed and approved at the 22nd meeting of the fourth board of directors held on April 1, 2019, as the vesting conditions for the fourth exercise period of stock options granted for the first time and the third exercise period of reserved stock options for 2014 stock option incentive plan have been satisfied, the board of directors agreed to grant 143 incentive objects of stock options for the first time in the fourth exercise period. During the exercise period, the number of exercisable stock options was 21,564,144, and the exercise price was RMB 3.49 per share. After the exercise, the total share capital increased to RMB 21,564,144.00.

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2. Approved by the China Securities Regulatory Commission with the document (ZJXX [2017] No. 2106), the Company publicly issued 46.50 million convertible corporate bonds on December 20, 2017, with the face value of RMB 100. The total issuance amounted to RMB 4.65 billion. In 2019, a total of 46,177,797.00 convertible corporate bonds were converted. The number of shares formed by the conversion amounted to 406,491,376 shares, and the share capital increased by 406,491,376 shares.
3. According to the resolution made at the Company's 2018 annual general meeting of shareholders, the Company took the total share capital amounting to 5,596,340,546 shares on the date of equity registration as the base, and used the capital reserves to add 2 shares for every 10 shares to all shareholders, involving a total of 1,119,268,109 shares. The registered capital after this conversion amounted to RMB 6,715,608,655.00, and the paid-in capital (share capital) amounted to RMB 6,715,608,655.00.

**5.40 Other equity instruments**

Financial instruments issued	As at December 31, 2018		Increase in 2019		Decrease in 2019		As at December 31, 2019	
	Quantity (share)	Book value	Quantity (share)	Book value	Quantity (share)	Book value	Quantity (share)	Book value
Initial recognition of equity in convertible corporate bonds	46,484,104	1,218,948,400.05			46,484,104	1,218,948,400.05		
Total	46,484,104	1,218,948,400.05			46,484,104	1,218,948,400.05		

- (1) For the “Eastmoney Convertible Bonds” issued by the Company in 2017, a total of 46,177,797.00 convertible corporate bonds were converted into shares this year. A total of 406,491,376 shares were converted, which increased the share capital by 406,491,376 shares.
- (2) From February 18, 2019 to March 29, 2019, the closing price of at least 15 days in 30 consecutive trading days not less than 130% of the current conversion price (RMB 11.36 per share), triggered the terms on conditional redemption agreed in the Prospectus of East Money Information Co., Ltd. for the Public Offering of Convertible Corporate Bonds, all the "Eastmoney Convertible Bonds" not converted were redeemed at the price of the face value of the convertible bonds plus the current accrued interest. As of the market close on May 10, 2019, there were still 306,307 “Eastmoney Convertible Bonds” that have not been converted. According to the terms on conditional redemption agreed in the Prospectus of East Money Information Co., Ltd. for the Public Offering of Convertible Corporate Bonds, all the "Eastmoney Convertible Bonds" not converted were redeemed at the price of the face value of the convertible bonds plus the current accrued interest by the Company.

**5.41 Capital reserves**

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Capital premium (share premium)	5,310,790,788.66	4,553,348,494.76	1,119,268,109.00	8,744,871,174.42
Other capital reserves	193,560,785.34	41,008,074.30	48,819,100.17	185,749,759.47
(1) Others	142,582,331.84	37,093,311.80	351,905.17	179,323,738.47
(2) Equity-settled share-based payment	50,978,453.50	3,914,762.50	48,467,195.00	6,426,021.00
Total	5,504,351,574.00	4,594,356,569.06	1,168,087,209.17	8,930,620,933.89

1. Reasons for changes of capital premiums

Increase in 2019: The capital reserves increased by RMB 53,694,718.56 due to the exercise of stock options, other capital reserves amounting to RMB 43,558,525.00 was transferred to capital premiums due to the exercise of stock options, other equity instruments amounting to RMB 4,456,095,251.20 was transferred to capital premiums due to the conversion of convertible bonds. A total of RMB 4,553,348,494.76 increased.

Decrease in 2019: According to the resolution made at the Company's 2018 annual general meeting of shareholders, the Company took the total share capital of 5,596,340,546 shares on the date of equity registration as the base, and used the capital reserves to add 2 shares for every 10 shares to all shareholders, involving a total of 1,119,268,109 shares.

2. Reasons for changes in other capital reserves

(1) Others:

Increase in 2019:

1) Due to the exercise of stock options, the amount that can be deducted before tax calculated based on the fair price of the stock at the time of exercise exceeds the cost and expenses related to the share-based payment, and for the excess, RMB 32,184,641.80 subject to the influence of income tax was included in other capital reserves.

2) Due to the cancellation of the reserved stock options and the failure to exercise the stock options during the third exercise period, RMB 4,908,670.00, originally recognized as "capital reserve-equity-settled share-based payments" was transferred to "capital reserve-others".

Decrease in 2019:

The joint venture, China Securities Credit Technology Co., Ltd., has changed its capital reserves in the current period, and reduced other capital reserves by RMB 351,905.17 according to the shareholding ratio.

(2) Equity-settled share-based payment:

Increase in 2019: The current expenses were recognized due to the implementation of the 2014 stock option incentive plan, and other capital reserves correspondingly increased by RMB 3,914,762.50.

Decrease in 2019: Due to the exercise of stock options and cancellation of reserved options, the corresponding capital reserves were transferred to capital premiums and other capital reserves.

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**5.42 Other comprehensive income**

Item	Balance as at December 31, 2018	Changes in accounting policies	Balance as at January 1, 2019	Year 2019						Balance as at December 31, 2019
				Pre-tax amount incurred in 2019	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
Other comprehensive income that will be reclassified into profit or loss	-3,698,398.13	689,262.41	-3,009,135.72	12,594,357.09				12,594,357.09		9,585,221.37
Including: profit or loss on changes in fair value of available-for-sale financial assets	-689,262.41	689,262.41								
Translation differences of foreign currency financial statements	-3,009,135.72		-3,009,135.72	12,594,357.09				12,594,357.09		9,585,221.37
Total of other comprehensive income	-3,698,398.13	689,262.41	-3,009,135.72	12,594,357.09				12,594,357.09		9,585,221.37

#### 5.43 Surplus reserves

Item	Balance as at December 31, 2018	Remeasurement due to changes in accounting policies	Balance as at January 1, 2019	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Statutory surplus reserves	394,788,468.43	3,686,675.53	398,475,143.96	40,206,397.82		438,681,541.78
Total	394,788,468.43	3,686,675.53	398,475,143.96	40,206,397.82		438,681,541.78

The increase in 2019 refers to the statutory surplus reserves calculated at 10% of the net profit of RMB according to the relevant provisions of the Articles of Association of the Company.

#### 5.44 Retained earnings

Item	Year 2019	Year 2018
Retained earnings at the end of the previous year before adjustment	3,412,564,404.20	2,623,013,744.38
Total adjustment to retained earnings at the beginning of the year ("+" for increase and "-" for decrease)	26,272,856.58	
Retained earnings at the beginning of the year after adjustment	3,438,837,260.78	2,623,013,744.38
Add: net profit attributable to owners of the parent company in the current period	1,831,288,851.32	958,695,412.88
Less: withdrawal of statutory surplus reserves	40,206,397.82	83,369,158.70
Common stock dividends payable	111,926,810.92	85,775,594.36
Retained earnings at the end of the period	5,117,992,903.36	3,412,564,404.20

Common stock dividends payable in 2019:

According to the resolutions of the twenty-first meeting of the fourth board of directors of the Company held on March 4, 2019 and the resolutions of the 2018 annual general meeting of shareholders held on March 26, 2019, the Company took the total capital shares amounting to 5,596,340,546 shares on the equity registration date as the base, and distributed cash dividends at RMB 0.20 per 10 shares (including tax) to all shareholders. The total cash dividends distributed amount to RMB 111,926,810.92.

#### 5.45 Operating revenue and operating costs

Item	Year 2019		Year 2018	
	Revenue	Cost	Revenue	Cost
Primary business	1,474,199,538.93	390,944,096.83	1,304,090,864.89	371,335,725.53
Other businesses	3,841,484.13		5,489,852.04	
Total	1,478,041,023.06	390,944,096.83	1,309,580,716.93	371,335,725.53

#### 5.46 Net interest income

Item	Year 2019	Year 2018
Interest income	1,225,197,063.71	1,002,549,352.10
Including: interest income from cash and bank balances and clearing settlement funds	384,414,937.46	270,530,806.46
Interest income from loans to banks and other financial institutions		81,666.66
Interest income from margin accounts receivable	774,427,940.71	590,883,948.28
Interest income from financial assets held under	63,810,583.30	140,446,771.83

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Item	Year 2019	Year 2018
resale agreements		
Including: interest income from stock repurchase agreement		
Interest income from share pledge repo	61,965,406.56	132,753,196.86
Loans and advances	2,543,602.24	606,158.87
Interest expenses	411,303,384.59	384,234,111.20
Including: interest expenses on customer funds deposit	69,211,525.57	47,704,331.66
Interest expenses on placements from other financial institutions	4,368,476.81	364,583.33
Including: interest expenses on margin and securities refinancing	4,055,810.13	
Interest expenses on funds from sales of financial assets under repurchase agreement	113,455,377.35	72,054,209.72
Interest expenses on long-term borrowings	-	
Interest expenses on bonds payable	218,756,038.82	251,807,277.09
Including: interest expenses on subordinated bonds	88,500,000.00	90,000,000.00
Others	5,511,966.04	12,303,709.40
Net interest income	813,893,679.12	618,315,240.90

**5.47 Net revenue from fee and commission**

Item	Year 2019	Year 2018
<b>Net revenue from securities brokerage business</b>	1,662,215,061.19	1,053,018,214.40
- Revenue from securities brokerage business	2,409,598,235.81	1,497,122,758.84
Including: brokerage business for customers business	2,225,362,620.74	1,357,582,788.23
Seat lease for participant business unit	123,319,962.70	98,873,122.61
Commission sale business of financial products	60,915,652.37	40,666,848.00
- Expenditures for securities brokerage business	747,383,174.62	444,104,544.44
Including: brokerage business for customers business	747,383,174.62	444,104,544.44
Seat lease for participant business unit		
Commission sale business of financial products		
<b>Net revenue from futures brokerage business</b>	218,996,446.92	78,384,197.38
- Revenue from futures brokerage business	218,996,446.92	78,384,197.38
- Expenditures for futures brokerage business		
<b>Net revenue from investment banking business</b>	45,832,122.63	39,587,521.12
- Revenue from investment banking business	52,968,915.10	43,125,256.98
Including: securities underwriting business	46,841,981.13	32,108,490.57
Securities sponsoring business		
Financial consultancy business	6,126,933.97	11,016,766.41
- Expenditures for investment banking business	7,136,792.47	3,537,735.86
Including: securities underwriting business	7,136,792.47	3,537,735.86
Securities sponsoring business		
Financial consultancy business		
<b>Net revenue from asset management business</b>	7,118,372.44	13,961,345.24
- Revenue from asset management business	7,152,722.44	13,961,345.24
- Expenditures for asset management business	34,350.00	
<b>Net revenue from fund management business</b>	967,924.03	796,116.61
- Revenue from fund management business	967,924.03	796,116.61

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Item	Year 2019	Year 2018
- Expenditures for fund management business		
<b>Net revenue from investment consulting business</b>	2,542,084.43	3,488,719.95
- Revenue from investment advisory business	2,542,084.43	3,488,719.95
- Expenditures for investment advisory business		
<b>Net revenue from other fee and commission</b>	2,071,321.74	6,313,934.89
- Revenue from other fee and commission	2,096,665.92	6,313,934.89
- Expenditures for other fee and commission	25,344.18	
<b>Total</b>	<b>1,939,743,333.38</b>	<b>1,195,550,049.59</b>

**5.48 Taxes and surcharges**

Item	Year 2019	Year 2018
Urban maintenance and construction tax	13,269,903.98	7,038,779.34
Educational surtax	9,919,043.01	4,892,624.66
Vehicle and vessel tax	30,750.00	31,350.00
Urban land use tax	148,637.44	283,482.41
Property tax	13,317,612.99	14,203,876.48
Stamp tax	4,075,988.33	2,525,718.36
Culture undertaking construction costs	264,693.51	2,044,158.23
Hydraulic funds, etc.	21,385.23	13,987.56
<b>Total</b>	<b>41,048,014.49</b>	<b>31,033,977.04</b>

**5.49 Selling expenses**

Item	Year 2019	Year 2018
<b>Selling expenses</b>	<b>364,071,248.31</b>	<b>259,775,169.89</b>
Including: main expense items		
Employee compensation	187,827,773.70	142,469,437.17
Advertising and publicity expenses	87,124,243.44	71,054,751.83
Rental expense	14,846,784.61	14,318,068.31
Technical and consulting service fees	61,081,190.16	16,019,128.89
Utility bills	1,896,183.69	2,596,163.50
Amortization of long-term prepaid expenses	1,797,757.85	2,935,176.05
Depreciation of fixed assets	512,506.45	540,405.06
Amortization of intangible assets	387,919.09	378,059.07

**5.50 Administrative expenses**

Item	Year 2019	Year 2018
<b>Administrative expenses</b>	<b>1,289,100,610.82</b>	<b>1,191,609,602.23</b>
Including: main expense items		
Employee benefits	682,518,434.21	668,477,294.14
Intermediary service charges	26,667,325.30	27,518,658.21
Rental fees	75,302,056.83	76,821,733.59
Amortization of low-cost consumables	5,506,270.62	10,660,068.49
Amortization of intangible assets	31,143,828.20	27,223,634.34
Depreciation expenses	104,242,986.26	103,251,866.94
Investor protection fund	10,467,893.50	17,110,180.05
Amortization of long-term prepaid expenses	27,253,751.27	25,892,493.22
Technical and consulting service fees	72,959,888.19	42,857,563.52
Exchange facilities royalties	60,301,776.12	38,994,524.60
Electronic equipment running charges	74,136,179.70	48,239,101.83

**5.51 Research and development expenses**

Item	Year 2019	Year 2018
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Item	Year 2019	Year 2018
Expenses on materials, fuel and power	12,345,107.2	20,531,999.94
Labor costs	284,496,511.20	219,720,022.82
Depreciation	8,566,409.60	10,076,036.52
Total	305,408,028.00	250,328,059.28

**5.52 Financial expenses**

Item	Year 2019	Year 2018
Interest expenses	76,001,501.28	235,893,544.12
Less: interest income	96,310,736.10	79,448,938.35
Gains or losses on exchange	6,778,439.97	-2,839,941.30
Bank charges, etc.	1,522,859.67	2,847,154.37
Total	-12,007,935.18	156,451,818.84

**5.53 Other income**

Grant item	Year 2019	Year 2018	Assets-related/ Income-related
Financial support funds	22,370,000.00	11,014,000.00	Income-related
Comprehensive assessment and reward funds of the Management Committee of Liuwu New District, Lhasa	8,838,949.40		Income-related
Special fund for financial development	5,450,305.00	4,200,800.00	Income-related
Refund of exchange stamp duty	5,156,193.13		Income-related
Additional VAT deduction	2,124,407.52		Income-related
Subsidies for post stabilization	1,714,053.91	270,830.78	Income-related
Financial support funds granted by Pudong New Area to promote the development of financial industry	1,490,000.00	1,961,000.00	Income-related
Big Data “Yundun” Project	980,000.00		Income-related
Deducted return of handling charges related to individual income tax	770,557.76	1,353,892.49	Income-related
Eastmoney Internet financial quantitative investment platform	157,822.72	199,999.92	Assets-related
P2B-based Eastmoney non-standardized financial asset service platform project	36,000.00	36,000.00	Assets-related
VAT refund	22,380.00		Income-related
Electronic financial management e-commerce platform	17,549.95	76,142.40	Assets-related
Upgrade project of Eastmoney financial service interactive platform	8,000.00	48,000.00	Assets-related
Online funds transaction terminal based on mobile Internet		95,666.57	Assets-related
Financial rewards and subsidies for NEEQ listing		83,700.00	Income-related
Total	49,136,219.39	19,340,032.16	



**5.54 Investment income**

Item	Year 2019	Year 2018
Income from long-term equity investments calculated under equity method	39,973,057.15	60,581,162.68
Investment income from trading financial assets during the holding period	239,135,211.49	
Investment income from financial assets measured at fair value through profit or loss during the holding period		159,347,553.43
Investment income from disposal of financial assets held for trading	-7,780,763.18	
Investment income from disposal of financial assets measured at fair value through profit or loss		-11,479,023.73
Investment income from available-for-sale financial assets during the holding period		2,000,000.00
Investment income from other non-current financial assets during the holding period	2,000,000.00	
Investment income from derivative financial assets during the holding period	-2,474,213.42	786,492.26
Total	270,853,292.04	211,236,184.64

**5.55 Fair value (losses)/gains**

Sources	Year 2019	Year 2018
Changes in fair value of financial assets held for trading	884,931.22	
Income from changes in fair value of derivative financial instruments	-8,485,965.67	-3,060,401.03
Financial assets measured at fair value through profit or loss		52,268,370.81
Other non-current financial assets	754,382.77	
Total	-6,846,651.68	49,207,969.78

**5.56 Expected credit losses**

Item	Year 2019
Losses from bad debts of accounts receivable	-6,543,770.61
Losses from bad debts of other receivables	-650,360.60
Losses from impairment of loans and advances	-26,842.24
Losses from impairment of margin accounts receivable	-15,801,667.47
Losses from impairment of financial assets held under resale agreements	2,151,174.36
Total	-20,871,466.56

**5.57 Losses from impairment of assets**

Item	Year 2019	Year 2018
Losses from bad debts		-19,474,097.50
Losses from the impairment of margin accounts receivable		2,075,069.60
Losses from impairment of financial assets held under resale agreements		10,576,624.60
Loans and advances		-349,380.01
Interest receivable		-4,971.85
Losses from impairment of goodwill		-4,731,868.08
Total		-11,908,623.24

**5.58 Loss arising from disposal of assets**

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Item	Year 2019	Year 2018	Amount included in non-recurring profit or loss in the current period
Loss from disposal of non-current assets	-477,860.27	-594,999.89	-477,860.27
Total	-477,860.27	-594,999.89	-477,860.27

**5.59 Non-operating revenue**

Item	Year 2019	Year 2018	Amount included in non-recurring profit or loss in the current period
Others	47,038.28	165,241.98	47,038.28
Total	47,038.28	165,241.98	47,038.28

**5.60 Non-operating expenses**

Item	Year 2019	Year 2018	Amount included in non-recurring profit or loss in the current period
External donation outlay	13,386,390.00	8,968,800.00	13,386,390.00
Others	1,216,853.97	962,617.01	1,216,853.97
Total	14,603,243.97	9,931,417.01	14,603,243.97

**5.61 Income tax expenses**

**Statement of income tax expenses**

Item	Year 2019	Year 2018
Current income tax expenses	295,819,950.44	116,818,722.57
Deferred income tax expenses	478,706.31	45,796,534.35
Total	296,298,656.75	162,615,256.92

**5.62 Earnings per share**

**5.62.1 Basic earnings per share**

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the Company:

Item	Year 2019	Year 2018
Consolidated net profit attributable to the common stockholder of the parent company	1,831,288,851.32	958,695,412.88
Weighted average of the Company's outstanding common stock	6,597,930,044.00	6,191,067,348.70
Basic earnings per share	0.2776	0.1549
Including: basic earnings per share from continuing operations	0.2776	0.1549
Basic earnings per share from discontinuing operations		

**5.62.2 Diluted earnings per share**

Diluted earnings per share are calculated by dividing the (diluted) consolidated net profit attributable to ordinary shareholders of the parent company by the (diluted) weighted average number of outstanding ordinary shares of the Company:

Item	Year 2019	Year 2018
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	1,831,288,851.32	958,695,412.88
Weighted average of the Company's outstanding common stock (diluted)	6,597,930,044.00	6,191,067,348.70
Diluted earnings per share	0.2776	0.1549
Including: diluted earnings per share from continuing operations	0.2776	0.1549
Diluted earnings per share from discontinuing operations		

**5.63 Items of statement of cash flows**

**5.63.1 Cash received from other operating activities**

Item	Year 2019	Year 2018
Recovery of current accounts and advances	31,694,778.22	41,178,118.74
Recovery of advances for the redemption of funds sales business		885,411,220.76
Special subsidies and grants	45,843,940.32	19,866,265.75
Interest income	96,456,369.87	79,698,083.93
Non-operating revenue	47,038.28	165,241.98
Lease revenue	4,410,220.32	4,681,641.50
Total	178,452,347.01	1,031,000,572.66

**5.63.2 Cash paid for other operating activities**

Item	Year 2019	Year 2018
Changes in other receivables and other payables	19,235,470.88	59,662,141.22
Increase in advances to customers for redemption of funds	1,097,540,116.34	
Period business expenses	583,402,411.37	505,052,173.26
Others	520,743,343.98	33,451,423.14
Total	2,220,921,342.57	598,165,737.62

**5.63.3 Cash received from other investing activities**

Item	Year 2019	Year 2018
Finance products recovered		1,739,000,000.00
Total		1,739,000,000.00

**5.63.4 Cash paid for other investing activities**

Item	Year 2019	Year 2018
Financial products purchased		2,288,000,000.00
Total		2,288,000,000.00

**5.64 Supplementary information to the statement of cash flows**

**5.64.1 Supplementary information to the statement of cash flows**

Supplementary information	Year 2019	Year 2018
1. Net profits adjusted to cash flows from operating activities		
Net profit	1,831,288,851.32	958,218,736.74
Add: Expected credit losses	20,871,466.56	
Provision for impairment of assets		11,908,623.24
Depreciation of fixed assets	193,344,231.58	190,701,493.55
Amortization of intangible assets	31,531,747.29	27,601,693.41
Amortization of long-term prepaid expenses	29,051,509.12	28,827,669.27
Gains/losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	477,860.27	594,999.89
Losses from write-off of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)	6,846,651.68	-49,207,969.78
Financial expenses ("-" for gains)	309,690,372.50	496,382,063.44
Investment loss ("-" for gains)	-70,587,492.55	-66,204,472.35
Decreases in deferred tax assets ("-" for increases)	-1,217,864.61	46,932,847.29
Increases in deferred tax liabilities ("-" for decreases)	1,696,570.92	-1,136,312.94
Decreases in inventories ("-" for increases)	11,557,822.48	-3,458,194.18
Decreases in operating receivables ("-" for increases)	-8,807,088,193.42	2,701,323,447.74
Increases in operating payables ("-" for decreases)	18,159,792,215.02	-1,713,202,840.99
Others	3,914,762.50	38,063,208.00
Net cash flows from operating activities	11,721,170,510.66	2,667,344,992.33
2. Net changes in cash and cash equivalents		
Ending balance of cash	28,359,134,372.58	14,110,483,289.19
Less: beginning balance of cash	14,110,483,289.19	14,415,212,921.71
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	14,248,651,083.39	-304,729,632.52

**5.64.2 Net cash paid for acquisition of subsidiaries in 2019**

	Amount
Cash or cash equivalents incurred and paid for business combination in 2019	18,000,000.00
Including: Eastmoney Insurance Broker Co., Ltd.	18,000,000.00
Less: cash and cash equivalents held by subsidiaries on the acquisition date	599,021.28
Including: Eastmoney Insurance Broker Co., Ltd.	599,021.28
Net cash paid to acquire subsidiaries	17,400,978.72

**5.64.3 Breakdown of cash and cash equivalents**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
I. Cash	28,359,134,372.58	14,110,483,289.19
Including: cash on hand	149,395.47	191,307.71
Unrestricted bank deposit	24,988,966,375.96	11,333,841,165.72
Other unrestricted cash and bank balances	1,892,894.90	293,429.33
Unrestricted clearing settlement funds	3,368,125,706.25	2,776,157,386.43
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	28,359,134,372.58	14,110,483,289.19
Including: restricted cash and cash equivalents of the parent company or subsidiaries of the Group		

**5.65 Securities lending**

Item	Fair value as at December 31, 2019	Fair value as at January 1, 2019
Securities lending	158,805,037.04	4,125,658.01
- Financial assets held for trading	143,947,765.14	4,125,658.01
- Securities refinanced	14,857,271.90	
Total securities refinanced	57,487,132.00	

**5.66 Assets with restrictions on ownership or use right**

Item	Book value as at December 31, 2019	Reason for restriction
Cash and bank balances	5,000,000.00	Deposit for capital requirement of insurance brokerage business
Financial assets held for trading	143,944,825.14	The securities have been financed
Financial assets held for trading	343,758,362.80	It is pledged under the sell-repo transaction agreement
Fixed assets	1,047,144,750.44	It has been used as the self-owned assets to apply for credit and loans from banks
Margin accounts receivable	3,245,787,933.21	The right to receive relevant benefits is transferred
Total	4,785,635,871.59	

**5.67 Foreign currency monetary items**  
**Foreign currency monetary items**

Item	Balance in foreign currency as at December 31, 2019	Exchange rate	Balance in RMB as at December 31, 2019
Cash and bank balances			812,772,835.96
Including: USD	36,183,253.46	6.9762	252,421,612.79
HKD	625,545,583.89	0.89578	560,351,223.17
Clearing settlement funds			18,855,832.49
Including: USD	1,509,532.86	6.9762	10,530,803.14
HKD	9,293,609.31	0.89578	8,325,029.35
Refundable deposits			5,752,956.19
Including: USD	200,000.00	6.9762	1,395,240.00
HKD	4,864,717.00	0.89578	4,357,716.19

**5.68 Government grants**

**5.68.1 Asset-related government grants**

Category	Amount	Item presented on the balance sheet	Amount included in the current profit or loss or offsetting the loss in related cost expenses		Item included in the current profit or loss or used to offset relevant costs, expenses or losses
			Year 2019	Year 2018	
Project-related government subsidies	1,821,300.00	Deferred income	219,372.67	455,808.89	Other income

**5.68.2 Income-related government grants**

Category	Amount	Amount included in the current profit or loss or offsetting the loss in related cost expenses		Item included in the current profit or loss or used to offset relevant costs, expenses or losses
		Year 2019	Year 2018	
Project-related government subsidies				Other income
Subsidy funds		1,714,053.91	270,830.78	Other income
Special support funds		44,307,827.53	17,259,500.00	Other income
Refund of handling charges		770,557.76	1,353,892.49	Other income
Additional deduction of VAT		2,124,407.52		Other income

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**6 Changes in the scope of consolidation**

**6.1 Business combination not under common control**

**6.1.1 Business combination not under common control occurred in 2019**

Acquiree	Time of equity acquisition	Cost of equity acquisition	Ratio of the acquired equity (%)	Method of equity acquisition	Date of purchase	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to December 31, 2019	Net profit of the acquiree from the acquisition date to December 31, 2019
Eastmoney Insurance Broker Co., Ltd.	2019/5/15	28,170,000.00	100.00	Acquisition	2019/5/15	Acquisition of control right	6,432,508.59	-2,566,853.74

**6.1.2 Combination costs and goodwill**

	Eastmoney Insurance Broker Co., Ltd.
Combination cost	
- Cash (Remark)	28,170,000.00
Total combination costs	28,170,000.00
Less: shares of fair value of the identifiable net assets acquired	1,663,485.49
Difference amount of shares of fair value of the identifiable net assets acquired subtracting the goodwill/combination cost	26,506,514.51

Remark: The cost of acquiring the equity interest in Eastmoney Insurance Broker Co., Ltd. was RMB 28,170,000.00, of which RMB 10,170,000.00 was unpaid.

**6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date**

	Eastmoney Insurance Broker Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	1,700,233.49	1,700,233.49
Cash and bank balances	1,649,021.28	1,649,021.28
Receivables	41,212.21	41,212.21
Other receivables	10,000.00	10,000.00
Liabilities:	36,748.00	36,748.00
Taxes and surcharges payable	32,638.00	32,638.00
Other payables	4,110.00	4,110.00
Net assets	1,663,485.49	1,663,485.49
Less: minority equity		
Net assets acquired	1,663,485.49	1,663,485.49

**6.2 Changes in the scope of consolidation due to other reasons**

- (1) Two newly established subsidiaries were added to the scope of consolidation in this period: Tibet Eastmoney Innovation Capital Co., Ltd. and Eastmoney Securities (USA) Inc..
- (2) Aijian Trust Qianchao No. 3 Eastmoney Affairs Management Single Fund Trust, which completed liquidation in 2019, is no longer included in the scope of consolidation.
- (3) One structured entity was added to the scope of consolidation in the income statement for the period, namely Tibet Eastmoney Securities Ruyi Wenjian No. 2 Collective Asset Management Plan, which was included in the scope of consolidation for the period from January to August 2019 (liquidation completed), during which the Company held 100% of its share.



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**7 Equity in other entities**

**7.1 Equity in subsidiaries**

**7.1.1 Structure of the Group**

Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Shanghai Youyou Business Consulting Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00		Establishment
Shanghai Eastmoney Securities Research Institute Co., Ltd.	Shanghai	Shanghai	Consulting services	100.00		Business combination not under common control
Beijing Jingdongcai Information Technology Co., Ltd.	Beijing	Beijing	Information technology services	100.00		Establishment
Guangzhou Eastmoney Information Technology Co., Ltd.	Guangzhou	Guangzhou	Information technology services	100.00		Establishment
Shanghai Tiantian Fund Sales Co., Ltd.	Shanghai	Shanghai	Fund sales	100.00		Establishment
Shanghai Eastmoney Financial Data Services Co., Ltd.	Shanghai	Shanghai	Information technology services	100.00		Establishment
Shanghai Eastmoney Properties Co., Ltd.	Shanghai	Shanghai	Real estate development and operation services	100.00		Establishment
Shanghai Eastmoney Network Technology Co., Ltd.	Shanghai	Shanghai	E-commerce services and various commodity auctions	100.00		Establishment
East Money (HK) Limited	Hong Kong	Hong Kong	Internet information services, Internet financial services	100.00		Establishment
Shanghai UU Wealth Investment Management	Shanghai	Shanghai	Investment management, asset	100.00		Establishment

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Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Co., Ltd.			management			
Shenzhen Eastmoney Financial Data Service Co., Ltd.	Shenzhen	Shenzhen	Information service		100.00	Establishment
Yangzhou Eastmoney Financial Information Services Co., Ltd.	Yangzhou	Yangzhou	Information service	100.00		Establishment
Shanghai Weizhao Information Technology Co., Ltd.	Shanghai	Shanghai	Information service	100.00		Establishment
Eastmoney Securities Co., Ltd.	Shanghai	Lhasa	Securities brokerage, securities self-dealing, asset management, etc.	99.91	0.09	Business combination not under common control
Shanghai Eastmoney Futures Co., Ltd.	Shanghai	Shanghai	Futures agency		100.00	Business combination not under common control
Tibet Eastmoney Investment Management Co., Ltd.	Shanghai	Lhasa	Equity investments		100.00	Business combination not under common control
Eastmoney International Securities Limited	Hong Kong	Hong Kong	Stock brokerage		100.00	Business combination not under common control
Nanjing Eastmoney Information Technology Co., Ltd.	Nanjing	Nanjing	Information service	100.00		Establishment
Eastmoney International Futures Limited	Hong Kong	Hong Kong	Futures agency		100.00	Establishment
Eastmoney Finance Co., Ltd.	Hong Kong	Cayman Island	Information service		100.00	Establishment
Eastmoney Credit Information Co., Ltd.	Shanghai	Shanghai	Corporate credit services	100.00		Establishment

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Name of subsidiary	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Langke Network Technology Co., Ltd.	Shanghai	Shanghai	Cultural information services	100.00		Establishment
Shanghai Xuhui Eastmoney Microcredit Co., Ltd.	Shanghai	Shanghai	Loan disbursement and related consultation	70.00	30.00	Establishment
Tibet Eastmoney Fund Management Co., Ltd.	Shanghai	Lhasa	Fund management, fund sales, etc.		100.00	Establishment
Tibet Eastmoney Innovation Capital Co., Ltd.	Shanghai	Lhasa	Alternative investments		100.00	New establishment
Eastmoney Insurance Broker Co., Ltd.	Shanghai	Shanghai	Insurance brokerage	100.00		Business combination not under common control
Eastmoney Securities (USA) Inc.	America	America	Liquidating broker (application in progress)		100.00	New establishment

**7.2 Equity in joint ventures or associates**

**7.2.1 Significant joint ventures or associates**

Name of joint venture/associate	Main place of business	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for the investments in joint ventures or associates	Strategic to the Company's activities or not
				Direct	Indirect		
Shanghai Mandao Financial Information Service Co., Ltd.	Shanghai	Shanghai	Information service	27.00		Equity method	No

**7.2.2 Main financial information of significant associates**

	Balance as at December 31, 2019/ Year 2019	Balance as at December 31, 2018/ Year 2018
	Shanghai Mandao Financial Information Service Co., Ltd.	Shanghai Mandao Financial Information Service Co., Ltd.
Current assets	3,450,597,775.09	9,961,762,818.56
Non-current assets	167,179,372.25	189,181,410.80
Total assets	3,617,777,147.34	10,150,944,229.36
Current liabilities	2,534,921,338.07	9,130,600,706.30
Non-current liabilities	2,200,000.00	2,816,666.71
Total liabilities	2,537,121,338.07	9,133,417,373.01
Equity attributable to the shareholders of the parent company	1,080,655,809.27	1,017,526,856.35
Net assets calculated based on shareholding ratio	291,777,068.50	274,732,251.21
Adjustments	135,248,986.91	135,248,986.91
- Purchase premium	135,248,986.91	135,248,986.91
Book value of equity investment in associates	427,026,055.41	409,981,238.12
Operating revenue	959,576,863.51	985,215,595.94
Net profit	130,808,952.93	221,487,797.29
Total comprehensive income	130,808,952.93	221,487,797.29
Dividends received from associates in the current period	18,273,600.00	26,581,004.14

**7.2.3 Summarized financial information of insignificant associates**

	Balance as at December 31, 2019/ Year 2019	Balance as at December 31, 2018/ Year 2018
Associates:		
Total book value of investments	39,109,901.15	34,807,166.46
Total amounts of the following items calculated at shareholding ratio		
- Net profit	4,654,639.86	586,767.12
- Other comprehensive income		
- Total comprehensive income	4,654,639.86	586,767.12

**7.3 Equities of the structuring entities not included in the scope of consolidated financial statements**

The structured entities of the Company that are not included in the scope of the consolidated financial statements are mainly asset management plans and index funds sponsored by Eastmoney Securities and Eastmoney Fund. The purpose of these structured entities is mainly to earn management fees or residual income through managing the investors' assets.

The equities of Eastmoney Securities and Eastmoney Fund in these structured entities not included in the scope of consolidated financial statements mainly include the directly-held investments or the management fee income or residual income from managing these structured entities. A comprehensive analysis on the extent of participation of own funds, expected variable returns and loss of risk exposure indicates that the Company does not have control over these structured entities, which therefore is not included in the scope of consolidation.

The book values of the relevant asset and liability items in the Company's balance sheet and the maximum exposure to loss at the end of the period for the equity in structured entities indirectly held by the Company through subsidiaries that are not included in the scope of the consolidated financial statements are presented as follows:

No.	Name of portfolio	Business nature	Assets recognized in the financial statements related to structured entities	Proportion of investment of own funds	Balance of assets recognized in the financial statements related to structured entities	Maximum exposure to loss of interest in a structured entities
1.	Tongxin Yongxuan New OTC Board No. 1	Asset management	Financial assets held for trading	28.12%	2,147,703.08	2,147,703.08
2.	Eastmoney Securities Leshan No. 1 Pooled Asset Management Plan	Asset management	Financial assets held for trading	23.81%	5,021,500.00	5,021,500.00
3.	Tibet Eastmoney SSE 50 Index Initiating Securities Investment Fund	Asset management	Financial assets held for trading	6.21%	22,074,524.33	22,074,524.33

## **8 Risks related to financial instruments**

In the course of business operation, the Company will face various financial risks, including the credit risk, market risk and liquidity risk.

### **8.1 Credit risk**

Credit risk generally refers to losses caused by customers or counterparties failing to fulfill their contractual obligations. The cash and bank balances of the Company are mainly deposited in state-owned commercial banks or large joint-stock commercial banks, and the settlement reserve funds are deposited in China Securities Depository and Clearing Co., Ltd., so the credit risk of cash and cash equivalents is relatively low.

The Company's credit risk arises primarily from the following business:

#### **(1) Brokerage business**

If the Company acts as an agent for the client in buying and selling securities, and if the Company does not require the client to pay the full transaction margin in advance in accordance with the law, and if the client's funds are insufficient to pay for the transaction requirements on the day of settlement, or if the client's funds are in shortage due to other reasons, the Company is liable for the credit loss due to settlement on behalf of the client. In order to control the credit risk arising from brokerage business, securities and futures transactions conducted by the Company on behalf of its clients are settled on full margin. The Company controls the settlement risk associated with the volume of the Company's trading business to a large extent through full margin settlement.

#### **(2) Credit business**

The credit risk of securities financing business mainly involves customers providing false information, failing to repay liabilities in full and in a timely manner, violating contractual agreements in terms of position size and structure, violating regulatory requirements in terms of trading behavior, and providing collateral assets involved in legal disputes. The Company controls the credit risk of its credit business mainly through investor suitability management, credit limit approval, day-by-day market surveillance, customer risk alert, mandatory position closing and judicial recourse.

#### **(3) Financial assets held for trading**

The Company has established a credit risk management process to control the credit risk of securities issuers by evaluating the credit ratings of investment varieties and to spread credit risk the by diversifying its investments. The credit ratings of the Company's bond investments are tallied and summarized according to the criteria set by the *Guidelines on Credit Rating Management of The People's Bank of China*.

### **8.2 Market risk**

Market risk arises as a result of general or specific changes in the market that affect open positions in currency, interest rate and derivative financial instrument transactions. The market risk mainly related to the Company refers to profit or loss arising from changes in market prices of securities, changes in interest rates or changes in exchange rates when making various investments with its own funds.

The Company is also engaged in stock and bond underwriting business and is required to make balance subscription commitments for subscription of certain initial public offerings of new shares and bond underwriting. In such cases, the risk of price changes arising from the market price being lower than the underwriting price due to changes in market conditions for any uncompleted portion of the underwriting will be borne by the Company.

The Management has established the maximum exposure to market risk that the Company can assume. This exposure is measured and monitored based on principal and stop-loss amounts and provides that overall market risk is controlled within the limits established by the Management.

(1) Interest rate risk

The Company's interest rate risk arises mainly from bank deposits, settlement reserve, refundable deposits, bought-and-sold financial assets, trading bond investments and trading bond fund investments, etc. The interest rates of bank deposits are determined on the basis of the interbank deposit rate for the same period and negotiated with the respective deposit banks, and the settlement reserve and refundable deposits are determined on the basis of the interbank deposit rate for the same period and negotiated with the China Securities Depository and Clearing Corporation, the futures exchanges. Ltd. and other institutions. Interest income from bank deposits, settlement reserve and refundable deposits fluctuates with changes in market interest rates. Investments in bonds and bond securities investment funds are exposed to the risk of a decline in fair value due to an increase in market interest rates, with floating-rate bonds also exposed to the risk of future cash flows due to repricing at market interest rates at the end of each interest payment period.

The Company continuously monitors interest rate risk and makes decisions based on the latest market conditions by adjusting current positions, etc.

(2) Exchange rate risk

Exchange rate risk refers to the risk that fair values or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate. The Company's foreign currency financial instruments are mainly customer deposits and customer allowances, and the risk of exchange rate changes on the related financial instruments is borne by the customers. The Company's exposure to the risk of exchange rate changes is mainly related to the Company's operating activities (when revenues and expenses are settled in a foreign currency different from the Company's functional currency) and its net investment in foreign subsidiaries.

Apart from customer assets, the Company's exposure to exchange rate risk mainly arises from financial assets and financial liabilities denominated in foreign currencies, which are relatively small in amount.

(3) Others price risks

Price risks refer to the risks that the fair value or future cash flows of financial instruments held by the Company will fluctuate due to changes in market price factors other than market interest rates and foreign exchange rates. The Company invests mainly in stocks, funds and bonds listed on stock exchanges or traded in the interbank market. Other price risks to which the Company is exposed arise from the effects of individual securities issuers' own operating conditions or special events, and may also arise from the effects of fluctuations in the securities market as a whole.

The Management of the Company adopts a "top-down" strategy in constructing and managing the investment portfolio, making asset allocation and portfolio construction decisions through analysis of macroeconomic conditions and policies, combined with the performance of the securities market; and selects appropriate investment varieties through qualitative and quantitative analysis of individual securities. The Management of the Company regularly revises its investment strategy, asset allocation and portfolio in light of changes in the macro and micro environment to proactively address possible market price risks.

Exposure to price risks of trading financial assets is as follows:

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Financial assets held for trading - stocks	230,170,028.71	44,149,791.60
Financial assets held for trading - funds	1,419,613,552.13	2,141,979,419.00
Financial assets held for trading - others	3,356,117,495.08	3,376,653,439.95
Available-for-sale financial assets		8,151,982.93
Other non-current financial assets	119,127,036.06	
Total	5,125,028,111.98	5,570,934,633.48

#### Sensitivity analysis of price risk

Fluctuations in market prices primarily affect the Company's equity investments held at fair value. On the balance sheet date, when all other variables are held constant, the effect on the Company's net income and shareholders' equity for the year that would result from a 3% increase or decrease in market prices is as follows:

As at December 31, 2019	Effect on net profit	Effect on shareholders' equity
3% increase in market prices	153,750,843.36	
3% decrease in market prices	-153,750,843.36	

As at January 1, 2019	Effect on net profit	Effect on shareholders' equity
3% increase in market prices	167,128,039.00	244,559.49
3% decrease in market prices	-167,128,039.00	-244,559.49

### 8.3 Liquidity risk

Liquidity risk generally refers to the risk of experiencing a shortage of funds in meeting obligations related to financial liabilities. Liquidity refers to the ability of assets to be liquidated quickly without loss of value, and the liquidity of funds affects the Company's ability to pay its debts as they fall due. Since the majority of the Company's liquid assets are cash and bank deposits, it has the ability to meet foreseeable financing commitments at maturity or the need for funds to be withdrawn by customers.

Each subsidiary within the Company is responsible for its own cash flow forecast. Based on the aggregated cash flow forecast of each subsidiary, the headquarter finance department continuously monitors short- and long-term capital requirements to ensure that sufficient cash reserves and readily realizable marketable securities are maintained to meet the capital requirements for daily operations and the repayment of related debt obligations as they fall due.

On the balance sheet date, the Company's financial assets and financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows.



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Various financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	Balance as at December 31, 2019							Total
	On demand	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	No time limit	
Short-term borrowings				402,516,964.44				402,516,964.44
Short-term financing bonds payable		424,593,320.61	424,757,356.93	3,337,406,722.71				4,186,757,400.25
Placements from other financial institutions				603,520,833.34				603,520,833.34
Accounts payable				115,857,314.04				115,857,314.04
Financial assets sold under repurchase agreements		295,414,293.04		2,903,566,448.62				3,198,980,741.66
Accounts payable to brokerage customers	29,626,902,914.24							29,626,902,914.24
Other payables	434,358,383.17			58,722,687.69	10,170,000.00		27,716,050.83	530,967,121.69
Non-current liabilities due within one year				204,658,630.14				204,658,630.14
Other current liabilities		142,034.14						142,034.14
Bonds payable					1,223,232,120.83			1,223,232,120.83
Total	30,061,261,297.41	720,149,647.79	424,757,356.93	7,626,249,600.98	1,233,402,120.83		27,716,050.83	40,093,536,074.77

Maintaining a matching maturity structure of assets and liabilities and effectively controlling matching differences are of paramount importance to the Management of the Company. Due to the uncertain duration and different categories of business, the Company can rarely maintain an exact match between asset and liability items. Unmatched positions may increase returns, but may also increase the risk of loss.

The matching of the maturity structure of asset and liability items and the Company's ability to replace maturing liabilities at an acceptable cost are both important factors in evaluating the Company's liquidity risk.

**9 Disclosure of fair value**

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date;

Level 2 inputs are directly or indirectly observable inputs of relevant assets or liabilities other than first-level inputs;

Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**9.1 Fair value of assets and liabilities measured at fair value as at the end of the period**

Item	Fair value as at December 31, 2019			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
<b>1. Continuous measurement at fair value</b>				
◆ Financial assets held for trading	1,648,293,944.94	3,338,445,208.28	19,161,922.70	5,005,901,075.92
(1) Bonds	17,672,286.80	638,690,829.45		656,363,116.25
(2) Stocks and NEEQ	211,008,106.01		19,161,922.70	230,170,028.71
(3) Funds	1,419,613,552.13			1,419,613,552.13
(4) Bank wealth management and institutional deposits		2,692,585,175.75		2,692,585,175.75
(5) Brokerage capital management products		7,169,203.08		7,169,203.08
◆ Derivative financial assets	98,655.92			98,655.92
◆ Other non-current financial assets			119,127,036.06	119,127,036.06
(1) Debt instrument investment				
(2) Equity instrument investment			119,127,036.06	119,127,036.06
(3) Derivative financial assets				
<b>Total assets continuous measured at fair value</b>	<b>1,648,392,600.86</b>	<b>3,338,445,208.28</b>	<b>138,288,958.76</b>	<b>5,125,126,767.90</b>

**9.2 Basis for determining the market value of items continuously measured at the fair value at Level 1**

For investments with active markets, if there is a traded market price on the balance sheet date, the closing price on that date is used as the fair value; if there is no traded market price on the balance sheet date and the economic environment has not changed significantly since the most recent trading date, the closing price on the most recent trading date is used as the fair value.

**9.3 Nature and quantitative information of valuation techniques and key parameters adopted for items continuously measured at the fair value at Level 2**

Item	Fair value as at December 31, 2019	Valuation techniques	Key parameters
◆ Financial assets held for trading			
(1) Bonds	638,690,829.45	Quotes from the valuation system of the registrar and clearing house	Yield to maturity
(2) Bank wealth management and structured deposit products	2,692,585,175.75	Discount cash flow method	Expected rate of return
(3) Brokerage capital management products	7,169,203.08	Manager's net worth quotes	Fair value of underlying assets

**9.4 Nature and quantitative information of valuation techniques and key parameters adopted for items continuously measured at the fair value at Level 3**

Item	Fair value as at December 31, 2019	Valuation techniques	Unobservable input values
◆ Financial assets held for trading			
(1) NEEQ	19,161,922.70	Market comparable method of listed companies	Liquidity discount
◆ Other non-current financial assets			
(1) Equity instrument investment	119,127,036.06	Market comparable method of listed companies	Liquidity discount

**10 Related parties and related transactions**

**10.1 Parent company of the Company**

Mr. Qi Shi (the natural person) directly holds 21.99% of shares of the Company, acting as the ultimate and actual controller of the Company.

**10.2 Subsidiaries of the Company**

See "Note 7 Equity in other entities" for subsidiaries of the Company.

**10.3 Joint ventures and associates of the Company**

See "Note 7 Equity in other entities" for details of major joint ventures and associates of the Company.

#### 10.4 Other related parties

Other related party	Relationship with the Company
Baofoo Internet Technology (Shanghai) Co., Ltd.	A wholly-owned subsidiary of Shanghai Mandaofinancial Information Service Co., Ltd.
Shanghai Highly (Group) Co., Ltd.	The independent director of such company concurrently acts as an independent director in the Company
Daoming (Longquan) Qingci Culture Creativity Development Co., Ltd.	The actual controller of the Company has the significant influence on such company

#### 10.5 Related transactions

**10.5.1 With regard to subsidiaries where the control relationship exist and which have been included in the scope of the Company's consolidated financial statements, their intra-group transactions and the transactions between the parent company and subsidiaries have been offset.**

#### 10.5.2 Related transaction on purchase or sales of goods, and rendering or receipt of services

Table of purchases of goods/receipt of services

Related party	Content of related transactions	Year 2019	Year 2018
Baofoo Internet Technology (Shanghai) Co., Ltd.	Payment of settlement fee	2,271,357.62	3,689,202.55
Baofoo Internet Technology (Shanghai) Co., Ltd.	Data service charge		4.33
Daoming (Longquan) Qingci Culture Creativity Development Co., Ltd.	Purchase of goods	176,676.83	446,689.65

Table of sales of goods/rendering of services

Related party	Content of related transactions	Year 2019	Year 2018
Shanghai Highly (Group) Co., Ltd.	Financial information service	14,339.63	10,613.21

#### 10.5.3 Guarantees provided to subsidiaries

As adopted at the 21st meeting of the 4th board of directors and the annual general meeting of shareholders in 2018, the Company provided guarantees for Tiantian Fund to apply for credit granting and bank borrowings from banks, in which the amounts of credit granting and borrowings should not exceed RMB 7.00 billion. During the guaranty period, from the date when relevant resolutions were adopted upon deliberation at the annual general meeting of shareholders in 2018 to the date when the annual general meeting of shareholders in 2019 was held, the aforesaid amounts can be recycled.

#### 10.5.4 Remuneration of key management personnel

Item	Year 2019	Year 2018
Remuneration of key management personnel (RMB '0,000)	996.08	514.00

**10.6 Receivables from and payables to related parties**

**10.6.1 Receivables**

Project name	Related party	Balance as at December 31, 2019		Balance as at December 31, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables					
	Baofoo Internet Technology (Shanghai) Co., Ltd.			1,848,765.43	92,438.27

**10.6.2 Payables**

Project name	Related party	Book balance as at December 31, 2019	Book balance as at December 31, 2018
Accounts payable			
	Baofoo Internet Technology (Shanghai) Co., Ltd.		439,353.21
	Daoming (Longquan) Qingci Culture Creativity Development Co., Ltd.	105,000.00	
Receipts in advance			
	Shanghai Highly (Group) Co., Ltd.	26,084.90	10,613.21

**11 Share-based payment**

**11.1 General information on share-based payment**

**11.1.1 First granting of stock options under the stock option incentive plan in 2014**

Total amount of various equity instruments granted by the Company in 2019: None.

Total amount of various equity instruments exercised by the Company in 2019: 21,564,144 shares.

Total amount of various equity instruments invalidated by the Company in 2019: 0 share.

**11.1.2 Reserved stock options under the stock option incentive plan in 2014**

Total amount of various equity instruments granted by the Company in 2019: None.

Total amount of various equity instruments exercised by the Company in 2019: None.

Total amount of various equity instruments invalidated by the Company in 2019: 2,055,456 shares.

**11.2 Equity-settled share-based payments**

Determination method of the fair value of equity instrument on the granting date: Based on the reasonable setting of various parameters, the Company determines the fair value of the stock option incentive plan on the granting date by using the black-scholes model.

Determination method of the optimal estimation of the quantity of exercise equity instruments: The optimal estimation should be made based on the change in the number of exercise employees obtained as at the approval date of these financial statements and other subsequent information.

Reason for the significant difference between the estimation in 2019 and that in 2018: None.

The equity-settled share-based payments included in capital reserves accumulatively amounted to: RMB 6,426,021.00.

Expenses recognized based on the equity-settled share-based payment in 2019 amounted to: RMB 3,914,762.50.

**Other descriptions:**

**11.2.1 Stock options first granted under the stock option incentive plan in 2014**

As approved at the second extraordinary general meeting of the Company in 2014 upon deliberation, the Company implemented the stock option incentive plan in 2014 from November 21, 2014, by which the Board of Directors of the Company was authorized to authorize the Company's senior executives and other employees to obtain stock options with the exercise consideration of RMB 13.03, so as to subscribe for the Company's shares. From the granting date, stock options should be assessed and exercised by 4 stages to meet the exercise conditions of assessment targets as incentive objects. Stock options in 2014 were first granted on November 21, 2014 to 176 incentive objects, amounting to 26,590,000 shares.

From 2014 to 2018, on account of the equity distribution, the Board of Directors respectively adopted upon deliberation and adjusted the quantities and exercise prices of all stock options within the exercise schedule; during the reporting period, the exercise conditions in the fourth exercise schedule on the stock options first granted were met, for which the Board of Directors authorized 143 incentive objects to exercise 21,564,144 shares of options.

As at December 31, 2019, the stock options first granted under the stock option incentive plan in 2014 had been fully exercised.

**11.2.2 Reserved stock options granted under the stock option incentive plan in 2014**

According to the Proposal on Relevant Matters Concerning the Granting of Reserved Stocks under the Company's Stock Option Incentive Plan in 2014 adopted upon deliberation at the 24th meeting of the 3rd Board of Directors, the Board of Directors agreed to grant 4,200,000 shares of reserved stock options on July 23, 2015 at the exercise price of RMB 65.19, and 4,104,000 shares of stock options were actually granted.

From 2015 to 2018, on account of the equity distribution, the Board of Directors respectively adopted upon deliberation and adjusted the quantities and executive prices of all stock options within the exercise schedule; as at December 31, 2019, the exercise price of reserved stock options adjusted was RMB 20.88 per share. During the reporting period, the exercise conditions in the third exercise schedule on the reserved stock options were met. The actual exercise quantity of stock options amounted to 0 share, for which the Company cancelled 2,055,456 shares of stock options which had not been exercised.

As at December 31, 2019, the optimal estimation of the quantity of exercise equity instruments was 1,967,328 shares.

**11.3 Cash-settled share-based payments**

The Company had no cash-settled share-based payment.

**11.4 Modification to and termination of share-based payments**

Modification to and termination of share-based payments during the reporting period: None.

**12 Commitments and contingencies**

**12.1 Significant commitments**

**12.1.1 Significant commitments on the balance sheet date**

- (1) The financial assets pledged or restricted due to the repurchase business and the margin financing and securities lending business carried out by the Company amounted to RMB 487,703,187.94. See Note 5.4.2 for details.
- (2) Margin accounts receivable restricted due to the margin financing business, transfer of the right to profit from creditor's right and the repurchase business, which were carried out by the Company, amounted to RMB 3,245,787,933.21.

**12.1.2 Pledge of assets made by the Company on account of short-term borrowings:**

Debit bank	Balance of borrowings	Mortgagor	Collateral	Mortgage amount
			HFD (X) Z 2016 No. 019197; HFD (X) Z 2016 No. 019174; HFD (X) Z 2016 No. 019154; HFD (X) Z 2016 No. 019148; HFD (X) Z 2016 No. 019150; HFD (X) Z 2016 No. 019130; HFD (X) Z 2016 No. 019161; HFD (X) Z 2016 No. 019131; HFD (X) Z 2016 No. 019157; HFD (X) Z 2016 No. 019179; HFD (X) Z 2016 No. 019151; HFD (X) Z 2016 No. 019177; HFD (X) Z 2016 No. 019147; HFD (X) Z 2016 No. 019153; HFD (X) Z 2016 No. 019128; HFD (X) Z 2016 No. 019129; HFD (X) Z 2016 No. 019156;	
China Merchants Bank Co., Ltd. (Shanghai Branch)	402,516,964.44	East Money Information Co., Ltd.		700,000,000.00

Debit bank	Balance of borrowings	Mortgagor	Collateral	Mortgage amount
			HFD (X) Z 2016 No. 019178; HFD (X) Z 2016 No. 019159; HFD (X) Z 2016 No. 019175; HFD (X) Z 2016 No. 019146; HFD (X) Z 2016 No. 019152; HFD (X) Z 2016 No. 019132; HFD (X) Z 2016 No. 019149; HFD (X) Z 2016 No. 019176;	

### 12.1.3 External guarantee

The Company did not provide any guarantee to any entity outside of the group, within the group, the Company provided guarantees for the subsidiary Tiantian Fund to get bank borrowings and the comprehensive credit granting, for details of these guarantees, see Note 10.5.3 Guarantees provided to subsidiaries herein.

## 12.2 Contingencies

### Significant contingencies on the balance sheet date

Debt default in “13 Tianwei PPN001”

In March 2013, Eastmoney Securities purchased the private targeted debt financing instruments in 2013 with the nominal value of RMB 60.00 million and issued by Tianwei Group (hereinafter referred to as “13 Tianwei PPN001”), at a consideration of RMB 59,702,000.00. During the existing period of “13 Tianwei PPN001”, as Tianwei Group's financial position deteriorated seriously and its debt paying ability had material uncertainty, a resolution was made at the meeting of holders of “13 Tianwei PPN001” in May 2015, declaring that such debt should expire in advance on May 25, 2015. As Tianwei Group failed to repay its due debts, all holders jointly initiated an arbitration, which was accepted by the China International Economic and Trade Arbitration Commission on August 31, 2015.

In January 2016, Baoding Intermediate People's Court in Hebei Province accepted the bankruptcy reorganization application of Tianwei Group, by which the previous arbitration procedures were terminated. Through the negotiation with the Industrial Bank and the attorneys for arbitration, the Company declared the creditor's right to the Bankruptcy manager of Tianwei Group with reference to the finding in force of other holders of the targeted debt financing instruments, and applied with the China International Economic and Trade Arbitration Commission to withdraw the arbitration application.

As at the approval date of these financial statements, the bankruptcy reorganization of Tianwei Group failed to be completed, Eastmoney Securities had not received the principal, interest and liquidated damages relevant to the aforesaid creditor's right, and amount of such creditor's right to be collected could not be determined.



With regard to this right of creditor, when the Company purchased 100% of equity of Eastmoney Securities, Yutong Group, an original shareholder of Eastmoney Securities made an irrevocable commitment to the Company that: “as for the targeted instrument purchased by Eastmoney Securities with its self-owned fund from Tianwei Group, when the relevant arbitration is completed, if the amount of repayment made by Tianwei Group to Eastmoney Securities regarding the target instrument of Tianwei Group is less than RMB 58,559,940.00 (ie, the total amount of the book value and interest receivable of the targeted instrument of Tianwei Group as at December 31, 2014), Yutong Group will, within 10 working days of receiving the written payment notification from the Company, make compensate in full amount of the difference between amount actually repaid by Tianwei Group for the targeted instrument and the amount of RMB 58,559,940.00 and the arbitration expenses related to the arbitration matters which were undertaken by Eastmoney Securities”.

### **13 Post balance sheet events**

#### **13.1 Significant non-adjusting events**

On December 19, 2019, as approved by the China Securities Regulatory Commission, the Company would issue the convertible corporate bonds with the nominal value of RMB 7.3 billion and a term of 6 years to the public. As at January 17, 2020, the Company had issued 73,000,000 shares of convertible corporate bonds where the nominal value of each share was RMB 100, raising fund of RMB 7,300,000,000. On January 17, 2020, the net amount of raised fund relevant to bonds and actually received by the Company was RMB 7,275,000,000 (with the underwriting fee and other issue expenses deducted).

#### **13.2 Profit distribution**

According to the resolution adopted at the second meeting of the fifth Board of Directors of the Company held on April 8, 2020, the Company intends to implement the following plans of conversion from capital reserves to share capital and profit distribution: 1. Based on the total share capital on the date of implementing the equity distribution and registration in the future, increasing 2 shares per 10 shares to all shareholders with capital reserves; 2. Based on the total share capital on the date of implementing the equity distribution and registration in the future, distributing cash dividend of RMB 0.30 (including tax) per 10 shares to all shareholders. The remaining retained earnings should be carried forward to the next year. Such proposal should be reported at the Company’s general meeting for approval.

#### **13.3 Other post balance sheet events**

On December 11, 2019, the Company signed a contract for transaction of property rights with Anbang Insurance Group Co., Ltd. (hereinafter referred to as “Anbang Group”) and Anbang Property & Casualty Insurance Co., Ltd. (hereinafter referred to as “APCI”), regarding the target enterprise Chengdu Jinghe Enterprise Management Co., Ltd.. The Company obtained: (1) the equity of the target enterprise, (2) the creditor’s right of RMB 795,345.85 held by Anbang Group in the target enterprise and (3) the creditor’s right of RMB 4.60 million held by APCI in the target enterprise, with the consideration of RMB 217,308,845.85 via an open bidding.

Such transaction had been approved at the meeting of general manager office of the Company, and the Company had completed the formalities for industrial and commercial registration of changes on January 16, 2020.

**14 Other significant events**

**14.1 Segment information**

**14.1.1 Determination basis of and accounting policies for report segment**

The operating segment is determined based on the Company's internal organization structure, management requirements and internal report system. As each report segment provides different products or services, the Company determines the report segment based on the type of products or services; however, due to the mixed operation of relevant business, total assets, total liabilities and period expenses have not been allocated.

**14.1.2 Financial information in the report segment**

Item	Financial data service	Online fund distribution business	Securities business	Internet advertisement service and others	Total
Operating revenue	157,797,527.37	1,235,704,443.87		84,539,051.82	1,478,041,023.06
Net interest income			811,099,922.61	2,793,756.51	813,893,679.12
Net income from fee and commission			1,939,604,605.65	138,727.73	1,939,743,333.38
Total operating revenue	157,797,527.37	1,235,704,443.87	2,750,704,528.26	87,471,536.06	4,231,678,035.56
Operating costs	198,802,112.39	105,653,247.97		86,488,736.47	390,944,096.83
Total operating costs	198,802,112.39	105,653,247.97		86,488,736.47	390,944,096.83

**14.2 Pledge of stock equity of holding shareholders**

As at the approval date of these financial statements, Mr. Qi Shi the holding shareholder and actual controller of the Company and Mr. Shen Yougen and Mrs. Lu Lili persons acting in concert of the Company jointly held 1,834,260,489 shares of stock of the Company, accounting for 27.31% of the Company's total share capital, in which 444,018,417 shares of stock were pledged for the pledge-style repo of stock, accounting for 24.21% of total shares held by the aforesaid shareholders in the Company and 6.61% of the Company's total share capital.

**14.3 Other significant events affecting investors' decisions**

The Company had no other significant matters required to be disclosed.

**15 Notes to main items of the parent company's financial statements**

**15.1 Accounts receivable**

**15.1.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year	31,321,405.49	11,309,728.45
1 - 2 years	110,714.28	2,064,100.00
2 - 3 years	1,126,600.00	4,600,748.00
Over 3 years	6,461,968.29	1,861,220.29
Sub-total	39,020,688.06	19,835,796.74
Less: provision for bad debts	8,599,494.49	5,339,560.71
Total	30,421,193.57	14,496,236.03

**15.1.2 Disclosure of accounts receivable by category based on the method for provision**

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<b>for bad debts</b>					
Category	Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made individually	1,571,600.00	4.03	1,571,600.00	100.00	
Provision for bad debts made by portfolio	37,449,088.06	95.97	7,027,894.49	18.77	30,421,193.57
Including: aging portfolio	15,755,492.25	40.37	7,027,894.49	44.61	8,727,597.76
Current account in the group company	21,693,595.81	55.60			21,693,595.81
<b>Total</b>	<b>39,020,688.06</b>	<b>100.00</b>	<b>8,599,494.49</b>	<b>22.04</b>	<b>30,421,193.57</b>

Category	Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with individually significant amount and individual provision for bad debts					
Accounts receivable with provision for bad debts made by portfolio with credit risk characteristics	19,635,796.74	98.99	5,139,560.71	26.17	14,496,236.03
Accounts receivable with individually insignificant amount and individual provision for bad debts	200,000.00	1.01	200,000.00	100.00	
<b>Total</b>	<b>19,835,796.74</b>	<b>100.00</b>	<b>5,339,560.71</b>	<b>26.92</b>	<b>14,496,236.03</b>

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**Provision for bad debts made individually**

Item	Balance as at December 31, 2019			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Internet advertisement service	1,571,600.00	1,571,600.00	100.00	Expected to be irrecoverable
Total	1,571,600.00	1,571,600.00		

**Provision for bad debts made by aging portfolio:**

Item	Balance as at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	9,068,523.96	453,426.20	5.00
1 - 2 years			
2 - 3 years	225,000.00	112,500.00	50.00
Over 3 years	6,461,968.29	6,461,968.29	100.00
Total	15,755,492.25	7,027,894.49	

**Provision for bad debts made by portfolio for current account in the group company:**

Portfolio name	Balance as at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Shanghai Eastmoney Futures Co., Ltd.	21,693,595.81		
Total	21,693,595.81		

**15.1.3 Provision, reversal or recovery of provision for bad debts in 2019**

Category	Balance as at December 31, 2018	Balance as at January 1, 2019	Changes in 2019			Balance as at December 31, 2019
			Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts made individually	200,000.00	200,000.00	1,371,600.00			1,571,600.00
Provision for bad debts made by portfolio	5,139,560.71	5,139,560.71	1,888,333.78			7,027,894.49
Total	5,339,560.71	5,339,560.71	3,259,933.78			8,599,494.49

**15.1.4 Accounts receivable actually charged off in 2019**

There were no accounts receivable actually charged off in 2019.

**15.1.5 Top 5 of accounts receivable as at December 31, 2019, presented by debtor**

Top 5 of accounts receivables as at December 31, 2019, presented by debtor (excluding the current account in the group company) amounted to RMB 7,960,500.00, accounting for 20.40% of the total ending balance of accounts receivable, and the total ending balance of provision for bad debts made accordingly amounted to RMB 3,894,025.00.

**15.2 Other receivables**

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest receivable		678,898.97
Other receivables	1,017,784,880.93	991,846,212.82
Total	1,017,784,880.93	992,525,111.79

**15.2.1 Interest receivable**

Classification of interest receivable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Time deposit		218,625.00
In-group borrowings		460,273.97
Total		678,898.97

**15.2.2 Other receivables**

(1) Disclosure of other receivables by aging

Aging	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year	1,012,540,085.97	931,033,480.30
1 - 2 years	3,097,144.08	3,785,939.55
2 - 3 years	3,450,319.34	1,001,761.01
Over 3 years	4,608,110.65	61,639,841.73
Sub-total	1,023,695,660.04	997,461,022.59
Less: provision for bad debts	5,910,779.11	5,614,809.77
Total	1,017,784,880.93	991,846,212.82

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(2) Disclosure of other receivables by category

Category	Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made individually	1,377,213.16	0.13	1,376,733.16	99.97	480.00
Provision for bad debts made by portfolio	1,022,318,446.88	99.87	4,534,045.95	0.44	1,017,784,400.93
Including: other payments	7,269,734.45	0.71	4,534,045.95	62.37	2,735,688.50
Current account in the group company	1,015,048,712.43	99.16			1,015,048,712.43
Total	1,023,695,660.04	100.00	5,910,779.11	0.58	1,017,784,880.93

Category	Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with individually significant amount and individual provision for bad debts					
Other receivables with provision for bad debts made by portfolio with credit risk characteristics	996,074,011.78	99.86	4,304,418.36	0.43	991,769,593.42
Other receivables with individually insignificant amount and individual provision for bad debts	1,387,010.81	0.14	1,310,391.41	94.48	76,619.40
Total	997,461,022.59	100.00	5,614,809.77	0.56	991,846,212.82

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Provision for bad debts made individually:

Item	Balance as at December 31, 2019			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
APPLE Inc.	1,377,213.16	1,376,733.16	99.97	Expected to be irrecoverable
Total	1,377,213.16	1,376,733.16		

Provision for bad debts made by portfolio:

Item	Balance as at December 31, 2019		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Other payments	7,269,734.45	4,534,045.95	62.37
Current account in the group company	1,015,048,712.43		
Total	1,022,318,446.88	4,534,045.95	

(3) Details of provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Measured at an amount equal to 12-month ECLs	Measured at an amount equal to lifetime ECLs (no credit impairment occurred)	Measured at an amount equal to lifetime ECLs (credit impairment occurred)	
Balance as at January 1, 2019	4,304,418.36		1,310,391.41	5,614,809.77
Provision in 2019	229,627.59		66,341.75	295,969.34
Reversal in 2019				
Write-off in 2019				
Charge-off in 2019				
Other changes				
Balance as at December 31, 2019	4,534,045.95		1,376,733.16	5,910,779.11

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(4) Provision, reversal or recovery of provision for bad debts in 2019

Category	Balance as at December 31, 2018	Balance as at January 1, 2019	Changes in 2019			Balance as at December 31, 2019
			Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts made by portfolio	4,304,418.36	4,304,418.36	229,627.59			4,534,045.95
Provision for bad debts made individually	1,310,391.41	1,310,391.41	66,341.75			1,376,733.16
Total	5,614,809.77	5,614,809.77	295,969.34			5,910,779.11

(5) Other receivables actually charged off in 2019  
There were no other receivables actually charged off in 2019.

(6) Classification of other receivables by nature

Nature	Book balance as at December 31, 2019	Book balance as at December 31, 2018
Deposit and security deposits	4,841,052.00	3,996,312.00
Platform settlement payments receivable from third parties	1,716,011.32	1,826,932.13
Current account in the group company	1,015,048,712.43	988,782,379.96
Other payments	2,089,884.29	2,855,398.50
Total	1,023,695,660.04	997,461,022.59

(7) Top 5 of other receivables as at December 31, 2019, presented by debtor (excluding the current account in the group company)

Company name	Nature	Balance as at December 31, 2019	Aging	Proportion in total other receivables (%)	Provision for bad debts Balance as at December 31, 2019
Shanghai Donghu Hotel	Deposit	1,681,000.00	Over 3 years	0.16	1,681,000.00
Shanghai Juhang Investment Management Co., Ltd.	Deposit	1,409,800.00	Within 1 year, or over 3 years	0.14	1,008,007.00
APPLE Inc.	Recharge for live streaming	1,377,213.16	Within 1 year or over 3 years	0.13	1,376,733.16
Shanghai Juxin Property Co., Ltd.	Deposit	532,900.00	Within 1 year	0.05	26,645.00
Shanghai Welfare Lottery Distribution Center	Current account	300,000.00	Within 1 year	0.03	15,000.00
Total		5,300,913.16		0.51	4,107,385.16



**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**15.3 Long-term equity investments**

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	16,064,212,321.55		16,064,212,321.55	10,352,115,633.55		10,352,115,633.55
Investments in associates	466,135,956.56		466,135,956.56	444,788,404.58		444,788,404.58
Total	16,530,348,278.11		16,530,348,278.11	10,796,904,038.13		10,796,904,038.13

**15.3.1 Investment in subsidiaries**

Investee	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Provision for impairment made in 2019	Balance of provision for impairment as at December 31, 2019
Shanghai Tiantian Fund Sales Co., Ltd.	338,000,000.00			338,000,000.00		
Shanghai Eastmoney Securities Research Institute Co., Ltd.	71,982,000.00			71,982,000.00		
Shanghai Eastmoney Financial Data Services Co., Ltd.	50,000,000.00			50,000,000.00		
Beijing Jingdongcai Information Technology Co., Ltd.	1,000,000.00			1,000,000.00		
Guangzhou Eastmoney Information Technology Co., Ltd.	1,000,000.00			1,000,000.00		
Shanghai Eastmoney Properties Co., Ltd.	200,000,000.00			200,000,000.00		
Shanghai Youyou Business Consulting Co., Ltd.	181,033.55			181,033.55		
Shanghai Eastmoney	50,000,000.00			50,000,000.00		

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Investee	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Provision for impairment made in 2019	Balance of provision for impairment as at December 31, 2019
Network Technology Co., Ltd.						
Shanghai Youyou Wealth Investment Co., Ltd.	10,000,000.00			10,000,000.00		
Yangzhou Eastmoney Financial Information Services Co., Ltd.	50,000,000.00			50,000,000.00		
East Money (HK) Limited	173,368,900.00	198,826,688.00		372,195,588.00		
Eastmoney Securities Co., Ltd.	9,160,583,700.00	5,400,000,000.00		14,560,583,700.00		
Shanghai Weizhao Information Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Eastmoney Credit Information Co., Ltd.	50,000,000.00			50,000,000.00		
Langke Network Technology Co., Ltd.	1,000,000.00	49,000,000.00		50,000,000.00		
Nanjing Eastmoney Information Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Shanghai Xuhui Eastmoney Microcredit Co., Ltd.	140,000,000.00			140,000,000.00		
Eastmoney Insurance Broker Co., Ltd.		64,270,000.00		64,270,000.00		
Total	10,352,115,633.55	5,712,096,688.00		16,064,212,321.55		

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**15.3.2 Investments in associates**

Investee	Balance as at December 31, 2018	Increase/decrease in 2019								Balance as at December 31, 2019	Balance of provision for impairment as at December 31, 2019
		Additional investment	Negative investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment made	Others		
Associates											
Shanghai Mandao Financial Information Service Co., Ltd.	409,981,238.12			35,318,417.29			18,273,600.00			427,026,055.41	
China Securities Credit Technology Co., Ltd.	34,807,166.46			4,654,639.86		-351,905.17				39,109,901.15	
Sub-total	444,788,404.58			39,973,057.15		-351,905.17	18,273,600.00			466,135,956.56	
Total	444,788,404.58			39,973,057.15		-351,905.17	18,273,600.00			466,135,956.56	

**15.4 Operating revenue and operating costs**

Item	Year 2019		Year 2018	
	Revenue	Cost	Revenue	Cost
Primary business	1,488,078,797.51	334,917,593.98	1,350,205,157.15	321,915,924.00
Total	1,488,078,797.51	334,917,593.98	1,350,205,157.15	321,915,924.00

**15.5 Investment income**

Item	Year 2019	Year 2018
Long-term equity investment income calculated under the cost method		485,465,400.00
Long-term equity investment income calculated under the equity method	39,973,057.15	60,581,162.68
Investment income from other non-current financial assets during the holding period	2,000,000.00	
Investment income from financial assets held for trading during the holding period	21,780,406.62	
Investment income gained from disposing the financial assets measured at fair value through profit or loss		-2,400.00
Investment income from available-for-sale financial assets during the holding period		2,000,000.00
Total	63,753,463.77	548,044,162.68

**16 Supplementary information**

**16.1 Details of non-recurring profits and losses in 2019**

Item	Amount	Description
Profit or loss from disposal of non-current assets	-477,860.27	
Tax return or relief under unauthorized approval or without official approval document		
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	49,136,219.39	
Fund possession costs included in the profit or loss for the period and collected from non-financial enterprises		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing		
Profits or losses from exchange of non-monetary assets		
Profit or loss from assets investment or management entrusted to other persons		
Provisions for impairment of various assets due to any force majeure, such as the natural disaster		
Profits or losses from debt restructuring		
Enterprise restructuring expenses, such as the expenses on employee placement, and integration expenses		
Profit or loss from the part generating in the transaction where the transaction price is not fair and exceeding the fair value		
Current net profit or loss of the subsidiaries from business combination under the common control from the beginning of the period to the combination date		

**EAST MONEY INFORMATION CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Item	Amount	Description
Profit or loss from contingencies irrelevant to normal business operation of the Company		
Profit or loss from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment, except for the effective hedging operations associated with the Company's normal operations	20,715,359.46	
Reversal of provisions for impairment of receivables and contract assets tested for impairment individually		
Profit or loss from external entrusted loans		
Profit or loss from changes in fair value of investment property subsequently measured by adopting the fair value mode		
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting		
Income from trustee fees charged for entrusted operation		
Non-operating revenue and expenses other than the above-mentioned itemsoperating revenue	-14,556,205.69	
Other items of profit or loss subject to the definition of non-recurring profit or loss		
Sub-total	54,817,512.89	
Affected amount of income tax	-8,298,264.14	
Affected amount of minority equity (after tax)		
Total	46,519,248.75	

**16.2 Rate of return on net assets and earnings per share**

Profit in the reporting period	Return on weighted average equity	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	9.49%	0.2776	0.2776
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profits or losses	9.25%	0.2705	0.2705

**East Money Information Co., Ltd.**

**(Official Seal)**

**April 8, 2020**

东方财富信息股份有限公司

经审阅财务报表

截至2021年6月30日止6个月期间

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## 审阅报告

安永华明（2021）专字第61684426\_B01号  
东方财富信息股份有限公司

东方财富信息股份有限公司全体股东：

我们审阅了后附的东方财富信息股份有限公司（“贵公司”）及其子公司（以下统称“贵集团”）中期财务报表，包括2021年6月30日的合并及母公司资产负债表，截至2021年6月30日止6个月期间的合并及母公司利润表、股东权益变动表和现金流量表以及财务报表附注。上述中期财务报表的编制是贵公司管理层的责任，我们的责任是在实施审阅工作的基础上对这些中期财务报表出具审阅报告。

我们按照《中国注册会计师审阅准则第2101号—财务报表审阅》的规定执行了审阅业务。该准则要求我们计划和实施审阅工作，以对财务报表是否不存在重大错报获取有限保证。审阅主要限于询问贵集团有关人员和财务数据实施分析程序，提供的保证程度低于审计。我们没有实施审计，因而不发表审计意见。

根据我们的审阅，我们没有注意到任何事项使我们相信上述中期财务报表没有在所有重大方面按照《企业会计准则第 32 号—中期财务报告》的要求编制。



审阅报告（续）

安永华明（2021）专字第61684426\_B01号  
东方财富信息股份有限公司

（本页无正文）

安永华明会计师事务所（特殊普通合伙）



中国注册会计师：朱宝钦



中国注册会计师：严盛炜

中国 北京

2021 年 9 月 22 日

<b>资产</b>	<b>附注五</b>	<b>2021 年 6 月 30 日 未经审计</b>	<b>2020 年 12 月 31 日 经审计</b>
流动资产：			
货币资金	1	54,592,429,259.56	41,420,490,433.77
结算备付金	2	8,540,254,512.87	6,652,245,869.33
融出资金	3	40,428,975,127.04	30,072,385,470.42
交易性金融资产	4	23,834,024,626.78	12,831,853,398.85
衍生金融资产	5	62,846,753.41	-
应收账款	6	1,328,875,835.06	726,021,922.60
预付款项	7	150,813,673.52	106,959,684.71
其他应收款	8	12,867,551,041.00	9,801,549,035.32
存出保证金	9	3,465,984,919.81	2,070,467,729.03
买入返售金融资产	10	950,479,787.31	895,038,591.26
其他流动资产	11	15,547,933.76	81,508,614.18
流动资产合计		146,237,783,470.12	104,658,520,749.47
非流动资产：			
发放贷款和垫款	12	4,853,613.78	37,138,141.39
其他债权投资	13	8,040,376,767.82	-
长期股权投资	14	379,181,719.06	451,522,742.84
其他非流动金融资产	15	204,889,094.07	123,926,074.02
固定资产	16	1,735,428,698.61	1,763,881,149.40
在建工程	17	48,714,084.51	36,294,004.57
使用权资产	18	152,953,657.15	-
无形资产	19	164,971,867.79	174,332,788.65
商誉	20	2,945,861,162.24	2,945,861,162.24
长期待摊费用	21	47,204,879.55	55,709,096.26
递延所得税资产	22	101,165,583.91	81,549,857.49
非流动资产合计		13,825,601,128.49	5,670,215,016.86
资产总计		160,063,384,598.61	110,328,735,766.33

后附财务报表附注为本财务报表的组成部分

<b>负债和股东权益</b>	<b>附注五</b>	<b>2021年6月30日 未经审计</b>	<b>2020年12月31日 经审计</b>
流动负债：			
短期借款	23	6,722,402,844.32	2,940,214,165.22
应付短期融资券	24	9,200,562,930.92	8,402,188,109.28
拆入资金	25	1,006,455,555.55	1,012,222,222.22
交易性金融负债	26	822,631,704.30	123,669,805.08
衍生金融负债	5	46,173,658.64	430,968.80
应付账款	27	210,500,310.29	211,046,973.13
预收款项		603,942.68	1,033,242.19
合同负债	28	187,562,446.17	180,183,670.38
卖出回购金融资产款	29	15,406,167,788.69	8,533,225,079.65
代理买卖证券款	30	64,700,117,733.91	49,797,784,255.00
应付职工薪酬	31	181,179,168.23	347,111,853.77
应交税费	32	530,267,452.19	336,270,172.24
其他应付款	33	2,284,298,110.70	1,759,641,832.07
一年内到期的非流动负债	34	3,013,207,052.73	2,239,377,911.52
其他流动负债		3,755,716.03	4,175,801.76
流动负债合计		104,315,886,415.35	75,888,576,062.31
非流动负债：			
应付债券	35	17,119,490,033.75	1,218,986,301.37
租赁负债	36	73,238,193.38	-
递延收益		1,450,000.00	1,450,000.00
递延所得税负债	22	64,575,003.97	23,220,584.22
其他非流动负债	37	38,184,744.91	40,035,597.18
非流动负债合计		17,296,937,976.01	1,283,692,482.77
负债合计		121,612,824,391.36	77,172,268,545.08

后附财务报表附注为本财务报表的组成部分

东方财富信息股份有限公司  
合并资产负债表(续)  
2021年6月30日

人民币元

负债和股东权益	附注五	2021年6月30日 未经审计	2020年12月31日 经审计
股东权益:			
股本	38	10,335,763,789.00	8,613,136,491.00
其他权益工具	39	2,048,991,934.49	-
资本公积	40	12,729,141,024.76	14,451,069,974.79
其他综合收益	41	(6,801,385.33)	(41,050,280.77)
盈余公积	42	594,148,886.07	594,148,886.07
未分配利润	43	12,749,315,958.26	9,539,162,150.16
归属于母公司股东权益合计		38,450,560,207.25	33,156,467,221.25
股东权益合计		38,450,560,207.25	33,156,467,221.25
负债和股东权益总计		160,063,384,598.61	110,328,735,766.33

本财务报表由以下人士签署:

法定代表人:



主管会计工作负责人:



会计机构负责人:



后附财务报表附注为财务报表的组成部分

	附注五	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
营业总收入		5,780,445,013.62	3,338,029,276.08
其中：营业收入	44	2,555,173,983.00	1,267,085,642.38
利息净收入	45	995,308,631.55	639,444,708.03
手续费及佣金净收入	46	2,229,962,399.07	1,431,498,925.67
营业总成本		1,776,654,133.55	1,346,161,739.12
其中：营业成本	44	339,940,155.60	280,224,054.81
税金及附加	47	44,010,447.44	26,949,703.41
销售费用	48	295,818,196.24	221,444,565.16
管理费用	49	813,872,668.80	640,399,463.81
研发费用	50	276,413,796.04	130,895,019.88
财务费用	51	6,598,869.43	46,248,932.05
其中：利息费用		133,081,213.19	136,410,545.00
利息收入		127,439,688.83	90,951,560.15
加：其他收益	52	114,765,190.22	81,096,597.44
投资收益	53	289,954,652.76	110,383,306.04
其中：对联营企业和合营企业 的投资收益		7,558,976.22	6,133,530.83
汇兑损失		(272,420.88)	(276,924.67)
公允价值变动收益/(损失)	54	120,521,301.02	(3,440,983.63)
信用减值损失	55	(41,366,711.64)	(17,232,195.76)
资产处置(损失)/收益	56	(171,268.71)	57,950.99
营业利润		4,487,221,622.84	2,162,455,287.37
加：营业外收入		66,165.13	34,226.46
减：营业外支出	57	2,514,558.70	9,192,484.00
利润总额		4,484,773,229.27	2,153,297,029.83
减：所得税费用	58	757,831,231.71	344,518,984.66
净利润		3,726,941,997.56	1,808,778,045.17

后附财务报表附注为财务报表的组成部分

	附注五	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
按经营持续性分类			
持续经营净利润		3,726,941,997.56	1,808,778,045.17
按所有权归属分类			
归属于母公司股东的净利润		3,726,941,997.56	1,808,506,658.20
少数股东损益		-	271,386.97
其他综合收益的税后净额		34,248,895.44	2,955,975.01
归属于母公司股东的其他综合收益的 税后净额		34,248,895.44	2,955,975.01
将重分类进损益的其他综合收益		34,248,895.44	2,955,975.01
其他债权投资公允价值变动		42,341,946.52	-
其他债权投资信用减值准备		504,775.56	-
外币财务报表折算差额		(8,597,826.64)	2,955,975.01
归属于少数股东的其他综合收益的 税后净额		-	-
综合收益总额		3,761,190,893.00	1,811,734,020.18
其中：			
归属于母公司股东的综合收益总额		3,761,190,893.00	1,811,462,633.21
归属于少数股东的综合收益总额		-	271,386.97
每股收益	59		
基本每股收益（元/股）		0.36	0.19
稀释每股收益（元/股）		0.36	0.19

后附财务报表附注为本财务报表的组成部分

未经审计

项目	截至 2021 年 6 月 30 日止 6 个月期间							
	归属于母公司股东权益							股东权益合计
	股本	其他权益工具	资本公积	其他综合收益	盈余公积	未分配利润	小计	
一、2020 年 12 月 31 日余额	8,613,136,491.00	-	14,451,069,974.79	(41,050,280.77)	594,148,886.07	9,539,162,150.16	33,156,467,221.25	33,156,467,221.25
二、本期增减变动金额	1,722,627,298.00	2,048,991,934.49	(1,721,928,950.03)	34,248,895.44	-	3,210,153,808.10	5,294,092,986.00	5,294,092,986.00
（一）综合收益总额	-	-	-	34,248,895.44	-	3,726,941,997.56	3,761,190,893.00	3,761,190,893.00
（二）股东投入和减少资本	-	2,048,991,934.49	698,347.97	-	-	-	2,049,690,282.46	2,049,690,282.46
1. 其他权益工具持有者投入资本	-	2,048,991,934.49	-	-	-	-	2,048,991,934.49	2,048,991,934.49
2. 其他	-	-	698,347.97	-	-	-	698,347.97	698,347.97
（三）利润分配	-	-	-	-	-	(516,788,189.46)	(516,788,189.46)	(516,788,189.46)
1. 对股东的分配	-	-	-	-	-	(516,788,189.46)	(516,788,189.46)	(516,788,189.46)
（四）股东权益内部结转	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-	-	-
1. 资本公积转增股本	1,722,627,298.00	-	(1,722,627,298.00)	-	-	-	-	-
三、2021 年 6 月 30 日余额	10,335,763,789.00	2,048,991,934.49	12,729,141,024.76	(6,801,385.33)	594,148,886.07	12,749,315,958.26	38,450,560,207.25	38,450,560,207.25

后附财务报表附注为财务报表的组成部分

未经审计

项目	截至 2020 年 6 月 30 日止 6 个月期间								
	归属于母公司股东权益						少数股东权益	股东权益合计	
	股本	其他权益工具	资本公积	其他综合收益	盈余公积	未分配利润			
一、2019 年 12 月 31 日余额	6,715,608,655.00	-	8,930,620,933.89	9,585,221.37	438,681,541.78	5,117,992,903.36	21,212,489,255.40	-	21,212,489,255.40
二、本期增减变动金额	1,345,352,908.00	1,119,814,431.49	(1,306,715,869.56)	2,955,975.01	-	1,607,038,398.55	2,768,445,843.49	28,177,933.69	2,796,623,777.18
（一）综合收益总额	-	-	-	2,955,975.01	-	1,808,506,658.20	1,811,462,633.21	271,386.97	1,811,734,020.18
（二）股东投入和减少资本	2,231,177.00	1,119,814,431.49	36,405,861.44	-	-	-	1,158,451,469.93	27,906,546.72	1,186,358,016.65
1. 股东投入的普通股	2,231,177.00	-	36,546,683.94	-	-	-	38,777,860.94	27,906,546.72	66,684,407.66
2. 其他权益工具持有者投入资本	-	1,119,814,431.49	-	-	-	-	1,119,814,431.49	-	1,119,814,431.49
3. 股份支付计入股东权益的金额	-	-	(140,822.50)	-	-	-	(140,822.50)	-	(140,822.50)
（三）利润分配	-	-	-	-	-	(201,468,259.65)	(201,468,259.65)	-	(201,468,259.65)
1. 对股东的分配	-	-	-	-	-	(201,468,259.65)	(201,468,259.65)	-	(201,468,259.65)
（四）股东权益内部结转	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-	-	-	-
1. 资本公积转增股本	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-	-	-	-
三、2020 年 6 月 30 日余额	8,060,961,563.00	1,119,814,431.49	7,623,905,064.33	12,541,196.38	438,681,541.78	6,725,031,301.91	23,980,935,098.89	28,177,933.69	24,009,113,032.58

后附财务报表附注为财务报表的组成部分



	<b>附注五</b>	<b>截至 2021 年 6 月 30 日止 6 个月期间 未经审计</b>	<b>截至 2020 年 6 月 30 日止 6 个月期间 未经审计</b>
<b>一、经营活动产生的现金流量</b>			
销售商品、提供劳务收到的现金		2,095,378,562.09	1,165,351,831.49
收取利息、手续费及佣金的现金		4,937,395,698.50	3,086,928,223.02
客户贷款和垫款净减少额		32,216,594.28	-
回购业务资金净增加额		7,659,051,612.47	-
代理买卖证券收到的现金净额		12,898,125,772.56	13,950,749,083.30
收到其他与经营活动有关的现金	60 (1)	255,509,215.27	217,128,772.80
经营活动现金流入小计		<u>27,877,677,455.17</u>	<u>18,420,157,910.61</u>
购买商品、接受劳务支付的现金		344,400,702.02	270,007,144.45
融出资金净增加额		10,377,628,034.58	3,679,634,907.07
客户贷款和垫款净增加额		-	10,037,450.89
回购业务资金净减少额		-	516,001,654.21
为交易目的而持有的金融资产净增加额		10,454,212,103.59	2,705,958,752.21
拆入资金净减少额		-	600,000,000.00
支付利息、手续费及佣金的现金		1,144,715,372.83	705,649,743.65
支付给职工以及为职工支付的现金		924,276,399.15	670,717,162.88
支付的各项税费		925,693,377.42	419,528,400.78
支付其他与经营活动有关的现金	60 (2)	2,406,984,653.20	1,704,047,434.50
经营活动现金流出小计		<u>26,577,910,642.79</u>	<u>11,281,582,650.64</u>
经营活动产生的现金流量净额		<u>1,299,766,812.38</u>	<u>7,138,575,259.97</u>

后附财务报表附注为财务报表的组成部分

	附注五	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
二、投资活动产生的现金流量			
收回投资收到的现金		955,361,456.62	324,911,279.16
取得投资收益收到的现金		91,546,849.26	3,069,784.76
处置固定资产、无形资产和 其他长期资产收回的现金净额		153,284.61	144,043.11
投资活动现金流入小计		1,047,061,590.49	328,125,107.03
购建固定资产、无形资产和其他长期资产 支付的现金		161,115,847.73	137,751,289.69
投资支付的现金		9,397,064,394.57	417,888,962.38
投资活动现金流出小计		9,558,180,242.30	555,640,252.07
投资活动使用的现金流量净额		(8,511,118,651.81)	(227,515,145.04)
三、筹资活动产生的现金流量			
吸收投资收到的现金		-	66,684,407.66
其中：子公司吸收少数股东投资收到 的现金		-	27,906,546.72
取得借款收到的现金		4,193,884,892.41	2,621,493,188.29
发行债券收到的现金		29,876,459,500.00	9,646,978,000.00
收到其他与筹资活动有关的现金	60 (3)	17,000,000.00	-
筹资活动现金流入小计		34,087,344,392.41	12,335,155,595.95
偿还债务支付的现金		11,131,799,213.46	2,938,685,719.02
分配股利、利润或偿付利息支付的现金		622,114,278.78	295,365,464.04
支付其他与筹资活动有关的现金	60 (4)	57,336,777.50	-
筹资活动现金流出小计		11,811,250,269.74	3,234,051,183.06
筹资活动产生的现金流量净额		22,276,094,122.67	9,101,104,412.89
四、汇率变动对现金及现金等价物的影响		(8,748,403.05)	2,572,332.41
五、现金及现金等价物净增加额		15,055,993,880.19	16,014,736,860.23
加：期初现金及现金等价物余额		48,031,027,413.67	28,359,134,372.58
六、期末现金及现金等价物余额	61 (2)	63,087,021,293.86	44,373,871,232.81

后附财务报表附注为财务报表的组成部分

<u>资产</u>	<u>附注十四</u>	<u>2021 年 6 月 30 日</u> 未经审计	<u>2020 年 12 月 31 日</u> 经审计
流动资产：			
货币资金		1,300,711,779.59	690,708,967.36
结算备付金		229,302.91	213,443.63
交易性金融资产		251,107,232.18	102,706,476.71
应收账款	1	977,301,515.61	292,760,368.50
预付款项		57,990,199.10	48,604,726.10
其他应收款	2	133,735,613.85	39,036,019.57
流动资产合计		2,721,075,643.24	1,174,030,001.87
非流动资产：			
长期股权投资	3	25,273,386,417.53	24,699,803,732.39
其他非流动金融资产		117,441,094.07	123,926,074.02
固定资产		1,240,852,027.52	1,291,695,016.76
使用权资产		58,706,549.05	-
无形资产		10,450,134.86	11,983,804.52
长期待摊费用		2,033,535.48	355,080.25
递延所得税资产		2,692,151.05	2,425,435.55
其他非流动资产		15,787,115,938.98	1,300,000,000.00
非流动资产合计		42,492,677,848.54	27,430,189,143.49
资产总计		45,213,753,491.78	28,604,219,145.36

后附财务报表附注为财务报表的组成部分

负债和股东权益	附注十四	2021 年 6 月 30 日 未经审计	2020 年 12 月 31 日 经审计
流动负债：			
短期借款		-	253,017,819.18
应付账款		67,022,441.72	88,166,825.18
预收款项		170,653.38	-
合同负债		62,761,047.51	66,425,231.87
应付职工薪酬		52,079,327.08	124,081,793.67
应交税费		294,204,504.15	161,209,042.49
其他应付款		113,211,502.40	115,581,916.83
一年内到期的非流动负债		23,740,981.29	-
其他流动负债		2,041,659.93	2,586,338.00
流动负债合计		615,232,117.46	811,068,967.22
非流动负债：			
应付债券		13,829,572,225.52	-
租赁负债		34,391,392.62	-
递延收益		1,450,000.00	1,450,000.00
递延所得税负债		6,463,455.04	7,731,577.99
其他非流动负债		1,868,784.38	4,049,668.50
非流动负债合计		13,873,745,857.56	13,231,246.49
负债合计		14,488,977,975.02	824,300,213.71
股东权益：			
股本		10,335,763,789.00	8,613,136,491.00
其他权益工具		2,048,991,934.49	-
资本公积		12,719,254,228.20	14,441,183,178.23
盈余公积		594,148,886.07	594,148,886.07
未分配利润		5,026,616,679.00	4,131,450,376.35
股东权益合计		30,724,775,516.76	27,779,918,931.65
负债和股东权益总计		45,213,753,491.78	28,604,219,145.36

本财务报表由以下人士签署：

法定代表人：

主管会计工作负责人：

会计机构负责人：

后附财务报表附注为财务报表的组成部分

	附注十四	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
营业收入	4	2,445,927,533.53	1,171,711,806.08
减：营业成本	4	175,795,909.11	173,853,384.15
税金及附加		17,220,968.75	11,516,736.79
销售费用		210,306,928.12	173,090,714.57
管理费用		185,452,098.08	146,705,277.90
研发费用		147,379,889.82	77,012,056.86
财务费用		(22,199,802.51)	(12,519,996.35)
其中：利息费用		103,574,916.53	118,285,872.73
利息收入		126,016,691.62	130,978,593.83
加：其他收益		40,750,142.12	36,221,488.27
投资收益	5	16,498,817.24	6,133,680.97
其中：对联营企业和合营企 业的投资收益		7,558,976.22	6,133,530.83
公允价值变动（损失）/收益		(8,454,903.56)	9,030,335.42
信用减值损失		(1,777,352.72)	(283,897.31)
资产处置损失		(201,137.56)	-
营业利润		1,778,787,107.68	653,155,239.51
加：营业外收入		3,000.00	26,050.00
减：营业外支出		2,005,500.00	2,151,000.00
利润总额		1,776,784,607.68	651,030,289.51
减：所得税费用		364,830,115.57	112,420,369.52
净利润		1,411,954,492.11	538,609,919.99
其中：持续经营净利润		1,411,954,492.11	538,609,919.99
综合收益总额		1,411,954,492.11	538,609,919.99

后附财务报表附注为财务报表的组成部

未经审计

项目	截至 2021 年 6 月 30 日止 6 个月期间				
	股本	其他权益工具	资本公积	盈余公积	未分配利润
一、2020 年 12 月 31 日余额	8,613,136,491.00	-	14,441,183,178.23	594,148,886.07	4,131,450,376.35
二、本期增减变动金额	1,722,627,298.00	2,048,991,934.49	(1,721,928,950.03)	-	895,166,302.65
（一）综合收益总额	-	-	-	-	1,411,954,492.11
（二）股东投入和减少资本	-	2,048,991,934.49	698,347.97	-	-
1. 其他权益工具持有者投入资本	-	2,048,991,934.49	-	-	-
2. 其他	-	-	698,347.97	-	-
（三）利润分配	-	-	-	-	(516,788,189.46)
1. 对股东的分配	-	-	-	-	(516,788,189.46)
（四）股东权益内部结转	1,722,627,298.00	-	(1,722,627,298.00)	-	-
1. 资本公积转增股本	1,722,627,298.00	-	(1,722,627,298.00)	-	-
三、2021 年 6 月 30 日余额	10,335,763,789.00	2,048,991,934.49	12,719,254,228.20	594,148,886.07	5,026,616,679.00

后附财务报表附注为财务报表的组成部分

未经审计

项目	截至 2020 年 6 月 30 日止 6 个月期间					
	股本	其他权益工具	资本公积	盈余公积	未分配利润	股东权益合计
一、2019 年 12 月 31 日余额	6,715,608,655.00	-	8,920,734,137.33	438,681,541.78	2,933,712,537.40	19,008,736,871.51
二、本期增减变动金额	1,345,352,908.00	1,119,814,431.49	(1,306,715,869.56)	-	337,141,660.34	1,495,593,130.27
（一）综合收益总额	-	-	-	-	538,609,919.99	538,609,919.99
（二）股东投入和减少资本	2,231,177.00	1,119,814,431.49	36,405,861.44	-	-	1,158,451,469.93
1. 股东投入的普通股	2,231,177.00	-	36,546,683.94	-	-	38,777,860.94
2. 其他权益工具持有者投入资本	-	1,119,814,431.49	-	-	-	1,119,814,431.49
3. 股份支付计入股东权益的金额	-	-	(140,822.50)	-	-	(140,822.50)
（三）利润分配	-	-	-	-	(201,468,259.65)	(201,468,259.65)
1. 对股东的分配	-	-	-	-	(201,468,259.65)	(201,468,259.65)
（四）股东权益内部结转	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-
1. 资本公积转增股本	1,343,121,731.00	-	(1,343,121,731.00)	-	-	-
三、2020 年 6 月 30 日余额	8,060,961,563.00	1,119,814,431.49	7,614,018,267.77	438,681,541.78	3,270,854,197.74	20,504,330,001.78

后附财务报表附注为财务报表的组成部分

	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
附注十四		
一、经营活动产生的现金流量		
销售商品、提供劳务收到的现金	1,902,695,001.65	1,036,636,125.79
收到其他与经营活动有关的现金	58,785,564.04	945,204,143.98
经营活动现金流入小计	1,961,480,565.69	1,981,840,269.77
购买商品、接受劳务支付的现金	205,580,084.24	170,143,823.54
支付给职工以及为职工支付的现金	327,783,833.70	263,983,147.51
支付的各项税费	371,951,005.08	116,173,504.85
支付其他与经营活动有关的现金	321,167,933.94	187,014,906.90
经营活动现金流出小计	1,226,482,856.96	737,315,382.80
经营活动产生的现金流量净额	734,997,708.73	1,244,524,886.97
二、投资活动产生的现金流量		
收回投资收到的现金	749,630,005.35	3,683.00
取得投资收益收到的现金	195,793,348.03	118,518,906.64
处置固定资产、无形资产和其他长期资产收回的现金净额	189,334.56	-
收到其他与投资活动有关的现金	1,600,000,000.00	-
投资活动现金流入小计	2,545,612,687.94	118,522,589.64
购建固定资产、无形资产和其他长期资产支付的现金	31,824,406.52	39,905,508.41
投资支付的现金	1,545,923,708.92	422,247,243.00
支付其他与投资活动有关的现金	16,087,115,938.98	7,278,930,675.56
投资活动现金流出小计	17,664,864,054.42	7,741,083,426.97
投资活动使用的现金流量净额	(15,119,251,366.48)	(7,622,560,837.33)

后附财务报表附注为本财务报表的组成部分



	截至 2021 年 6 月 30 日止 6 个月期间 未经审计	截至 2020 年 6 月 30 日止 6 个月期间 未经审计
附注十四		
三、筹资活动产生的现金流量		
吸收投资收到的现金	-	38,777,860.94
取得借款收到的现金	161,160,120.26	20,500,000.00
发行债券收到的现金	15,779,925,500.00	7,275,000,000.00
筹资活动现金流入小计	15,941,085,620.26	7,334,277,860.94
偿还债务支付的现金	413,883,213.46	144,800,719.02
分配股利、利润或偿付利息支付的现金	522,068,170.42	208,899,054.28
支付其他与筹资活动有关的现金	10,861,907.12	-
筹资活动现金流出小计	946,813,291.00	353,699,773.30
筹资活动产生的现金流量净额	14,994,272,329.26	6,980,578,087.64
四、汇率变动对现金及现金等价物的影响	-	-
五、现金及现金等价物净增加额	610,018,671.51	602,542,137.28
加：期初现金及现金等价物余额	690,922,410.99	478,175,788.59
六、期末现金及现金等价物余额	1,300,941,082.50	1,080,717,925.87

后附财务报表附注为本财务报表的组成部分

## 一、 公司基本情况

### 1. 公司概况

东方财富信息股份有限公司（以下简称“公司”或“本公司”）前身系上海东财信息技术有限公司，2007 年 12 月 20 日改制为股份有限公司，2008 年 1 月 7 日由上海东财信息技术股份有限公司更名为东方财富信息股份有限公司。

根据公司 2009 年第二次临时股东大会决议，并经中国证券监督管理委员会以证监许可[2010]249 号《关于核准东方财富信息股份有限公司首次公开发行股票并在创业板上市的批复》核准，公司向社会公开发行人民币普通股 35,000,000 股，增加注册资本 35,000,000.00 元，变更后的注册资本为人民币 140,000,000.00 元。公司于 2010 年 3 月 19 日在深圳证券交易所挂牌交易，并于 2010 年 4 月 12 日在上海市工商行政管理局取得相同注册号的《企业法人营业执照》。

截至 2021 年 6 月 30 日止，公司累计发行股本总数 10,335,763,789.00 股，注册资本为 10,335,763,789.00 元，注册地：上海市嘉定区宝安公路 2999 号 1 幢，经营地址：上海市徐汇区宛平南路 88 号金座。

本公司及子公司（以下简称“本集团”）主要经营活动为：证券业务、金融电子商务服务业务、金融数据服务业务、互联网广告服务业务等。

公司经营范围：第二类增值电信业务中的呼叫中心业务和信息服务业务（以经营许可证为准），企业投资咨询、策划，商务咨询，会务会展咨询服务，计算机软硬件及网络系统的技术开发、技术服务、技术咨询、技术转让，设计、制作、发布、代理国内外各类广告，自有房屋租赁，计算机软件销售。

本财务报表业经公司全体董事（董事会）于 2021 年 7 月 23 日批准报出。

### 2. 合并财务报表范围

本公司子公司的相关信息详见本报告附注“七、在其他主体中的权益”。本报告期合并范围变化情况详见本报告附注“六、合并范围的变更”。

## **二、 财务报表的编制基础**

### **1. 编制基础**

本财务报表按照财政部颁布的《企业会计准则——基本准则》和各项具体会计准则、企业会计准则应用指南、企业会计准则解释及其他相关规定（以下合称“企业会计准则”），以及中国证券监督管理委员会《公开发行证券的公司信息披露编报规则第 15 号——财务报告的一般规定》的相关规定编制。

### **2. 持续经营**

本财务报表以持续经营为基础编制。本集团综合考虑宏观政策风险、市场经营风险、企业目前或长期的盈利能力、偿债能力、财务弹性等因素，认为本集团具有自报告期末起至少 12 个月的持续经营能力。

## **三、 重要会计政策及会计估计**

以下披露内容已涵盖了本公司及本集团根据实际生产经营特点制定的具体会计政策和会计估计。

### **1. 遵循企业会计准则的声明**

本财务报表符合财政部颁布的企业会计准则的要求，真实、完整地反映了本公司及本集团于 2021 年 6 月 30 日的财务状况以及 2021 年半年度的经营成果和现金流量。

### **2. 会计期间**

自公历 1 月 1 日起至 12 月 31 日止为一个会计年度。

### **3. 营业周期**

本集团营业周期为 12 个月。

### **三、 重要会计政策及会计估计（续）**

#### **4. 记账本位币**

本公司采用人民币为记账本位币。本公司下属子公司根据其经营所处的主要经济环境确定其记账本位币，编制财务报表时折算为人民币。本财务报表以人民币列示。

#### **5. 同一控制下和非同一控制下企业合并的会计处理方法**

同一控制下企业合并：合并方在企业合并中取得的资产和负债（包括最终控制方收购被合并方而形成的商誉），按照合并日被合并方资产、负债在最终控制方合并财务报表中的账面价值为基础计量。在合并中取得的净资产账面价值与支付的合并对价账面价值（或发行股份面值总额）的差额，调整资本公积中的股本溢价，资本公积中的股本溢价不足冲减的，调整留存收益。

非同一控制下企业合并：合并成本为购买方在购买日为取得被购买方的控制权而付出的资产、发生或承担的负债以及发行的权益性证券的公允价值。合并成本大于合并中取得的被购买方可辨认净资产公允价值份额的差额，确认为商誉；合并成本小于合并中取得的被购买方可辨认净资产公允价值份额的差额，计入当期损益。在合并中取得的被购买方符合确认条件的各项可辨认资产、负债及或有负债在购买日按公允价值计量。

为企业合并发生的直接相关费用于发生时计入当期损益；为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

### 三、 重要会计政策及会计估计（续）

#### 6. 合并财务报表的编制方法

##### 合并范围

合并财务报表的合并范围以控制为基础确定，合并范围包括本公司、本公司控制的子公司及受本公司控制的结构化主体。控制，是指公司拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响其回报金额。

##### 合并程序

本集团将整个企业集团视为一个会计主体，按照统一的会计政策编制合并财务报表，反映本企业集团整体财务状况、经营成果和现金流量。本公司与子公司、子公司相互之间发生的内部交易的影响予以抵销。内部交易表明相关资产发生减值损失的，全额确认该部分损失。如子公司采用的会计政策、会计期间与本公司不一致的，在编制合并财务报表时，按本公司的会计政策、会计期间进行必要的调整。

子公司所有者权益、当期净损益和当期综合收益中属于少数股东的份额分别在合并资产负债表中股东权益项目下、合并利润表中净利润项目下和综合收益总额项目下单独列示。子公司少数股东分担的当期亏损超过了少数股东在该子公司期初所有者权益中所享有份额而形成的余额，冲减少数股东权益。

##### 增加子公司或业务

在报告期内，因同一控制下企业合并增加子公司或业务的，将子公司或业务合并当期期初至报告期末的经营成果和现金流量纳入合并财务报表，同时对合并财务报表的期初数和比较报表的相关项目进行调整，视同合并后的报告主体自最终控制方开始控制时点起一直存在。

因追加投资等原因能够对同一控制下的被投资方实施控制的，在取得被合并方控制权之前持有的股权投资，在取得原股权之日与合并方和被合并方同处于同一控制之日孰晚日起至合并日之间已确认有关损益、其他综合收益以及其他净资产变动，分别冲减比较报表期间的期初留存收益或当期损益。

在报告期内，因非同一控制下企业合并增加子公司或业务的，以购买日确定的各项可辨认资产、负债及或有负债的公允价值为基础自购买日起纳入合并财务报表。

### 三、 重要会计政策及会计估计（续）

#### 6. 合并财务报表的编制方法（续）

##### 合并程序（续）

##### *增加子公司或业务（续）*

因追加投资等原因能够对非同一控制下的被投资方实施控制的，对于购买日之前持有的被购买方的股权，按照该股权在购买日的公允价值进行重新计量，公允价值与其账面价值的差额计入当期投资收益。购买日之前持有的被购买方的股权涉及的以后可重分类进损益的其他综合收益、权益法核算下的其他所有者权益变动转为购买日所属当期投资收益。

##### *处置子公司*

##### （1）一般处理方法

因处置部分股权投资或其他原因丧失了对被投资方控制权时，对于处置后的剩余股权投资，按照其在丧失控制权日的公允价值进行重新计量。处置股权取得的对价与剩余股权公允价值之和，减去按原持股比例计算应享有原有子公司自购买日或合并日开始持续计算的净资产的份额与商誉之和的差额，计入丧失控制权当期的投资收益。与原有子公司股权投资相关的以后可重分类进损益的其他综合收益、权益法核算下的其他所有者权益变动，在丧失控制权时转为当期投资收益。

##### （2）分步处置子公司

通过多次交易分步处置对子公司股权投资直至丧失控制权的，处置对子公司股权投资的各项交易的条款、条件以及经济影响符合以下一种或多种情况，通常表明该多次交易事项为一揽子交易：

- i. 这些交易是同时或者在考虑了彼此影响的情况下订立的；
- ii. 这些交易整体才能达成一项完整的商业结果；
- iii. 一项交易的发生取决于其他至少一项交易的发生；
- iv. 一项交易单独看是不经济的，但是和其他交易一并考虑时是经济的。

各项交易属于一揽子交易的，将各项交易作为一项处置子公司并丧失控制权的交易进行会计处理；在丧失控制权之前每一次处置价款与处置投资对应的享有该子公司净资产份额的差额，在合并财务报表中确认为其他综合收益，在丧失控制权时一并转入丧失控制权当期的损益。

各项交易不属于一揽子交易的，在丧失控制权之前，按不丧失控制权的情况下部分处置对子公司的股权投资进行会计处理；在丧失控制权时，按处置子公司一般处理方法进行会计处理。

### 三、 重要会计政策及会计估计（续）

#### 6. 合并财务报表的编制方法（续）

##### 合并程序（续）

##### *购买子公司少数股权*

因购买少数股权新取得的长期股权投资与按照新增持股比例计算应享有子公司自购买日或合并日开始持续计算的净资产份额之间的差额，调整合并资产负债表中的资本公积中的股本溢价，资本公积中的股本溢价不足冲减的，调整留存收益。

##### *不丧失控制权的情况下部分处置对子公司的股权投资*

处置价款与处置长期股权投资相对应享有子公司自购买日或合并日开始持续计算的净资产份额之间的差额，调整合并资产负债表中的资本公积中的股本溢价，资本公积中的股本溢价不足冲减的，调整留存收益。

#### 7. 现金及现金等价物的确定标准

现金，是指本集团的库存现金以及可以随时用于支付的存款。现金等价物，是指本集团持有的期限短、流动性强、易于转换为已知金额的现金、价值变动风险很小的投资。

#### 8. 外币业务和外币报表折算

##### 外币业务

外币业务采用交易发生日的即期汇率作为折算汇率将外币金额折合成人民币记账。

资产负债表日外币货币性项目余额按资产负债表日即期汇率折算，由此产生的汇兑差额，除属于与购建符合资本化条件的资产相关的外币专门借款产生的汇兑差额按照借款费用资本化的原则处理外，均计入当期损益。

##### 外币财务报表的折算

资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算；股东权益项目除“未分配利润”项目外，其他项目采用发生时的即期汇率折算。利润表中的收入和费用项目，采用按照系统合理的方法确定的、与交易发生日即期汇率近似的汇率折算。

处置境外经营时，将与该境外经营相关的外币财务报表折算差额，自股东权益项目转入处置当期损益。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具

本集团在成为金融工具合同的一方时，确认一项金融资产、金融负债或权益工具。

##### 金融工具的分类

根据本集团管理金融资产的业务模式和金融资产的合同现金流量特征，金融资产于初始确认时分类为：以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的金融资产和以公允价值计量且其变动计入当期损益的金融资产。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以摊余成本计量的金融资产：

- （1） 业务模式是以收取合同现金流量为目标；
- （2） 合同现金流量仅为对本金和以未偿付本金金额为基础的利息的支付。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）：

- （1） 业务模式既以收取合同现金流量又以出售该金融资产为目标；
- （2） 合同现金流量仅为对本金和以未偿付本金金额为基础的利息的支付。

对于非交易性权益工具投资，本集团可以在初始确认时将其不可撤销地指定为以公允价值计量且其变动计入其他综合收益的金融资产（权益工具）。该指定在单项投资的基础上作出，且相关投资从发行者的角度符合权益工具的定义。

除上述以摊余成本计量和以公允价值计量且其变动计入其他综合收益的金融资产外，本集团将其余所有的金融资产分类为以公允价值计量且其变动计入当期损益的金融资产。在初始确认时，如果能够消除或显著减少会计错配，本集团可以将本应分类为摊余成本计量或以公允价值计量且其变动计入其他综合收益的金融资产不可撤销地指定为以公允价值计量且其变动计入当期损益的金融资产。

金融负债于初始确认时分类为：以公允价值计量且其变动计入当期损益的金融负债和以摊余成本计量的金融负债。



### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融工具的分类（续）

符合以下条件之一的金融负债可在初始计量时指定为以公允价值计量且其变动计入当期损益的金融负债：

- （1） 该项指定能够消除或显著减少会计错配。
- （2） 根据正式书面文件载明的企业风险管理或投资策略，以公允价值为基础对金融负债组合或金融资产和金融负债组合进行管理和业绩评价，并在企业内部以此为基础向关键管理人员报告。
- （3） 该金融负债包含需单独分拆的嵌入衍生工具。

按照上述条件，本集团指定的这类金融负债主要包括：交易性金融负债。

##### 金融工具的确认依据和计量方法

###### *以摊余成本计量的金融资产*

以摊余成本计量的金融资产包括应收票据、应收账款、其他应收款、长期应收款、债权投资等，按公允价值进行初始计量，相关交易费用计入初始确认金额；不包含重大融资成分的应收账款以及本集团决定不考虑不超过一年的融资成分的应收账款，以合同交易价格进行初始计量。

持有期间采用实际利率法计算的利息计入当期损益。

收回或处置时，将取得的价款与该金融资产账面价值之间的差额计入当期损益。

###### *以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）*

以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）包括应收款项融资、其他债权投资等，按公允价值进行初始计量，相关交易费用计入初始确认金额。该金融资产按公允价值进行后续计量，公允价值变动除采用实际利率法计算的利息、减值损失或利得和汇兑损益之外，均计入其他综合收益。

终止确认时，之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融工具的确认依据和计量方法（续）

###### *以公允价值计量且其变动计入其他综合收益的金融资产（权益工具）*

以公允价值计量且其变动计入其他综合收益的金融资产（权益工具）包括其他权益工具投资等，按公允价值进行初始计量，相关交易费用计入初始确认金额。该金融资产按公允价值进行后续计量，公允价值变动计入其他综合收益。取得的股利计入当期损益。

终止确认时，之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入留存收益。

###### *以公允价值计量且其变动计入当期损益的金融资产*

以公允价值计量且其变动计入当期损益的金融资产包括交易性金融资产、衍生金融资产、其他非流动金融资产等，按公允价值进行初始计量，相关交易费用计入当期损益。该金融资产按公允价值进行后续计量，公允价值变动计入当期损益。

###### *以公允价值计量且其变动计入当期损益的金融负债*

以公允价值计量且其变动计入当期损益的金融负债包括交易性金融负债、衍生金融负债等，按公允价值进行初始计量，相关交易费用计入当期损益。该金融负债按公允价值进行后续计量，公允价值变动计入当期损益。

终止确认时，其账面价值与支付的对价之间的差额计入当期损益。

###### *以摊余成本计量的金融负债*

以摊余成本计量的金融负债包括短期借款、应付票据、应付账款、其他应付款、长期借款、应付债券、长期应付款，按公允价值进行初始计量，相关交易费用计入初始确认金额。

持有期间采用实际利率法计算的利息计入当期损益。

终止确认时，将支付的对价与该金融负债账面价值之间的差额计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融资产终止确认和金融资产转移

满足下列条件之一时，本集团终止确认金融资产：

- （1） 收取金融资产现金流量的合同权利终止；
- （2） 金融资产已转移，且已将金融资产所有权上几乎所有的风险和报酬转移给转入方；
- （3） 金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是未保留对金融资产的控制。

发生金融资产转移时，如保留了金融资产所有权上几乎所有的风险和报酬的，则不终止确认该金融资产。

在判断金融资产转移是否满足上述金融资产终止确认条件时，采用实质重于形式的原则。

本集团将金融资产转移区分为金融资产整体转移和部分转移。金融资产整体转移满足终止确认条件的，将下列两项金额的差额计入当期损益：

- （1） 所转移金融资产的账面价值；
- （2） 因转移而收到的对价，与原直接计入股东权益的公允价值变动累计额（涉及转移的金融资产为以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）的情形）之和。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融资产终止确认和金融资产转移（续）

金融资产部分转移满足终止确认条件的，将所转移金融资产整体的账面价值，在终止确认部分和未终止确认部分之间，按照各自的相对公允价值进行分摊，并将下列两项金额的差额计入当期损益：

- （1） 终止确认部分的账面价值；
- （2） 终止确认部分的对价，与原直接计入股东权益的公允价值变动累计额中对应终止确认部分的金额（涉及转移的金融资产为以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）的情形）之和。

金融资产转移不满足终止确认条件的，继续确认该金融资产，所收到的对价确认为一项金融负债。

##### 金融负债终止确认

金融负债的现时义务全部或部分已经解除的，则终止确认该金融负债或其一部分；本集团若与债权人签定协议，以承担新金融负债方式替换现存金融负债，且新金融负债与现存金融负债的合同条款实质上不同的，则终止确认现存金融负债，并同时确认新金融负债。

对现存金融负债全部或部分合同条款作出实质性修改的，则终止确认现存金融负债或其一部分，同时将修改条款后的金融负债确认为一项新金融负债。

金融负债全部或部分终止确认时，终止确认的金融负债账面价值与支付对价（包括转出的非现金资产或承担的新金融负债）之间的差额，计入当期损益。

本集团若回购部分金融负债的，在回购日按照继续确认部分与终止确认部分的相对公允价值，将该金融负债整体的账面价值进行分配。分配给终止确认部分的账面价值与支付的对价（包括转出的非现金资产或承担的新金融负债）之间的差额，计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融资产和金融负债的公允价值的确定方法

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。不存在活跃市场的金融工具，采用估值技术确定其公允价值。在估值时，本集团采用在当前情况下适用并且有足够可利用数据和其他信息支持的估值技术，选择与市场参与者在相关资产或负债的交易中所考虑的资产或负债特征相一致的输入值，并优先使用相关可观察输入值。只有在相关可观察输入值无法取得或取得不切实可行的情况下，才使用不可观察输入值。

##### 金融资产减值的测试方法及会计处理方法

本集团以单项或组合的方式对以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的金融资产（债务工具）等的预期信用损失进行估计。

本集团考虑有关过去事项、当前状况以及对未来经济状况的预测等合理且有依据的信息，以发生违约的风险为权重，计算合同应收的现金流量与预期能收到的现金流量之间差额的现值的概率加权金额，确认预期信用损失。

如果该金融工具的信用风险自初始确认后已显著增加，本集团按照相当于该金融工具整个存续期内预期信用损失的金额计量其损失准备；如果该金融工具的信用风险自初始确认后并未显著增加，本集团按照相当于该金融工具未来 12 个月内预期信用损失的金额计量其损失准备。由此形成的损失准备的增加或转回金额，作为减值损失或利得计入当期损益。

本集团通过比较金融工具在资产负债表日发生违约的风险与在初始确认日发生违约的风险，以确定金融工具预计存续期内发生违约风险的相对变化，以评估金融工具的信用风险自初始确认后是否已显著增加。通常逾期超过 30 日，本集团即认为该金融工具的信用风险已显著增加，除非有确凿证据证明该金融工具的信用风险自初始确认后并未显著增加。

如果金融工具于资产负债表日的信用风险较低，本集团即认为该金融工具的信用风险自初始确认后并未显著增加。

### 三、 重要会计政策及会计估计（续）

#### 9. 金融工具（续）

##### 金融资产减值的测试方法及会计处理方法（续）

如果有客观证据表明某项金融资产已经发生信用减值，则本集团在单项基础上对该金融资产计提减值准备。

对于由《企业会计准则第 14 号——收入》（2017）规范的交易形成的应收款项和合同资产，无论是否包含重大融资成分，本集团始终按照相当于整个存续期内预期信用损失的金额计量其损失准备。

对于租赁应收款，本集团选择始终按照相当于整个存续期内预期信用损失的金额计量其损失准备。

本集团不再合理预期金融资产合同现金流量能够全部或部分收回的，直接减记该金融资产的账面余额。

#### 10. 合同资产

##### 合同资产的确认方法及标准

本集团根据履行履约义务与客户付款之间的关系在资产负债表中列示合同资产或合同负债。本集团已向客户转让商品或提供服务而有权收取对价的权利（且该权利取决于时间流逝之外的其他因素）列示为合同资产。同一合同下的合同资产和合同负债以净额列示。本集团拥有的、无条件（仅取决于时间流逝）向客户收取对价的权利作为应收款项单独列示。

##### 合同资产预期信用损失的确定方法及会计处理方法

合同资产的预期信用损失的确定方法及会计处理方法详见报告本附注“三、9. 金融资产减值的测试方法及会计处理方法”。

### 三、 重要会计政策及会计估计（续）

#### 11. 长期股权投资

##### 共同控制、重大影响的判断标准

共同控制，是指按照相关约定对某项安排所共有的控制，并且该安排的相关活动必须经过分享控制权的参与方一致同意后才能决策。本集团与其他合营方一同对被投资单位实施共同控制且对被投资单位净资产享有权利的，被投资单位为本集团的合营企业。

重大影响，是指对被投资单位的财务和经营决策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。本集团能够对被投资单位施加重大影响的，被投资单位为本集团联营企业。

##### 初始投资成本的确定

###### *企业合并形成的长期股权投资*

对于同一控制下的企业合并形成的对子公司的长期股权投资，在合并日按照取得被合并方股东权益在最终控制方合并财务报表中的账面价值的份额作为长期股权投资的初始投资成本。长期股权投资初始投资成本与支付对价账面价值之间的差额，调整资本公积中的股本溢价；资本公积中的股本溢价不足冲减时，调整留存收益。因追加投资等原因能够对同一控制下的被投资单位实施控制的，按上述原则确认的长期股权投资的初始投资成本与达到合并前的长期股权投资账面价值加上合并日进一步取得股份新支付对价的账面价值之和的差额，调整股本溢价，股本溢价不足冲减的，冲减留存收益。

对于非同一控制下的企业合并形成的对子公司的长期股权投资，按照购买日确定的合并成本作为长期股权投资的初始投资成本。因追加投资等原因能够对非同一控制下的被投资单位实施控制的，按照原持有的股权投资账面价值加上新增投资成本之和作为初始投资成本。

###### *通过企业合并以外的其他方式取得的长期股权投资*

以支付现金方式取得的长期股权投资，按照实际支付的购买价款作为初始投资成本。

以发行权益性证券取得的长期股权投资，按照发行权益性证券的公允价值作为初始投资成本。

### 三、 重要会计政策及会计估计（续）

#### 11. 长期股权投资（续）

##### 后续计量及损益确认方法

##### *成本法核算的长期股权投资*

公司对子公司的长期股权投资，采用成本法核算，除非投资符合持有待售的条件。除取得投资时实际支付的价款或对价中包含的已宣告但尚未发放的现金股利或利润外，公司按照享有被投资单位宣告发放的现金股利或利润确认当期投资收益。

##### *权益法核算的长期股权投资*

对联营企业和合营企业的长期股权投资，采用权益法核算。初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的差额，不调整长期股权投资的初始投资成本；初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的差额，计入当期损益，同时调整长期股权投资的成本。

公司按照应享有或应分担的被投资单位实现的净损益和其他综合收益的份额，分别确认投资收益和其他综合收益，同时调整长期股权投资的账面价值；按照被投资单位宣告分派的利润或现金股利计算应享有的部分，相应减少长期股权投资的账面价值；对于被投资单位除净损益、其他综合收益和利润分配以外股东权益的其他变动（简称“其他股东权益变动”），调整长期股权投资的账面价值并计入股东权益。

在确认应享有被投资单位净损益、其他综合收益及其他股东权益变动的份额时，以取得投资时被投资单位可辨认净资产的公允价值为基础，并按照公司的会计政策及会计期间，对被投资单位的净利润和其他综合收益等进行调整后确认。

公司与联营企业、合营企业之间发生的未实现内部交易损益按照应享有的比例计算归属于公司的部分，予以抵销，在此基础上确认投资收益，但投出或出售的资产构成业务的除外。与被投资单位发生的未实现内部交易损失，属于资产减值损失的，全额确认。

公司对合营企业或联营企业发生的净亏损，除负有承担额外损失义务外，以长期股权投资的账面价值以及其他实质上构成对合营企业或联营企业净投资的长期权益减记至零为限。合营企业或联营企业以后实现净利润的，公司在收益分享额弥补未确认的亏损分担额后，恢复确认收益分享额。



### 三、 重要会计政策及会计估计（续）

#### 11. 长期股权投资（续）

##### 后续计量及损益确认方法（续）

###### *长期股权投资的处置*

处置长期股权投资，其账面价值与实际取得价款的差额，计入当期损益。

部分处置权益法核算的长期股权投资，剩余股权仍采用权益法核算的，原权益法核算确认的其他综合收益采用与被投资单位直接处置相关资产或负债相同的基础按相应比例结转，其他股东权益变动按比例结转入当期损益。

因处置股权投资等原因丧失了对被投资单位的共同控制或重大影响的，原股权投资因采用权益法核算而确认的其他综合收益，在终止采用权益法核算时采用与被投资单位直接处置相关资产或负债相同的基础进行会计处理，其他股东权益变动在终止采用权益法核算时全部转入当期损益。

因处置部分股权投资等原因丧失了对被投资单位控制权的，在编制个别财务报表时，剩余股权能够对被投资单位实施共同控制或重大影响的，改按权益法核算，并对该剩余股权视同自取得时即采用权益法核算进行调整，对于取得被投资单位控制权之前确认的其他综合收益采用与被投资单位直接处置相关资产或负债相同的基础按比例结转，因采用权益法核算确认的其他股东权益变动按比例结转入当期损益；剩余股权不能对被投资单位实施共同控制或施加重大影响的，确认为金融资产，其在丧失控制之日的公允价值与账面价值间的差额计入当期损益，对于取得被投资单位控制权之前确认的其他综合收益和其他股东权益变动全部结转。

通过多次交易分步处置对子公司股权投资直至丧失控制权，属于一揽子交易的，各项交易作为一项处置子公司股权投资并丧失控制权的交易进行会计处理；在丧失控制权之前每一次处置价款与所处置的股权对应得长期股权投资账面价值之间的差额，在个别财务报表中，先确认为其他综合收益，到丧失控制权时再一并转入丧失控制权的当期损益。不属于一揽子交易的，对每一项交易分别进行会计处理。

### 三、 重要会计政策及会计估计（续）

#### 12. 固定资产

##### 固定资产确认条件

固定资产指为生产商品、提供劳务、出租或经营管理而持有，并且使用寿命超过一个会计年度的有形资产。固定资产在同时满足下列条件时予以确认：

- （1）与该固定资产有关的经济利益很可能流入企业；
- （2）该固定资产的成本能够可靠地计量。

固定资产按成本（并考虑预计弃置费用因素的影响）进行初始计量。

与固定资产有关的后续支出，在与其有关的经济利益很可能流入且其成本能够可靠计量时，计入固定资产成本；对于被替换的部分，终止确认其账面价值；所有其他后续支出于发生时计入当期损益。

##### 折旧方法

固定资产折旧采用年限平均法分类计提，根据固定资产类别、预计使用寿命和预计净残值率确定折旧率。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。如固定资产各组成部分的使用寿命不同或者以不同方式为企业提供经济利益，则选择不同折旧率或折旧方法，分别计提折旧。

各类固定资产折旧方法、折旧年限、残值率和年折旧率如下：

类别	折旧方法	折旧年限（年）	残值率（%）	年折旧率（%）
房屋及建筑物	直线法	20	5	4.75
专用设备	直线法	3-11	3-5	32.33-8.82
运输设备	直线法	5-6	3-5	16.17-19
通用设备	直线法	5	5	19

##### 固定资产处置

当固定资产被处置、或者预期通过使用或处置不能产生经济利益时，终止确认该固定资产。固定资产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 13. 在建工程

在建工程按实际发生的成本计量。实际成本包括建筑成本、安装成本、符合资本化条件的借款费用以及其他为使在建工程达到预定可使用状态前所发生的必要支出。在建工程在达到预定可使用状态时，转入固定资产并自次月起开始计提折旧。

#### 14. 借款费用

##### 借款费用资本化的确认原则

本集团发生的借款费用，可直接归属于符合资本化条件的资产的购建或者生产的，予以资本化，计入相关资产成本；其他借款费用，在发生时根据其发生额确认为费用，计入当期损益。

符合资本化条件的资产，是指需要经过相当长时间的购建或者生产活动才能达到预定可使用或者可销售状态的固定资产、投资性房地产和存货等资产。

##### 借款费用资本化期间

资本化期间，指从借款费用开始资本化时点到停止资本化时点的期间，借款费用暂停资本化的期间不包括在内。

借款费用同时满足下列条件时开始资本化：

- （1） 资产支出已经发生，资产支出包括为购建或者生产符合资本化条件的资产而以支付现金、转移非现金资产或者承担带息债务形式发生的支出；
- （2） 借款费用已经发生；
- （3） 为使资产达到预定可使用或者可销售状态所必要的购建或者生产活动已经开始。

当购建或者生产符合资本化条件的资产达到预定可使用或者可销售状态时，借款费用停止资本化。

### 三、 重要会计政策及会计估计（续）

#### 14. 借款费用（续）

##### 暂停资本化期间

符合资本化条件的资产在购建或生产过程中发生的非正常中断、且中断时间连续超过 3 个月的，则借款费用暂停资本化；该项中断如是所购建或生产的符合资本化条件的资产达到预定可使用状态或者可销售状态必要的程序，则借款费用继续资本化。在中断期间发生的借款费用确认为当期损益，直至资产的购建或者生产活动重新开始后借款费用继续资本化。

##### 借款费用资本化率、资本化金额的计算方法

对于为购建或者生产符合资本化条件的资产而借入的专门借款，以专门借款当期实际发生的借款费用，减去尚未动用的借款资金存入银行取得的利息收入或进行暂时性投资取得的投资收益后的金额，来确定借款费用的资本化金额。

对于为购建或者生产符合资本化条件的资产而占用的一般借款，根据累计资产支出超过专门借款部分的资产支出加权平均数乘以所占用一般借款的资本化率，计算确定一般借款应予资本化的借款费用金额。资本化率根据一般借款加权平均实际利率计算确定。

在资本化期间内，外币专门借款本金及利息的汇兑差额，予以资本化，计入符合资本化条件的资产的成本。除外币专门借款之外的其他外币借款本金及其利息所产生的汇兑差额计入当期损益。

#### 15. 使用权资产

本集团使用权资产类别主要包括房屋建筑物。

在租赁期开始日，本集团将其可在租赁期内使用租赁资产的权利确认为使用权资产，包括：租赁负债的初始计量金额；在租赁期开始日或之前支付的租赁付款额，存在租赁激励的，扣除已享受的租赁激励相关金额；承租人发生的初始直接费用；承租人为拆卸及移除租赁资产、复原租赁资产所在场地或将租赁资产恢复至租赁条款约定状态预计将发生的成本。本集团后续采用年限平均法对使用权资产计提折旧。能够合理确定租赁期届满时取得租赁资产所有权的，本集团在租赁资产剩余使用寿命内计提折旧。无法合理确定租赁期届满时能够取得租赁资产所有权的，本集团在租赁期与租赁资产剩余使用寿命两者孰短的期间内计提折旧。

### 三、 重要会计政策及会计估计（续）

#### 15. 使用权资产（续）

本集团按照变动后的租赁付款额的现值重新计量租赁负债，并相应调整使用权资产的账面价值时，如使用权资产账面价值已调减至零，但租赁负债仍需进一步调减的，本集团将剩余金额计入当期损益。

#### 16. 无形资产

##### 无形资产的计价方法

*本集团取得无形资产时按成本进行初始计量*

外购无形资产的成本，包括购买价款、相关税费以及直接归属于使该项资产达到预定用途所发生的其他支出。

*后续计量*

在取得无形资产时分析判断其使用寿命。

对于使用寿命有限的无形资产，在为企业带来经济利益的期限内摊销；无法预见无形资产为企业带来经济利益期限的，视为使用寿命不确定的无形资产，不予摊销。

##### 使用寿命有限的无形资产的使用寿命估计情况

项目	预计使用寿命	摊销方法	依据
计算机软件	3-5年	直线法摊销	预计使用年限
公司网站域名	10年	直线法摊销	预计使用年限
交易席位费	10年	直线法摊销	预计使用年限
期货经营权	10年	直线法摊销	预计使用年限
土地使用权	40年	直线法摊销	土地使用权期限

### 三、 重要会计政策及会计估计（续）

#### 16. 无形资产（续）

##### 使用寿命不确定的无形资产的判断依据以及对其使用寿命进行复核的程序

项目	年折旧率
期货会员资格投资	在公司经营期间内期货会员资格投资将带给公司预期的经济利益流入，不再经营时可退回。

##### 划分研究阶段和开发阶段的具体标准

本集团内部研究开发项目的支出分为研究阶段支出和开发阶段支出。

研究阶段：为获取并理解新的科学或技术知识等而进行的独创性的有计划调查、研究活动的阶段。

开发阶段：在进行商业性生产或使用前，将研究成果或其他知识应用于某项计划或设计，以生产出新的或具有实质性改进的材料、装置、产品等活动的阶段。

##### 开发阶段支出资本化的具体条件

研究阶段的支出，于发生时计入当期损益。开发阶段的支出同时满足下列条件的，确认为无形资产，不能满足下述条件的开发阶段的支出计入当期损益：

- （1） 完成该无形资产以使其能够使用或出售在技术上具有可行性；
- （2） 具有完成该无形资产并使用或出售的意图；
- （3） 无形资产产生经济利益的方式，包括能够证明运用该无形资产生产的产品存在市场或无形资产自身存在市场，无形资产将在内部使用的，能够证明其有用性；
- （4） 有足够的技术、财务资源和其他资源支持，以完成该无形资产的开发，并有能力使用或出售该无形资产；
- （5） 归属于该无形资产开发阶段的支出能够可靠地计量。

无法区分研究阶段支出和开发阶段支出的，将发生的研发支出全部计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 17. 长期资产减值

长期股权投资、固定资产、在建工程、使用寿命有限的无形资产、油气资产等长期资产，于资产负债表日存在减值迹象的，进行减值测试。减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者。资产减值准备按单项资产为基础计算并确认，如果难以对单项资产的可收回金额进行估计的，以该资产所属的资产组确定资产组的可收回金额。资产组是能够独立产生现金流入的最小资产组合。

对于因企业合并形成的商誉、使用寿命不确定的无形资产、尚未达到可使用状态的无形资产，无论是否存在减值迹象，至少在每年年度终了进行减值测试。

本集团进行商誉减值测试，对于因企业合并形成的商誉的账面价值，自购买日起按照合理的方法分摊至相关的资产组；难以分摊至相关的资产组的，将其分摊至相关的资产组组合。相关的资产组或者资产组组合，是能够从企业合并的协同效应中受益的资产组或者资产组组合。

在对包含商誉的相关资产组或者资产组组合进行减值测试时，如与商誉相关的资产组或者资产组组合存在减值迹象的，先对不包含商誉的资产组或者资产组组合进行减值测试，计算可收回金额，并与相关账面价值相比较，确认相应的减值损失。然后对包含商誉的资产组或者资产组组合进行减值测试，比较其账面价值与可收回金额，如可收回金额低于账面价值的，减值损失金额首先抵减分摊至资产组或者资产组组合中商誉的账面价值，再根据资产组或者资产组组合中除商誉之外的其他各项资产的账面价值所占比重，按比例抵减其他各项资产的账面价值。

上述资产减值损失一经确认，在以后会计期间不予转回。

#### 18. 长期待摊费用

长期待摊费用为已经发生但应由本期和以后各期负担的分摊期限在一年以上的各项费用。

各项费用的摊销期限及摊销方法为：

项目	摊销方法	摊销年限
装修费	在受益期内平均摊销	按房屋租赁期限

### 三、 重要会计政策及会计估计（续）

#### 19. 合同负债

本集团根据履行履约义务与客户付款之间的关系在资产负债表中列示合同资产或合同负债。本集团已收或应收客户对价而应向客户转让商品或提供服务的义务列示为合同负债。同一合同下的合同资产和合同负债以净额列示。

#### 20. 职工薪酬

##### 短期薪酬的会计处理方法

本集团在职工提供服务的会计期间，将实际发生的短期薪酬确认为负债，并计入当期损益或相关资产成本。

本集团为职工缴纳的社会保险费和住房公积金，在职工为本集团提供服务的会计期间，根据规定的计提基础和计提比例计算确定相应的职工薪酬金额。

本集团发生的职工福利费，在实际发生时根据实际发生额计入当期损益或相关资产成本，其中，非货币性福利按照公允价值计量。

##### 离职后福利的会计处理方法

###### *设定提存计划*

本集团按当地政府的相关规定为职工缴纳基本养老保险和失业保险，在职工为本集团提供服务的会计期间，按以当地规定的缴纳基数和比例计算应缴纳金额，确认为负债，并计入当期损益或相关资产成本。本集团按职工工资总额的一定比例向当地社会保险机构缴费，相应支出计入当期损益或相关资产成本。

###### *设定受益计划*

本集团无设定受益计划。

##### 辞退福利的会计处理方法

本集团向职工提供辞退福利的，在下列两者孰早日确认辞退福利产生的职工薪酬负债，并计入当期损益：本集团不能单方面撤回因解除劳动关系计划或裁减建议所提供的辞退福利时；本集团确认与涉及支付辞退福利的重组相关的成本或费用时。



### 三、 重要会计政策及会计估计（续）

#### 21. 租赁负债

在租赁期开始日，本集团将尚未支付的租赁付款额的现值确认为租赁负债，短期租赁和低价值资产租赁除外。在计算租赁付款额的现值时，本集团采用租赁内含利率作为折现率；无法确定租赁内含利率的，采用承租人增量借款利率作为折现率。本集团按照固定的周期性利率计算租赁负债在租赁期内各期间的利息费用，并计入当期损益，但另有规定计入相关资产成本的除外。未纳入租赁负债计量的可变租赁付款额于实际发生时计入当期损益，但另有规定计入相关资产成本的除外。

租赁期开始日后，当实质固定付款额发生变动、担保余值预计的应付金额发生变化、用于确定租赁付款额的指数或比率发生变动、购买选择权、续租选择权或终止选择权的评估结果或实际行权情况发生变化时，本集团按照变动后的租赁付款额的现值重新计量租赁负债。

#### 22. 预计负债

与或有事项相关的义务同时满足下列条件时，本集团将其确认为预计负债：

- （1） 该义务是本集团承担的现时义务；
- （2） 履行该义务很可能导致经济利益流出本集团；
- （3） 该义务的金额能够可靠地计量。

预计负债按履行相关现时义务所需的支出的最佳估计数进行初始计量。

在确定最佳估计数时，综合考虑与或有事项有关的风险、不确定性和货币时间价值等因素。对于货币时间价值影响重大的，通过对相关未来现金流出进行折现后确定最佳估计数。

所需支出存在一个连续范围，且该范围内各种结果发生的可能性相同的，最佳估计数按照该范围内的中间值确定；在其他情况下，最佳估计数分别下列情况处理：

- （1） 或有事项涉及单个项目的，按照最可能发生金额确定。
- （2） 或有事项涉及多个项目的，按照各种可能结果及相关概率计算确定。

清偿预计负债所需支出全部或部分预期由第三方补偿的，补偿金额在基本确定能够收到时，作为资产单独确认，确认的补偿金额不超过预计负债的账面价值。

本集团在资产负债表日对预计负债的账面价值进行复核，有确凿证据表明该账面价值不能反映当前最佳估计数的，按照当前最佳估计数对该账面价值进行调整。

### 三、 重要会计政策及会计估计（续）

#### 23. 股份支付

本集团的股份支付是为了获取职工或其他方提供服务而授予权益工具或者承担以权益工具为基础确定的负债的交易。本集团的股份支付分为以权益结算的股份支付和以现金结算的股份支付。

##### 以权益结算的股份支付及权益工具

以权益结算的股份支付换取职工提供服务的，以授予职工权益工具的公允价值计量。对于授予后立即可行权的股份支付交易，在授予日按照权益工具的公允价值计入相关成本或费用，相应增加资本公积。对于授予后完成等待期内的服务或达到规定业绩条件才可行权的股份支付交易，在等待期内每个资产负债表日，本集团根据对可行权权益工具数量的最佳估计，按照授予日公允价值，将当期取得的服务计入相关成本或费用，相应增加资本公积。

如果修改了以权益结算的股份支付的条款，至少按照未修改条款的情况确认取得的服务。此外，任何增加所授予权益工具公允价值的修改，或在修改日对职工有利的变更，均确认取得服务的增加。

在等待期内，如果取消了授予的权益工具，则本集团对取消所授予的权益性工具作为加速行权处理，将剩余等待期内应确认的金额立即计入当期损益，同时确认资本公积。但是，如果授予新的权益工具，并在新权益工具授予日认定所授予的新权益工具是用于替代被取消的权益工具的，则以与处理原权益工具条款和条件修改相同的方式，对所授予的替代权益工具进行处理。

#### 24. 可转换公司债券

本集团发行可转换公司债券时依据条款确定其是否同时包含负债和权益成份。发行的可转换公司债券既包含负债也包含权益成份的，在初始确认时将负债和权益成份进行分拆，并分别进行处理。在进行分拆时，先确定负债成份的公允价值并以此作为其初始确认金额，再按照可转换公司债券整体的发行价格扣除负债成份初始确认金额后的金额确定权益成份的初始确认金额。交易费用在负债成份和权益成份之间按照各自的相对公允价值进行分摊。负债成份作为负债列示，以摊余成本进行后续计量，直至被撤销、转换或赎回。权益成份作为权益列示，不进行后续计量。

### 三、 重要会计政策及会计估计（续）

#### 25. 收入

##### 收入确认和计量所采用的会计政策

本集团在履行了合同中的履约义务，即在客户取得相关商品或服务控制权时确认收入。取得相关商品或服务控制权，是指能够主导该商品或服务的使用并从中获得几乎全部的经济利益。

合同中包含两项或多项履约义务的，本集团在合同开始日，按照各单项履约义务所承诺商品或服务的单独售价的相对比例，将交易价格分摊至各单项履约义务。本集团按照分摊至各单项履约义务的交易价格计量收入。

交易价格是指本集团因向客户转让商品或服务而预期有权收取的对价金额，不包括代第三方收取的款项以及预期将退还给客户的款项。本集团根据合同条款，结合其以往的习惯做法确定交易价格，并在确定交易价格时，考虑可变对价、合同中存在的重大融资成分、非现金对价、应付客户对价等因素的影响。本集团以不超过在相关不确定性消除时累计已确认收入极可能不会发生重大转回的金额确定包含可变对价的交易价格。合同中存在重大融资成分的，本集团按照假定客户在取得商品或服务控制权时即以现金支付的应付金额确定交易价格，并在合同期间内采用实际利率法摊销该交易价格与合同对价之间的差额。满足下列条件之一的，属于在某一时段内履行履约义务，否则，属于在某一时点履行履约义务：

- （1） 客户在本集团履约的同时即取得并消耗本集团履约所带来的经济利益。
- （2） 客户能够控制本集团履约过程中在建的商品。
- （3） 本集团履约过程中所产出的商品具有不可替代用途，且本集团在整个合同期内有权就累计至今已完成的履约部分收取款项。

对于在某一时段内履行的履约义务，本集团在该段时间内按照履约进度确认收入，但是，履约进度不能合理确定的除外。本集团考虑商品或服务的性质，采用产出法或投入法确定履约进度。当履约进度不能合理确定时，已经发生的成本预计能够得到补偿的，本集团按照已经发生的成本金额确认收入，直到履约进度能够合理确定为止。

### 三、 重要会计政策及会计估计（续）

#### 25. 收入（续）

##### 收入确认和计量所采用的会计政策（续）

对于在某一时点履行的履约义务，本集团在客户取得相关商品或服务控制权时点确认收入。在判断客户是否已取得商品或服务控制权时，本集团考虑下列迹象：

- （1） 本集团就该商品或服务享有现时收款权利，即客户就该商品或服务负有现时付款义务。
- （2） 本集团已将该商品的法定所有权转移给客户，即客户已拥有该商品的法定所有权。
- （3） 本集团已将该商品实物转移给客户，即客户已实物占有该商品。
- （4） 本集团已将该商品所有权上的主要风险和报酬转移给客户，即客户已取得该商品所有权上的主要风险和报酬。
- （5） 客户已接受该商品或服务。

##### 信息技术服务业务收入确认具体原则

###### 金融数据服务收入

服务订单或合同已经签订，已经收到服务款或取得收款凭证，自服务开始提供月份起在约定服务期限内按直线法分期确认收入。

###### 广告收入

广告合同已经签订或广告执行单（广告排期）已经客户确认，广告已经发布，在提供服务时按照合同金额与广告发布执行单计算确认收入。

###### 金融电子商务服务收入

服务合同或协议已经签订，已经通过代理买卖平台提供服务和相关信息，根据合同约定的比例，在完成代理交易事项的时点确认收入。

### 三、 重要会计政策及会计估计（续）

#### 25. 收入（续）

##### 手续费及佣金收入

###### *经纪业务手续费收入*

代理买卖证券手续费收入：于代理买卖证券交易日予以确认。

代理兑付债券手续费收入：于代理兑付证券业务完成且实际收讫价款或取得收款证据时予以确认。

###### *投资银行业务手续费收入*

证券承销收入：以证券承销项目结束，根据承销协议、实际证券承销数量和收取比例等收取承销手续费后确认。

证券保荐业务收入和财务顾问收入：于各项业务提供的相关服务完成时确认收入。

###### *资产管理业务手续费收入*

定向资产管理业务于受托投资管理合同到期，与委托人结算时，按合同对规定的比例计算应由本集团享有的管理费收益，确认为当期收益；或合同中规定本集团按约定比例收取管理费和业绩报酬，则在合同期内分期确认管理费和业绩报酬收益。

集合资产管理按合同约定收取管理费的按合同规定的比例计算应由本集团享有的管理费收益，确认为当期收益；按合同约定收取业绩报酬的于集合资产计划到期时或投资者退出计划时，按约定比例收取业绩报酬，确认当期收益。

专项资产管理业务于受托投资管理合同到期，与委托人结算时，按合同对规定的比例计算应由本集团享有的管理费收益，确认为当期收益；或合同中规定本集团按约定比例收取管理费和业绩报酬，则在合同期内分期确认管理费和业绩报酬收益。

###### *期货代理业务手续费收入*

根据期货代理合同书确定的收费标准，在代理交易发生时，确定每笔交易的手续费，交易业务发生后直接在客户保证金账户中结算扣除。

###### *投资咨询业务收入*

相关的投资咨询已经提供，合同约定的经济利益能够流入企业，收入能够可靠计量时，按合同或协议规定确认收入。

### 三、 重要会计政策及会计估计（续）

#### 25. 收入（续）

##### 利息收入

本集团的利息收入主要是东方财富证券股份有限公司、哈富证券有限公司、上海东方财富期货有限公司、西藏东财基金管理有限公司等作为主营业务产生的利息收入，其他公司的利息收入计入财务费用，以下会计政策适用于利息收入作为主营业务的公司。

在与交易相关的经济利益能够流入企业，收入的金额能够可靠地计量时，按资金使用时间和实际利率确认利息收入；融资融券业务根据与客户合约的约定，按出借资金或证券的时间和约定利率确认收入；买入返售证券收入在当期到期返售的，按返售价格与买入成本之间的实际差额确认为当期收入，在当期没有到期的，期末按权责发生制原则计提利息，确认为当期收入。

### 三、 重要会计政策及会计估计（续）

#### 26. 合同成本

合同成本包括合同履约成本与合同取得成本。

本集团为履行合同而发生的成本，不属于存货、固定资产或无形资产等相关准则规范范围的，在满足下列条件时作为合同履约成本确认为一项资产：

- （1） 该成本与一份当前或预期取得的合同直接相关；
- （2） 该成本增加了本集团未来用于履行履约义务的资源；
- （3） 该成本预期能够收回。

本集团为取得合同发生的增量成本预期能够收回的，作为合同取得成本确认为一项资产。

与合同成本有关的资产采用与该资产相关的商品或服务收入确认相同的基础进行摊销；但是对于合同取得成本摊销期限未超过一年的，本集团在发生时将其计入当期损益。

与合同成本有关的资产，其账面价值高于下列两项的差额的，本集团对超出部分计提减值准备，并确认为资产减值损失：

- （1） 因转让与该资产相关的商品或服务预期能够取得的剩余对价；
- （2） 为转让该相关商品或服务估计将要发生的成本。

以前期间减值的因素之后发生变化，使得前述差额高于该资产账面价值的，本集团转回原已计提的减值准备，并计入当期损益，但转回后的资产账面价值不超过假定不计提减值准备情况下该资产在转回日的账面价值。

### 三、 重要会计政策及会计估计（续）

#### 27. 政府补助

##### 类型

政府补助，是本集团从政府无偿取得的货币性资产或非货币性资产，分为与资产相关的政府补助和与收益相关的政府补助。

与资产相关的政府补助，是指本集团取得的、用于购建或以其他方式形成长期资产的政府补助。与收益相关的政府补助，是指除与资产相关的政府补助之外的政府补助。

本集团将政府补助划分为与资产相关的具体标准为：本集团取得的、用于购建或以其他方式形成长期资产的政府补助。

本集团将政府补助划分为与收益相关的具体标准为：本集团取得的除与资产相关的政府补助之外的政府补助。

对于政府文件未明确规定补助对象的，本集团将该政府补助划分为与资产相关或与收益相关的判断依据为：将政府补助整体归类为与收益相关的政府补助。

##### 确认时点

政府补助在本集团能够满足其所附的条件并且能够收到时，予以确认。

##### 会计处理

与资产相关的政府补助，冲减相关资产账面价值或确认为递延收益。确认为递延收益的，在相关资产使用寿命内按照合理、系统的方法分期计入当期损益（与本集团日常活动相关的，计入其他收益；与本集团日常活动无关的，计入营业外收入）；

与收益相关的政府补助，用于补偿本集团以后期间的相关成本费用或损失的，确认为递延收益，并在确认相关成本费用或损失的期间，计入当期损益（与本集团日常活动相关的，计入其他收益；与本集团日常活动无关的，计入营业外收入）或冲减相关成本费用或损失；用于补偿本集团已发生的相关成本费用或损失的，直接计入当期损益（与本集团日常活动相关的，计入其他收益；与本集团日常活动无关的，计入营业外收入）或冲减相关成本费用或损失。



### 三、 重要会计政策及会计估计（续）

#### 28. 递延所得税资产和递延所得税负债

所得税包括当期所得税和递延所得税。除因企业合并和直接计入股东权益（包括其他综合收益）的交易或者事项产生的所得税外，本集团将当期所得税和递延所得税计入当期损益。

递延所得税资产和递延所得税负债根据资产和负债的计税基础与其账面价值的差额(暂时性差异)计算确认。

对于可抵扣暂时性差异确认递延所得税资产，以未来期间很可能取得的用来抵扣可抵扣暂时性差异的应纳税所得额为限。对于能够结转以后年度的可抵扣亏损和税款抵减，以很可能获得用来抵扣可抵扣亏损和税款抵减的未来应纳税所得额为限，确认相应的递延所得税资产。

对于应纳税暂时性差异，除特殊情况外，确认递延所得税负债。

不确认递延所得税资产或递延所得税负债的特殊情况包括：

- （1） 商誉的初始确认；
- （2） 既不是企业合并、发生时也不影响会计利润和应纳税所得额(或可抵扣亏损)的交易或事项。

对与子公司、联营企业及合营企业投资相关的应纳税暂时性差异，确认递延所得税负债，除非本集团能够控制该暂时性差异转回的时间且该暂时性差异在可预见的未来很可能不会转回。对与子公司、联营企业及合营企业投资相关的可抵扣暂时性差异，当该暂时性差异在可预见的未来很可能转回且未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额时，确认递延所得税资产。

资产负债表日，对于递延所得税资产和递延所得税负债，根据税法规定，按照预期收回相关资产或清偿相关负债期间的适用税率计量。

资产负债表日，本集团对递延所得税资产的账面价值进行复核。如果未来期间很可能无法获得足够的应纳税所得额用以抵扣递延所得税资产的利益，则减记递延所得税资产的账面价值。在很可能获得足够的应纳税所得额时，减记的金额予以转回。

### 三、 重要会计政策及会计估计（续）

#### 28. 递延所得税资产和递延所得税负债（续）

当拥有以净额结算的法定权利，且意图以净额结算或取得资产、清偿负债同时进行，当期所得税资产及当期所得税负债以抵销后的净额列报。

资产负债表日，递延所得税资产及递延所得税负债在同时满足以下条件时以抵销后的净额列示：

- （1） 纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利；
- （2） 递延所得税资产及递延所得税负债是与同一税收征管部门对同一纳税主体征收的所得税相关或者是对不同的纳税主体相关，但在未来每一具有重要性的递延所得税资产及负债转回的期间内，涉及的纳税主体意图以净额结算当期所得税资产和负债或是同时取得资产、清偿负债。

#### 29. 租赁

##### 经营租赁的会计处理方法

租赁（自 2021 年 1 月 1 日起适用）

##### *租赁的识别*

在合同开始日，本集团评估合同是否为租赁或者包含租赁，如果合同中一方让渡了在一定期间内控制一项或多项已识别资产使用的权利以换取对价，则该合同为租赁或者包含租赁。为确定合同是否让渡了在一定期间内控制已识别资产使用的权利，本集团评估合同中的客户是否有权获得在使用期间内因使用已识别资产所产生的几乎全部经济利益，并有权在该使用期间主导已识别资产的使用。

##### *单独租赁的识别*

合同中同时包含多项单独租赁的，本集团将合同予以分拆，并分别各项单独租赁进行会计处理。同时符合下列条件的，使用已识别资产的权利构成合同中的一项单独租赁：

- （1） 承租人可从单独使用该资产或将其与易于获得的其他资源一起使用中获利；
- （2） 该资产与合同中的其他资产不存在高度依赖或高度关联关系。

### 三、 重要会计政策及会计估计（续）

#### 29. 租赁（续）

租赁（自 2021 年 1 月 1 日起适用）（续）

##### *租赁和非租赁部分的分拆*

合同中同时包含租赁和非租赁部分的，本集团作为出租人和承租人时，将租赁和非租赁部分分拆后进行会计处理。

##### *租赁期的评估*

租赁期是本集团有权使用租赁资产且不可撤销的期间。本集团有续租选择权，即有权选择续租该资产，且合理确定将行使该选择权的，租赁期还包含续租选择权涵盖的期间。本集团有终止租赁选择权，即有权选择终止租赁该资产，但合理确定将不会行使该选择权的，租赁期包含终止租赁选择权涵盖的期间。发生本集团可控范围内的重大事件或变化，且影响本集团是否合理确定将行使相应选择权的，本集团对其是否合理确定将行使续租选择权、购买选择权或不行使终止租赁选择权进行重新评估。

##### *作为承租人*

##### *租赁变更*

租赁变更是原合同条款之外的租赁范围、租赁对价、租赁期限的变更，包括增加或终止一项或多项租赁资产的使用权，延长或缩短合同规定的租赁期等。

租赁发生变更且同时符合下列条件的，本集团将该租赁变更作为一项单独租赁进行会计处理：

- （1） 该租赁变更通过增加一项或多项租赁资产的使用权而扩大了租赁范围；
- （2） 增加的对价与租赁范围扩大部分的单独价格按该合同情况调整后的金额相当。

租赁变更未作为一项单独租赁进行会计处理的，在租赁变更生效日，本集团重新确定租赁期，并采用修订后的折现率对变更后的租赁付款额进行折现，以重新计量租赁负债。在计算变更后租赁付款额的现值时，本集团采用剩余租赁期间的租赁内含利率作为折现率；无法确定剩余租赁期间的租赁内含利率的，采用租赁变更生效日的本集团增量借款利率作为折现率。

### 三、 重要会计政策及会计估计（续）

#### 29. 租赁（续）

租赁（自 2021 年 1 月 1 日起适用）（续）

就上述租赁负债调整的影响，本集团区分以下情形进行会计处理：

- （1） 租赁变更导致租赁范围缩小或租赁期缩短的，本集团调减使用权资产的账面价值，以反映租赁的部分终止或完全终止，部分终止或完全终止租赁的相关利得或损失计入当期损益；
- （2） 其他租赁变更，本集团相应调整使用权资产的账面价值。

##### *短期租赁和低价值资产租赁*

本集团将在租赁期开始日，租赁期不超过 12 个月，且不包含购买选择权的租赁认定为短期租赁；将单项租赁资产为全新资产时价值较低的租赁认定为低价值资产租赁。本集团转租或预期转租租赁资产的，原租赁不认定为低价值资产租赁。本集团对短期租赁和低价值资产租赁选择不确认使用权资产和租赁负债。在租赁期内各个期间按照直线法计入相关的资产成本或当期损益。

##### *作为出租人*

租赁开始日实质上转移了与租赁资产所有权有关的几乎全部风险和报酬的租赁为融资租赁，除此之外的均为经营租赁。本集团作为转租出租人时，基于原租赁产生的使用权资产对转租赁进行分类。

##### *作为经营租赁出租人*

经营租赁的租金收入在租赁期内各个期间按直线法确认为当期损益，未计入租赁收款额的可变租赁付款额在实际发生时计入当期损益。

经营租赁发生变更的，本集团自变更生效日起将其作为一项新租赁进行会计处理，与变更前租赁有关的预收或应收租赁收款额视为新租赁的收款额。

### 三、 重要会计政策及会计估计（续）

#### 29. 租赁（续）

租赁（适用于 2020 年度）

实质上转移了与资产所有权有关的全部风险和报酬的租赁为融资租赁，除此之外的均为经营租赁。

##### *作为经营租赁承租人*

经营租赁的租金支出，在租赁期内各个期间按照直线法计入相关的资产成本或当期损益，或有租金在实际发生时计入当期损益。

##### *作为经营租赁出租人*

经营租赁的租金收入在租赁期内各个期间按直线法确认为当期损益，或有租金在实际发生时计入当期损益。

### 三、 重要会计政策及会计估计（续）

#### 30. 分部报告

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部，以经营分部为基础确定报告分部并披露分部信息。

经营分部是指本集团内同时满足下列条件的组成部分：

- （1） 该组成部分能够在日常活动中产生收入、发生费用；
- （2） 本集团管理层能够定期评价该组成部分的经营成果，以决定向其配置资源、评价其业绩；
- （3） 本集团能够取得该组成部分的财务状况、经营成果和现金流量等有关会计信息。

两个或多个经营分部具有相似的经济特征，并且满足一定条件的，则可合并为一个经营分部。

#### 31. 附回购条件的资产转让

##### 买入返售金融资产

根据协议承诺将于未来某确定日期返售的金融资产不在资产负债表内予以确认。买入该等资产所支付的成本，在资产负债表中作为买入返售金融资产列示。买入价与返售价之间的差额在协议期内按实际利率法确认，计入利息收入。

##### 卖出回购金融资产款

根据协议承诺将于未来某确定日期回购的已售出的金融资产不在资产负债表内予以终止确认。出售该等资产所得的款项，在资产负债表中作为卖出回购金融资产款列示。售价与回购价之间的差额在协议期内按实际利率法确认，计入利息支出。

#### 32. 融资融券业务

融资融券业务，是指本集团向客户出借资金供其买入证券或者出借证券供其卖出，并由客户交存相应担保物的经营活动。融资融券业务，分为融资业务和融券业务两类。

本集团对融出的资金，确认应收债权，并确认相应利息收入；对融出的证券，不终止确认该证券，仍按原金融资产类别进行会计处理，并确认相应利息收入。

对客户融资融券并代客户买卖证券时，作为证券经纪业务进行会计处理。

### 三、 重要会计政策及会计估计（续）

#### 33. 重要会计政策和会计估计的变更

##### 重要会计政策变更

##### *新租赁准则*

2018 年，财政部颁布了修订的《企业会计准则第 21 号——租赁》（简称“新租赁准则”），新租赁准则采用与现行融资租赁会计处理类似的单一模型，要求承租人对除短期租赁和低价值资产租赁以外的所有租赁确认使用权资产和租赁负债，并分别确认折旧和利息费用。本集团自 2021 年 1 月 1 日开始按照新修订的租赁准则进行会计处理，对首次执行日前已存在的合同，选择不重新评估其是否为租赁或者包含租赁，并根据衔接规定，对可比期间信息不予调整，首次执行日新租赁准则与现行租赁准则的差异追溯调整本报告期期初留存收益：

- （1） 对于首次执行日之前的经营租赁，本集团根据剩余租赁付款额按首次执行日的增量借款利率折现的现值计量租赁负债，并根据每项租赁按照与租赁负债相等的金额，并根据预付租金进行必要调整计量使用权资产。
- （2） 本集团对使用权资产进行减值测试并进行相应的会计处理。

本集团对首次执行日之前租赁资产属于低价值资产的经营租赁或将于 12 个月内完成的经营租赁，采用简化处理，未确认使用权资产和租赁负债。此外，本集团对于首次执行日之前的经营租赁，采用了下列简化处理：

- （1） 计量租赁负债时，具有相似特征的租赁可采用同一折现率；使用权资产的计量可不包含初始直接费用；
- （2） 存在续租选择权或终止租赁选择权的，本集团根据首次执行日前选择权的实际行使及其他最新情况确定租赁期；
- （3） 作为使用权资产减值测试的替代，本集团评估了包含租赁的合同在首次执行日前是否为亏损合同，并根据首次执行日前计入资产负债表的亏损准备金额调整使用权资产；
- （4） 首次执行日前的租赁变更，本集团根据租赁变更的最终安排进行会计处理。

### 三、 重要会计政策及会计估计（续）

#### 33. 重要会计政策和会计估计的变更（续）

执行新租赁准则对 2021 年 1 月 1 日资产负债表项目的影响如下：

##### 合并资产负债表

	2020年12月31日	调整	2021年1月1日
资产			
预付款项	106,959,684.71	(12,865,388.24)	94,094,296.47
使用权资产	-	161,266,325.97	161,266,325.97
负债			
一年内到期的非流动负债	2,239,377,911.52	66,085,971.90	2,305,463,883.42
租赁负债	-	82,314,965.83	82,314,965.83

##### 公司资产负债表

	2020年12月31日	调整	2021 年 1 月 1 日
资产			
预付款项	48,604,726.10	(2,538,599.54)	46,066,126.56
使用权资产	-	50,811,159.83	50,811,159.83
负债			
一年内到期的非流动负债	-	15,500,148.21	15,500,148.21
租赁负债	-	32,772,412.08	32,772,412.08



#### 四、 税项

##### 1. 主要税种和税率

增值税	按税法规定计算的销售货物和应税劳务收入为基础计算销项税额，在扣除当期允许抵扣的进项税额后，差额部分为应交增值税	3%、5%、6%、9%、13%
城市维护建设税	按实际缴纳的增值税及消费税计缴	1%、5%、7%
企业所得税	按应纳税所得额计缴	15%、25%

存在不同企业所得税税率纳税主体的，披露情况说明

纳税主体名称	所得税税率
东方财富信息股份有限公司	15%
东方财富证券股份有限公司	15%
西藏东方财富投资管理有限公司	15%
西藏东财基金管理有限公司	15%
注册在中国大陆以外国家及地区的公司	按当地税收政策计缴各项税费 25%（符合《财政部 税务总局关于实施小微企业普惠性税收减免政策的通知》（财税[2019]13 号）条件的，执行小微企业所得税优惠税率）
合并范围其他子（孙）公司	

#### 四、 税项（续）

##### 2. 税收优惠

企业所得税优惠情况：

##### 东方财富信息股份有限公司

公司于 2019 年 10 月取得由上海市科学技术委员会、上海市财政局、国家税务总局上海市税务局联合颁发的高新技术企业证书，有效期三年。公司可享受自 2019 年度至 2021 年度三年 15%的企业所得税税收优惠。因此，2020 年度及 2021 年半年度公司实际适用企业所得税税率为 15%。

##### 东方财富证券股份有限公司及子公司西藏东方财富投资管理有限公司、西藏东财基金管理有限公司

根据《财政部、税务总局、国家发展改革委关于延续西部大开发企业所得税政策的公告》（财政部公告 2020 年第 23 号），及《西藏自治区人民政府关于印发西藏自治区招商引资优惠政策若干规定的通知》（藏政发[2021]9 号），东方财富证券股份有限公司及子公司西藏东方财富投资管理有限公司、西藏东财基金管理有限公司本年适用企业所得税税率为 15%，同时减半征收属于西藏自治区地方分享的部分。

## 五、 合并财务报表项目注释

### 1. 货币资金

	2021 年 6 月 30 日	2020 年 12 月 31 日
库存现金	77,765.69	174,400.35
银行存款	54,523,883,000.93	41,365,935,302.36
其中：客户存款	47,917,660,441.76	36,781,607,801.53
公司存款	6,606,222,559.17	4,584,327,500.83
其他货币资金	33,737,648.85	18,887,190.24
	<u>54,557,698,415.47</u>	<u>41,384,996,892.95</u>
小计		
加：应计利息	<u>34,730,844.09</u>	<u>35,493,540.82</u>
	<u>54,592,429,259.56</u>	<u>41,420,490,433.77</u>

其中因抵押、质押或冻结等对使用有限制的货币资金明细如下：

	2021 年 6 月 30 日	2020 年 12 月 31 日
保险经纪业务资本保证金	5,000,000.00	5,000,000.00
一般风险准备专户存款	<u>2,248,433.19</u>	<u>1,215,301.64</u>
	<u>7,248,433.19</u>	<u>6,215,301.64</u>

于 2021 年 6 月 30 日，本集团存放在境外（包括香港）的货币资金折合人民币 1,528,691,384.96 元（2020 年 12 月 31 日：人民币 1,606,897,041.73 元）。

## 五、 合并财务报表项目注释（续）

### 2. 结算备付金

	2021 年 6 月 30 日			2020 年 12 月 31 日		
	原币金额	折算率	折人民币金额	原币金额	折算率	折人民币金额
自有备付金			445,529,807.24			139,925,515.38
其中：人民币	443,176,229.27	1.0000	443,176,229.27	134,829,281.17	1.0000	134,829,281.17
美元	355,795.92	6.4601	2,298,477.22	506,195.80	6.5249	3,302,876.98
港币	66,220.49	0.8321	55,100.75	2,130,788.97	0.8416	1,793,357.23
客户备付金			6,703,469,741.41			5,465,146,358.42
其中：人民币	6,643,883,524.68	1.0000	6,643,883,524.68	5,433,092,607.09	1.0000	5,433,092,607.09
美元	8,293,103.64	6.4601	53,574,278.83	3,978,983.84	6.5249	25,962,471.66
港币	7,225,192.18	0.8321	6,011,937.90	7,237,393.27	0.8416	6,091,279.67
自有信用备付金			627,785,361.32			401,968,496.36
其中：人民币	627,785,361.32	1.0000	627,785,361.32	401,968,496.36	1.0000	401,968,496.36
客户信用备付金			759,786,401.61			645,205,499.17
其中：人民币	759,786,401.61	1.0000	759,786,401.61	645,205,499.17	1.0000	645,205,499.17
应计利息			3,683,201.29			-
			<u>8,540,254,512.87</u>			<u>6,652,245,869.33</u>

## 五、 合并财务报表项目注释（续）

### 3. 融出资金

#### (1) 按业务类别列示

	2021 年 6 月 30 日	2020 年 12 月 31 日
融资融券业务融出资金	36,415,507,447.90	29,393,883,394.66
孖展融资及新股认购融资	<u>3,736,919,663.49</u>	<u>381,806,540.81</u>
小计	<u>40,152,427,111.39</u>	<u>29,775,689,935.47</u>
加：应计利息	352,370,645.23	364,813,319.81
减：减值准备	<u>75,822,629.58</u>	<u>68,117,784.86</u>
账面价值合计	<u>40,428,975,127.04</u>	<u>30,072,385,470.42</u>

注：于 2021 年 6 月 30 日，上述融出资金中因进行融资业务债权收益权转让及回购业务而受限的金额为 2,077,661,360.64 元（2020 年 12 月 31 日：人民币 3,578,007,335.91 元）。

#### (2) 按客户类别列示

	2021 年 6 月 30 日	2020 年 12 月 31 日
其中：个人	39,365,123,594.89	28,841,897,179.10
机构	<u>787,303,516.50</u>	<u>933,792,756.37</u>
小计	<u>40,152,427,111.39</u>	<u>29,775,689,935.47</u>
加：应计利息	352,370,645.23	364,813,319.81
减：减值准备	<u>75,822,629.58</u>	<u>68,117,784.86</u>
账面价值合计	<u>40,428,975,127.04</u>	<u>30,072,385,470.42</u>

## 五、 合并财务报表项目注释（续）

### 3. 融出资金（续）

#### (3) 客户因融资融券业务向本集团提供的担保物公允价值情况

担保物类别	2021 年 6 月 30 日 公允价值	2020 年 12 月 31 日 公允价值
资金	4,339,644,235.27	3,382,538,134.55
股票	110,944,335,551.16	85,210,230,801.65
基金	4,041,512,271.56	3,587,485,334.21
债券	310,508,907.01	286,918,511.42
	<u>119,636,000,965.00</u>	<u>92,467,172,781.83</u>

### 4. 交易性金融资产

	2021 年 6 月 30 日	2020 年 12 月 31 日
以公允价值计量且其变动计入 当期损益的金融资产		
债券	13,296,046,743.91	8,262,074,139.28
基金	6,042,705,454.03	1,862,969,825.18
银行理财和结构性存款	4,187,493,449.05	2,317,491,036.71
股票及新三板	291,235,992.03	322,195,074.28
券商资管产品	16,469,823.76	4,824,403.40
其他	73,164.00	62,298,920.00
	<u>23,834,024,626.78</u>	<u>12,831,853,398.85</u>

## 五、 合并财务报表项目注释（续）

### 5. 衍生金融工具

	2021 年 6 月 30 日			2020 年 12 月 31 日		
	名义金额	非套期工具		名义金额	非套期工具	
		公允价值 资产	公允价值 负债		公允价值 资产	公允价值 负债
利率互换业务	-	-	-	1,600,000,000.00	145,448.62	-
抵消：利率互换待结算款	-	-	-	-	(145,448.62)	-
股指期货（注 1）	1,292,290,480.00	-	52,053,100.00	807,906,580.00	-	14,731,800.00
抵消：股指期货待结算款	-	-	(52,053,100.00)	-	-	(14,731,800.00)
国债期货（注 2）	2,590,000,000.00	-	4,696,350.00	-	-	-
抵消：国债期货待结算款	-	-	(4,696,350.00)	-	-	-
期权	2,850,945,311.60	33,414,301.56	28,750,847.01	114,000,000.00	-	160,454.38
收益互换	2,153,317,839.92	29,432,451.85	17,422,811.63	52,225,535.60	-	270,514.42
	<u>8,886,553,631.52</u>	<u>62,846,753.41</u>	<u>46,173,658.64</u>	<u>2,574,132,115.60</u>	<u>-</u>	<u>430,968.80</u>

注 1：本集团持有的股指期货投资为每日无负债结算，本集团其他货币资金已包括 2021 年 6 月 30 日所有股指期货业务产生的持仓损益金额，账面价值按抵消后的净额列示，为人民币零元。

注 2：本集团持有的国债期货投资为每日无负债结算，本集团其他货币资金已包括 2021 年 6 月 30 日所有国债期货业务产生的持仓损益金额，账面价值按抵消后的净额列示，为人民币零元。

## 五、合并财务报表项目注释（续）

### 6. 应收账款

#### (1) 应收账款按账龄披露

账龄	2021 年 6 月 30 日	2020 年 12 月 31 日
1 年以内	1,397,479,723.36	761,376,248.61
1 至 2 年	1,180,461.16	3,969,849.75
2 至 3 年	1,501,794.61	1,528,853.43
3 年以上	<u>9,252,179.14</u>	<u>8,517,144.97</u>
小计	<u>1,409,414,158.27</u>	<u>775,392,096.76</u>
减：坏账准备	<u>80,538,323.21</u>	<u>49,370,174.16</u>
合计	<u><u>1,328,875,835.06</u></u>	<u><u>726,021,922.60</u></u>



## 五、合并财务报表项目注释（续）

### 6. 应收账款（续）

#### (2) 应收账款按坏账计提方法分类披露

类别	2021 年 6 月 30 日					2020 年 12 月 31 日				
	账面余额		坏账准备		账面价值	账面余额		坏账准备		账面价值
	金额	比例 (%)	金额	计提比例 (%)		金额	比例 (%)	金额	计提比例 (%)	
按单项计提坏账准备	5,343,362.02	0.38	3,285,807.53	61.49	2,057,554.49	5,319,202.60	0.69	3,285,807.53	61.77	2,033,395.07
按组合计提坏账准备	1,404,070,796.25	99.62	77,252,515.68	5.50	1,326,818,280.57	770,072,894.16	99.31	46,084,366.63	5.98	723,988,527.53
合计	1,409,414,158.27	100.00	80,538,323.21	5.71	1,328,875,835.06	775,392,096.76	100.00	49,370,174.16	6.37	726,021,922.60

## 五、合并财务报表项目注释（续）

### 6. 应收账款（续）

#### (2) 应收账款按坏账计提方法分类披露（续）

按单项计提坏账准备：

	2021 年 6 月 30 日			
	账面余额	坏账准备	计提比例 (%)	计提理由
证券业务	2,269,259.59	2,269,259.59	100.00	预计无法收回
公募基金业务	2,057,554.49	-	-	
互联网广告 服务业务	1,001,600.00	1,001,600.00	100.00	预计无法收回
金融电子商务 服务业务	14,947.94	14,947.94	100.00	预计无法收回
	<u>5,343,362.02</u>	<u>3,285,807.53</u>		

按组合计提坏账准备：

	2021 年 6 月 30 日		
	应收账款	坏账准备	计提比例 (%)
1 年以内	1,395,422,168.87	69,771,108.44	5.00
1 至 2 年	1,180,461.16	354,138.34	30.00
2 至 3 年	681,794.65	340,897.33	50.00
3 年以上	6,786,371.57	6,786,371.57	100.00
	<u>1,404,070,796.25</u>	<u>77,252,515.68</u>	

#### (3) 本期计提、转回或收回的坏账准备情况

	期初余额	计提	本期变动金额 收回或转回	转销或核销	期末余额
按单项计提坏账准备	3,285,807.53	-	-	-	3,285,807.53
按组合计提坏账准备	46,084,366.63	31,168,149.05	-	-	77,252,515.68
	<u>49,370,174.16</u>	<u>31,168,149.05</u>	<u>-</u>	<u>-</u>	<u>80,538,323.21</u>

## 五、合并财务报表项目注释（续）

### 6. 应收账款（续）

#### (4) 按欠款方归集的期末余额前五名的应收账款情况

按欠款方归集的期末余额前五名应收账款汇总金额 526,154,781.05 元，占应收账款期末余额合计数的比例 37.33%，相应计提的坏账准备期末余额汇总金额 26,687,739.05 元。

### 7. 预付款项

#### (1) 预付款项按账龄列示

账龄	2021 年 6 月 30 日		2020 年 12 月 31 日	
	金额	比例(%)	金额	比例(%)
1 年以内	144,391,236.74	95.75	105,459,239.76	98.59
1 至 2 年	6,235,583.18	4.13	712,205.19	0.67
2 至 3 年	167,436.13	0.11	788,239.76	0.74
3 年以上	19,417.47	0.01	-	-
合计	<u>150,813,673.52</u>	<u>100.00</u>	<u>106,959,684.71</u>	<u>100.00</u>

#### (2) 按预付对象归集的期末余额前五名的预付款情况

按预付对象集中度归集的期末余额前五名预付款项汇总金额人民币 81,593,687.55 元，占预付款项期末余额合计数的比例 54.10%。

## 五、合并财务报表项目注释（续）

### 8. 其他应收款

	2021 年 6 月 30 日	2020 年 12 月 31 日
应收股利	13,500,000.00	-
其他应收款	<u>12,854,051,041.00</u>	<u>9,801,549,035.32</u>
	<u>12,867,551,041.00</u>	<u>9,801,549,035.32</u>

#### 应收股利

项目	2021 年 6 月 30 日	2020 年 12 月 31 日
漫道金服	<u>13,500,000.00</u>	<u>-</u>
	<u>13,500,000.00</u>	<u>-</u>

#### 其他应收款

##### (1) 按账龄披露

	2021 年 6 月 30 日	2020 年 12 月 31 日
1 年以内	12,832,334,060.91	9,805,203,787.87
1 至 2 年	31,351,569.17	11,036,475.33
2 至 3 年	13,540,615.90	22,957,093.10
3 年以上	<u>205,855,815.05</u>	<u>188,390,513.82</u>
小计	<u>13,083,082,061.03</u>	<u>10,027,587,870.12</u>
减：坏账准备	229,031,020.03	226,038,834.80
合计	<u>12,854,051,041.00</u>	<u>9,801,549,035.32</u>

## 五、合并财务报表项目注释（续）

### 8. 其他应收款（续）

#### 其他应收款（续）

#### (2) 坏账准备计提情况

	第一阶段 未来 12 个月预期 信用损失	第二阶段 整个存续期预期信用损 失(未发生信用减值)	第三阶段 整个存续期预期信用损 失(已发生信用减值)	合计
期初余额	16,153,238.89	-	209,885,595.91	226,038,834.80
本期计提	2,189,382.64	-	817,721.04	3,007,103.68
收回或转回	-	-	14,918.45	14,918.45
期末余额	18,342,621.53	-	210,688,398.50	229,031,020.03

#### (3) 本期计提、转回或收回的坏账准备情况

类别	期初余额	计提	本期变动金额 收回或转回	转销或核销	期末余额
按单项计提坏账准备	209,885,595.91	817,721.04	14,918.45	-	210,688,398.50
按组合计提坏账准备	16,153,238.89	2,189,382.64	-	-	18,342,621.53
合计	226,038,834.80	3,007,103.68	14,918.45	-	229,031,020.03

## 五、合并财务报表项目注释（续）

### 8. 其他应收款（续）

#### 其他应收款（续）

#### (4) 本期实际核销的其他应收款情况

本期无实际核销的其他应收款项。

#### (5) 按款项性质分类情况

	2021年6月30日	2020年12月31日
应收基金销售业务赎回款	8,115,640,500.27	5,162,385,758.16
代垫基金销售业务赎回款	4,395,280,837.53	2,848,674,493.58
应收经纪业务清算款	251,771,119.40	1,750,518,778.87
应收逾期投资款	128,825,420.00	128,825,420.00
押金、保证金	28,114,085.52	21,938,272.92
应收第三方支付平台结算款	5,350,120.69	10,026,940.43
其他款项	158,099,977.62	105,218,206.16
	<u>13,083,082,061.03</u>	<u>10,027,587,870.12</u>

#### (6) 按欠款方归集的期末余额前五名的其他应收款情况

单位名称	款项性质	期末余额	账龄	占其他应收款项期末余额合计数的比例(%)	坏账准备期末余额
安徽蓝博旺机械集团					
合诚机械有限公司	应收逾期投资款	70,923,420.00	3年以上	0.54	70,923,420.00
保定天威集团有限公司	应收逾期投资款	57,902,000.00	3年以上	0.44	57,902,000.00
上海盈方微电子技术有限公司	其他款项	46,696,398.13	3年以上	0.36	46,696,398.13
济南玉翰房地产开发有限公司	其他款项	20,615,000.00	1年以内	0.16	6,176,913.26
盛海燕	应收逾期融资融券客户款	15,690,350.55	3年以上	0.12	15,690,350.55
		<u>211,827,168.68</u>		<u>1.62</u>	<u>197,389,081.94</u>

## 五、 合并财务报表项目注释（续）

### 9. 存出保证金

	2021 年 6 月 30 日			2020 年 12 月 31 日		
	原币金额	折算率	折人民币金额	原币金额	折算率	折人民币金额
交易保证金			3,428,282,393.09			2,026,528,270.24
其中：人民币	3,411,595,668.80	1.0000	3,411,595,668.80	2,017,178,382.56	1.0000	2,017,178,382.56
美元	200,000.00	6.4601	1,292,020.00	200,000.00	6.5249	1,304,980.00
港币	18,501,471.36	0.8321	15,394,704.29	9,558,609.00	0.8416	8,044,907.68
信用保证金			37,702,526.72			43,939,458.79
其中：人民币	37,702,526.72	1.0000	37,702,526.72	43,939,458.79	1.0000	43,939,458.79
			<u>3,465,984,919.81</u>			<u>2,070,467,729.03</u>

### 10. 买入返售金融资产

#### (1) 按业务类别

	2021 年 6 月 30 日	2020 年 12 月 31 日
股票质押式回购	690,000,000.00	862,220,021.18
债券质押式回购	<u>256,500,000.00</u>	<u>29,300,000.00</u>
小计	<u>946,500,000.00</u>	<u>891,520,021.18</u>
加：应计利息	3,985,373.49	4,465,626.77
减：减值准备	<u>5,586.18</u>	<u>947,056.69</u>
	<u>950,479,787.31</u>	<u>895,038,591.26</u>

## 五、 合并财务报表项目注释（续）

### 10. 买入返售金融资产（续）

#### (2) 按金融资产种类

	2021 年 6 月 30 日	2020 年 12 月 31 日
股票	690,000,000.00	862,220,021.18
债券	256,500,000.00	29,300,000.00
	<u>946,500,000.00</u>	<u>891,520,021.18</u>
加：应计利息	3,985,373.49	4,465,626.77
减：减值准备	<u>5,586.18</u>	<u>947,056.69</u>
	<u>950,479,787.31</u>	<u>895,038,591.26</u>

#### (3) 股票质押式回购业务按剩余期限分类披露

	2021 年 6 月 30 日	2020 年 12 月 31 日
一个月以内	-	12,220,021.18
三个月至一年内	390,000,000.00	550,000,000.00
一年以上	<u>300,000,000.00</u>	<u>300,000,000.00</u>
	<u>690,000,000.00</u>	<u>862,220,021.18</u>

#### (4) 买入返售金融资产的担保物情况

截至 2021 年 6 月 30 日，本集团开展股票质押式回购业务收取的担保物价值为人民币 3,848,029,800.00 元，银行间逆回购业务收取的担保物价值为人民币 108,700,000.00 元。对于通过交易所操作的国债逆回购交易，因其为交易所自动撮合并保证担保物足值，因此无法获知对手方质押库信息，故上述担保物公允价值未包括交易所国债逆回购所取得的担保物资产的公允价值。



## 五、 合并财务报表项目注释（续）

### 11. 其他流动资产

	2021 年 6 月 30 日	2020 年 12 月 31 日
短期收益凭证	-	69,620,678.62
待认证进项税	6,786,147.76	4,289,928.71
待抵扣及留抵进项税额	7,114,891.80	6,136,102.33
预缴企业所得税	1,591,632.38	153,777.92
预缴资管流转税	55,261.82	1,308,126.60
	<u>15,547,933.76</u>	<u>81,508,614.18</u>

### 12. 发放贷款和垫款

#### (1) 以摊余成本计量的发放贷款

	2021 年 6 月 30 日		2020 年 12 月 31 日	
	金额	比例 (%)	金额	比例 (%)
信用贷	<u>5,614,789.13</u>	<u>100.00</u>	<u>37,831,383.41</u>	<u>100.00</u>
小计	<u>5,614,789.13</u>	<u>100.00</u>	<u>37,831,383.41</u>	<u>100.00</u>
加：应计利息	60,157.13		271,069.04	
减：减值准备	<u>821,332.48</u>		<u>964,311.06</u>	
	<u>4,853,613.78</u>		<u>37,138,141.39</u>	

## 五、 合并财务报表项目注释（续）

### 13. 其他债权投资

于 2021 年 6 月 30 日：

	期初余额	成本	应计利息	本期公允价值变动	期末余额	累计公允价值变动	累计在其他综合收益 中确认的损失准备
地方债	-	5,106,612,352.02	50,037,654.37	18,795,157.94	5,175,445,164.33	18,795,157.94	121,846.41
金融债	-	2,057,306,708.00	56,854,129.00	22,386,056.00	2,136,546,893.00	22,386,056.00	105,238.89
企业债	-	422,830,762.01	8,890,860.00	4,926,997.99	436,648,620.00	4,926,997.99	220,962.06
国债	-	1,006.80	14.73	(1.04)	1,020.49	(1.04)	0.24
其他	-	281,861,540.00	6,828,000.00	3,045,530.00	291,735,070.00	3,045,530.00	137,934.13
	-	<u>7,868,612,368.83</u>	<u>122,610,658.10</u>	<u>49,153,740.89</u>	<u>8,040,376,767.82</u>	<u>49,153,740.89</u>	<u>585,981.73</u>

于 2020 年 12 月 31 日：无

## 五、 合并财务报表项目注释（续）

### 13. 其他债权投资（续）

其他债权投资预期信用损失准备的变动如下：

于 2021 年 6 月 30 日：

	第一阶段 未来12个月 预期信用损失	第二阶段 整个存续期 预期信用损失 (未发生 信用减值)	第三阶段 整个存续期 预期信用损失 (已发生 信用减值)	合计
期初余额	-	-	-	-
本期计提	<u>585,981.73</u>	<u>-</u>	<u>-</u>	<u>585,981.73</u>
期末余额	<u>585,981.73</u>	<u>-</u>	<u>-</u>	<u>585,981.73</u>

## 五、 合并财务报表项目注释（续）

### 14. 长期股权投资

被投资单位	期初余额	本期增减变动		期末余额	减值准备 期末余额
		权益法下确认 的投资损益	宣告发放现金股 利或利润		
联营企业					
上海漫道金融信息服 务股份有限公司	405,855,900.97	5,348,340.44	72,900,000.00	338,304,241.41	25,120,485.00
中证信用云科技（深 圳）股份有限公司	<u>45,666,841.87</u>	<u>2,210,635.78</u>	<u>7,000,000.00</u>	<u>40,877,477.65</u>	<u>-</u>
小计	<u>451,522,742.84</u>	<u>7,558,976.22</u>	<u>79,900,000.00</u>	<u>379,181,719.06</u>	<u>25,120,485.00</u>
	451,522,742.84	7,558,976.22	79,900,000.00	379,181,719.06	25,120,485.00

### 15. 其他非流动金融资产

	2021 年 6 月 30 日	2020 年 12 月 31 日
以公允价值计量且其变动计入 当期损益的金融资产	204,889,094.07	123,926,074.02
其中：权益工具投资	204,889,094.07	123,926,074.02
	204,889,094.07	123,926,074.02

### 16. 固定资产

#### (1) 固定资产及固定资产清理

	2021 年 6 月 30 日	2020 年 12 月 31 日
固定资产	1,735,428,698.61	1,763,881,149.40
	1,735,428,698.61	1,763,881,149.40

## 五、 合并财务报表项目注释（续）

### 16. 固定资产（续）

#### (2) 固定资产情况

	房屋及建筑物	运输工具	通用设备	专用设备	合计
1. 账面原值					
（1）期初余额	1,873,037,532.10	17,348,378.78	59,491,756.99	744,664,881.58	2,694,542,549.45
（2）本期增加金额	-	1,956,373.87	1,932,868.81	75,186,364.65	79,075,607.33
—购置	-	1,956,373.87	1,932,868.81	65,668,905.54	69,558,148.22
—在建工程转入	-	-	-	9,517,459.11	9,517,459.11
（3）本期减少金额	-	716,159.55	34,649.00	7,905,944.56	8,656,753.11
—处置或报废	-	716,159.55	34,649.00	7,905,944.56	8,656,753.11
（4）外币报表折算差额	-	-	(214,478.71)	-	(214,478.71)
（5）期末余额	<u>1,873,037,532.10</u>	<u>18,588,593.10</u>	<u>61,175,498.09</u>	<u>811,945,301.67</u>	<u>2,764,746,924.96</u>
2. 累计折旧					
（1）期初余额	414,043,579.82	14,400,300.85	45,252,139.88	456,965,379.50	930,661,400.05
（2）本期增加金额	48,914,260.98	515,731.58	2,938,304.27	54,640,405.75	107,008,702.58
—计提	48,914,260.98	515,731.58	2,938,304.27	54,640,405.75	107,008,702.58
（3）本期减少金额	-	644,677.35	39,672.93	7,493,257.73	8,177,608.01
—处置或报废	-	644,677.35	39,672.93	7,493,257.73	8,177,608.01
（4）外币报表折算差额	-	-	(174,268.27)	-	(174,268.27)
（5）期末余额	<u>462,957,840.80</u>	<u>14,271,355.08</u>	<u>47,976,502.95</u>	<u>504,112,527.52</u>	<u>1,029,318,226.35</u>
3. 账面价值					
（1）期末账面价值	<u>1,410,079,691.30</u>	<u>4,317,238.02</u>	<u>13,198,995.14</u>	<u>307,832,774.15</u>	<u>1,735,428,698.61</u>
（2）期初账面价值	<u>1,458,993,952.28</u>	<u>2,948,077.93</u>	<u>14,239,617.11</u>	<u>287,699,502.08</u>	<u>1,763,881,149.40</u>

## 五、 合并财务报表项目注释（续）

### 16. 固定资产（续）

#### (3) 暂时闲置的固定资产

本集团无暂时闲置的固定资产。

#### (4) 通过融资租赁租入的固定资产情况

本集团无融资租赁租入的固定资产。

#### (5) 通过经营租赁租出的固定资产情况

2021 年 6 月 30 日账面价值

上海市松江区民强路 1525 号 10 幢	10,815,719.03
上海市永和路 118 弄东方环球企业中心 42 号	15,072,354.33
	<u>25,888,073.36</u>

#### (6) 未办妥产权证书的固定资产情况

本集团无未办妥产权证书的固定资产。

### 17. 在建工程

#### (1) 在建工程及工程物资

	2021 年 6 月 30 日	2020 年 12 月 31 日
在建工程	<u>48,714,084.51</u>	<u>36,294,004.57</u>
	<u>48,714,084.51</u>	<u>36,294,004.57</u>

## 五、 合并财务报表项目注释（续）

### 17. 在建工程（续）

#### (2) 在建工程情况

	2021 年 6 月 30 日			2020 年 12 月 31 日		
	账面余额	减值准备	账面价值	账面余额	减值准备	账面价值
证券营业部及子公司装修工程	290,898.76	-	290,898.76	1,041,812.32	-	1,041,812.32
软件系统及设备	9,477,020.57	-	9,477,020.57	10,288,994.54	-	10,288,994.54
嘉定新城中心 B16-1 地块项目	38,946,165.18	-	38,946,165.18	24,963,197.71	-	24,963,197.71
	<u>48,714,084.51</u>	<u>-</u>	<u>48,714,084.51</u>	<u>36,294,004.57</u>	<u>-</u>	<u>36,294,004.57</u>

#### (3) 重要的在建工程项目本期变动情况

	预算数	期初余额	本期增加金额	本期转入固定资产金额	本期其他减少金额	期末余额	工程累计投入占预算比例	利息资本化累计金额	其中：本期利息资本化金额	本期利息资本化率（%）	资金来源
嘉定新城中心 B16-1 地块项目	1,445,490,000.00	24,963,197.71	13,982,967.47	-	-	38,946,165.18	15.17%	-	-	-	自有资金及银行贷款
	<u>1,445,490,000.00</u>	<u>24,963,197.71</u>	<u>13,982,967.47</u>	<u>-</u>	<u>-</u>	<u>38,946,165.18</u>		<u>-</u>	<u>-</u>	<u>-</u>	

## 五、 合并财务报表项目注释（续）

### 18. 使用权资产

	房屋及建筑物	合计
成本		
2020年12月31日	-	-
会计政策变更	161,266,325.97	161,266,325.97
2021年1月1日	161,266,325.97	161,266,325.97
增加	24,438,750.34	24,438,750.34
外币报表折算差额	(107,725.23)	(107,725.23)
2021年6月30日	<u>185,597,351.08</u>	<u>185,597,351.08</u>
累计折旧		
2020年12月31日	-	-
会计政策变更	-	-
2021年1月1日	-	-
计提	32,691,308.58	32,691,308.58
外币报表折算差额	(47,614.65)	(47,614.65)
2021年6月30日	<u>32,643,693.93</u>	<u>32,643,693.93</u>
减值准备		
2020年12月31日	-	-
会计政策变更	-	-
2021年1月1日及 2021年6月30日	<u>-</u>	<u>-</u>
账面净值		
2021年6月30日	<u>152,953,657.15</u>	<u>152,953,657.15</u>
2021年1月1日	<u>161,266,325.97</u>	<u>161,266,325.97</u>



## 五、 合并财务报表项目注释（续）

### 19. 无形资产

项目	土地使用权	交易席位费	计算机软件	期货经营权	期货会员资格投资	公司网站域名	其他	合计
1. 账面原值								
（1）期初余额	120,600,455.96	8,355,652.50	186,468,963.89	32,490,415.53	1,400,000.00	7,619,417.48	256,955.45	357,191,860.81
（2）本期增加金额	-	-	8,371,474.29	-	-	-	-	8,371,474.29
—购置	-	-	5,878,002.96	-	-	-	-	5,878,002.96
—在建工程转入	-	-	2,493,471.33	-	-	-	-	2,493,471.33
（3）本期减少金额	-	-	-	-	-	-	-	-
—处置	-	-	-	-	-	-	-	-
（4）外币报表折算差额	-	-	(7,427.46)	-	-	-	-	(7,427.46)
（5）期末余额	<u>120,600,455.96</u>	<u>8,355,652.50</u>	<u>194,833,010.72</u>	<u>32,490,415.53</u>	<u>1,400,000.00</u>	<u>7,619,417.48</u>	<u>256,955.45</u>	<u>365,555,907.64</u>
2. 累计摊销								
（1）期初余额	4,180,815.86	8,355,652.50	137,546,695.77	28,944,879.31	-	3,828,737.80	2,290.92	182,859,072.16
（2）本期增加金额	1,929,607.32	-	13,813,843.30	1,593,333.33	-	380,970.90	13,745.52	17,731,500.37
—计提	1,929,607.32	-	13,813,843.30	1,593,333.33	-	380,970.90	13,745.52	17,731,500.37
（3）本期减少金额	-	-	-	-	-	-	-	-
—处置	-	-	-	-	-	-	-	-
（4）外币报表折算差额	-	-	(6,532.68)	-	-	-	-	(6,532.68)
（5）期末余额	<u>6,110,423.18</u>	<u>8,355,652.50</u>	<u>151,354,006.39</u>	<u>30,538,212.64</u>	<u>-</u>	<u>4,209,708.70</u>	<u>16,036.44</u>	<u>200,584,039.85</u>
3. 账面价值								
（1）期末账面价值	<u>114,490,032.78</u>	<u>-</u>	<u>43,479,004.33</u>	<u>1,952,202.89</u>	<u>1,400,000.00</u>	<u>3,409,708.78</u>	<u>240,919.01</u>	<u>164,971,867.79</u>
（2）期初账面价值	<u>116,419,640.10</u>	<u>-</u>	<u>48,922,268.12</u>	<u>3,545,536.22</u>	<u>1,400,000.00</u>	<u>3,790,679.68</u>	<u>254,664.53</u>	<u>174,332,788.65</u>

## 五、 合并财务报表项目注释（续）

### 20. 商誉

#### (1) 商誉变动情况

被投资单位名称或形成 商誉的事项	2020 年 12 月 31 日余额	本期 增加	本期 减少	2021 年 6 月 30 日余额
账面原值				
上海东方财富证券投资 咨询有限公司	4,731,868.08	-	-	4,731,868.08
东方财富证券股份有限 公司	2,924,666,919.69	-	-	2,924,666,919.69
哈富证券有限公司	2,772,040.44	-	-	2,772,040.44
东财保险经纪有限公司	26,506,514.51	-	-	26,506,514.51
小计	<u>2,958,677,342.72</u>	<u>-</u>	<u>-</u>	<u>2,958,677,342.72</u>
减值准备				
上海东方财富证券投资 咨询有限公司	4,731,868.08	-	-	4,731,868.08
东财保险经纪有限公司	8,084,312.40	-	-	8,084,312.40
小计	<u>12,816,180.48</u>	<u>-</u>	<u>-</u>	<u>12,816,180.48</u>
账面价值	<u>2,945,861,162.24</u>	<u>-</u>	<u>-</u>	<u>2,945,861,162.24</u>

## 五、 合并财务报表项目注释（续）

### 21. 长期待摊费用

	期初余额	本期增加金额	本期摊销金额	其他减少金额	期末余额
装修费	47,102,245.89	4,255,063.77	10,967,034.46	-	40,390,275.20
其他	8,606,850.37	-	1,743,541.13	48,704.89	6,814,604.35
	<u>55,709,096.26</u>	<u>4,255,063.77</u>	<u>12,710,575.59</u>	<u>48,704.89</u>	<u>47,204,879.55</u>

### 22. 递延所得税资产和递延所得税负债

#### (1) 未经抵销的递延所得税资产

	2021 年 6 月 30 日		2020 年 12 月 31 日	
	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异	递延所得税资产
应收款项减值准备	293,441,163.80	48,759,505.73	259,847,640.76	40,161,467.89
衍生金融负债	102,543,308.64	14,210,595.57	15,160,452.01	2,062,262.69
应付职工薪酬	87,486,166.06	12,837,421.18	137,913,665.62	18,805,162.47
融出资金减值准备	73,573,452.18	10,195,912.22	67,354,171.78	9,162,127.58
可抵扣亏损	61,967,742.22	11,649,552.87	53,120,659.93	9,957,270.19
交易性金融负债公允价值变动	11,457,733.56	1,587,828.79	460,117.71	62,589.40
交易性金融资产公允价值变动	8,582,482.09	1,706,493.41	6,570,600.00	992,650.00
递延收益	1,450,000.00	217,500.00	1,450,000.00	217,500.00
买入返售金融资产减值准备	5,586.18	774.14	947,056.69	128,827.27
	<u>640,507,634.73</u>	<u>101,165,583.91</u>	<u>542,824,364.50</u>	<u>81,549,857.49</u>

#### (2) 未经抵销的递延所得税负债

	2021 年 6 月 30 日		2020 年 12 月 31 日	
	应纳税暂时性差异	递延所得税负债	应纳税暂时性差异	递延所得税负债
交易性金融资产	283,025,772.44	41,922,870.53	99,339,835.93	15,465,049.86
衍生金融资产	61,329,153.41	8,499,080.12	145,448.62	19,785.25
其他债权投资公允价值变动	49,153,740.89	6,811,794.37	-	-
非同一控制企业合并资产 评估增值	29,365,035.80	7,341,258.95	30,942,996.44	7,735,749.11
	<u>422,873,702.54</u>	<u>64,575,003.97</u>	<u>130,428,280.99</u>	<u>23,220,584.22</u>

## 五、 合并财务报表项目注释（续）

### 22. 递延所得税资产和递延所得税负债（续）

#### (3) 未确认递延所得税资产明细

	2021 年 6 月 30 日	2020 年 12 月 31 日
可抵扣亏损	183,574,426.74	183,617,842.38
公允价值变动	25,111,838.95	33,915,973.44
信用减值准备	19,198,689.32	17,289,292.34
	<u>227,884,955.01</u>	<u>234,823,108.16</u>

#### (4) 未确认递延所得税资产的可抵扣亏损将于以下年度到期

	2021 年 6 月 30 日	2020 年 12 月 31 日
2021 年	10,792,600.26	19,575,814.50
2022 年	14,922,556.28	35,163,740.89
2023 年	32,105,433.01	39,676,195.67
2024 年	45,217,199.54	49,258,467.89
2025 年及以后	80,536,637.65	39,943,623.43
	<u>183,574,426.74</u>	<u>183,617,842.38</u>

### 23. 短期借款

	2021 年 6 月 30 日	2020 年 12 月 31 日
抵押借款	-	252,723,093.20
保证借款	-	600,000,000.00
信用借款	6,702,724,764.15	2,069,999,992.00
小计	<u>6,702,724,764.15</u>	<u>2,922,723,085.20</u>
加：应付利息	<u>19,678,080.17</u>	<u>17,491,080.02</u>
合计	<u>6,722,402,844.32</u>	<u>2,940,214,165.22</u>

## 五、 合并财务报表项目注释（续）

### 24. 应付短期融资券

2021 年 6 月 30 日	面值	期初余额	本期增加	本期减少	期末余额
收益凭证	9,058,435,000.00	8,402,188,109.28	10,970,995,342.99	10,172,620,521.35	9,200,562,930.92
2020 年 12 月 31 日	面值	年初余额	本年增加	本年减少	年末余额
收益凭证	8,332,386,000.00	4,186,757,400.25	13,393,289,126.48	9,177,858,417.45	8,402,188,109.28

本集团截止 2021 年 6 月 30 日止 6 个月期间共发行 189 期期限一年以内的收益凭证，其中未到期收益凭证的固定收益率为 2.40%至 4.30%。（于 2020 年 12 月 31 日：2.50%至 4.35%）

### 25. 拆入资金

	2021 年 6 月 30 日	2020 年 12 月 31 日
转融通拆入资金	1,000,000,000.00	1,000,000,000.00
加：应付利息	6,455,555.55	12,222,222.22
	<u>1,006,455,555.55</u>	<u>1,012,222,222.22</u>

其中：转融通拆入资产按剩余期限分类

剩余期限	2021 年 6 月 30 日		2020 年 12 月 31 日	
	余额	利率区间	余额	利率区间
1 个月以内	<u>1,000,000,000.00</u>	<u>2.80%</u>	<u>1,000,000,000.00</u>	<u>2.50%</u>

## 五、 合并财务报表项目注释（续）

### 26. 交易性金融负债

	2021 年 6 月 30 日	2020 年 12 月 31 日
以公允价值计量且其变动 计入当期损益的金融负债		
发行的交易性债券	733,199,479.42	70,021,711.18
衍生金融负债	-	409,080.00
其他	64,461,363.14	23,801,116.53
指定为以公允价值计量且其变 动计入当期损益的金融负债		
指定为交易性金融负债第三方 在合并结构化主体中享有的 权益	24,970,861.74	29,437,897.37
	<u>822,631,704.30</u>	<u>123,669,805.08</u>

### 27. 应付账款

#### (1) 应付账款列示

	2021 年 6 月 30 日	2020 年 12 月 31 日
应付基金销售业务成本	144,767,406.61	126,087,480.01
应付广告代理成本	10,018,028.42	10,749,248.77
应付长期资产购置款	4,222,734.08	3,421,053.28
应付其他款	51,492,141.18	70,789,191.07
	<u>210,500,310.29</u>	<u>211,046,973.13</u>

## 五、 合并财务报表项目注释（续）

### 27. 应付账款（续）

#### (2) 账龄超过一年的重要应付账款

	2021 年 6 月 30 日	未偿还或结转的原因
交通银行股份有限公司	11,382,328.14	未结算
中国民生银行股份有限公司 成都分行	3,868,714.55	未结算
	<u>15,251,042.69</u>	

### 28. 合同负债

	2021 年 6 月 30 日	2020 年 12 月 31 日
金融数据服务预收款	146,213,249.81	134,002,270.87
广告业务预收款	34,027,665.44	43,105,633.25
投资咨询业务预收款	7,173,030.92	2,909,266.26
其他业务预收款	148,500.00	166,500.00
	<u>187,562,446.17</u>	<u>180,183,670.38</u>

## 五、 合并财务报表项目注释（续）

### 29. 卖出回购金融资产款

#### (1) 按业务类别列示

	2021 年 6 月 30 日	2020 年 12 月 31 日
质押式卖出回购	13,498,422,000.00	5,246,361,000.00
融资融券债权收益权回购	<u>1,900,000,000.00</u>	<u>3,280,000,000.00</u>
小计	<u>15,398,422,000.00</u>	<u>8,526,361,000.00</u>
加：应付利息	<u>7,745,788.69</u>	<u>6,864,079.65</u>
	<u>15,406,167,788.69</u>	<u>8,533,225,079.65</u>

#### (2) 按金融资产种类列示

	2021 年 6 月 30 日	2020 年 12 月 31 日
债券	13,498,422,000.00	5,246,361,000.00
融资融券收益权	<u>1,900,000,000.00</u>	<u>3,280,000,000.00</u>
小计	<u>15,398,422,000.00</u>	<u>8,526,361,000.00</u>
加：应付利息	<u>7,745,788.69</u>	<u>6,864,079.65</u>
	<u>15,406,167,788.69</u>	<u>8,533,225,079.65</u>



## 五、 合并财务报表项目注释（续）

### 30. 代理买卖证券款

	2021 年 6 月 30 日	2020 年 12 月 31 日
普通经纪业务		
其中：个人	37,238,533,680.40	30,654,141,668.05
机构	<u>1,699,402,180.84</u>	<u>2,003,750,723.14</u>
小计	<u>38,937,935,861.24</u>	<u>32,657,892,391.19</u>
信用业务		
其中：个人	3,756,251,277.62	3,161,754,224.67
机构	<u>351,314,115.21</u>	<u>220,783,909.88</u>
小计	<u>4,107,565,392.83</u>	<u>3,382,538,134.55</u>
基金第三方销售业务	<u>21,650,747,440.60</u>	<u>13,753,950,878.94</u>
小计	<u>21,650,747,440.60</u>	<u>13,753,950,878.94</u>
加：应付利息	<u>3,869,039.24</u>	<u>3,402,850.32</u>
	<u>64,700,117,733.91</u>	<u>49,797,784,255.00</u>

## 五、 合并财务报表项目注释（续）

### 31. 应付职工薪酬

#### (1) 应付职工薪酬列示

	期初余额	本期增加	本期减少	期末余额
短期薪酬	347,031,848.17	706,253,872.42	872,106,552.36	181,179,168.23
离职后福利-设定提存计划	80,005.60	52,613,956.87	52,693,962.47	-
辞退福利	-	1,331,470.00	1,331,470.00	-
	<u>347,111,853.77</u>	<u>760,199,299.29</u>	<u>926,131,984.83</u>	<u>181,179,168.23</u>

#### (2) 短期薪酬列示

	期初余额	本期增加	本期减少	期末余额
工资、奖金、津贴和补贴	340,064,283.73	618,219,137.96	784,178,194.00	174,105,227.69
职工福利费	-	11,626,059.15	11,626,059.15	-
社会保险费	113,567.66	37,490,833.82	37,604,401.48	-
其中：医疗保险费	111,380.12	33,547,295.30	33,658,675.42	-
工伤保险费	76.62	755,724.84	755,801.46	-
生育保险费	2,110.92	3,187,813.68	3,189,924.60	-
住房公积金	342,683.26	28,093,874.88	28,436,558.14	-
工会经费和职工教育经费	6,511,313.52	10,823,966.61	10,261,339.59	7,073,940.54
	<u>347,031,848.17</u>	<u>706,253,872.42</u>	<u>872,106,552.36</u>	<u>181,179,168.23</u>

#### (3) 设定提存计划列示

	期初余额	本期增加	本期减少	期末余额
基本养老保险	75,331.20	50,990,527.82	51,065,859.02	-
失业保险费	4,674.40	1,623,429.05	1,628,103.45	-
	<u>80,005.60</u>	<u>52,613,956.87</u>	<u>52,693,962.47</u>	<u>-</u>

## 五、 合并财务报表项目注释（续）

### 32. 应交税费

	2021 年 6 月 30 日	2020 年 12 月 31 日
企业所得税	458,354,953.96	239,557,998.95
增值税	57,555,047.76	73,487,947.30
个人所得税	6,975,366.50	6,781,626.02
城市维护建设税	3,873,425.25	4,556,027.23
教育费附加	3,102,820.77	3,996,766.96
印花税	378,451.55	2,423,680.20
土地使用税	27,386.40	37,878.14
房产税	-	5,422,593.08
其他	-	5,654.36
	<u>530,267,452.19</u>	<u>336,270,172.24</u>

## 五、 合并财务报表项目注释（续）

### 33. 其他应付款

	2021 年 6 月 30 日	2020 年 12 月 31 日
其他应付款项	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>
	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>

#### (1) 其他应付款项

	2021 年 6 月 30 日	2020 年 12 月 31 日
待交收开放式基金及经纪业务		
清算款	1,145,413,577.78	1,601,149,350.61
证券投资者保护基金	14,689,335.62	12,860,180.45
期货投资者保障基金	343,495.88	538,168.48
期货风险准备金	61,002,783.20	46,564,436.77
保证金、押金及其他应付款项	<u>1,062,848,918.22</u>	<u>98,529,695.76</u>
	<u>2,284,298,110.70</u>	<u>1,759,641,832.07</u>

#### (2) 账龄超过 1 年的重要其他应付款

	2021 年 6 月 30 日	未偿还或结转的原因
期货风险准备金	35,059,370.82	发生期货交易风险损失事项时核销 按照协议约定
经纪人风险金	<u>4,914,499.69</u>	
	<u>39,973,870.51</u>	

## 五、 合并财务报表项目注释（续）

### 34. 一年内到期的非流动负债

	2021 年 6 月 30 日	2020 年 12 月 31 日
一年内到期的应付债券	2,944,162,546.84	2,239,377,911.52
其中：东方财富证券股份有限公司非公开发行 2020 年公司债券（第 一期） 期限一年以上的收益 凭证	2,047,238,356.16 896,924,190.68	2,010,542,465.76 228,835,445.76
一年内到期的租赁负债	69,044,505.89	-
	<u>3,013,207,052.73</u>	<u>2,239,377,911.52</u>

### 35. 应付债券

#### (1) 应付债券明细

	2021 年 6 月 30 日	2020 年 12 月 31 日
可转换公司债券	13,829,572,225.52	-
公司债券	2,034,931,506.86	-
次级债券	1,254,986,301.37	1,218,986,301.37
	<u>17,119,490,033.75</u>	<u>1,218,986,301.37</u>

## 五、 合并财务报表项目注释（续）

### 35. 应付债券（续）

#### (2) 可转换公司债券的增减变动

债券名称	面值	发行日期	债券期限	发行金额	期初余额	本期发行	按面值计提利息	溢折价摊销	交易费用	权益分拆	本期偿还	本期转股	期末余额
东财转 3	15,800,000,000.00	2021/4/7	6 年	15,800,000,000.00	-	15,800,000,000.00	7,358,904.11	90,143,718.17	(18,938,462.27)	(2,048,991,934.49)	-	-	13,829,572,225.52

#### (3) 公司债券及次级债券的增减变动

债券名称	面值	发行日期	债券期限	发行金额	期初余额	本期发行	按面值计提利息	期末余额
西藏东方财富证券股份有限公司 2017 年证券公司次级债券（第一期）	1,200,000,000.00	2017 年 9 月	5 年	1,200,000,000.00	1,218,986,301.37	-	36,000,000.00	1,254,986,301.37
东方财富证券股份有限公司非公开发行 2021 年公司债券（第一期）	2,000,000,000.00	2021 年 1 月	2 年	2,000,000,000.00	-	2,000,000,000.00	34,931,506.86	2,034,931,506.86
	<u>3,200,000,000.00</u>			<u>3,200,000,000.00</u>	<u>1,218,986,301.37</u>	<u>2,000,000,000.00</u>	<u>70,931,506.86</u>	<u>3,289,917,808.23</u>

## 五、 合并财务报表项目注释（续）

### 35. 应付债券（续）

#### (4) 可转换公司债券的转股条件、转股时间说明

本公司于 2021 年向社会公众投资者发行面值总额 15,800,000,000.00 元可转换公司债券，每张面值为 100 元，按面值发行，期限 6 年。公司可转换公司债券于 2021 年 4 月 23 日起在深圳证券交易所上市交易，债券简称“东财转 3”，债券代码 123111。上述可转换公司债券票面利率为第一年 0.2%、第二年 0.3%、第三年 0.4%、第四年 0.8%、第五年 1.8%、第六年 2.0%。每年的付息日为自本次可转债发行首日起每满一年的当日。

公司本次公开发行的“东财转 3”转股期限为自本次发行的可转债转股期自本次可转债发行结束之日（2021 年 4 月 13 日，T+4 日）满 6 个月后的第一个交易日（2021 年 10 月 13 日）起至可转债到期日（2027 年 4 月 6 日）止，初始转股价格：28.08 元/股（因转增股本、派送现金股利转股价格调整为：23.35 元/股）。

截至 2021 年 6 月 30 日，“东财转 3”未发生转股。

## 五、 合并财务报表项目注释（续）

### 36. 租赁负债

	2021 年 6 月 30 日	2020 年 12 月 31 日
房屋租赁	<u>73,238,193.38</u>	<u>-</u>
	<u>73,238,193.38</u>	<u>-</u>

### 37. 其他非流动负债

	2021 年 6 月 30 日	2020 年 12 月 31 日
合同负债-金融数据业务	<u>38,184,744.91</u>	<u>40,035,597.18</u>
	<u>38,184,744.91</u>	<u>40,035,597.18</u>

### 38. 股本

项目	期初余额	本期变动增（+）减（-） 公积金转股	小计	期末余额
股份总额	<u>8,613,136,491.00</u>	<u>1,722,627,298.00</u>	<u>1,722,627,298.00</u>	<u>10,335,763,789.00</u>

本期股本增减变动的说明：

根据公司 2020 年年度股东大会决议通过，公司以股权登记日总股本 8,613,136,491 股为基数，用资本公积金向全体股东每 10 股转增 2 股，共转增 1,722,627,298 股。本次转增后的注册资本为人民币 10,335,763,789 元，实收资本（股本）为人民币 10,335,763,789.00 元。



## 五、 合并财务报表项目注释（续）

### 39. 其他权益工具

发行在外的金融工具	2021 年 6 月 30 日		2020 年 12 月 31 日	
	数量	账面价值	数量	账面价值
可转换公司债券初				
始确认权益部分	158,000,000.00	2,048,991,934.49	-	-
	<u>158,000,000.00</u>	<u>2,048,991,934.49</u>	<u>-</u>	<u>-</u>

注：可转换公司债券信息，详见本报告附注“五、35、（4）可转换公司债券的转股条件、转股时间说明”。

经中国证监会证监许可[2021]885 号文核准，公司于 2021 年 4 月 7 日公开发行了 15,800.00 万张可转换公司债券，每张面值 100 元，发行总额 158.00 亿元。可转换公司债券权益成份初始确认金额 2,048,991,934.49 计入其他权益工具。

## 五、 合并财务报表项目注释（续）

### 40. 资本公积

	2020 年 12 月 31 日	本期增加	本期减少	2021 年 6 月 30 日
资本溢价（股本溢价）	14,268,504,603.60	-	1,722,627,298.00	12,545,877,305.60
其他资本公积	182,565,371.19	698,347.97	-	183,263,719.16
	<u>14,451,069,974.79</u>	<u>698,347.97</u>	<u>1,722,627,298.00</u>	<u>12,729,141,024.76</u>

资本溢价增减变动原因：

根据公司 2020 年年度股东大会决议通过，公司以股权登记日总股本 8,613,136,491 股为基数，用资本公积金向全体股东每 10 股转增 2 股，共转增 1,722,627,298 股。

### 41. 其他综合收益

	2020 年 12 月 31 日	本期所得税前 发生额	本期金额 减：所得税费用	税后归属于 母公司	2021 年 6 月 30 日
将重分类进损益的					
其他综合收益					
其他债权投资公					
允价值变动	-	49,153,740.89	6,811,794.37	42,341,946.52	42,341,946.52
其他债权投资信					
用减值准备	-	585,981.73	81,206.17	504,775.56	504,775.56
外币财务报表折					
算差额	<u>(41,050,280.77)</u>	<u>(8,597,826.64)</u>	<u>-</u>	<u>(8,597,826.64)</u>	<u>(49,648,107.41)</u>
	<u>(41,050,280.77)</u>	<u>41,141,895.98</u>	<u>6,893,000.54</u>	<u>34,248,895.44</u>	<u>(6,801,385.33)</u>

## 五、 合并财务报表项目注释（续）

### 42. 盈余公积

	期初余额	本期增加	本期减少	期末余额
法定盈余公积	594,148,886.07	-	-	594,148,886.07
	<u>594,148,886.07</u>	<u>-</u>	<u>-</u>	<u>594,148,886.07</u>

### 43. 未分配利润

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
期初未分配利润	9,539,162,150.16	5,117,992,903.36
加：本期归属于母公司所有者的净利润	3,726,941,997.56	1,808,506,658.20
减：应付普通股股利	516,788,189.46	201,468,259.65
期末未分配利润	<u>12,749,315,958.26</u>	<u>6,725,031,301.91</u>

本期应付普通股股利情况：

根据公司 2020 年年度股东大会决议，公司于 2021 年 5 月 27 日实施 2020 年度权益分派方案，以总股本 8,613,136,491 股为基数，用资本公积金向全体股东每 10 股转增 2 股，每 10 股派发现金股利人民币 0.60 元（含税），合计派发现金 516,788,189.46 元。

## 五、 合并财务报表项目注释（续）

### 44. 营业收入和营业成本

	截至 2021 年 6 月 30 日止 6 个月期间		截至 2020 年 6 月 30 日止 6 个月期间	
	收入	成本	收入	成本
主营业务	2,553,543,942.71	339,940,155.60	1,265,828,375.05	280,224,054.81
其他业务	1,630,040.29	-	1,257,267.33	-
	<u>2,555,173,983.00</u>	<u>339,940,155.60</u>	<u>1,267,085,642.38</u>	<u>280,224,054.81</u>

#### 营业收入明细：

合同分类	金融电子商务服务	金融数据服务	互联网广告服务 业务等	合计
服务类型	<u>2,397,069,504.39</u>	<u>122,517,488.18</u>	<u>35,586,990.43</u>	<u>2,555,173,983.00</u>
	<u>2,397,069,504.39</u>	<u>122,517,488.18</u>	<u>35,586,990.43</u>	<u>2,555,173,983.00</u>

#### 与履约义务相关的信息：

本集团经营活动主要分为金融电子商务服务、金融数据服务、互联网广告服务，各业务合同的与履约义务相关的主要信息如下：

##### 金融电子商务服务：

- (1) 履约义务的履行时间：与基金交易相关手续费，在交易完成后确认收入；与基金保有量相关手续费，在基金保有期间确认收入。
- (2) 重要的支付条款：与基金交易相关手续费，在交易完成后收款；与基金保有量相关手续费，按季度结算收款。
- (3) 退货及质量保证条款：无。

##### (1) 金融数据服务：

- (2) 履约义务的履行时间：在合同约定服务期限内，持续提供金融数据服务，按照直线法确认收入。
- (3) 重要的支付条款：在提供金融数据服务前支付款项。
- (4) 退货及质量保证条款：无。

##### 互联网广告服务：

- (1) 履约义务的履行时间：在广告发布期间，按照合同金额与广告发布执行单确认收入。
- (2) 重要的支付条款：广告投放结束后 3-6 个月。
- (3) 退货及质量保证条款：无。

## 五、 合并财务报表项目注释（续）

### 45. 利息净收入

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
利息收入	1,651,354,313.45	870,471,812.51
其中：货币资金及结算备付金		
利息收入	454,640,857.60	289,508,143.11
融出资金利息收入	1,103,768,873.78	551,031,251.38
买入返售金融资产利息收入	20,641,141.22	28,785,545.96
其中：股票质押式回购		
利息收入	19,301,286.42	27,143,908.20
发放贷款和垫款	961,702.58	1,146,872.06
债权投资利息收入	817,309.78	-
其他债权投资利息收入	70,524,428.49	-
利息支出	656,045,681.90	231,027,104.48
其中：客户资金存款利息支出	64,847,177.02	50,456,776.91
拆入资金利息支出	47,892,914.19	10,563,009.07
其中：转融通利息支出	40,235,323.74	9,772,592.40
卖出回购金融资产款		
利息支出	185,821,054.12	45,584,734.25
应付债券利息支出	308,887,106.22	81,352,663.11
其中：次级债券利息支出	36,000,000.00	36,000,000.00
租赁负债利息支出	1,757,450.74	-
其他	10,839,979.61	7,069,921.14
利息净收入	995,308,631.55	639,444,708.03

## 五、 合并财务报表项目注释（续）

### 46. 手续费及佣金净收入

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
<b>证券经纪业务净收入</b>	1,908,225,553.97	1,267,645,749.24
证券经纪业务收入	2,696,596,154.97	1,828,468,406.00
其中：代理买卖证券业务	2,471,295,008.77	1,706,123,919.75
交易单元席位租赁	158,758,035.80	78,605,075.88
代销金融产品业务	66,543,110.40	43,739,410.37
证券经纪业务支出	788,370,601.00	560,822,656.76
其中：代理买卖证券业务	788,370,601.00	560,822,656.76
<b>期货经纪业务净收入</b>	288,755,972.67	146,861,765.93
期货经纪业务收入	288,755,972.67	146,861,765.93
<b>投资银行业务净收入</b>	15,625,000.00	8,614,779.24
投资银行业务收入	15,625,000.00	10,595,911.32
其中：证券承销业务	14,169,811.32	10,141,509.43
财务顾问业务	1,455,188.68	454,401.89
投资银行业务支出	-	1,981,132.08
其中：证券承销业务	-	1,981,132.08
<b>资产管理业务净收入</b>	1,649,559.16	1,757,678.56
资产管理业务收入	1,649,559.16	1,806,292.71
资产管理业务支出	-	48,614.15
<b>基金管理业务净收入</b>	12,555,510.96	4,092,041.16
基金管理业务收入	12,555,510.96	4,092,041.16
<b>投资咨询业务净收入</b>	3,147,477.96	2,518,789.97
投资咨询业务收入	3,147,477.96	2,518,789.97
<b>其他手续费及佣金净收入</b>	3,324.35	8,121.57
其他手续费及佣金收入	3,324.35	47,587.55
其他手续费及佣金支出	-	39,465.98
	<u>2,229,962,399.07</u>	<u>1,431,498,925.67</u>

## 五、 合并财务报表项目注释（续）

### 47. 税金及附加

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
城市维护建设税	20,474,550.71	10,496,656.68
教育费附加	16,384,736.00	8,180,509.12
房产税	5,000,611.70	6,930,561.74
印花税	2,036,818.55	1,224,811.36
其他	113,730.48	117,164.51
	<u>44,010,447.44</u>	<u>26,949,703.41</u>

### 48. 销售费用

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
技术、咨询服务费	136,634,916.51	100,287,984.22
职工薪酬	103,545,928.88	85,713,471.02
广告、宣传费用	46,456,801.43	24,157,903.76
其他	9,180,549.42	11,285,206.16
	<u>295,818,196.24</u>	<u>221,444,565.16</u>

## 五、 合并财务报表项目注释（续）

### 49. 管理费用

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
职工薪酬	395,347,510.14	306,716,400.47
交易所设施使用费	69,610,051.47	47,098,992.35
固定资产折旧	66,765,112.15	60,369,067.61
设备维护修理费	54,301,974.76	52,120,180.53
技术、咨询服务	38,140,361.01	33,033,889.79
使用权资产折旧	28,797,580.50	-
广告宣传费	25,612,779.13	10,517,104.52
邮电通讯费	18,305,292.50	12,629,024.91
无形资产摊销	15,637,682.15	15,004,827.77
投资者保护基金	15,032,572.14	9,017,365.48
其他	86,321,752.85	93,892,610.38
	<u>813,872,668.80</u>	<u>640,399,463.81</u>

### 50. 研发费用

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
人工费	260,278,190.95	120,292,144.52
折旧	11,344,913.37	4,480,770.63
材料燃料动力费用	4,790,691.72	6,122,104.73
	<u>276,413,796.04</u>	<u>130,895,019.88</u>



## 五、 合并财务报表项目注释（续）

### 51. 财务费用

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
利息费用	133,081,213.19	136,410,545.00
减：利息收入	127,439,688.83	90,951,560.15
汇兑损益	(43,932.98)	106,717.93
银行手续费等	1,001,278.05	683,229.27
	<u>6,598,869.43</u>	<u>46,248,932.05</u>

### 52. 其他收益

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
政府补助	106,956,708.18	73,144,268.75
进项税加计抵减	4,376,845.22	2,428,288.67
代扣个人所得税手续费返还	3,428,047.55	5,509,040.02
其他	3,589.27	15,000.00
	<u>114,765,190.22</u>	<u>81,096,597.44</u>

## 五、 合并财务报表项目注释（续）

### 53. 投资收益

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
交易性金融资产在持有期间的投资收益	269,987,558.97	109,192,600.51
处置交易性金融资产取得的投资收益	73,229,792.73	1,707,055.43
权益法核算的长期股权投资收益	7,558,976.22	6,133,530.83
其他非流动金融资产在持有期间的投资收益	3,000,000.00	-
衍生金融工具投资损失	(63,821,675.16)	(6,649,880.73)
	<u>289,954,652.76</u>	<u>110,383,306.04</u>

### 54. 公允价值变动收益/（损失）

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
交易性金融资产	169,478,828.42	(12,568,988.93)
衍生金融工具	(26,146,691.84)	1,054,055.35
交易性金融负债	(11,773,855.61)	-
其他非流动金融资产	(11,036,979.95)	8,073,949.95
	<u>120,521,301.02</u>	<u>(3,440,983.63)</u>

## 五、 合并财务报表项目注释（续）

### 55. 信用减值损失

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
应收账款坏账损失	(31,168,149.05)	(10,367,622.90)
融出资金减值损失	(7,704,844.72)	(4,969,363.89)
其他应收款坏账损失	(2,992,185.23)	(901,769.99)
其他债权投资减值损失	(585,981.73)	-
发放贷款和垫款减值损失	142,978.58	(178,692.63)
买入返售金融资产减值损失	941,470.51	(814,746.35)
	<u>(41,366,711.64)</u>	<u>(17,232,195.76)</u>

### 56. 资产处置（损失）/收益

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
非流动资产处置	<u>(171,268.71)</u>	<u>57,950.99</u>
	<u>(171,268.71)</u>	<u>57,950.99</u>

### 57. 营业外支出

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
对外捐赠	2,055,328.00	8,916,300.00
其他	<u>459,230.70</u>	<u>276,184.00</u>
	<u>2,514,558.70</u>	<u>9,192,484.00</u>

## 五、 合并财务报表项目注释（续）

### 58. 所得税费用

#### (1) 所得税费用表

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
当期所得税费用	742,985,538.92	345,785,735.37
递延所得税费用	14,845,692.79	(1,266,750.71)
	<u>757,831,231.71</u>	<u>344,518,984.66</u>

#### (2) 会计利润与所得税费用调整过程

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
利润总额	<u>4,484,773,229.27</u>	<u>2,153,297,029.83</u>
按适用税率计算的所得税费用	672,715,984.39	322,994,554.47
子公司适用不同税率的影响	(4,515,348.08)	10,818,749.13
调整以前期间所得税的影响	86,251,909.54	230,207.91
非应税收入的影响	(11,199,639.57)	(3,750,585.74)
不可抵扣的成本、费用和损失的影响	18,070,255.04	15,842,628.60
使用前期未确认递延所得税资产的可抵扣亏损的影响	(5,291,384.94)	(4,031,991.00)
本期未确认递延所得税资产的可抵扣暂时性差异或可抵扣亏损的影响	2,721,808.10	2,076,380.30
税率调整导致期初递延所得税资产/负债余额的变化	(922,352.77)	-
其他事项	-	339,040.99
所得税费用	<u>757,831,231.71</u>	<u>344,518,984.66</u>

## 五、 合并财务报表项目注释（续）

### 59. 每股收益

#### (1) 基本每股收益

基本每股收益以归属于母公司普通股股东的合并净利润除以本公司发行在外普通股的加权平均数计算：

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间 经重述
归属于母公司普通股股东的 合并净利润	<u>3,726,941,997.56</u>	<u>1,808,506,658.20</u>
本公司发行在外普通股的 加权平均数	<u>10,335,763,789.00</u>	<u>9,670,476,463.20</u>
基本每股收益		
其中：持续经营基本每股收益	0.36	0.19

注：因本期派发股票股利，本公司按照调整后的股数追溯调整了比较期间的基本每股收益和稀释每股收益。

#### (2) 稀释每股收益

稀释每股收益以归属于母公司普通股股东的合并净利润（稀释）除以本公司发行在外普通股的加权平均数（稀释）计算：

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间 经重述
归属于母公司普通股股东的合 并净利润（稀释）	<u>3,823,340,784.22</u>	<u>1,919,809,450.40</u>
本公司发行在外普通股的加权 平均数（稀释）	<u>10,653,532,076.00</u>	<u>10,337,650,872.00</u>
稀释每股收益		
其中：持续经营稀释每股收益	0.36	0.19

## 五、 合并财务报表项目注释（续）

### 60. 现金流量表项目

#### (1) 收到的其他与经营活动有关的现金

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
利息收入	127,370,264.18	90,951,560.15
专项补贴、补助款	110,737,662.62	80,948,362.27
收回往来款、代垫款	17,335,123.34	45,194,619.23
其他	66,165.13	34,231.15
	<u>255,509,215.27</u>	<u>217,128,772.80</u>

#### (2) 支付的其他与经营活动有关的现金

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
代垫基金销售业务赎回款增加	1,546,606,343.95	1,247,886,937.90
期间费用支出	470,270,710.33	294,165,227.50
企业间往来	35,797,281.27	13,993,057.24
其他	354,310,317.65	148,002,211.86
	<u>2,406,984,653.20</u>	<u>1,704,047,434.50</u>

## 五、 合并财务报表项目注释（续）

### 60. 现金流量表项目（续）

#### (3) 收到的其他与筹资活动有关的现金

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
收资管计划投资款	<u>17,000,000.00</u>	<u>-</u>

#### (4) 支付的其他与筹资活动有关的现金

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
租赁负债	35,239,442.11	-
支付资管计划赎回款	<u>22,097,335.39</u>	<u>-</u>
	<u>57,336,777.50</u>	<u>-</u>

## 五、 合并财务报表项目注释（续）

### 61. 现金流量表补充资料

#### (1) 现金流量表补充资料

补充资料	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
1、将净利润调节为经营活动现金流量		-
净利润	3,726,941,997.56	1,808,778,045.17
加：信用减值损失	41,366,711.64	17,232,195.76
固定资产折旧	107,008,702.58	104,177,053.46
使用权资产折旧	32,691,308.58	-
无形资产摊销	15,801,893.05	15,192,502.00
长期待摊费用摊销	12,710,575.59	14,427,088.10
处置固定资产、无形资产和其他长期资产的损失 （收益以“-”号填列）	171,268.71	(57,950.99)
公允价值变动损失（收益以“-”号填列）	(120,535,417.18)	812,175.13
财务费用（收益以“-”号填列）	485,828,627.58	261,645,876.24
投资损失（收益以“-”号填列）	(9,752,601.09)	(9,083,971.54)
递延所得税资产减少（增加以“-”号填列）	(19,615,726.42)	(1,103,788.82)
递延所得税负债增加（减少以“-”号填列）	41,354,419.75	(162,961.89)
经营性应收项目的减少（增加以“-”号填列）	(27,626,240,234.90)	(8,728,664,806.92)
经营性应付项目的增加（减少以“-”号填列）	24,612,035,286.93	13,655,524,626.77
其他	-	(140,822.50)
经营活动产生的现金流量净额	1,299,766,812.38	7,138,575,259.97
2、现金及现金等价物净变动情况		
现金的期末余额	63,087,021,293.86	44,373,871,232.81
减：现金的期初余额	48,031,027,413.67	28,359,134,372.58
现金及现金等价物净增加额	15,055,993,880.19	16,014,736,860.23



## 五、 合并财务报表项目注释（续）

### 61. 现金流量表补充资料（续）

#### (2) 现金和现金等价物的构成

	2021 年 6 月 30 日	2020 年 06 月 30 日
一、现金	63,087,021,293.86	44,373,871,232.81
其中：库存现金	77,765.69	137,963.48
可随时用于支付的银行存款	54,521,634,567.74	39,237,141,017.57
可随时用于支付的其他货币资金	28,737,648.85	6,419,273.77
可随时用于支付的结算备付金	8,536,571,311.58	5,130,172,977.99
二、期末现金及现金等价物余额	63,087,021,293.86	44,373,871,232.81
其中：母公司或集团内子公司使用 受限制的现金和现金等价物	7,248,433.19	5,000,000.00

#### 62. 所有权或使用权受到限制的资产

	2021 年 6 月 30 日	受限原因
交易性金融资产	11,166,728,999.90	卖出回购交易质押、融券业务
融出资金	2,077,661,360.64	融出证券
货币资金	7,248,433.19	融资业务债权收益权转让
其他债权投资	5,053,077,630.27	保险经纪业务资本保证金、公 募基金业务一般风险准备金
		卖出回购交易质押
	18,304,716,424.00	

## 五、 合并财务报表项目注释（续）

### 63. 外币货币性项目

#### (1) 外币货币性项目

	期末外币余额	折算汇率	期末折算人民币余额
货币资金			
其中：美元	95,587,575.60	6.4601	617,505,297.17
欧元	54.00	7.6862	415.06
港币	1,055,324,517.34	0.8321	878,114,424.38
结算备付金			
其中：美元	8,648,899.56	6.4601	55,872,756.05
港币	7,291,412.67	0.8321	6,067,038.65
融出资金			
其中：港币	4,232,649,985.14	0.8321	3,521,903,399.64
美元	30,500,863.05	6.4601	197,038,625.36
其他应收款			
其中：港币	4,475,554.90	0.8321	3,724,019.72
存出保证金			
其中：美元	200,000.00	6.4601	1,292,020.00
港币	18,501,471.36	0.8321	15,394,704.29
代理买卖证券款			
其中：美元	80,867,253.29	6.4601	522,410,543.01
欧元	54.00	7.6862	415.06
港币	978,974,413.78	0.8321	814,585,030.22
短期借款			
其中：港币	3,091,919,964.61	0.8321	2,572,724,764.15
其他应付款			
其中：美元	1,545.66	6.4601	9,985.12
港币	85,612,422.33	0.8321	71,236,384.37

## 五、 合并财务报表项目注释（续）

### 63. 外币货币性项目（续）

#### (2) 境外经营实体说明

本集团境外经营实体主要为东方财富（香港）有限公司、哈富证券有限公司、东方财富金融有限公司、哈富期货有限公司、东方财富国际证券有限公司、东方财富国际期货有限公司、哈富网络科技有限公司，其经营地在香港，记账本位币为港币；东方财富证券（美国）有限公司经营地在美国，记账本位币为美元。

### 64. 政府补助

种类	金额	列报项目	计入当期损益的金额
与收益相关的政府补助	106,956,708.18	其他收益	106,956,708.18

## 六、 合并范围的变更

本期合并范围内新增 5 家结构化主体，为海通证券资产管理有限公司星耀混合 FOF1 号、财通证券资管财瑞 FOF8 号、诺德基金浦江 125 号单一资产管理计划、财通基金安吉 333 号单一资产管理计划、国金证券财富东来 1 号单一资产管理计划。

## 七、 在其他主体中的权益

### 1. 在子公司中的权益

#### (1) 企业集团的构成

子公司名称	主要经营地	注册地	业务性质	持股比例(%)		取得方式
				直接	间接	
上海优优商务咨询有限公司	上海	上海	信息技术服务	100.00	-	设立
上海东方财富证券投资咨询有限公司	上海	上海	咨询服务	100.00	-	非同一控制下企业合并
北京京东财信息科技有限公司	北京	北京	信息技术服务	100.00	-	设立
广州东财信息科技有限公司	广州	广州	信息技术服务	100.00	-	设立
上海天天基金销售有限公司	上海	上海	基金销售	100.00	-	设立
上海东方财富金融数据服务有限公司	上海	上海	信息技术服务	100.00	-	设立
上海东方财富置业有限公司	上海	上海	非居住房地产租赁, 物业管理	100.00	-	设立
上海东方财富网络科技有限公司	上海	上海	电子商务服务及各类商品拍卖	100.00	-	设立
东方财富(香港)有限公司	香港	香港	互联网信息服务、互联网金融服务	100.00	-	设立
上海优优财富投资管理有限公司	上海	上海	投资管理、资产管理	100.00	-	设立
深圳东财金融数据服务有限公司	深圳	深圳	信息服务	-	100.00	设立
扬州东方财富金融信息服务有限公司	扬州	扬州	信息服务	100.00	-	设立
上海微兆信息科技有限公司	上海	上海	信息服务	100.00	-	设立
东方财富证券股份有限公司	上海	拉萨	证券经纪、证券自营、资产管理等	99.93	0.07	非同一控制下企业合并
上海东方财富期货有限公司	上海	上海	期货代理	-	100.00	非同一控制下企业合并
西藏东方财富投资管理有限公司	上海	拉萨	股权投资	-	100.00	非同一控制下企业合并
哈富证券有限公司(注2)	香港	香港	证券经纪	-	100.00	非同一控制下企业合并
南京东方财富信息技术有限公司	南京	南京	信息服务	100.00	-	设立
哈富期货有限公司(注2)	香港	香港	期货代理	-	100.00	设立
东方财富金融有限公司	香港	开曼群岛	信息服务	-	100.00	设立
东方财富征信有限公司	上海	上海	企业信用征信服务	100.00	-	设立
浪客网络科技有限公司	上海	上海	文化信息服务	100.00	-	设立
上海沪阅信息技术有限公司(注1)	上海	上海	信息技术服务	70.00	30.00	设立
西藏东财基金管理有限公司	上海	拉萨	基金管理、基金销售等	-	100.00	设立
西藏东方财富创新资本有限公司	上海	拉萨	另类投资	-	100.00	设立
东财保险经纪有限公司	上海	上海	保险经纪	100.00	-	非同一控制下企业合并
东方财富证券(美国)有限公司	美国	美国		-	100.00	设立
成都京合企业管理有限责任公司	成都	成都	房屋租赁; 物业管理	100.00	-	非同一控制下企业合并
扬州东方财富数据服务有限公司	扬州	扬州	信息服务	-	100.00	设立
哈富网络科技有限公司	香港	香港		-	100.00	设立
东方财富国际证券有限公司(注2)	香港	香港		-	100.00	设立
东方财富国际期货有限公司(注2)	香港	香港		-	100.00	设立
上海哈富网络科技有限公司	上海	上海	网络技术服务	100.00	-	设立

## 七、 在其他主体中的权益（续）

### 1. 在子公司中的权益（续）

#### (1) 企业集团的构成（续）

注 1：上海沪阅信息技术有限公司原名“上海徐汇东方财富小额贷款有限公司”。

注 2：2021 年 4 月，东方财富（香港）有限公司新设立三家子公司，分别为哈富证券有限公司、哈富期货有限公司和哈富网络科技有限公司。2021 年 5 月，东方财富国际证券有限公司更名为哈富证券有限公司，东方财富国际期货有限公司更名为哈富期货有限公司；哈富证券有限公司更名为东方财富国际证券有限公司，哈富期货有限公司更名为东方财富国际期货有限公司。

### 2. 在合营安排或联营企业中的权益

#### (1) 重要的联营企业

合营企业或联营 企业名称	主要经 营地	注册地	业务 性质	持股比例(%)		对合营企业 或联营企业 投资的会计 处理方法	对本集团活 动是否具有 战略性
				直接	间接		
漫道金服	上海	上海	信息 服务	27.00	-	权益法	否

## 七、 在其他主体中的权益（续）

### 2. 在合营安排或联营企业中的权益（续）

#### (2) 重要联营企业的主要财务信息

上海漫道金融信息服务股份有限公司		
	期末余额/本期金额	期初余额/上期金额
流动资产	3,484,386,262.82	2,788,180,640.73
非流动资产	139,497,352.68	147,513,141.75
资产合计	3,623,883,615.50	2,935,693,782.48
流动负债	2,777,649,535.89	1,839,433,119.30
非流动负债	1,138,748.13	974,000.00
负债合计	2,778,788,284.02	1,840,407,119.30
归属于母公司股东权益	845,095,331.48	1,095,286,663.18
按持股比例计算的净资产份额	228,175,739.50	295,727,399.06
调整事项	110,128,501.91	110,128,501.91
—其他	110,128,501.91	110,128,501.91
对联营企业权益投资的账面价值	338,304,241.41	405,855,900.97
营业收入	347,737,663.04	286,779,004.46
净利润	20,674,566.37	7,231,761.61
综合收益总额	20,674,566.37	7,231,761.61
本期收到的来自联营企业的股利	59,400,000.00	-

## 七、 在其他主体中的权益（续）

### 2. 在合营安排或联营企业中的权益（续）

#### (3) 不重要的合营企业和联营企业的汇总财务信息

	期末余额/ 本期金额	期初余额/ 上期金额
联营企业		
投资账面价值合计	40,877,477.65	45,666,841.87
下列各项按持股比例计算的合计数		
—净利润	2,210,635.78	5,306,540.75
—综合收益总额	2,210,635.78	5,306,540.75

#### 3. 在未纳入合并财务报表范围的结构化主体中的权益

本集团未纳入合并财务报表范围的结构化主体主要为东方财富证券股份有限公司、西藏东财基金管理有限公司发起设立的资产管理计划、指数型基金，这些结构化主体的目的主要是管理投资者的资产并赚取管理费或剩余收益。

东方财富证券股份有限公司、西藏东财基金管理有限公司在这些未纳入合并财务报表范围的结构化主体中享有的权益主要包括直接持有投资或通过管理这些结构化主体赚取管理费收入或剩余收益。综合分析自有资金参与程度、预期可变回报以及风险敞口损失等情况，本集团对该等结构化主体不具有控制，未纳入合并范围。

期末本集团通过子公司间接持有的未纳入合并财务报表范围的结构化主体中享有的权益在本集团资产负债表中的相关资产负债项目账面价值及最大损失风险敞口列示如下：

## 七、 在其他主体中的权益（续）

### 3. 在未纳入合并财务报表范围的结构化主体中的权益（续）

序号	集合名称	业务性质	财务报表中确认 的与结构化主体 相关的资产	自有资金 投资比例	财务报表中确认 的与结构化主体 相关的资产余额	在结构化主体中权 益的最大损失敞口
1	东方财富证券乐善 1 号集合资产管理计划	资产管理	交易性金融资产	23.81%	5,159,000.00	5,159,000.00
2	西藏东财上证 50 指数型发起式证券投资基金	投资基金	交易性金融资产	11.32%	13,780,998.08	13,780,998.08
3	西藏东财中证通信技术主题指数型发起式证券投资基金	投资基金	交易性金融资产	2.82%	10,783,455.72	10,783,455.72
4	西藏东财中证医药卫生指数型发起式证券投资基金	投资基金	交易性金融资产	11.87%	15,684,705.86	15,684,705.86
5	西藏东财创业板指数型发起式证券投资基金	投资基金	交易性金融资产	7.45%	18,960,853.29	18,960,853.29
6	西藏东财量化精选混合型发起式证券投资基金	投资基金	交易性金融资产	2.88%	12,733,565.97	12,733,565.97
7	西藏东财消费精选混合型发起式证券投资基金	投资基金	交易性金融资产	10.69%	11,718,527.37	11,718,527.37
8	西藏东财信息产业精选混合型发起式证券投资基金	投资基金	交易性金融资产	19.13%	10,706,481.82	10,706,481.82
9	西藏东财中证新能源汽车指数型发起式证券投资基金	投资基金	交易性金融资产	3.47%	13,717,617.33	13,717,617.33
10	西藏东财中证 500 指数型发起式证券投资基金	投资基金	交易性金融资产	3.11%	10,724,491.57	10,724,491.57
11	西藏东财中证有色金属指数增强型发起式证券投资基金	投资基金	交易性金融资产	6.87%	11,452,524.94	11,452,524.94
12	西藏东财中证高端装备制造指数增强型发起式证券投资基金	投资基金	交易性金融资产	5.55%	11,357,122.67	11,357,122.67
13	西藏东财中证银行指数型发起式证券投资基金	投资基金	交易性金融资产	10.86%	9,681,376.52	9,681,376.52
14	西藏东财中证沪港深互联网指数型发起式证券投资基金	投资基金	交易性金融资产	6.67%	9,981,457.51	9,981,457.51
15	西藏东财国证龙头家电指数型发起式证券投资基金（注）	投资基金	交易性金融资产	6.58%	10,001,000.00	10,001,000.00

注：该基金 2021 年 6 月 29 日认购，2021 年 7 月 5 日成立，投资比例为成立时的投资比例。



## 八、与金融工具相关的风险

本集团在经营过程中面临各种金融风险：信用风险、流动性风险和市场风险（包括汇率风险、利率风险和其他价格风险）。上述金融风险以及本集团为降低这些风险所采取的风险管理政策如下所述：

### 1. 信用风险

信用风险是指交易对手未能履行合同义务而导致本集团发生财务损失的风险。本集团信用风险主要产生于货币资金、结算备付金、融出资金、买入返售金融资产、应收账款、其他应收款、债权投资、交易性金融资产、衍生金融资产等。于资产负债表日，本集团金融资产的账面价值已代表其最大信用风险敞口。

本集团货币资金主要为存放于声誉良好并拥有较高信用评级的国有银行和其他大中型上市银行的银行存款，结算备付金存放在中国证券登记结算有限责任公司，本集团认为其不存在重大的信用风险，几乎不会产生因银行违约而导致的重大损失。

本集团的信用风险主要来自以下业务：

（1）对于应收账款、其他应收款等，本集团设定相关政策以控制信用风险敞口。本集团基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本集团会定期对客户信用记录进行监控，对于信用记录不良的客户，本集团会采用书面催款、缩短信用期或取消信用期等方式，以确保本集团的整体信用风险在可控的范围内。

（2）证券融资类业务的信用风险主要涉及客户提供虚假资料、未及时足额偿还负债、持仓规模及结构违反合同约定、交易行为违反监管规定、提供的担保物资产涉及法律纠纷等。本集团主要通过投资者适当性管理、信用额度审批、逐日盯市、客户风险提示、强制平仓、司法追索等方式，控制信用业务的信用风险。

（3）本集团建立了信用风险管理流程，通过对投资品种信用等级评估来控制证券发行人的信用风险，且通过分散化投资以分散信用风险。本集团债券投资的信用评级情况按《中国人民银行信用评级管理指导意见》设定的标准统计及汇总。

## 八、 与金融工具相关的风险（续）

### 2. 流动性风险

流动性风险一般是指在履行与金融负债有关的义务时遇到资金短缺的风险。而流动性是指资产在不受价值损失的情况下是否具有迅速变现的能力，资金的流动性影响到本集团偿还到期债务的能力。由于本集团的流动资产绝大部分为现金及银行存款，因此具有能于到期日应付可预见的融资承诺或资金被客户提取的需求。

本集团内各子公司负责其自身的现金流量预测。总部财务部门在汇总各子公司现金流量预测的基础上，持续监控短期和长期的资金需求，以确保维持充裕的现金储备和可供随时变现的有价证券，以满足日常营运以及偿付有关到期债务的资金需求。

于资产负债表日，本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

## 八、与金融工具相关的风险（续）

### 2. 流动性风险（续）

于 2021 年 6 月 30 日本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

	即时偿还	1 个月内	1-3 个月	2021 年 6 月 30 日		5 年以上	无期限	合计
				3 个月-1 年	1-5 年			
短期借款	-	6,723,603,391.68	-	-	-	-	-	6,723,603,391.68
应付短期融资券	-	884,283,690.52	5,090,059,312.61	3,312,007,902.99	-	-	-	9,286,350,906.12
拆入资金	-	1,006,980,821.92	-	-	-	-	-	1,006,980,821.92
交易性金融负债	-	63,462,555.97	284,695,537.68	480,311,832.04	-	-	-	828,469,925.69
衍生金融负债	344,960.00	5,002,713.28	37,406.91	29,415,984.05	11,372,594.40	-	-	46,173,658.64
应付账款	-	-	-	188,984,975.29	17,646,620.45	3,868,714.55	-	210,500,310.29
卖出回购金融资产	-	14,025,564,262.14	1,031,988,722.22	413,050,000.00	-	-	-	15,470,602,984.36
代理买卖证券款	64,700,117,733.91	-	-	-	-	-	-	64,700,117,733.91
其他应付款	1,145,413,577.78	-	-	1,072,433,255.89	-	-	-	2,217,846,833.67
一年内到期的非流动负债	-	8,479,953.29	221,679,526.09	2,833,300,838.06	-	-	-	3,063,460,317.44
其他流动负债	-	1,714,056.10	-	-	-	-	-	1,714,056.10
应付债券	-	-	72,000,000.00	106,600,000.00	3,868,400,000.00	16,116,000,000.00	-	20,163,000,000.00
租赁负债	-	-	-	-	76,565,263.48	-	-	76,565,263.48
金融负债合计	65,845,876,271.69	22,719,091,444.90	6,700,460,505.51	8,436,104,788.32	3,973,984,478.33	16,119,868,714.55	-	123,795,386,203.30

## 八、与金融工具相关的风险（续）

### 2. 流动性风险（续）

于 2020 年 12 月 31 日本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

项目	2020 年 12 月 31 日							合计
	即时偿还	1 个月以内	1-3 个月	3 个月-1 年	1-5 年	5 年以上	无期限	
短期借款	-	2,687,196,346.04	-	253,017,819.18	-	-	-	2,940,214,165.22
应付短期融资券	-	167,017,208.95	-	8,235,170,900.33	-	-	-	8,402,188,109.28
拆入资金	-	1,012,222,222.22	-	-	-	-	-	1,012,222,222.22
交易性金融负债	29,846,977.37	905,359.28	10,095,485.45	82,821,982.98	-	-	-	123,669,805.08
衍生金融负债	2,316.79	100,841.73	15,360.28	312,450.00	-	-	-	430,968.80
应付账款	-	-	-	211,046,973.13	-	-	-	211,046,973.13
卖出回购金融资产	-	5,249,086,480.32	800,948,750.00	2,483,189,849.33	-	-	-	8,533,225,079.65
代理买卖证券款	49,797,784,255.00	-	-	-	-	-	-	49,797,784,255.00
其他应付款	1,601,149,350.61	-	-	111,928,044.69	-	-	46,564,436.77	1,759,641,832.07
一年内到期的非流动负债	-	24,266,184.40	-	2,215,111,727.12	-	-	-	2,239,377,911.52
其他流动负债	-	1,589,463.76	-	-	-	-	-	1,589,463.76
应付债券	-	-	-	-	1,218,986,301.37	-	-	1,218,986,301.37
金融负债合计	51,428,782,899.77	9,142,384,106.70	811,059,595.73	13,592,599,746.76	1,218,986,301.37	-	46,564,436.77	76,240,377,087.10

保持资产和负债到期日结构的匹配以及有效控制匹配差异对本集团的管理极为重要。由于业务具有不确定的期限和不同的类别，本集团很少能保持资产和负债项目的完全匹配。未匹配的头寸可能会提高收益，但同时也增大了损失的风险。

资产和负债项目到期日结构的匹配情况和本集团对到期负债以可接受成本进行替换的能力都是评价本集团流动风险的重要因素。

## 八、与金融工具相关的风险（续）

### 3. 市场风险

市场风险是由于市场的一般或特定变化对货币、利率和衍生金融工具交易敞口头寸造成影响而产生。本集团主要涉及的市场风险是指在以自有资金进行各类投资时因证券市场价格变动、利率变动或汇率变动而产生盈利或亏损。

本集团亦从事股票及债券承销业务，并需要对部分首次发行新股的申购及债券承销作出余额认购承诺。该等情况下，任何未完成承销的部分由于市场环境变化造成的市场价低于承销价所产生的价格变动风险将由本集团承担。

管理层制定了本集团所能承担的最大市场风险敞口。该风险敞口的衡量和监察是根据本金及止损额度而制定，并规定整体的市场风险均控制在管理层已制定的范围内。

#### 利率风险

本集团的利率风险主要产生于银行存款、结算备付金、存出保证金、买入返售金融资产、交易性债券投资和交易性债券型基金投资、其他债权投资等，其中银行存款的利率在同期银行同业存款利率的基础上与各存款银行协商确定，结算备付金和存出保证金在同期银行同业存款利率的基础上与中国证券登记结算有限责任公司、各期货交易所等机构协商确认。银行存款、结算备付金和存出保证金的利息收入随市场利率的变化而波动。债券投资及债券型基金投资面临由于市场利率上升而导致公允价值下降的风险，其中浮动利率类债券还面临每个付息期结束按市场利率重新定价而影响未来现金流量的风险。

本集团持续监控利率风险，依据最新的市场状况通过调整现行持仓等方式作出决策。

#### 汇率风险

汇率风险，是指金融工具的公允价值或未来现金流量因外汇汇率变动而发生波动的风险。本集团的外币金融工具主要为客户存款和客户备付金，相关金融工具的汇率变动风险由客户承担，本集团面临的汇率变动风险主要与本集团的经营活动（当收支以不同于本集团记账本位币的外币结算时）及其于境外子公司的净投资有关。

## 八、与金融工具相关的风险（续）

### 3. 市场风险（续）

#### 其他价格风险

价格风险是指本集团所持金融工具的公允价值或未来现金流量因除市场利率和外汇汇率以外的市场价格因素变动而发生波动的风险。本集团主要投资于证券交易所上市或银行间同业市场交易的股票、基金，所面临的其他价格风险来源于单个证券发行主体自身经营情况或特殊事项的影响，也可能来源于证券市场整体波动的影响。

本集团的管理层在构建和管理投资组合的过程中，采用“自上而下”的策略，通过对宏观经济情况及政策的分析，结合证券市场运行情况，做出资产配置及组合构建的决定；通过对单个证券的定性分析及定量分析，选择适当的投资品种进行投资。本集团的管理层定期结合宏观及微观环境的变化，对投资策略、资产配置、投资组合进行修正，来主动应对可能发生的市场价格风险。

交易性金融资产价格风险敞口如下：

	2021 年 6 月 30 日	2020 年 12 月 31 日
交易性金融资产 - 股票	291,235,992.03	322,195,074.28
交易性金融资产 - 基金	6,042,705,454.03	1,862,969,825.18
交易性金融资产 - 其他	4,204,036,436.81	10,646,688,499.39
其他非流动金融资产	204,889,094.07	123,926,074.02
	<u>10,742,866,976.94</u>	<u>12,955,779,472.87</u>

价格风险的敏感性分析：

市场价格的波动主要影响本集团持有的以公允价值计量的权益投资。于资产负债表日，当所有其他变量保持不变，如果市场价格提高或降低 3%，将对本集团该年度利润总额产生的影响如下：

对利润总额的影响	2021 年 6 月 30 日	2020 年 12 月 31 日
市场价格提高 3%	322,286,009.31	388,673,384.19
市场价格下降 3%	(322,286,009.31)	(388,673,384.19)

## 九、公允价值的披露

### 1. 以公允价值计量的资产和负债的期末公允价值

	2021年6月30日公允价值			
	活跃市场 报价 (第一层次)	重要可观察 输入值 (第二层次)	重要不可观察 输入值 (第三层次)	合计
<b>持续的公允价值计量</b>				
交易性金融资产				
债券	6,974,200.00	13,289,072,543.91	-	13,296,046,743.91
股票及新三板	269,105,480.30	-	22,130,511.73	291,235,992.03
基金	5,521,515,625.19	521,189,828.84	-	6,042,705,454.03
银行理财和结构性存款	-	4,187,493,449.05	-	4,187,493,449.05
券商资管产品	-	16,469,823.76	-	16,469,823.76
其他	73,164.00	-	-	73,164.00
衍生金融资产	1,127,660.00	-	61,719,093.41	62,846,753.41
其他债权投资	-	8,040,376,767.82	-	8,040,376,767.82
其他非流动金融资产	-	-	204,889,094.07	204,889,094.07
<b>持续以公允价值计量的资产总额</b>	<b>5,798,796,129.49</b>	<b>26,054,602,413.38</b>	<b>288,738,699.21</b>	<b>32,142,137,242.08</b>
交易性金融负债	-	24,970,861.74	797,660,842.56	822,631,704.30
衍生金融负债	344,960.00	-	45,828,698.64	46,173,658.64
<b>持续以公允价值计量的负债总额</b>	<b>344,960.00</b>	<b>24,970,861.74</b>	<b>843,489,541.20</b>	<b>868,805,362.94</b>

## 九、公允价值的披露（续）

### 1. 以公允价值计量的资产和负债的期末公允价值（续）

	2020 年 12 月 31 日公允价值			
	活跃市场 报价 (第一层次)	重要可观察 输入值 (第二层次)	重要不可观察 输入值 (第三层次)	合计
持续的公允价值计量				
交易性金融资产				
债券	7,446,859.50	8,254,627,279.78	-	8,262,074,139.28
股票及新三板	296,778,737.02	-	25,416,337.26	322,195,074.28
基金	766,490,636.81	1,096,479,188.37	-	1,862,969,825.18
银行理财和结构性存款	-	2,317,491,036.71	-	2,317,491,036.71
券商资管产品	-	4,824,403.40	-	4,824,403.40
其他	2,298,920.00	-	60,000,000.00	62,298,920.00
衍生金融资产	-	-	-	-
其他非流动金融资产	-	-	123,926,074.02	123,926,074.02
持续以公允价值计量的资产总额	1,073,015,153.33	11,673,421,908.26	209,342,411.28	12,955,779,472.87
交易性金融负债	123,669,805.08	-	-	123,669,805.08
衍生金融负债	430,968.80	-	-	430,968.80
持续以公允价值计量的负债总额	124,100,773.88	-	-	124,100,773.88

### 2. 持续和非持续第一层次公允价值计量项目市价的确定依据

对于存在活跃市场的投资品种，如资产负债表日有成交市价，以当日收盘价作为公允价值；如资产负债表日无成交市价、且最近交易日后经济环境未发生重大变化的，以最近交易日收盘价作为公允价值。



## 九、公允价值的披露（续）

### 3. 持续和非持续第二层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

对于交易性金融资产及负债和其他债权投资中债券投资的公允价值是采用相关债券登记结算机构估值系统的报价。相关报价机构在形成报价过程中采用了反映市场状况的可观察输入值。

对于交易性金融资产及负债、其他债权投资和其他权益工具投资中不存在公开市场的债务、权益工具投资及结构化主体，其公允价值以估值技术确定。估值技术所需的可观察输入值包括但不限于收益率曲线、资产净值和市盈率等估值参数。

对于衍生金融资产和负债的公允价值是根据市场报价来确定的。根据每个合约的条款和到期日，采用类似衍生金融工具的市场利率或汇率将未来现金流折现，以验证报价的合理性。权益互换合约中嵌入的衍生工具的公允价值是采用相关交易所报价计算的相关权益证券回报来确定的。

### 4. 持续和非持续第三层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

	2021年6月30 日公允价值	估值技术	不可观察输入值
交易性金融资产			
新三板	22,130,511.73	上市公司比较法	流动性折扣
衍生金融资产	61,719,093.41	期权定价模型	标的工具的价格波动率
其他非流动金融资产			
权益工具投资	204,889,094.07	上市公司比较法	流动性折扣
交易性金融负债	797,660,842.56	期权定价模型	标的工具的价格波动率
衍生金融负债	45,828,698.64	期权定价模型	标的工具的价格波动率

## 十、 关联方及关联交易

### 1. 本公司的母公司情况

本企业最终控制方是其实先生。

### 2. 本公司的子公司情况

本公司子公司的情况详见本报告附注“七、1.在子公司中的权益”。

### 3. 本集团的合营和联营企业情况

本集团重要的合营或联营企业详见本报告附注“七、2.在合营安排或联营企业中的权益”。

### 4. 其他关联方情况

其他关联方名称	其他关联方与本集团的关系
宝付网络科技（上海）有限公司	上海漫道金融信息服务股份有限公司的全资子公司
上海境庐科技有限公司	实际控制人控制的公司

### 5. 关联交易情况

(1) 存在控制关系且已纳入本集团合并报表范围的子公司，其相互间交易及母子公司交易已作抵销。

(2) 购销商品、提供和接受劳务的关联交易

采购商品/接受劳务情况表

关联方	关联交易内容	本期金额	上期金额
宝付网络科技（上海）有限公司	支付结算手续费	993.40	230.38

## 十、 关联方及关联交易（续）

### 5. 关联交易情况（续）

#### (3) 关联租赁情况

本集团作为承租方：

出租方名称	租赁资产种类	本期确认的租赁费	上期确认的租赁费
上海境庐科技有限公司	房屋租赁费	1,124,468.35	180,952.38

#### (4) 其他关联交易

本期公司实际控制人、董监高及其亲属通过东方财富证券股份有限公司、上海天天基金销售有限公司等子公司购买股票、基金等金融产品共计支付手续费26,310.35 元。

#### (5) 关联担保情况

本公司作为担保方

被担保方	担保金额	单位：人民币亿元
		担保是否已经履行完毕
上海天天基金销售有限公司等	161.00	否

#### (6) 关键管理人员薪酬

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
关键管理人员薪酬	8,621,959.34	4,665,230.59

## 十、 关联方及关联交易（续）

### 6. 关联方应收应付款项

#### (1) 应收项目

项目名称	关联方	2021年6月30日		2020年12月31日	
		账面余额	坏账准备	账面余额	坏账准备
其他应收款	上海境庐科技有限公司	190,000.00	9,500.00	190,000.00	9,500.00

#### (2) 应付项目

项目名称	关联方	2021年6月30日	2020年12月31日
应付账款	上海境庐科技有限公司	-	180,952.38
租赁负债	上海境庐科技有限公司	4,740,263.00	-

#### (3) 使用权资产

项目名称	关联方	2021年6月30日	2020年12月31日
使用权资产	上海境庐科技有限公司	3,977,699.44	-

## 十一、 承诺及或有事项

### 1. 重要承诺事项

#### (1) 资产负债表日存在的重要承诺

因本集团开展回购业务和融资融券业务，质押或受限的金融资产金额为2,077,661,360.64元。详见本报告附注“五、3、（1）按业务类别列示”。

因本集团进行融资业务债权收益权转让及回购业务而受限的融出资金金额为16,219,806,630.17元。

#### (2) 对外担保

本集团无对集团外单位担保，集团范围内，本公司为子公司上海天天基金销售有限公司等提供银行借款和综合授信担保，相关担保情况详见本报告附注“十、5、（5）关联担保情况”。

## 十一、 承诺及或有事项（续）

### 2. 或有事项

#### (1) 资产负债表日存在的重要或有事项

##### “13 天威 PPN001” 债务违约事项

东方财富证券股份有限公司于 2013 年 3 月以人民币 59,702,000.00 元购买天威集团发行的面值为 6,000 万元的 2013 年度第一期非公开定向债务融资工具（以下简称“13 天威 PPN001”），“13 天威 PPN001”存续期间，由于天威集团财务状况出现严重恶化，偿债能力存在重大不确定性，“13 天威 PPN001”持有人会议于 2015 年 5 月通过决议，宣布该债项于 2015 年 5 月 25 日提前到期。因天威集团未能偿还其到期债务，各持有人作为共同提起仲裁，中国国际经济贸易仲裁委员会于 2015 年 8 月 31 日受理。

2016 年 1 月，河北省保定市中级人民法院受理了天威集团的破产重整申请，因此原申请之仲裁程序中止。经与兴业银行以及仲裁代理律师协商，本公司参照定向债务融资工具其他持有人已经生效的裁决结果向天威集团破产管理人申报债权，并向中国国际经济贸易仲裁委员会申请撤回仲裁申请。

截至本财务报告批准日，天威集团破产重整计划尚未完成，东方财富证券股份有限公司收到 1,800,000.00 元债权金额，超过 1,800,000.00 元的部分，在重整计划中列明的资产处置完毕后，根据实际变现情况按比例清偿。

关于该项债权，本公司购买东方财富证券股份有限公司 100%股权时，东方财富证券股份有限公司原股东宇通集团向本公司不可撤销地作出承诺：“对于东方财富证券股份有限公司以自有资金购买的天威集团定向工具，相关仲裁完成后，如果天威集团就该部分天威集团定向工具向东方财富证券股份有限公司偿还的金额不足人民币 58,559,940.00 元（即截至 2014 年 12 月 31 日天威集团定向工具账面价值及应收利息合计金额），宇通集团将在收到本公司书面付款通知之日起 10 个工作日内，以现金方式向东方财富证券股份有限公司足额补偿该等天威集团定向工具实际偿还金额与人民币 58,559,940.00 元之间的差额，以及东方财富证券股份有限公司承担的与该仲裁事项相关的仲裁费用。”

## 十二、 资产负债表日后事项

除财务报表已经披露的事项外，本集团无其他重大的需披露的资产负债表日后事项。

### 十三、 其他重要事项

#### 1. 分部信息

##### (1) 报告分部的确定依据与会计政策

根据本集团的内部组织结构、管理要求及内部报告制度确定经营分部，各个报告分部分别提供不同的产品或服务，本集团以产品或服务内容确定报告分部，但因相关业务混合经营，故资产总额和负债总额及期间费用未进行分配。

##### (2) 报告分部的财务信息

	金融数据服务	金融电子商务服务	证券业务	互联网广告 服务业务等	合计
营业收入	122,517,488.18	2,397,069,504.39	-	35,586,990.43	2,555,173,983.00
利息净收入	-	-	993,066,279.39	2,242,352.16	995,308,631.55
手续费及佣金 净收入	-	-	2,229,959,074.72	3,324.35	2,229,962,399.07
营业总收入合计	122,517,488.18	2,397,069,504.39	3,223,025,354.11	37,832,666.94	5,780,445,013.62
营业成本	114,237,493.53	181,549,329.82	-	44,153,332.25	339,940,155.60
营业成本合计	114,237,493.53	181,549,329.82	-	44,153,332.25	339,940,155.60

### 十四、 母公司财务报表主要项目注释

#### 1. 应收账款

##### (1) 应收账款按账龄披露

账龄	2021 年 6 月 30 日	2020 年 12 月 31 日
1 年以内	977,373,339.10	292,785,207.99
1 至 2 年	444,384.64	481,500.00
2 至 3 年	55,115.36	100,000.00
3 年以上	7,688,568.29	7,588,568.29
小计	985,561,407.39	300,955,276.28
减：坏账准备	8,259,891.78	8,194,907.78
	977,301,515.61	292,760,368.50

#### 十四、 母公司财务报表主要项目注释（续）

##### 1. 应收账款（续）

##### (2) 应收账款按坏账计提方法分类披露

类别	账面余额		2021 年 6 月 30 日 坏账准备		账面价值	账面余额		2020 年 12 月 31 日 坏账准备		账面价值
	金额	比例 (%)	金额	计提比例 (%)		金额	比例 (%)	金额	计提比例 (%)	
按单项计提坏账准备	1,001,600.00	0.10	1,001,600.00	100.00	-	1,001,600.00	0.33	1,001,600.00	100.00	-
按组合计提坏账准备	984,559,807.39	99.90	7,258,291.78	0.74	977,301,515.61	299,953,676.28	99.67	7,193,307.78	2.40	292,760,368.50
其中：账龄组合	15,395,476.67	1.56	7,258,291.78	47.15	8,137,184.89	14,406,258.10	4.79	7,193,307.78	49.93	7,212,950.32
集团公司内部往来	969,164,330.72	98.34	-	-	969,164,330.72	285,547,418.18	94.88	-	-	285,547,418.18
	<u>985,561,407.39</u>	<u>100.00</u>	<u>8,259,891.78</u>	<u>0.84</u>	<u>977,301,515.61</u>	<u>300,955,276.28</u>	<u>100.00</u>	<u>8,194,907.78</u>	<u>2.72</u>	<u>292,760,368.50</u>

#### 十四、 母公司财务报表主要项目注释（续）

##### 1. 应收账款（续）

##### (2) 应收账款按坏账计提方法分类披露（续）

按单项计提坏账准备：

	账面余额	2021 年 6 月 30 日		计提理由
		坏账准备	计提比例（%）	
互联网广告服务业务	1,001,600.00	1,001,600.00	100.00	预计无法收回
	<u>1,001,600.00</u>	<u>1,001,600.00</u>	<u>100.00</u>	

按账龄组合计提坏账准备：

名称	应收账款	2021 年 6 月 30 日	
		坏账准备	计提比例（%）
1 年以内	8,209,008.38	410,450.42	5.00
1 至 2 年	444,384.64	133,315.39	30.00
2 至 3 年	55,115.36	27,557.68	50.00
3 年以上	6,686,968.29	6,686,968.29	100.00
	<u>15,395,476.67</u>	<u>7,258,291.78</u>	

按集团公司内部往来组合计提坏账准备：

组合名称	2021 年 6 月 30 日		
	应收账款	坏账准备	计提比例（%）
上海天天基金销售有限公司	928,400,784.53	-	-
上海东方财富期货有限公司	34,479,419.41	-	-
上海东方财富金融数据服务有限公司	3,917,252.72	-	-
上海东方财富证券投资咨询有限公司	1,766,874.06	-	-
西藏东财基金管理有限公司	600,000.00	-	-
	<u>969,164,330.72</u>	<u>-</u>	<u>-</u>



#### 十四、 母公司财务报表主要项目注释（续）

##### 1. 应收账款（续）

##### (3) 本期计提、转回或收回的坏账准备情况

类别	期初余额	计提	本期变动金额 收回或转回	转销或核销	期末余额
按单项计提坏账准备	1,001,600.00	-	-	-	1,001,600.00
按组合计提坏账准备	7,193,307.78	64,984.00	-	-	7,258,291.78
	8,194,907.78	64,984.00	-	-	8,259,891.78

##### (4) 按欠款方归集的期末余额前五名的应收账款情况

按欠款方（不包含集团公司内部往来）归集的期末余额前五名应收账款汇总金额 7,471,833.34 元，占应收账款期末余额合计数的比例 0.76%，相应计提的坏账准备期末余额汇总金额 3,883,316.67 元。

##### 2. 其他应收款

	2021 年 6 月 30 日	2020 年 12 月 31 日
应收股利	13,500,000.00	-
其他应收款项	120,235,613.85	39,036,019.57
	133,735,613.85	39,036,019.57

##### 应收股利

	2021 年 6 月 30 日	2020 年 12 月 31 日
漫道金服	13,500,000.00	-
	13,500,000.00	-

#### 十四、 母公司财务报表主要项目注释（续）

##### 2. 其他应收款(续)

##### (1) 按账龄披露

账龄	2021 年 6 月 30 日	2021 年 12 月 31 日
1 年以内	116,066,300.12	35,797,641.11
1 至 2 年	5,446,666.00	1,570,789.28
2 至 3 年	1,538,906.00	1,681,193.73
3 年以上	5,420,772.99	6,511,057.99
小计	128,472,645.11	45,560,682.11
减：坏账准备	8,237,031.26	6,524,662.54
	120,235,613.85	39,036,019.57

##### (2) 坏账准备计提情况

坏账准备	第一阶段 未来 12 个月预 期信用损失	第二阶段 整个存续期预 期信用损失(未 发生信用减值)	第三阶段 整个存续期预 期信用损失(已 发生信用减值)	合计
期初余额	5,141,885.46	-	1,382,777.08	6,524,662.54
本期计提	1,716,995.29	-	-	1,716,995.29
本期转回	-	-	4,626.57	4,626.57
期末余额	6,858,880.75	-	1,378,150.51	8,237,031.26

#### 十四、 母公司财务报表主要项目注释（续）

##### 其他应收款（续）

##### (3) 本期计提、转回或收回的坏账准备情况

类别	期初余额	计提	本期变动金额 收回或转回	转销或核销	期末余额
按组合计提坏账准备	5,141,885.46	1,716,995.29	-	-	6,858,880.75
按单项计提坏账准备	1,382,777.08	-	4,626.57	-	1,378,150.51
	<u>6,524,662.54</u>	<u>1,716,995.29</u>	<u>4,626.57</u>	<u>-</u>	<u>8,237,031.26</u>

##### (4) 本期实际核销的其他应收款项情况

本期无实际核销的其他应收款项。

##### (5) 按欠款方归集的期末余额前五名的其他应收款项情况

单位名称	款项 性质	2021 年 6 月 30 日	账龄	占其他应收 款项合计数 的比例(%)	坏账准备 期末余额
深圳小米信息技术有限 公司	押金	9,240,000.00	1 年以内, 1-2 年	7.19	1,590,750.00
上海东湖宾馆有限公司	押金	1,681,000.00	3 年以上	1.31	1,681,000.00
苹果公司 (Apple Inc.)	充值款	1,425,802.54	1 年以内至 3 年以上	1.11	1,378,150.51
上海巨航投资管理有限 公司	押金	1,409,800.00	2-3 年、3 年以上	1.10	1,198,330.00
上海聚鑫置业有限公司	押金	1,118,725.00	1 年以内, 1-2 年	0.87	189,161.25
		<u>14,875,327.54</u>		<u>11.58</u>	<u>6,037,391.76</u>

### 3. 长期股权投资

项目	2021 年 6 月 30 日			2020 年 12 月 31 日		
	账面余额	减值准备	账面价值	账面余额	减值准备	账面价值
对子公司投资	24,894,204,698.47	-	24,894,204,698.47	24,248,280,989.55	-	24,248,280,989.55
对联营、合营 企业投资	<u>404,302,204.06</u>	<u>25,120,485.00</u>	<u>379,181,719.06</u>	<u>476,643,227.84</u>	<u>25,120,485.00</u>	<u>451,522,742.84</u>
	<u>25,298,506,902.53</u>	<u>25,120,485.00</u>	<u>25,273,386,417.53</u>	<u>24,724,924,217.39</u>	<u>25,120,485.00</u>	<u>24,699,803,732.39</u>

#### 十四、 母公司财务报表主要项目注释（续）

##### 3. 长期股权投资（续）

##### (1) 对子公司投资

被投资单位	2020 年 12 月 31 日	本期增加	2021 年 6 月 30 日	减值准备 期末余额
上海天天基金销售有限公司	338,000,000.00	-	338,000,000.00	-
上海东方财富证券投资咨询有限公司	71,982,000.00	-	71,982,000.00	-
上海东方财富金融数据服务有限公司	50,000,000.00	-	50,000,000.00	-
北京京东财信息科技有限公司	1,000,000.00	-	1,000,000.00	-
广州东财信息科技有限公司	1,000,000.00	-	1,000,000.00	-
上海东方财富置业有限公司	200,000,000.00	-	200,000,000.00	-
上海优优商务咨询有限公司	181,033.55	-	181,033.55	-
上海东方财富网络科技有限公司	50,000,000.00	-	50,000,000.00	-
上海优优财富投资管理有限公司	10,000,000.00	-	10,000,000.00	-
扬州东方财富金融信息服务有限公司	50,000,000.00	-	50,000,000.00	-
东方财富（香港）有限公司	694,350,756.00	645,923,708.92	1,340,274,464.92	-
东方财富证券股份有限公司	22,210,583,700.00	-	22,210,583,700.00	-
上海微兆信息科技有限公司	50,000,000.00	-	50,000,000.00	-
东方财富征信有限公司	50,000,000.00	-	50,000,000.00	-
浪客网络科技有限公司	50,000,000.00	-	50,000,000.00	-
南京东方财富信息技术有限公司	5,000,000.00	-	5,000,000.00	-
上海沪阅信息技术有限公司	140,000,000.00	-	140,000,000.00	-
东财保险经纪有限公司	64,270,000.00	-	64,270,000.00	-
成都京合企业管理有限责任公司	211,913,500.00	-	211,913,500.00	-
	<u>24,248,280,989.55</u>	<u>645,923,708.92</u>	<u>24,894,204,698.47</u>	<u>-</u>

##### (2) 对联营、合营企业投资

被投资单位	期初余额	本期增减变动		期末余额	减值准备期末余额
		权益法下确认的投 资损益	宣告发放现金 股利或利润		
联营企业					
上海漫道金融信息服务股份 有限公司	405,855,900.97	5,348,340.44	72,900,000.00	338,304,241.41	25,120,485.00
中证信用云科技（深圳）股 份有限公司	<u>45,666,841.87</u>	<u>2,210,635.78</u>	<u>7,000,000.00</u>	<u>40,877,477.65</u>	<u>-</u>
小计	<u>451,522,742.84</u>	<u>7,558,976.22</u>	<u>79,900,000.00</u>	<u>379,181,719.06</u>	<u>25,120,485.00</u>
	<u>451,522,742.84</u>	<u>7,558,976.22</u>	<u>79,900,000.00</u>	<u>379,181,719.06</u>	<u>25,120,485.00</u>

## 十四、 母公司财务报表主要项目注释（续）

### 4. 营业收入和营业成本

	截至 2021 年 6 月 30 日止 6 个月期间		截至 2020 年 6 月 30 日止 6 个月期间	
	收入	成本	收入	成本
主营业务	<u>2,445,927,533.53</u>	<u>175,795,909.11</u>	<u>1,171,711,806.08</u>	<u>173,853,384.15</u>
	<u>2,445,927,533.53</u>	<u>175,795,909.11</u>	<u>1,171,711,806.08</u>	<u>173,853,384.15</u>

#### 营业收入明细：

合同分类	技术服务	金融数据服务	互联网广告业务	其他业务	合计
服务类型	<u>2,336,623,831.43</u>	<u>34,412,005.04</u>	<u>36,484,002.97</u>	<u>38,407,694.09</u>	<u>2,445,927,533.53</u>
	<u>2,336,623,831.43</u>	<u>34,412,005.04</u>	<u>36,484,002.97</u>	<u>38,407,694.09</u>	<u>2,445,927,533.53</u>

#### 与履约义务相关的信息：

本集团经营活动主要分为技术服务、金融数据服务、互联网广告服务，各业务合同的与履约义务相关的主要信息如下：

##### 技术服务：

- (1) 履约义务的履行时间：在合同约定期限内，持续提供技术服务。
- (2) 重要的支付条款：提供技术服务后次月结算。
- (3) 退货及质量保证条款：无。

##### 金融数据服务：

- (1) 履约义务的履行时间：在合同约定服务期限内，持续提供金融数据服务，按照直线法确认收入。
- (2) 重要的支付条款：在提供金融数据服务前支付款项。
- (3) 退货及质量保证条款：无。

##### 互联网广告服务：

- (1) 履约义务的履行时间：在广告发布期间，按照合同金额与广告发布执行单确认收入。
- (2) 重要的支付条款：广告投放结束后 3-6 个月。
- (3) 退货及质量保证条款：无。

#### 十四、 母公司财务报表主要项目注释（续）

##### 5. 投资收益

	截至 2021 年 6 月 30 日 止 6 个月期间	截至 2020 年 6 月 30 日 止 6 个月期间
权益法核算的长期股权投资收益	7,558,976.22	6,133,530.83
交易性金融资产在持有期间的 投资收益	5,939,156.59	150.14
处置交易性金融资产取得的 投资收益	684.43	-
其他非流动金融资产在持有期间 的投资收益	3,000,000.00	-
	<u>16,498,817.24</u>	<u>6,133,680.97</u>

## 1. 当期非经常性损益明细表

	截至 2021 年 6 月 30 日止 6 个月期间	截至 2020 年 6 月 30 日止 6 个月期间
非流动资产处置损益	(171,268.71)	57,950.99
计入当期损益的政府补助（与企业业务密切相关，按照国家统一标准定额或定量享受的政府补助除外）	106,956,708.18	81,096,597.44
除同公司正常经营业务相关的有效套期保值业务外，持有交易性金融资产、衍生金融资产、交易性金融负债、衍生金融负债产生的公允价值变动损益，以及处置交易性金融资产、衍生金融资产、交易性金融负债、衍生金融负债和其他债权投资取得的投资收益	4,679,668.15	12,145,852.10
单独进行减值测试的应收款项、合同资产减值准备转回	14,918.45	-
除上述各项之外的其他营业外收入和支出	(2,448,393.57)	(9,158,257.54)
其他符合非经常性损益定义的损益项目	7,808,482.04	-
小计	116,840,114.54	84,142,142.99
所得税影响额	(17,394,405.44)	(12,012,553.59)
合计	99,445,709.10	72,129,589.40

## 2. 净资产收益率及每股收益

截至 2021 年 6 月 30 日止 6 个月期间

	加权平均净资产 收益率	每股收益（元）	
		基本每股收益	稀释每股收益
归属于公司普通股股东的净利润	10.46%	0.36	0.36
扣除非经常性损益后归属于公司普通股股东的净利润	10.18%	0.35	0.35

截至 2020 年 6 月 30 日止 6 个月期间

	加权平均净资产 收益率	每股收益（元）	
		基本每股收益	稀释每股收益
归属于公司普通股股东的净利润	17.89%	0.19	0.19
扣除非经常性损益后归属于公司普通股股东的净利润	17.64%	0.18	0.18

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