



申萬宏源集團股份有限公司
SHENWAN HONGYUAN GROUP CO., LTD.

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

Stock Code : 6806.HK 000166.SZ

申萬宏源
2021
Annual Report

Important Notice

1. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content contained in this annual report, and that there are no misstatements, misleading representations or material omission in the contents contained herein, and severally and jointly bear full legal responsibilities thereof.
2. This annual report was considered and approved at the 7th meeting of the fifth session of the Board. 11 directors shall participate in the poll of the meeting and the actual number of directors participated was 11. No directors, supervisors, or senior management of the Company declares the inability to warrant or disagreement with the truthfulness, accuracy and completeness of the content herein.
3. Mr. Huang Hao, the legal representative and general manager of the Company, Ms. Ren Quansheng, the chief financial officer of the Company, and Ms. Zhang Yan, the general manager of the planning and finance department of the Company, have declared that they warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.
4. The condensed consolidated financial report for 2021 prepared by the Company in accordance with the International Financial Reporting Standards has been audited by PricewaterhouseCoopers, the auditor of the Company, which has issued a standard unqualified audit report.
5. The forward-looking statements in this annual report, including future plans and development strategies do not constitute substantive commitments of the Company to investors. Investors should be aware of the investment risks.
6. The Company has described details of the possibly existing risks including market risk, credit risk, liquidity risk, operational risk, policy risk, legal and compliance risk and risk of innovative products/businesses, etc. in this report. Investors are advised to read the “Report of the Board” as set out in section III of this annual report carefully and pay special attention to the above-mentioned risk factors.
7. As considered and approved at the 7th meeting of the fifth session of the Board, the profit distribution proposal of the Company for 2021 is as follows:
 - (1) Based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2021, a cash dividend of RMB1.00 (tax inclusive) for every 10 shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date, with a total amount of cash dividend of RMB2,503,994,456.00. The retained profits of the Company of RMB438,572,989.61 following the cash dividend distribution will be carried forward to the next year.
 - (2) Cash dividend is denominated and declared in RMB and paid to A shareholders in RMB and to H shareholders in HKD. The actual distribution amount in HKD was calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People’s Bank of China five business days prior to the 2021 annual general meeting of the Company.

If there is any change in the total share capital of the Company during the period from the date of disclosure of the profit distribution proposal to the record date for the implementation of the equity distribution, the Company intends to maintain the total distribution amount unchanged and adjust the distribution ratio per share accordingly.

(The proposal is subject to consideration at the general meeting)
8. The audit committee of the Board of the Company has reviewed the annual results of the Company for 2021.
9. This annual report of the Company is prepared in both Chinese and English. In the event of any discrepancy, the Chinese version should prevail.
10. The Company did not have any preferred shares during the Reporting Period.



申萬宏源

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Section I Important Notice and Definitions

DOCUMENTS AVAILABLE FOR INSPECTION

1. Financial statements affixed with the signatures and stamps of the person in charge of the Company, the person in charge of the accounting work, the person in charge of the accounting organization (accounting supervisor).
2. Original of the audit report affixed with the stamp of the accounting firm and the signatures and stamps of certified public accountants.
3. Originals of all the Company's documents and announcements publicly disclosed during the Reporting Period.
4. Annual reports published in other securities markets.

Section I Important Notice and Definitions (continued)

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the following meanings:

Term	Definition
“A Share(s)”	domestic ordinary shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“ABS”	asset-backed securities
“actual controller” or “Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Beijing Stock Exchange”	Beijing Stock Exchange
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“CG Code”	the previous version of Corporate Governance Code (revised on January 1, 2022) as set out in Appendix 14 to the Hong Kong Listing Rules
“ChiNext Board”	the growth enterprise board launched by the Shenzhen Stock Exchange
“CMBS”	commercial mortgage-backed securities
“Company” or “Shenwan Hongyuan Group”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司)
“Company Law”	the Company Law of the People's Republic of China (中華人民共和國公司法)
“controlling shareholder” or “JIC”	China Jiayin Investment Ltd. (中國建銀投資有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“ETF(s)”	exchange-traded fund(s)

Section I Important Notice and Definitions (continued)

Term	Definition
“FICC”	fixed income, foreign exchange, currencies and commodities
“Fullgoal Fund”	Fullgoal Fund Co., Ltd. (富國基金有限責任公司)
“general meeting”	the general meeting of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hongyuan Futures”	Hongyuan Futures Co., Ltd. (宏源期貨有限公司)
“Hongyuan Huifu”	Hongyuan Huifu Capital Co., Ltd. (宏源匯富創業投資有限公司)
“Hongyuan Huizhi”	Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司)
“ISAE 3402”	International Standard on Assurance Engagements (鑒證業務國際準則) No. 3402
“margin financing and securities lending”	provision of collateral by investors to securities firms who are qualified for conducting margin financing and securities lending business to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)

Section I Important Notice and Definitions (continued)

Term	Definition
“Net Capital”	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognized or approved by the CSRC
“PB System”	prime brokerage system
“PE”	private equity investment
“Pre-IPO”	direct equity investment in companies before listing or expected to be listed
“QDLP”	qualified domestic limited partner
“REITs”	real estate investment trust
“Reporting Period”	the year from January 1, 2021 to December 31, 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RMB, RMB0’000, RMB100 million”	Renminbi Yuan, Renminbi 0’000, Renminbi 100 million
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shenwan Futures”	Shenwan Futures Co., Ltd. (申銀萬國期貨有限公司)
“Shenwan Hongyuan Financing Services”	Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司)
“Shenyin & Wanguo Investment”	Shenyin & Wanguo Investment Co., Ltd. (申銀萬國投資有限公司)
“Shenwan Hongyuan Securities”	Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司)
“Shenwan Hongyuan Securities (Western)”	Shenwan Hongyuan Securities (Western) Co., Ltd. (申萬宏源西部證券有限公司)

Section I Important Notice and Definitions (continued)

Term	Definition
“Shenyin & Wanguo Alternative Investment”	Shenyin & Wanguo Alternative Investment Co., Ltd. (申銀萬國創新證券投資有限公司)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“SSE Composite Index”	the Shanghai Stock Exchange composite index
“STAR Market”	the Sci-Tech Innovation Board launched by the Shanghai Stock Exchange
“stock-backed lending”	a transaction in which a securities firm provides financing to qualified clients who pledge their stocks as collateral
“structured notes”	marketable securities issued by securities firms with the payment of principal and return linked to specific underlying assets
“SWS MU”	SWS MU Fund Management Co., Ltd. (申萬菱信基金管理有限公司)
“SWS Research”	SWS Research Co., Ltd. (上海申銀萬國證券研究所有限公司)
“SZSE Component Index”	the Shenzhen Stock Exchange component index
“US dollar” or “USD”	United States dollars, the lawful currency of the United States
“VaR”	value at risk
“VC”	venture capital
“Wind”	Wind Information Co., Ltd. (萬得資訊技術股份有限公司), a service provider of financial data, information and software in Mainland China
“Zhengzhou Commodity Exchange”	Zhengzhou Commodity Exchange
“%”	percent

In the 2021 annual report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

Section II Company Profile and Key Financial Indicators

I. COMPANY PROFILE

Stock name	申萬宏源 (Shenzhen Stock Exchange); SWHY (Hong Kong Stock Exchange)	Stock code	000166 (Shenzhen Stock Exchange); 6806 (Hong Kong Stock Exchange)
Stock exchanges on which the shares are listed	Shenzhen Stock Exchange, Hong Kong Stock Exchange		
Chinese name of the Company	申萬宏源集團股份有限公司		
Abbreviation of Chinese name of the Company	申萬宏源		
English name of the Company	Shenwan Hongyuan Group Co., Ltd.		
Abbreviation of English name of the Company	Shenwan Hongyuan		
Legal representative of the Company	Mr. Huang Hao		
General manager of the Company	Mr. Huang Hao		
Authorized representatives	Mr. Chu Xiaoming, Mr. Xu Liang		
Joint company secretaries	Mr. Xu Liang, Mr. Wong Wai Chiu		
Registered office of the Company	Room 2001, 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC		
Postal code of the registered office of the Company	830011		
Historical changes in the registered address of the Company	The registered address has not changed since the listing of the Company in January 2015.		
Office address of the Company	20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC; No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC		
Postal code of the office address of the Company	830011; 100033		
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong		
Company website	www.swhygh.com		
Email address of the Company	swhy@swhysc.com		
The registered capital of the Company	RMB25,039,944,560		
Net Capital of the Company	The Net Capital of the parent company of Shenwan Hongyuan Securities is RMB83,133,396,232.22		

Section II Company Profile and Key Financial Indicators (continued)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities affairs representative
Name	Mr. Xu Liang	Mr. Xu Liang
Address	20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC	20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC
Telephone	0991-2301870, 010-88085333	0991-2301870, 010-88085333
Facsimile	0991-2301779	0991-2301779
Email address	swwhy@swwhy.com	swwhy@swwhy.com

III. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Newspapers designated for disclosure of the Company's information	China Securities Journal, Securities Times, Shanghai Securities News
Website of stock exchange for disclosure of the A Share annual report of the Company	Shenzhen Stock Exchange: www.szse.cn
Name and website of media for disclosure of the A Share annual report of the Company	Cninfo website: www.cninfo.com.cn
Website of stock exchange for disclosure of the H Share annual report of the Company	HKEnews: www.hkexnews.hk
Location for inspection of annual report of the Company	the office of the Board of the Company, 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC

IV. REGISTRATION INFORMATION OF THE COMPANY

- (I) The date of the initial registration: September 16, 1996, Shenyin & Wanguo Securities Co., Ltd. obtained the business license of the legal entity (Registration No: 150437600), which approved and issued by Shanghai administration for industry and commerce, the registered capital was RMB1.32 billion.

Related query index of initial registration: The report of Shenyin & Wanguo Securities Co., Ltd and Hongyuan Securities Co., Ltd. merged through share conversion and absorption.

Section II Company Profile and Key Financial Indicators (continued)

(II) The date of the recent registered change: January 14, 2021

Registered Capital: RMB25,039,944,560

Type of Company: other joint stock limited company (listed)

Legal representative: Huang Hao

(III) Unified social credit code: 91650000132278661Y

(IV) Changes in the Principal Business since the Listing of the Company

The business scope of Shenwan Hongyuan Group Co., Ltd. is: investment management, industrial investment, equity investment, investment consulting and renting property leasing. (For projects subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities.)

Shenwan Hongyuan Group conducts the securities business through three securities firms, namely Shenwan Hongyuan Securities, Shenwan Hongyuan Securities (Western) and Shenwan Hongyuan Financing Services.

The Company's principal business has not changed since its listing.

V. QUALIFICATIONS FOR EACH INDIVIDUAL BUSINESS

The business scope of subsidiary securities companies subordinate to Shenwan Hongyuan Group mainly includes:

Licensed projects: securities business; securities investment consulting; securities investment fund sales agency; custodian business for securities investment funds. (For projects subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities. The specific projects shall be subject to the approval or license documents from relevant authorities.)

General projects: the securities companies provide intermediary services for futures companies. (Other than the projects subject to approval according to laws, operations shall be carried out independently with business licenses)

In addition, subsidiary securities companies subordinate to the Company possesses the following individual business qualifications and memberships:

1. Qualified enterprise annuity fund management institution
2. Pilot program of bonds collateralized quotation repurchase business in Shanghai & Shenzhen Stock Exchange
3. Qualified proprietary business for precious metals spot contracts
4. Qualified proprietary business for gold spot contracts
5. Qualified domestic institutional investor (QDII) qualification
6. Agreed repurchase securities trading entitlement in Shanghai & Shenzhen Stock Exchange
7. Qualification of Securities Broker
8. Treasury bonds futures proprietary business
9. Qualification of participating for treasury bonds buyback in Shanghai Stock Exchange

Section II Company Profile and Key Financial Indicators (continued)

10. Qualification of level one dealer on the Shanghai Stock Exchange Integrated Electronic Platform for Fixed Income Securities
11. Qualification for the Shanghai Stock Exchange 50ETF options market-making business
12. Stock pledged repurchase transaction business for securities in Shanghai & Shenzhen Stock Exchange
13. Qualification to conduct Southbound trading under the Shanghai-Hong Kong stock connect
14. Permission to conduct Southbound trading under Shenzhen-Hong Kong stock connect
15. Qualification of cash management products quick withdrawal business
16. Special membership certificate of the Shanghai Gold Exchange
17. Qualification for inter-bank gold price asking transactions under Shanghai Gold Exchange
18. Qualification for stock option brokerage and proprietary business trading
19. Pilot program for OTC financial derivatives
20. Pilot program for OTC business
21. Pilot program for Internet-based securities business
22. Qualification of secondary dealers for OTC options business
23. Qualification of branch account accounting business in Shanghai Pilot Free Trade Zone
24. Qualification for lending in the national inter-bank lending market
25. Access permission for national inter-bank bond market
26. Qualification of underwriting business for debt financing instruments of non-financial enterprises
27. Membership of National Association of Financial Market Institutional Investors
28. Qualification of the principal dealer for credit risk mitigation tools of National Association of Financial Market Institutional Investors
29. Qualification of the creator for credit risk mitigation certificates of National Association of Financial Market Institutional Investors
30. Qualification for institution providing credit bond bill of National Association of Financial Market Institutional Investors
31. Qualification of participating in the net settlement of bond trade in Shanghai Clearing House
32. Qualification of trial market maker on the inter-bank bond market
33. Qualification for interest rate swap business
34. Qualification for agency business of securities accounts
35. Qualification of Agency for business of securities pledge registration
36. Qualification for settlement of securities funds of stock-option business pilot program
37. Qualification of secondary membership of settlement in China Central Depository & Clearing Co., Ltd.
38. Qualification of direct-investment to corporate bond in China Central Depository & Clearing Co., Ltd. in 2018
39. Qualification for foreign exchange operation in the securities business
40. Approval in amount for foreign exchange for overseas investment
41. Foreign currency lending membership of China Foreign Exchange Trading System
42. Operate recommendation, brokerage, and market-making business on the National Equities Exchange and Quotations as the lead securities firm.

Section II Company Profile and Key Financial Indicators (continued)

43. Qualification for recommended listing, directional capital increase business in Zhejiang equity exchange center
44. Qualification for recommended listing, directional capital increase business in Dalian equity exchange center
45. Qualification for margin refinancing
46. Qualification for market maker of institutional private placement product quotation and service system
47. Qualification for insurance capital trustee
48. Qualification for consultancy services relating to the secrecy-involved business of the military industry
49. Qualification for credit derivatives business
50. Qualification for treasury bonds futures market-making business of China Financial Futures Exchange
51. Qualification for Bond Connect business
52. Qualification of main market maker for listed funds of the Shanghai Stock Exchange
53. Qualification for securities option trading permission
54. Qualification of main market maker of the Shanghai and Shenzhen 300ETF options of the Shanghai Stock Exchange
55. Qualification of market maker of the Shanghai and Shenzhen 300ETF options of the Shenzhen Stock Exchange
56. Qualification of market maker of the Shanghai and Shenzhen 300 index options of China Financial Futures Exchange
57. Qualification of market maker of commodity options (PTA, methanol) of Zhengzhou Commodity Exchange
58. Qualification for pilot fund investment advisory business
59. Qualification for core dealer of credit protection contract of the Shenzhen Stock Exchange
60. Qualification for the pledged quotation repurchase transaction business of the Shenzhen Stock Exchange
61. Qualification for market maker of liquefied petroleum gas futures and options of Dalian Commodity Exchange
62. Qualification for pilot cross-border business related matters
63. Qualification of primary dealers for OTC options
64. Qualification of market maker of natural rubber and petroleum asphalt futures of the Shanghai Futures Exchange
65. Qualification of main market maker of the Shanghai Stock Exchange 50ETF options of the Shanghai Stock Exchange
66. Qualification of market maker of corn futures of Dalian Commodity Exchange
67. Qualification of main market maker of the STAR Market ETF of the Shanghai Stock Exchange
68. Qualification of market maker of commodity futures of Zhengzhou Commodity Exchange
69. Qualification for options clearing business of China Securities Depository and Clearing Company Limited
70. Qualification of pilot equity incentive exercising financing business of Shenzhen Stock Exchange
71. Qualification of spot bond market maker in the inter-bank bond market
72. Qualification for special unit customers to participate in physical delivery of the Shanghai Futures Exchange
73. Qualification for special unit customers to participate in physical delivery of Shanghai International Energy Exchange
74. Qualification of main market maker of the Shanghai and Shenzhen 300ETF options of the Shenzhen Stock Exchange
75. Qualification of market maker of gold option of the Shanghai Futures Exchange

Section II Company Profile and Key Financial Indicators (continued)

76. Qualification of market maker of crude oil option of Shanghai International Energy Exchange
77. Qualification of market maker of soybean meal futures of Dalian Commodity Exchange
78. Qualification of market maker of soybean oil futures of Dalian Commodity Exchange
79. Qualification of market maker of polyvinyl chloride futures of Dalian Commodity Exchange
80. Qualification of market maker of polyethylene futures of Dalian Commodity Exchange
81. Qualification of market maker of palm oil futures of Dalian Commodity Exchange
82. Clearing membership of the Interbank Market Clearing House
83. Qualification of class A clearing participant of China Securities Depository and Clearing Company Limited
84. Membership of China Bill Trading System
85. Membership of Shanghai Stock Exchange
86. Membership of Shenzhen Stock Exchange
87. Membership certificate of the Asset Management Association of China
88. Membership of National Debt Association of China
89. Membership of Shanghai Securities Association
90. Membership of Securities Association of China
91. Membership of China Securities Investor Protection Fund
92. Membership of Insurance Asset Management Industry of China
93. Membership of China Futures Association
94. Membership certificate of the National Internet Finance Association of China
95. Membership of Beijing Stock Exchange

VI. HISTORY OF THE COMPANY

Shenyin & Wanguo Securities Co., Ltd. (“Shenyin & Wanguo Securities”) was established through the merger of former Shanghai Shenyin Securities Co., Ltd. and former Shanghai Wanguo Securities Co., Ltd. in September 16, 1996, which had a registered capital of RMB1,320,000,000. The merger was approved by the People’s Bank of China (Yin Fu [1996] No. 200).

According to the “reply on approving the plan of increase in capital and shares by Shenyin & Wanguo Securities Co., Ltd.” issued by CSRC on October 18, 2001 (Zheng Jian Ji Gou Zi [2001] No. 218), Shenyin & Wanguo Securities completed all the work within the prescribed time limit, with the registered capital changed from RMB1,320,000,000 to RMB4,215,760,000, and the Articles of Association was amended accordingly. According to the “reply on approving the plan of increase in capital and shares by Shenyin & Wanguo Securities Co., Ltd.” issued by CSRC on March 4, 2002 (Zheng Jian Ji Gou Zi [2002] No. 61), Shenyin & Wanguo Securities completed the industrial and commercial alteration registration of registered capital in May 2002, and obtained the new license for operating securities business from the CSRC.

In September 2005, Central Huijin injected capital into Shenyin & Wanguo Securities, purchasing 2.5 billion new shares with RMB2.5 billion in cash. Upon the approval of the general meeting of shareholders and the CSRC, and the completion of the change of registration and other relevant legal procedures, the capital increase and share expansion of Shenyin & Wanguo was officially completed on September 30, 2005, and the registered capital was changed to RMB6,715,760,000.

Section II Company Profile and Key Financial Indicators (continued)

By the approval of “approval for alteration of Shenyin & Wanguo Securities Co., Ltd.’s shareholders which holding more than 5% (Hu Zheng Jian Ji Gou Zi [2012] No. 42)” by CSRC Shanghai branch on February 24, 2012, Central Huijin acquired 1,218,967,798 shares of Shenyin & Wanguo Securities held by four companies, namely Shanghai international group Co., Ltd., Shanghai state-owned assets management Co., Ltd., Shanghai international trust Co., Ltd., Shanghai international group assets management Co., Ltd. Upon completion of the shareholding change, the number of shares held by Central Huijin increased to 3,718,967,798 shares with the shareholding of 55.38%.

On July 25, 2014, Shenyin & Wanguo Securities Co., Ltd. (“Hongyuan Securities”) held the 18th meeting of the third session of the board of directors, and Hong Yuan Securities held the 21st meeting of the seventh session of the board of directors, deliberating and passing the proposal of Shenyin & Wanguo Securities exchanging shares to absorb and merge Hong Yuan Securities. On August 11, 2014, the second extraordinary general meeting of shareholders of Shenyin & Wanguo Securities in 2014 and the first extraordinary general meeting of shareholders of Hong Yuan Securities in 2014 reviewed and approved the above-mentioned issues of share exchange absorption and merger.

Hong Yuan Securities, formerly Xinjiang Hongyuan Trust and Investment Co., Ltd., was established in 1993 by public subscription. Approved by the CSRC on January 3, 1994, Hong Yuan Securities issued 50 million ordinary shares of RMB to the public initially and was listed on the Shenzhen Stock Exchange on February 2, 1994. In September 2000, with the approval of the Zheng Jian Ji Gou Zi [2000] No. 210 issued by the CSRC, the company was reorganized into Hong Yuan Securities.

On November 28, 2014, CSRC issued the “reply to the approval of Shenyin & Wanguo securities Co., Ltd. to issue shares to absorb and merge Hong Yuan Securities Co., Ltd. (Zheng Jian Xu Ke [2014] No.1279), and approved Shenyin & Wanguo Securities to issue 8,140,984,977 shares to absorb and merge Hong Yuan Securities.

On December 14, 2014, Shenyin & Wanguo Securities held the 23rd meeting of the third session of the board of directors, reviewed and agreed the reorganization scheme, Shenyin & Wanguo Securities set up a wholly owned subsidiary of securities in Shanghai with all the securities assets and liabilities after the merge with Hong Yuan Securities, and Shenyin & Wanguo Securities renamed into Shenwan Hongyuan Group Co., Ltd. and relocated to Xinjiang.

On January 8, 2015, the Ministry of Finance issued the “approval of the asset appraisal project of Shenyin & Wanguo Securities absorbing and merging Hong Yuan Securities” (Cai Jin [2015] No. 1), and approved the asset appraisal report of Shenyin & Wanguo securities investing and establishing securities subsidiaries with all securities assets and liabilities after absorbing and merging Hong Yuan Securities; On January 15, 2015, CSRC issued the reply to the approval for the establishment of Shenwan Hong Yuan Securities Co., Ltd. and its two subsidiaries (Zheng Jian Xu Ke [2015] No. 95), approving that Shenyin & Wanguo Securities would establish Hong Yuan Securities as a wholly-owned securities subsidiary by absorbing all securities assets and liabilities after the merger of Hong Yuan Securities. On the same day, Shenwan Hong Yuan Securities was established.

On January 16, 2015, Shenyin & Wanguo Securities renamed as “Shenwan Hongyuan Group Co., Ltd.” and changed its business scope to “investment management, industrial investment, equity investment and investment consultation”, and obtained the renewed business license issued by Shanghai Administration for Industry and Commerce (registration number: 310000000046991).

Section II Company Profile and Key Financial Indicators (continued)

On January 20, 2015, Shenwan Hongyuan Group moved to Urumqi, Xinjiang and obtained the business license renewed by the administration for industry and commerce of Xinjiang Uygur Autonomous region.

On January 23, 2015, after the close of trading on the record date of implementing the transfer of shares, Hong Yuan Securities implemented the transfer of shares and converted into A Shares of Shenwan Hongyuan Group.

On January 26, 2015, with the approval of “Notice on the listing of RMB ordinary shares of Shenwan Hongyuan Group Co., Ltd.” (Shen Zheng Shang [2015] No. 14) by Shenzhen Stock Exchange, Shenwan Hongyuan Group’s RMB ordinary shares are listed on the Shenzhen Stock Exchange.

In March 2015, in accordance with the authorization and specific implementation of the general meeting, the Company completed the filing procedures for the Articles of Association, change of registered capital, change of enterprise type and other industrial and commercial changes procedures, and obtained the business license issued by the Administration for Industry and Commerce of Xinjiang Uygur Autonomous region, with the registered capital of RMB14,856,744,977.

On July 6, 2016, the Company implemented and completed the 2015 annual profit distribution plan, and the total share capital of the Company increased from 14,856,744,977 shares to 20,056,605,718 shares. In November 2016, as authorized by the general meeting, the Company amended the relevant articles of the Articles of Association, went through the procedures of changing the industrial and commercial registration and filing procedure, and obtained a new business license. The registered capital was changed to RMB20,056,605,718, and the business scope is changed to: investment management, industrial investment, equity investment, investment consultation, and property leasing (for projects subject to approval according to law, business activities can be carried out only after the approval of relevant departments).

Upon the “reply for approval of the Shenwan Hongyuan Group Co., Ltd.’s non-public issue of stock” (Zheng Jian Xu Ke [2017] No. 2282) by CSRC, in January 2018, Shenwan Hongyuan Group conducted nonpublic issuance of 2,479,338,842 ordinary shares to four investors, and on January 30, 2018 listed on the Shenzhen Stock Exchange, the Company’s total share capital increased from 20,056,605,718 shares to 22,535,944,560 shares. On February 2, 2018, as authorized by the general meeting, the Company went through the procedures for the alteration of industrial and commercial registration and filing of the registered capital and the relevant provisions of the Articles of Association and obtained a new business license, with the registered capital changed to RMB22,535,944,560.

The Company issued 2,504,000,000 overseas listed foreign shares (H Shares) and such H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on April 26, 2019, as approved by the “Reply Regarding Approval for Issuance of Overseas Listed Foreign Shares by Shenwan Hongyuan Group Co., Ltd.” (Zheng Jian Xu Ke [2019] No. 393) issued by CSRC and by the Hong Kong Stock Exchange. The total share capital of the Company increased from 22,535,944,560 shares to 25,039,944,560 shares. On June 20, 2019, the Company went through the procedures for the alteration of the industrial and commercial registration and filing of the registered capital and related articles of the Articles of Association as authorized by the general meeting, and obtained a new business license. The registered capital of the company was changed from RMB22,535,944,560 to RMB25,039,944,560.

Section II Company Profile and Key Financial Indicators (continued)

VII. OTHER RELEVANT INFORMATION

(I) Auditors engaged by the Company

Auditor in PRC	PricewaterhouseCoopers Zhong Tian LLP
Office address of auditor in PRC	11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai
Name of signing accountants	Yip Siu Foon, Linda Shan Feng
International auditor	PricewaterhouseCoopers
Office address of international auditor	22/F, Prince's Building, Central, Hong Kong
Name of signing accountant	Yip Siu Foon, Linda

(II) Legal Advisor

Domestic legal advisor	Alliance J&S Law Firm Room 1910, Tower 2, Guanghua Changan Building, No. 7 Jianguomen Inner Street, Dong Cheng District, Beijing
Hong Kong legal advisor	Clifford Chance 27/F, Jardine House, One Connaught Place, Central, Hong Kong

(III) The sponsor engaged by the Company to perform the continuous supervision obligation during the Reporting Period

N/A

(IV) The financial advisor engaged by the Company to perform the continuous supervision obligation during the Reporting Period

N/A

(V) Share Registrar

A Share registrar	China Securities Depository and Clearing Company Limited, Shenzhen Branch 22-28/F, Shenzhen Stock Exchange Building, 2012 Shennan Blvd., Futian District, Shenzhen, Guangdong, China
H Share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Section II Company Profile and Key Financial Indicators (continued)

VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS (CONSOLIDATED STATEMENTS)

Accounting data and financial indicators set out in this report have been prepared in accordance with the International Financial Reporting Standards.

Key accounting data and financial indicators

Items	2021	2020	Unit: Thousand Yuan Currency: RMB	
			Increase/decrease as compared with the last year (%)	2019
Total revenue and other income	46,171,470	39,156,373	17.92	33,251,541
Profit before income tax	11,079,122	9,348,467	18.51	6,927,231
Profit for the year attributable to shareholders of the Company	9,398,369	7,766,175	21.02	5,735,413
Net cash used in operating activities	-38,462,248	-34,741,199	N/A	-1,004,066
Basic earnings per share (in RMB per share)	0.38	0.31	22.58	0.24
Weighted average return on equity (%)	10.26	9.05	Increased by 1.21 percentage points	7.41

Items	End of 2021	End of 2020	Increase/decrease as compared with the end of last year (%)	
			End of 2019	
Total assets	601,011,467	491,124,277	22.37	388,537,268
Total liabilities	493,956,873	401,033,687	23.17	303,705,861
Total equity attributable to shareholders of the Company	95,222,008	88,464,617	7.64	83,206,190
Share capital	25,039,945	25,039,945	—	25,039,945
Equity per share attributable to shareholders of the Company (in RMB per share)	3.80	3.53	7.65	3.32
Gearing ratio (%) ^{Note}	78.43	77.08	Increased by 1.35 percentage points	72.77

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients-proceeds from underwriting securities received on behalf of customers) / (Total assets – Accounts payable to brokerage clients- proceeds from underwriting securities received on behalf of customers)*100%

Section II Company Profile and Key Financial Indicators (continued)

IX. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

In terms of net profits for the year and net profits for the year attributable to the shareholders of the Company for 2021 and 2020, and total equity and total equity attributable to shareholders of the Company as of December 31, 2021 and December 31, 2020, there's no difference between the data set out in the financial statements disclosed by the Company prepared in accordance with International Financial Reporting Standards and that prepared in accordance with China Accounting Standards for Business Enterprises.

X. NET CAPITAL AND THE LIQUIDITY RISK CONTROL INDICATORS (CALCULATED BASED ON THE DATA OF THE PARENT COMPANY OF SHENWAN HONGYUAN SECURITIES)

Unit: Thousand Yuan Currency: RMB

Items	As of the end of 2021	As of the end of 2020	Increase/decrease as compared with the end of the last year
Core net capital	62,373,396	57,654,127	8.19%
Net supplementary capital	20,760,000	8,400,000	147.14%
Net capital	83,133,396	66,054,127	25.86%
Net assets	98,220,020	76,385,769	28.58%
Total risk capital reserves	40,148,469	40,349,612	-0.50%
Total on-balance sheet & off-balance sheet assets	481,426,172	359,331,502	33.98%
Risk coverage ratio	207.06%	163.70%	Increased by 43.36 percentage point
Capital leverage ratio	13.11%	16.06%	Decreased by 2.95 percentage point
Liquidity coverage ratio	208.79%	205.07%	Increased by 3.72 percentage point
Net stable funding ratio	131.00%	133.71%	Decreased by 2.71 percentage point
Net capital/net assets	84.64%	86.47%	Decreased by 1.83 percentage point
Net capital/liabilities	25.58%	25.62%	Decreased by 0.04 percentage point
Net assets/liabilities	30.22%	29.63%	Increased by 0.59 percentage point
Equity securities and derivatives held/net capital	44.99%	52.90%	Decreased by 7.91 percentage point
Non-equity securities and derivatives held/net capital	271.01%	312.33%	Decreased by 41.32 percentage point

Section II Company Profile and Key Financial Indicators (continued)

XI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN LAST FIVE YEARS

1. Profiting status		Unit: Thousand Yuan Currency: RMB				
Items	2021	2020	2019	2018	2017	
Total revenue and other income	46,171,470	39,156,373	33,251,541	24,109,617	20,924,649	
Total expenses	35,873,346	30,099,411	26,606,448	19,133,948	15,220,327	
Profit before income tax	11,079,122	9,348,467	6,927,231	5,187,265	5,927,493	
Profit for the year attributable to shareholders of the Company	9,398,369	7,766,175	5,735,413	4,160,189	4,599,683	

2. Assets status		Unit: Thousand Yuan Currency: RMB				
Items	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	
Total assets	601,011,467	491,124,277	388,537,268	347,725,035	299,943,298	
Total liabilities	493,956,873	401,033,687	303,705,861	276,529,106	242,937,520	
Total equity attributable to shareholders of the Company	95,222,008	88,464,617	83,206,190	69,399,325	55,197,197	
Share capital	25,039,945	25,039,945	25,039,945	22,535,945	20,056,606	

3. Key financial indicators		2021	2020	2019	2018	2017
Basic earnings per share (in RMB per share)	0.38	0.31	0.24	0.19	0.23	
Diluted earnings per share (in RMB per share)	0.38	0.31	0.24	0.19	0.23	
Weighted average return on equity (%)	10.26	9.05	7.41	6.19	8.61	
Gearing ratio (%) ^{Note}	78.43	77.08	72.77	75.23	75.88	
Equity per share attributable to shareholders of the Company (in RMB per share)	3.80	3.53	3.32	3.08	2.75	

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients- Proceeds from underwriting securities received on behalf of customers) / (Total assets – Accounts payable to brokerage clients- Proceeds from underwriting securities received on behalf of customers)*100%

Section III Report of the Board

I. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

(I) Basic information of the industry of the Company

In 2021, in the face of multiple challenges including the complex and severe international environment and the spread of domestic epidemic, under the leadership of the Party Central Committee with Xi Jinping at the core, the state scientifically coordinated epidemic prevention and control and economic and social development, strengthened cross-cycle adjustment of macro policies, and increased the support for the real economy. The deepening of reform, opening up and innovation and the successful completion of the goal of building a comprehensive well-off society have provided continuous impetus and a solid foundation for China's economic recovery during the epidemic. The annual gross domestic product increased by 8.1%, with an average growth rate of 5.1% in the two years. In view of high-quality economic development in the PRC, deepening supply-side structural reform, and increasing the proportion of direct financing, the capital market further strengthened its function as a hub to promote technological innovation and the transformation and upgrading of the real economy. As a key component of the capital market, the securities industry insisted on making progress while maintaining stability, optimized the development ecology, further enhanced service capabilities and levels, and entered the "fast lane" of high-quality development.

During the Reporting Period, the securities industry in the PRC showed four major development characteristics:

1. Performance continued to grow steadily due to continued release of benefits from policies

Benefiting from the expansion of the capital market brought about by the pilot registration system reform and the continuous advancement of the systematic reform of the capital market, the performance of the securities industry continued to improve in 2021. According to the statistics of the Securities Association of China, 140 securities companies in the industry achieved operating income of RMB502.410 billion, representing a year-on-year increase of 12.03%; net profit of RMB191.119 billion, representing a year-on-year increase of 21.32%. The performance improved stably. The total assets scale of the industry exceeded RMB10 trillion and reached RMB10.59 trillion, representing an increase of 19.07% compared with the end of the last year; the scale of net assets reached RMB2.57 trillion, representing an increase of 11.34% compared to the end of the last year, capital strength has been continuously enhanced.

2. Deepening the reform and development of the capital market to serve the financing of small and medium-sized enterprises

The year 2021 is the first year of the "14th Five-Year Plan" and a crucial year for deepening reform of the capital market of the PRC. The capital market welcomes the third national stock exchange, i.e. the Beijing Stock Exchange. Therefore, the multi-level capital market of the PRC has formed a pattern in which three major exchanges in Beijing, Shanghai and Shenzhen are in staggered development and interconnect with each other, further improving the capital market infrastructure to serve the financing needs of enterprises at different levels and stages of development and enhancing the inclusiveness of the capital market. The Beijing Stock Exchange is the main position for innovative small and medium-sized enterprises, and the number of domestic small and medium-sized enterprises featured by specialization, refinement, specialization, novelty guarantees the reserve of subsequent listing projects of the Beijing Stock Exchange. In addition, the Central Economic Work Conference set the tone for the full implementation of registration system in 2022, indicating that the capital market reform led by the comprehensive registration system in the PRC is expected to be further accelerated and the implementation of the market-wide registration system reform can be expected in 2022. With the making up for shortcomings of the structure of the capital market and the gradual implementation of

Section III Report of the Board (continued)

comprehensive registration system and new refinancing regulations, market activity has been further enhanced. As an important part of direct financing in the capital market, securities traders have deeply benefited from industry policies, and the potential of IPO business of securities traders has expanded. In 2021, 524 enterprises achieved IPO of A shares with the proceeds of RMB542.675 billion and 520 completed private placement which raised RMB908.258 billion. The total market value of A shares at the end of the year exceeded RMB90 trillion.

3. The arrival of the era of wealth management reform results in increasingly balanced income structure

At present, the PRC has entered the golden cycle of wealth management, and based on rough estimate, the total size of the wealth management market has exceeded RMB200 trillion, making the PRC the second largest wealth management market in the world. The reform of the pilot registration system has promoted the expansion of the capital market, and the ability of the capital market to meet the needs of residents' wealth management asset allocation has been greatly improved. "Housing for dwelling instead of speculation", removal of rigid payment for bank wealth management, and net worth transformation promote residents' assets to transform from saving to investment, the proportion of equity assets continuously increases, and residents' wealth management will usher in a new round of demand blowout development period under the condition of liberal liquidity. With the expansion of pilot fund investment advisory business of securities traders and the growing fund holdings, securities companies accelerated to promote the transformation of traditional brokerage business into a wealth management model, to reduce the reliance of securities companies on the business income from traditional channels; driven by the transformation of wealth management and the reform of the capital market, the asset management and investment banking businesses have ushered in a period of opportunities; meanwhile, with the continuous expansion of the securities lending business under the loosening of systems, the strong demand for on-the-exchange or OTC derivatives business, the active exploration of the model of funds adopting settlement by securities dealers and the gradual popularization of the "investment banking + investment" two-wheel-driven business model, innovative businesses emerged rapidly, the business segments of securities dealers maintained a high growth trend, the business income structure of the securities industry was gradually diversified, and the ability of securities dealers to resist risks and stabilize income was gradually improved.

4. Continuous improvement of legal system construction to build a good market ecology

As the "zero tolerance" supervision and law enforcement in the capital market has been continuously upgraded, the administrative penalties have been significantly strengthened and higher requirements have been placed on the due diligence of intermediaries in the practice process; the supply of the rule of law in the capital market continues to be upgraded, and the Amendment to Criminal Law (XI) was officially implemented in March 2021, realizing the "synergy" of the new Securities Law and the Criminal Law; in addition, the revision of criminal prosecution standards for securities and futures crime cases, introduction of supporting systems including order to repurchase for fraudulent issuance of shares, promotion of Futures Law legislation, acceleration of the formulation of administrative reconciliation measures, listed companies regulations, etc., and continuous compaction of the responsibilities of securities intermediaries as "gatekeepers" have laid a solid foundation for building a more sound securities law enforcement and judicial system with Chinese characteristics. With the continuous improvement of the three-dimensional accountability system of civil compensation, administrative punishment and criminal penalty, the overall effect of cracking down on illegal securities activities has gradually become prominent and the cultural construction of the securities and fund industry was continuously accelerated, which promoted the formation of a good market ecology that respects the law and is trustworthy.

(II) Industry position of the Company

As a comprehensive financial service provider based on the capital market, the Company has witnessed the development of the securities industry of the PRC, experienced multiple market cycles and established a long-standing, comprehensive and high-quality leading position in the securities industry of China. During the Reporting Period, in the face of complex and volatile market conditions, the Company earnestly implemented the decisions and deployments of the Party Central Committee and the State Council, proactively adapted to the new situation, new tasks and new requirements, and solidly performed the political, economic and social responsibilities as a state-owned enterprise, to fully support and serve the national strategy and proceed with the “six stabilisations” and implement the “six guarantees” tasks. Multiple measures were taken to serve the development of the real economy including proactively promoting business transformation, consolidating basic management and risk prevention and control, as well as accelerating the construction of a comprehensive financial service system featuring “investment + investment banking”. At present, the Company has solid asset quality and good financial status and has achieved good results in terms of operating income, net profit, return on equity, and industry ranking, and its comprehensive strength is in the first rank in the industry.

(III) Major impact of newly promulgated laws, administrative regulations, departmental rules, and industry policies on the industry

In 2021, the capital market continued to promote systemic reforms under the policy of “system establishment, non-intervention, and zero tolerance”. The registration system reform, as the “core” project of capital market reform, is the core measure to increase the proportion of direct financing. Since the beginning of 2021, the regulators have done a lot of work in optimizing the issuance pricing mechanism, improving the quality of information disclosure, and compacting the responsibilities of intermediaries. In the first half of the year, the Shenzhen Stock Exchange merged the main board and the small and medium enterprise board, highlighting the market positioning of the ChiNext Board and reducing the resistance to reform for a comprehensive registration system; the Shanghai Stock Exchange and Shenzhen Stock Exchange announced the implementation of the transfer method, the basic system for the transfer for listing of the selective layer of the NEEQ was established, and the transfer for listing of the enterprises on the NEEQ entered the practical stage; in the second half of the year, the CSRC, the Shanghai Stock Exchange, and the Shenzhen Stock Exchange successively issued revisions to the special regulations on the issuance and underwriting of IPOs on the ChiNext Board and the STAR Market, and improved the relevant regulations on the issuance range of IPO underwriting prices on the STAR Market and the ChiNext Board; the Beijing Stock Exchange was officially opened in November; at the end of the year, the Central Economic Work Conference proposed to fully implement the share issuance registration system. Driven by the main line of reform aimed at increasing the proportion of direct financing, securities dealers ushered in a substantial increase in IPO. However, at the same time, with the gradual advancement of the registration system reform, the regulation of the securities industry has shown a trend of simplifying the pre-approval process and strengthening the regulation during and after the event, the responsibilities of intermediaries were further compacted, and the practice quality of investment banking business of securities companies was improved, so as to continue to regulate the market order and achieve a long-term balance of stable growth and risk prevention. During the Reporting Period, the regulators paid more attention to wealth management, launched a number of favorable measures to promote business innovation, and lowered the standards for fund transaction handling fees and transaction unit usage fees to create a better environment for wealth management. The official launch of “Southbound Trading” under Bond Connect and the release of insurance funds to participate in securities

Section III Report of the Board (continued)

lending have enriched business configuration options and business development channels. With the pilot account management function optimization and expansion of the qualifications for pilot fund investment advisory, policies continue to promote the transformation of securities dealers' wealth management.

In addition, based on the compliance risk control and business risks of securities companies, the regulation of the securities industry continues to "support the superior enterprises and limit the inferior ones". The CSRC has launched a "whitelist" system to guide the securities industry to pay attention to compliance operations.

II. PRINCIPAL BUSINESS ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

(I) Principal business engaged by the Company during the Reporting Period

As an investment holding group, the Company is committed to providing diversified financial products and services to clients, footed the capital market and focusing on securities businesses. Utilizing the two-tier structure of "investment holding group + subsidiary securities firm", the Company has established a business model with differentiated competitive advantages. The Company's business mainly focuses on four segments, including enterprise finance, personal finance, institutional services and trading, as well as investment management. The specific business structure is as follows:

Enterprise Finance		Personal Finance	Institutional Services and Trading	Investment Management
Investment Banking	Principal Investment			
<ul style="list-style-type: none"> Equity financing Debt financing Financial advisory 	<ul style="list-style-type: none"> Equity investment Debt investment Other investment 	<ul style="list-style-type: none"> Securities and futures brokerage Margin financing and securities lending Stock-backed lending Sales of financial products 	<ul style="list-style-type: none"> Prime brokerage Research and consultation Proprietary trading 	<ul style="list-style-type: none"> Asset management Mutual fund management Private equity fund management

Section III Report of the Board (continued)

1. Enterprise finance

The Company's enterprise finance business consists of investment banking business and principal investment business. Investment banking business provides equity underwriting and sponsorship, debt underwriting and financial advisory services for corporate clients; and principal investment business mainly comprises equity investment and debt investment of non-listed companies.

2. Personal finance

The Company's personal finance business serves the comprehensive financial needs of individuals and non-professional institutional investors. It provides services such as securities and futures brokerage, margin financing and securities lending, stock-backed lending, sales of financial products and investment advisory through the combination of online and offline channels.

3. Institutional services and trading

The Company's institutional services include prime brokerage and research and consultation services for professional institutional clients; in the meantime, the Company is also engaged in the trading of FICC, equity and equity-linked securities, based on which the Company offers sales, trading, hedging and OTC derivatives services to institutional clients.

4. Investment management

The Company's investment management business consists of asset management, mutual fund management and private equity fund management services.

There were no material changes to the principal business and business model of the Company during the Reporting Period.

Section III Report of the Board (continued)

(II) Major awards and honors granted to major business segments during the reporting period

Issuing authority	Award
NDRC	Class A Lead Underwriter in Credit Evaluation of Corporate Bond Lead Underwriters
Shanghai Municipal People's Government	2020 Shanghai Financial Innovation Award
Shanghai Municipal People's Government	The third prize of the 2020 Shanghai Financial Innovation Achievement Award
Shanghai Financial Work Committee of the Communist Youth League, Shanghai Financial Youth Federation	The third prize of the 2nd "Struggle Cup" Shanghai Youth Financial Business Innovation Competition
Securities Association of China	Corporate Bond Business Practice Ability Class A Securities Company
Shanghai Financial Association	Financial Institution Digital Transformation Award
Shanghai Financial Association	Digital Transformation Award of Financial Institutions • Intelligent Risk Control
Insurance Asset Management Association of China	Most Enterprising Futures Company
Shanghai Stock Exchange	Outstanding Corporate Bond Underwriter
Shanghai Stock Exchange	Outstanding Underwriter of Innovative Corporate Bond Products
Shanghai Stock Exchange	2020 Outstanding Bond Investment Institution (Self-operated) of Shanghai Stock Exchange
Shanghai Stock Exchange	2020 Outstanding Participating Institutions in Bond Lending of Shanghai Stock Exchange
Shanghai Stock Exchange	Best Currency ETF Market Maker
Shanghai Stock Exchange	2021 Outstanding Market Maker for Publicly Offered REITs
Shenzhen Stock Exchange	Outstanding Corporate Bond Underwriter (and Two Outstanding Individual Awards)
Shenzhen Stock Exchange	Outstanding Corporate Interest Rate Underwriting Agency
Shenzhen Stock Exchange	2021 Outstanding REITs Liquidity Service Provider
Shenzhen Stock Exchange	2021 Emerging ETF Fund Manager
National Equities Exchange and Quotations Co., Ltd.	Best Market Maker of the Year of the NEEQ
National Equities Exchange and Quotations Co., Ltd.	Annual Outstanding Market Making Scale Market Maker
National Inter-Bank Funding Center	X-lending Star of December 2020
National Inter-Bank Funding Center	Top 300 Interbank Local Currency Market Transactions in 2020
National Inter-Bank Funding Center	Annual Market Influence Award
National Inter-Bank Funding Center	Market Innovation Award

Section III Report of the Board (continued)

Issuing authority	Award
National Inter-Bank Funding Center, Shanghai Clearing House	Credit Default Swap Index Active Quoting Agency
China Foreign Exchange Trade System	2020 Interbank Local Currency Market Evaluation Results (Awards for Institutions) — Active Dealer
China Central Depository & Clearing Co., Ltd.	Outstanding Institution of Local Debt Underwriting of the Year
China Central Depository & Clearing Co., Ltd.	2020 CDC Excellent Members Election Results — Top 100 Clearing Companies (Securities Institutions)
China Central Depository & Clearing Co., Ltd.	2020 CDC Member Comprehensive Evaluation Winners — Excellent Underwriters (Non-banks)
Shanghai Gold Exchange	2020 Best Pricing Trading Member
Shanghai Gold Exchange	2020 Best Product Promotion Contributing Agency
Shanghai Gold Exchange	2020 Outstanding Special Member
Shanghai Futures Exchange	Outstanding Member Award
Shanghai Futures Exchange	2020 Outstanding Investment Research Team
Shanghai Futures Exchange	2020 Outstanding Energy and Chemical Analyst
Shanghai Futures Exchange	2020 Outstanding Nonferrous Metals Analyst
Shanghai Futures Exchange	2020 Outstanding Analyst
Shanghai Futures Exchange	2020 Outstanding Analyst Newcomer
Shanghai Futures Exchange	2020 Outstanding Derivatives Analyst
Shanghai Futures Exchange	2020 Outstanding Member Award
Shanghai Futures Exchange	2020 Steel Industry Service Award
Shanghai Futures Exchange	2020 Option Market Service Award
Shanghai Futures Exchange	2020 Energy and Chemical Industry Service Award
Shanghai Futures Exchange	Market Making Business Silver Award
Zhengzhou Commodity Exchange	Outstanding Member Award
Zhengzhou Commodity Exchange	Methanol Variety Service Outstanding Sales Department
Zhengzhou Commodity Exchange	PTA Variety Service Outstanding Sales Department
Zhengzhou Commodity Exchange	Methanol Variety Service Outstanding Member
Zhengzhou Commodity Exchange	Talent Training Outstanding Member
Zhengzhou Commodity Exchange	PTA Variety Service Outstanding Member
Zhengzhou Commodity Exchange	Outstanding Options Case
Zhengzhou Commodity Exchange	Outstanding Options Investment Education Works
Zhengzhou Commodity Exchange	Outstanding Option Market Maker Award
Dalian Commodity Exchange	Outstanding Member Award
Dalian Commodity Exchange	2020 Outstanding Member Gold Award
Dalian Commodity Exchange	2020 Outstanding Institutional Service Award

Section III Report of the Board (continued)

Issuing authority	Award
Dalian Commodity Exchange	2020 Outstanding Technical Support Award
China Financial Futures Exchange	Outstanding Member Award
China Financial Futures Exchange	2020 Risk Management Service Award (Stock Index Options)
China Financial Futures Exchange	2020 Anti-epidemic Contribution Award
China Financial Futures Exchange	2020 Outstanding Member Platinum Award
China Financial Futures Exchange	2020 Outstanding Investment Education Award
China Financial Futures Exchange	2020 Treasury Bond Futures Market Maker Outstanding Service Member Award
China Financial Futures Exchange	2020 Stock Index Options Market Maker Outstanding Service Member Award
China Financial Futures Exchange	Outstanding Case and Practice Star of Treasury Bond Futures
China Financial Futures Exchange	2020 Outstanding Market Maker of Treasury Bond Futures
China Financial Futures Exchange	Outstanding Stock Index Options Market Maker Award
WIND	Best A Share Equity Underwriter
WIND	Best Refinancing Underwriter
WIND	Best STAR Market Equity Underwriter
WIND	Best Beijing Stock Exchange Equity Underwriter
Stockstar	Outstanding Customer Service Award of the Year
Eastmoney	Eastmoney Billboard 2020 Best Futures Asset Management Award
The 5th China Real Estate Asset Securitization and REITs Summit Forum	Best REITs Product Award of the Year
The 6th CNABS Asset Securitization Golden Laurel Award	Publicly Offered REITs Investment Institution Award
The 6th Annual China Real Estate Securitization Summit	2021 Outstanding Manager
The 6th Annual China Real Estate Securitization Summit	Best CMBS/CMBN Award of the Year
The 6th Annual China Real Estate Securitization Summit	Outstanding REITs of the Year
China Business Network	Annual Investment Bank TOP10
New Fortune (2021 New Fortune Investment Bank List)	Best Local Investment Bank
New Fortune (2021 New Fortune Investment Bank List)	Best Equity Underwriting Investment Bank
New Fortune (2021 New Fortune Investment Bank List)	Best Refinancing Investment Bank

Section III Report of the Board (continued)

Issuing authority	Award
New Fortune (2021 New Fortune Investment Bank List)	Best M&A Investment Bank
New Fortune (2021 New Fortune Investment Bank List)	Universal Investment Bank Junding Award
New Fortune (2021 New Fortune Investment Bank List)	Best NEEQ Team
New Fortune (2021 New Fortune Investment Bank List)	Investment Banker Junding Award of China Securities Industry
New Fortune (2021 New Fortune Investment Bank List)	Independent Financial Advisory Team Junding Award of China Securities Industry
New Fortune (2021 New Fortune Investment Bank List)	NEEQ Business Team Junding Award of China Securities Industry
New Fortune (The 19th New Fortune Best Analyst Selection)	Fourth place in “Most Influential Research Institution”
New Fortune (The 19th New Fortune Best Analyst Selection)	Fifth place in “Best Local Research Team”
New Fortune (The 19th New Fortune Best Analyst Selection)	Second place in “Energy and Materials Industry Research Team”
New Fortune (The 19th New Fortune Best Analyst Selection)	New Fortune Distinguished Research Leader
New Fortune (The 19th New Fortune Best Analyst Selection)	New Fortune Platinum Analyst
New Fortune (The 19th New Fortune Best Analyst Selection)	Electricity, gas and water utilities ranked the first for 7 consecutive years
New Fortune (The 19th New Fortune Best Analyst Selection — Individual Award)	Light industry papermaking has won the first place for 11 sessions and won the first place for 3 consecutive sessions
New Fortune (The 19th New Fortune Best Analyst Selection — Individual Award)	Chemical industry, resource mining, computer, national defense and military industry won the second place
New Fortune (The 19th New Fortune Best Analyst Selection — Individual Award)	Transportation, communication and culture won the third place
New Fortune (The 19th New Fortune Best Analyst Selection — Individual Award)	Strategy research, non-metallic building materials, and real estate won the fourth place
Capital Week (The 15th Crystal Ball Awards for Sell-side Analysts)	Third place in “Local Gold Medal Research Team”
Capital Week (The 15th Crystal Ball Awards for Sell-side Analysts)	Fifth place in “Best Research Institution”
Capital Week (The 15th Crystal Ball Awards for Sell-side Analysts)	Third place in “Golden Team Leader”
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Computer Group

Section III Report of the Board (continued)

Issuing authority	Award
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Light Industry Manufacturing Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in National Defense and Military Industry Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Chemical Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Strategy Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Textile and Apparel Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Leisure Services Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Agriculture, Forestry, Animal Husbandry and Fishery Group
China Securities Journal (The 12th Golden Bull Analyst Award Selection of China Securities Industry)	Best Industry Analyst Team in Electronics Group
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	Third place in the “Most Influential Securities Institution Award”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	Third place in “Golden Sales Service Team”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	Fourth place in the “Most Powerful Gold Medal Research Team”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	“Most Popular Research Team in Insurance Institutions”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	First place in “Strategy Research”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	First place in “Utilities”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	First place in “Light Industry and Textile Apparel”
21st Century Business Herald (2021 Second 21st Century Gold Analysts Selection)	First place in “National Defense and Military Industry”
Futures Daily, Securities Times	China Best Futures Company

Section III Report of the Board (continued)

Issuing authority	Award
Futures Daily, Securities Times	Best Commodity Futures Industry Service Award
Futures Daily, Securities Times	Best Financial Futures Service Award
Futures Daily, Securities Times	Targeted Poverty Alleviation and Public Welfare Award
Futures Daily, Securities Times	Best Corporate Brand Builder Award
Futures Daily, Securities Times	Outstanding Asset Management Product of the Year
Futures Daily, Securities Times	Best Capital Operator Award
Futures Daily, Securities Times	Most Popular Futures Broker as We Media
Futures Daily, Securities Times	Annual Investor Education Model Innovation Award
Futures Daily, Securities Times	Best Fintech Advancement Award
Futures Daily, Securities Times	Best Comprehensive Derivatives Service Innovator Award
Futures Daily, Securities Times	Best China Futures Branch
Futures Daily, Securities Times	Gold Medal Management Team of Futures Broker in China
Futures Daily, Securities Times	Best Steward of the Year of China Futures Company
Futures Daily, Securities Times	Gold Futures research institute in China
Futures Daily, Securities Times	Best Futures Research Institution Leader
Futures Daily, Securities Times	Best Macro Strategist
Futures Daily, Securities Times	Best Financial Futures Analyst
Futures Daily, Securities Times	Best Industrial Futures Analyst
Futures Daily, Securities Times	Best Financial Quantitative Strategy Engineer
Securities Times	Golden Tripod Award of China Securities Industry — 2021
Securities Times	Best Fixed Income Asset Management Team
Securities Times	Quantitative Asset Management Scheme Junding Award
Securities Times	Fixed Income Asset Management Scheme Junding Award
Securities Times	Asset Management Quantitative Team Scheme Junding Award
Modern Bankers	2021 Most Comprehensive Strength Award of Chinese Asset Management Institutions
Modern Bankers	2021 Excellence Award of China Asset Management Industry Leader
Chinese Venture	2021 China Best S Fund Investment Institution

Section III Report of the Board (continued)

III. CORE COMPETITIVENESS ANALYSIS

In accordance with strategic requirements, the Company utilizes its established advantages to promote the coordinated development of each business segment coordinately, and actively builds an investment holding group with securities business as its core, thus forming its own core competitiveness, which is mainly reflected in the following aspects:

(I) Leading comprehensive strength

Due to the strong advantages in respect of shareholders, abundant capital strength and extensive brand influence, as well as rich customer resources and comprehensive outlet distribution, the Company has achieved good operating results and its comprehensive competitiveness ranked at the forefront of the securities industry. Adhering to the customer-centric development concept, the Company comprehensively promotes the development, transformation and innovation of the securities business and proactively expands the investment business centering on the securities business, which continuously consolidates and enhances its comprehensive financial service capabilities.

(II) Comprehensive business layout

The Company has improved the whole industry chain business model based on the capital market and continuously consummated the product lines and service lines under securities business. With full licenses and leading business capabilities, the Company has achieved good development momentum and its position in the industry improves steadily. The Company proactively expands its investment layout of the capital market and securities business, to promote the efficient and coordinated development of securities business and investment business.

(III) Favorable regional advantage

Closely following the national development strategy, the Company promotes the establishment of a regional development pattern featuring linkage and resource synergy between the eastern and western regions of China. While establishing an extensive layout in traditional advantageous areas including Shanghai and Xinjiang, the Company deeply taps the development opportunities arising from the construction of “Two Centers” and free trade zone in Shanghai, proactively cooperates with the development of the western region and the “Belt and Road Initiative”, and continues to deepen the prospective layout in the areas including Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei Region, Central China and Great Southwest Region, to further establish important regional growth drivers.

(IV) Effective risk management

The Company attaches great importance to legal and compliance operation and internal control construction. It has established a comprehensive risk management system at group level covering all aspects and all staff throughout its entire business process, continuously improved risk policy, optimized risk identification and response, and effectively controlled operation risks, with risk control indicators of subsidiary securities firm in compliance with the regulatory requirements. Moreover, its business maintains sustainable development momentum, providing a guarantee for the further improvement of the Company’s comprehensive strength.

(V) Well-established talent mechanism

The Company adheres to the people-oriented principle, upholds the concept of employing those with integrity, competence and merit and giving full scope to the talents, and creates an open, equal, competitive, merit-based and applicable employment environment. The Company continuously improves the human resources development system with market-oriented mechanism as the core, and promotes the interests sharing between the Company, shareholders and employees to provide strong and enduring career security for employee's long-term development and self-value realization.

IV. PRINCIPAL BUSINESS ANALYSIS

In 2021, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company thoroughly implemented the spirit of the 19th National Congress of the Communist Party of China and all previous 19th plenary sessions, earnestly implemented decisions and deployments of the Party Central Committee and China Investment Corporation, and fully cooperated with the central government's extended inspections. Through optimization of strategic layout, reform of systems and mechanisms, and reinforcement of risk prevention and control, the operation management was brought to a new level and new achievements were made. During the Reporting Period, Shenwan Hongyuan Securities was successfully included in the "whitelist" of securities companies of the CSRC and continued to maintain the rating of Class A Grade AA in classified evaluation of securities companies as released by the CSRC, and its operation management showed a good development trend.

(I) General Condition

In 2021, the Company realized total revenue and other income of RMB46,171 million, representing a year-on-year increase of 17.92%; profit before income tax of RMB11,079 million, representing a year-on-year increase of 18.51%; profit for the year attributable to shareholders of the Company of RMB9,398 million, representing a year-on-year increase of 21.02%; basic earnings per share of RMB0.38, representing a year-on-year increase of 22.58%; and weighted average return on equity of 10.26%, representing a year-on-year increase of 1.21 percentage points.

(II) Principal Business Analysis

Shenwan Hongyuan Group is comprised of subsidiaries in the fields of securities, investment, fund and futures, and has four major business segments including enterprise finance, personal finance, institutional services and trading, and investment management. The Company continues to build the whole industry chain of investment and financial services relying on the capital market to provide diverse financial products and services to customers.

Section III Report of the Board (continued)

Information on each business segment of the principal business is as follows:

Unit: Thousand Yuan Currency: RMB

Segment	Total revenue and other income	Segment expenses	Operating profit margin before tax ^{Note} (%)	Change in total revenue and other income as compared to the corresponding period of last year (%)	Change in segment expenses as compared to the corresponding period of last year (%)	Change in operating profit margin before tax as compared to the corresponding period of last year (percentage point)
Enterprise finance	3,998,094	3,159,974	33.88	33.42	37.31	3.87
Including: Investment banking	2,238,339	1,359,816	39.25	39.67	49.94	-4.16
Principal investment	1,759,755	1,800,158	29.15	26.24	29.09	11.89
Personal finance	14,184,235	9,975,135	29.67	10.38	15.21	-2.95
Institutional services and trading	25,731,487	20,724,122	19.46	22.99	19.97	2.03
Investment management	2,257,654	2,014,115	10.79	-5.48	7.98	-11.12
Total	46,171,470	35,873,346	23.60	17.92	19.18	-0.10

Note: Operating profit margin before tax = operating profit before tax / (profit before income tax + share of profit of associates and joint ventures)*100%

1. Enterprise Finance Business

Targeting enterprise clients, our enterprise finance business consists of investment banking business and principal investment business. The investment banking business includes equity financing, debt financing and financial advisory, while the principal investment business includes equity investment, debt investment and other investment. During the Reporting Period, the enterprise finance business of the Company recorded total revenue and other income of RMB3,998 million, representing a year-on-year increase of 33.42%, including RMB2,238 million from the investment banking business segment, representing a year-on-year increase of 39.67%, and RMB1,760 million from the principal investment business segment, representing a year-on-year increase of 26.24%.

(1) Investment banking business

Market environment:

In respect of equity financing, with the steady progress of the registration system reform and the establishment of the Beijing Stock Exchange and the simultaneous pilot implementation of registration system, the number of IPOs and the amount of funds raised in the A-share market reached new highs in recent years. In 2021, a total of 524 new A shares were listed, representing a year-on-year increase of 19.91%, and the proceeds from IPOs amounted to RMB542.675 billion, representing a year-on-year increase of 12.93%. The refinancing market

Section III Report of the Board (continued)

continued to be hot, with the scale of A-share refinancing reaching RMB1,231.978 billion, representing a year-on-year increase of approximately 6.94%. In particular, the scale of private placement reached RMB908.258 billion, representing a year-on-year increase of 8.84%; the total issuance size of convertible bonds reached RMB274.385 billion, representing a year-on-year increase of 10.85% (WIND, 2021).

In terms of the debt financing, in 2021, the size of the bond market grew continuously. The issuance size of enterprise bonds was RMB439.940 billion, representing a year-on-year increase of 12.05%; the issuance size of corporate bonds was RMB3,452.524 billion, representing a year-on-year increase of 2.46%; and the issuance size of financial bonds was RMB9,403.436 billion, representing a year-on-year increase of 3.61% (WIND, 2021). In order to prevent local government debt risks, the Ministry of Finance urged the National Development and Reform Commission, the CSRC, the Shanghai Stock Exchange and Shenzhen Stock Exchange and the National Association of Financial Market Institutional Investors to implement stricter review policies for direct debt financing. Review was conducted by classes depending on local government debt ratio. The scale of new bonds was strictly controlled and the scale of existing bonds was appropriately reduced. The main structure of issuers was optimized at the review end and the bond financing policy was tightened overall. Besides, the differentiation of the primary market in different regions was intensified and the credit rating market was significantly tightened.

As to financial advisory, under the in-depth advancement of the registration system and the active guidance of the regulatory authorities, the merger and acquisition market further returned to rationality, and the focus was placed on following industrial logic and promoting the quality improvement of listed companies. According to the data of Choice, the total transactions in the domestic M&A market in 2021 amounted to RMB4.6 trillion, down by approximately 20% over 2020; there were 45 listed company restructuring projects reviewed and approved by the securities regulatory authorities, representing a decrease of approximately 48.3% from 2020 and hitting a new low in the past five years.

Operating measures and results:

Insisting on serving the national strategy as the top priority, the Company deeply participated in the reform of state-owned enterprises, proactively supported the development of emerging industries, and steadily promoted green finance. While earnestly serving regional development strategies, technological innovation strategies, and sustainable development strategies, it proceeded with the “six stabilisations” and “six guarantees” and continuously promoted the optimization of industries, regions and products to fulfil the responsibilities as a state-owned financial enterprise. In 2021, the scale of shares and bonds for which the Company served as the

Section III Report of the Board (continued)

lead underwriter exceeded RMB260 billion, representing a year-on-year increase of nearly 20%. Specific measures are as follows:

Serving national strategies	Specific measures
Serving technology for self-reliance and self-improvement	The Company supported a large number of high-tech enterprises such as Kelda and Actions Technology to complete 34 equity and debt financings, with a financing amount of RMB54 billion.
Serving green finance	The Company set up the first investment banking “carbon neutrality” team in the industry, assisted a group of green environmental protection enterprises such as Three Gorges Energy, Nedfon, Zhonghuan Semiconductor in equity financing, including issuance of 1 green bond and 6 carbon neutrality bonds, with a accumulative issuance scale of RMB6.38 billion during the Reporting Period.
Serving small and medium-sized enterprises featured by “specialization, refinement, specialization and novelty”	The Company accumulatively served more than 3,000 small and medium-sized enterprises. After the establishment of the Beijing Stock Exchange, the Company immediately held a conference to announce Shenwan Hongyuan’s strategy in terms of “specialization, refinement, specialization and novelty” and comprehensively increased its service support for small and medium-sized enterprises on investment banking, investment, research, market-making and products.
Serving rural revitalization	The Company solidly consolidated and expanded the organic connection of achievements of poverty alleviation and rural revitalization. In 2021, the number of rural revitalization bonds for which the Company served as the underwriter ranked the first in the industry.
Serving the construction of “Belt and Road”	The interest rate of the first “National Sovereign Rating” overseas bond of Shandong Province for which the Company served as the sole rating consultant and the leading global coordinator hit the lowest level in the history of USD bonds issued by state-owned enterprises in Shandong Province.
Serving the inclusive finance	Throughout the year, the Company accumulatively reduced or exempted the listing supervision fee of enterprises on the NEEQ by over RMB4.3 million; it successively issued 7 bonds of small and micro enterprises to promote the transformation and upgrading of economic development mode; and continued to strengthen the publicity and training of inclusive finance policies and provided publicity and training on inclusive finance for more than 100 enterprises.

Section III Report of the Board (continued)

a. Equity financing

In 2021, the Company's equity financing business achieved leapfrog development, with a rapid increase in the market ranking. The IPO business had brilliant performance, the refinancing business vied for the first place, and the NEEQ business made great progress.

In respect of domestic equity financing, during the Reporting Period, the Company's total underwriting scale was RMB34.565 billion and it acted as the underwriter for 29 enterprises, ranking the ninth in respect of underwriting scale in the industry (WIND, based on the data on the issuance date), with a rapid increase in the ranking in the industry; in particular, the underwriting scale of refinancing for 18 enterprises was RMB23.559 billion, ranking the seventh in the industry; the scale of underwriting for 4 IPOs on the STAR Market was RMB5.564 billion, ranking the tenth in the industry. As of the end of the Reporting Period, there are 27 IPO projects under review served by the Company, ranking the tenth in the industry. In addition, the Company proactively promoted the strategy of "specialization, refinement, specialization, novelty" and vigorously developed inclusive financial business, to fully promote the development of small and medium-sized enterprises. As of the end of the Reporting Period, it provided continuous supervision for 596 NEEQ-listed enterprises, ranking the second in the industry, including 121 enterprises on the innovative layer, ranking the first in the market; it accumulatively recommended 812 enterprises for listing, provided 833 private placements for listed enterprises, and conducted equity financing in a total amount of RMB34.75 billion for listed enterprises, all ranking the first in the industry; the Company accumulatively served as the underwriter for 6 enterprises listed on the Beijing Stock Exchange, ranking the third in the industry; the Company accumulatively served 7 IPO projects that have passed the review of the Beijing Stock Exchange, ranking the second in the industry; the Company has served 6 IPO projects which is currently under review by the Beijing Stock Exchange, ranking the second in the industry.

In terms of overseas equity financing business, the Company steadily promoted cross-border business and overseas layout. During the Reporting Period, it completed sponsorship for 9 IPO projects, and undertook 16 financial advisory projects.

b. Debt financing

In 2021, remarkable results were achieved in many aspects of debt financing business, presenting a sound and upward development trend. The ranking of the Company in the industry continued to improve and the influence of the Company in the market increased significantly.

In respect of domestic bond financing business, during the Reporting Period, the Company completed the issuance of 329 bonds (inclusive of corporate bonds, financial bonds and enterprise bonds) with a scale of RMB225.764 billion, representing a year-on-year increase of 51.40% (WIND, based on the data on the issuance date). It ranked the eighth in respect of the number and scale of issuance in the industry. In particular, the number and scale of issuance went up by 6 places and 2 places compared to 2020, respectively. In addition, the Company seized the market hot spots and business opportunities for debt financing

Section III Report of the Board (continued)

business, and developed all types of fixed-income financing business and completed a number of first bond projects in the country and of the Company:

Lead underwriting projects	Name
The first special corporate bond for the income of rural revitalization project of the PRC	2021 special corporate bond for the income of rural revitalization project (first tranche) of Nanjing Jiangning Tourism Industry Group
The first rural revitalization corporate bond in the western China	2021 rural revitalization corporate bond (first tranche) of Xuanhan County Urban and Rural Construction Development Co., Ltd.
The first special corporate bond for rural revitalization of Henan Province	2021 special corporate bond for rural revitalization (first tranche) of Zhumadian Urban and Rural Construction Investment Group Co., Ltd.
The first carbon neutrality green bond of China Railway Group system	2021 green corporate bond (first tranche) of China Railway Investment Co., Ltd.
The first carbon neutrality green corporate bond in northwest China	2021 carbon neutrality green corporate bond of Urumqi Urban Metro Group Co., Ltd.
The first scientific and technological innovation corporate bond of Hubei Province	2021 scientific and technological innovation corporate bond (first tranche) of Wuhan Optics Valley Financial Holding Group
The first “Chengdu-Chongqing Two Cities Economic Zone” logo bond of the PRC	2021 corporate bond (Chengdu-Chongqing Two Cities Economic Zone) (first tranche) of Chongqing Development Investment Co., Ltd.
The first credit asset registration and circulation business of BCARC of the Company	The first credit asset registration and circulation business of BCARC of the Company
The first industrial high-quality corporate bond of Shanghai	2021 first tranche of corporate bonds of Bright Food (Group) Co., Ltd.
The first short-term corporate bond of urban investment company in Xinjiang	Short-term corporate bonds issued in a non-public way by Yining State-owned Assets Investment and Operation (Group) Co., Ltd. in 2021
The first corporate bond with the issuer rated at AA+ in Xinjiang (since implementation of the registration system)	2021 corporate bond of Urumqi Economic and Technological Development Zone Jianfa State-owned Capital Investment and Operation (Group) Co., Ltd.
The first capital bond of no fixed term issued by a private bank rated at AA in the market	2021 second tranche of capital bonds of no fixed term issued by Jiangsu Changjiang Commercial Bank Co., Ltd.
The first shelf-type debt financing instrument (DFI) of the Company	2021 fourth tranche of medium-term notes, etc. of International Far Eastern Financial Leasing Co., Ltd.

Section III Report of the Board (continued)

In terms of overseas debt financing business, the Company completed 62 bond underwriting/placement projects, representing an increase of 39 over 2020.

c. Financial advisory

During the Reporting Period, the Company completed M&A and restructuring projects with a scale of RMB248.970 billion, ranking the second in the industry (WIND, 2021), and was rated as a Class A securities trader in the evaluation of financial advisory practice capability for M&A and restructuring for 6 consecutive years.

Outlook for 2022:

In 2022, the Company will continue to firmly establish the “customer-centric” service tenet. Adhering to the business philosophy of “simple finance, achieving dreams”, the Company, with extensive capital market experience, will continue to build resource integration capabilities to comprehensively consolidate comprehensive capabilities in terms of capital, pricing, sales, collaboration, risk control, technology, etc., to provide customers with life-cycle comprehensive financial services and build a large investment banking ecosystem of the entire industry chain. It will proactively respond to national policies, serve national strategies, help the development of the real economy, and give full play to the role of a state-owned financial enterprise.

(2) *Principal investment business*

Market environment:

With the continuous construction of the multi-level capital market, the establishment of the Beijing Stock Exchange, and the merger of the main board and the small and medium enterprise board of the Shenzhen Stock Exchange, a number of policies such as the proposed introduction of a market maker system on the STAR Market were successively promulgated. At the end of the year, the Central Economic Work Conference proposed the “full implementation of the registration system for issuance of shares” once again, which continued to promote a smoother exit path for PE/VC under the implementation of the registration system. The smooth exit channel will help venture capital institutions to achieve investment returns. Moreover, a series of policies to support the development of small and medium-sized enterprises featured by specialization, refinement, specialization, novelty have been released, and the ability of the capital market to serve small and medium-sized innovative enterprises has been significantly enhanced. The principal investment business has benefited from the relevant policies of capital market reform.

Operating measures and results:

The Company and certain of its subsidiaries including Shenwan Hongyuan Securities conduct the principal investment business.

In 2021, closely centering on the new situation and new requirements during the “14th Five-Year” period and on the basis of strict risk control, the principal investment business of the Company further focused on the capital market and securities business. Through business synergy, it proactively optimized business transformation layout, continuously strengthened investment and research capacity building and improved institutional investment capacity, and enhanced the market competitiveness of principal investment business.

Section III Report of the Board (continued)

Hongyuan Huizhi continued to deepen its business transformation, optimized its investment direction, and comprehensively strengthened business synergy with other business lines. The number and scale of existing investment projects increased steadily; it resolutely implemented the national policy requirement of “housing for dwelling instead of speculation” by continuously reducing the proportion of investment in real estate business, steadily promoted the investment layout of convertible bonds, exchangeable bonds, quantitative hedging, etc., and further expanded investment fields including consumption credit, accounts receivable ABS/ABN and new energy, as a result the investment structure has been continuously optimized; moreover, it proactively developed inclusive finance, strengthened services for small, medium and micro enterprises, and cooperated with relevant institutions to provide financing support of more than RMB20 billion for private small, medium and micro enterprises.

Shenyin & Wanguo Alternative Investment proactively developed equity assets and accelerated the transformation from traditional debt investment to equity investment business. It completed 4 follow-up investment projects on the STAR Market and made investment in 3 selected Pre-IPO projects, 1 of the invested Pre-IPO projects in the previous reporting period has realized IPO.

Outlook for 2022:

In 2022, the Company will proactively explore an investment business model integrating securities business with the focus on the business of follow-up investment in the STAR Market and ChiNext Board, to realize synergy between and joint progress of the investment business and securities business and continuously improve the profit contribution and stability of the investment business.

2. Personal Finance Business

The personal finance business of the Company mainly covers securities brokerage, futures brokerage, margin financing and securities lending, stock-backed lending, and sales of financial products. During the Reporting Period, the personal finance business of the Company recorded total revenue and other income of RMB14,184 million, representing a year-on-year increase of 10.38%.

(1) Securities brokerage business

Market environment:

In 2021, the capital market recovered as a whole. The SSE Composite Index, the SZSE Component Index, and the ChiNext Price Index rose by 4.80%, 2.67%, and 12.02%, respectively. The trading of shares in the market is active. The annual turnover of shares on the Shanghai Stock Exchange and Shenzhen Stock Exchange throughout the year was RMB258.0 trillion, representing a year-on-year increase of 24.70% (People’s Bank of China, Financial Market Operation in 2021).

Operating measures and results:

The Company’s securities brokerage business proactively built an online and offline linked customer service system, and intensified the introduction of customer assets and efforts to activate assets through product sales, quantitative private placement, fund investment consulting, private wealth and other businesses in the trends, to further improve the wealth management system and accelerate the transformation to wealth management. During the Reporting Period,

Section III Report of the Board (continued)

client's securities under the custody of the Company amounted to RMB4.38 trillion, up by 4.91% year-on-year, representing a market share of 6.06% and ranking the top in the industry; the net income from our agency trading business amounted to RMB4,345 million, steadily ranking among the top in the industry; the average monthly active users of the Big Winner APP of the Company was 1.6606 million, representing a year-on-year increase of 15.51%; and the peak monthly active users reached 1.8983 million, representing an increase of 1.77% over the last year. During the Reporting Period, it was one of the first batch of companies which obtained the qualification for pilot account management function optimization from the CSRC, creating conditions for the continuous upgrading of service models and customer experience in the future.

Outlook for 2022:

In 2022, the Company will continue to follow the trend of wealth management, to transform from a traditional brokerage business model centered on licenses to a wealth management model centered on customer service integrating asset allocation, investment advisory services and financial technology. Adhering to customer demand-driven, it will strengthen the construction of customer group system, optimize classified and hierarchical management of customers, enrich customer service dimensions, and innovate product design and operation models, to continuously meet customers' comprehensive wealth management needs and create a balanced and sustainable wealth management business model and the distinctive wealth management brand.

(2) *Futures brokerage business*

Market environment:

In 2021, affected by COVID-19, the internal and external economic environment became increasingly complex, market volatility intensified, and the demand for risk management by real enterprises increased. More and more industrial and financial institutional investors entered the futures market and the investor structure was continuously optimized. Meanwhile, with the increasing variety of futures and derivatives, the functions of the futures market to serve the real economy have been continuously enhanced. During the Reporting Period, the futures industry maintained a good development trend. The total capital in the market exceeded RMB1.2 trillion. The cumulative transaction volume and transaction value for the year were 7.514 billion lots and RMB581.20 trillion, respectively, representing a year-on-year increase of 22.13% and 32.84%, respectively (China Futures Association).

Operating measures and results:

The Company conducts the futures brokerage business through Shenwan Futures and Hongyuan Futures.

During the Reporting Period, Shenwan Futures deepened innovation, transformation and development, centering on risk management business, product-oriented business and comprehensive financial business, with the focus of work placed on deepening synergy, consolidating foundation, innovating transformation, and striving for advanced position. It increased investment in financial technology and vigorously promoted the development of risk management business and wealth management business, resulting in continuous increase in the scale of brokerage business. The annual average daily scale of clients' equity was RMB22.867

Section III Report of the Board (continued)

billion, representing a year-on-year increase of 53.86%; as of the end of the year, the size of customer equity reached RMB26.728 billion, representing a year-on-year increase of 44.48%; the size of customer equity and other main indicators recorded a new high. The business scope of market maker expanded rapidly. In 2021, it obtained 2 qualifications of market maker for futures and 4 qualifications of market maker for options from Zhengzhou Commodity Exchange; the number of “insurance + futures” projects serving “agriculture, rural areas and farmers” and the revitalization of rural industries and the insured value increased steadily. In addition, Shenwan Futures has been awarded the Class A Grade AA rating in the classified evaluation of futures companies by the CSRC for eight consecutive years, resulting in continuous enhancement of its position in the industry and brand awareness.

Hongyuan Futures seized the opportunities of industry development and promoted the innovation and upgrading of brokerage business. As a result, it achieved daily average customer equity of RMB11.6 billion, representing a year-on-year increase of 59.10%; deeply promoted “Financial Peer Excellence+”, “Hundred Industries Plan” and “Private Equity Plan”, and strengthened business cooperation with key institutions. The corporate client equity accounted for over 60% and the customer structure was further optimised; the development of risk management business accelerated, the number of market-making products increased to 12 and the rate of return of the business remained stable. The new nominal principal of OTC options exceeded RMB7 billion; the functions of futures were proactively exerted to serve entity enterprises in respect of “guarantee of supply and stabilization of price”. It carried out 29 “insurance + futures” projects with a nominal principal of more than RMB400 million, and provided financing in an amount of RMB1.4 billion for small and medium-sized enterprises through warehouse receipt service. Hongyuan Futures continued to strengthen its compliance operations and maintained Class A Grade A rating in the classified evaluation.

Outlook for 2022:

The Futures and Derivatives Law is expected to be officially released after the “third reading”, which will further consolidate the foundation of market rule of law construction and provide a broader development space for the opening up and high-quality development of the futures market. While the futures industry developed rapidly, the market continues to heat up and the competition is increasingly fierce. In 2022, for the futures brokerage business, the Company will accelerate the capital layout and financial technology layout, continue to optimize the network layout, focus on the layout of major customers, and proactively promote the strategic coordination layout, to further consolidate the foundation of brokerage business, accelerate the development of innovative businesses and promote customer, business and income structure changes.

(3) Margin financing and securities lending business

Market environment:

In 2021, the trading in the market was more active with an increase in clients’ demand for margin financing and securities lending business. As at the end of 2021, the balance of margin financing and securities lending business was RMB1,832.191 billion, representing an increase of 13.17% over the end of last year (WIND, 2021).

Operating measures and results:

During the Reporting Period, for business management, the Company continued to improve the management and control of margin financing and securities lending business in terms of system revision, concentration control, and mark-to-market management. In terms of business development, the Company vigorously promoted comprehensive services for high-net-worth customers and corporate customers and accelerated institutional transformation, resulting in a steady increase in the balance of financing business. As of the end of the Reporting Period, the balance of the financing business of the Company totaled RMB72,592 million (statistics according to the scope of regulatory reporting of securities companies), the balance of securities lending business of the Company was RMB5,793 million; and the maintenance margin ratio of the Company's overall margin financing and securities lending business was 285.29%, representing an increase of 17.09 percentage points over the end of the last year.

Outlook for 2022:

In 2022, the Company will further strengthen the targeted marketing services for different categories of customers to effectively improve customer service experience; the securities source industry chain will be further built and improved through internal coordination and external development, to enhance the competitiveness of securities lending business of the Company in the market; the Company will further optimize the risk management and control methods for margin financing and securities lending, conduct hierarchical and classified management and control, and improve the accuracy of risk control, to ensure no occurrence of major risk events.

(4) Stock-backed lending business

Market environment:

In 2021, the overall market size of the stock pledge business still maintained a downward trend, and the scale of stock pledges by the controlling shareholders and substantial shareholders of listed companies further decreased. During the Reporting Period, in light of the market environment of "reducing scale and adjusting structure", all market participants have paid more and more attention to the risk prevention of stock pledge and proactively adjusted the positioning of stock-backed lending business.

Operating measures and results:

During the Reporting Period, in respect of the stock-backed lending business, the Company followed the business idea of "controlling risks and adjusting structure", further strengthened project risk management and achieved high-quality development of stock-backed business. As of the end of the Reporting Period, the stock-backed lending business funded with the self-owned funds of the Company has a balance of RMB5,876 million, representing a decrease of 48.90% as compared to the end of last year. During the Reporting Period, the Company obtained the qualification of pilot equity incentive exercising financing business of listed companies from Shenzhen Stock Exchange, which further enriched the Company's business varieties and increased customer service methods.

Section III Report of the Board (continued)

Outlook for 2022:

As a large securities trader, the Company has sufficient capital, a wide range of business types and strong risk management ability. In the future, it will continue to seek of high-quality development and use the stock-backed business as an important tool for customer service to provide customers with a full range of comprehensive financial services and effectively serve the real economy.

(5) *Sales of financial products business*

Market environment:

With the end of the transition period of the “New Asset Management Regulations” in 2021, the market’s demand for net worth and standardized assets continued to increase, and the policy of “housing for dwelling instead of speculation” was intensified, driving the increasing demand for wealth management.

Operating measures and results:

The sales of financial products of the Company include selling financial products developed by ourselves and agency sale of financial products of third parties, including mutual securities investment funds, private securities investment funds, trust plans, asset management schemes, structured notes, pledged quotation repurchase, and other financial products, etc.

In 2021, the Company fully implemented the concept of large wealth management, proactively integrated internal and external resources, and continuously increased support and investment in product business, to continuously enrich product lines and strategy lines. Professional and multi-level product services were provided to customers through improving the scientific product research and evaluation system and the customer grading service system. During the Reporting Period, the Company sold financial assets in a total amount of RMB354.147 billion, representing an increase of 37.04% over the last year. In particular, the Company’s sales of our own financial products reached RMB252.984 billion, and the sales of third party financial products amounted to RMB101.163 billion.

Outlook for 2022:

In 2022, the Company will continue to “focus on customers” and gradually realize the transformation from pure product sales to customer asset allocation services. It will vigorously strengthen resource coordination and integration capabilities, to continuously enrich the reserve and supply of high-quality products; enhance the construction of product research capabilities and intensify the mining and screening of high-quality products; the building of asset allocation capabilities will be consolidated to improve the output capability of comprehensive wealth management solutions; precise customer portraits will be achieved through strengthened promotion of digital marketing transformation; the customer service system will be comprehensively optimized to enhance customer experience and sense of gain, continue to create value for customers, and further achieve high-quality and sustainable development of product sales business.

3. Institutional Services and Trading Business

The institutional services and trading business include prime brokerage services, research and consultation, FICC sales and trading as well as equity sales and trading business and derivatives business. During the Reporting Period, the Company's institutional services and trading business recorded total revenue and other income of RMB25,731 million, representing a year-on-year increase of 22.99%.

(1) Prime brokerage business

Market environment:

With the increasing demand of residents for asset allocation and the full implementation of new regulations on asset management, various asset management institutions compete on the same stage, showing different development trends. The scale of public and private fund products has grown rapidly, the trend of institutionalization and productization has been strengthened, and the demand for professional services is increasing.

Operating measures and results:

The Company's prime brokerage services consist of trading units leasing, PB System and fund administration services.

In 2021, the institutional business of the Company utilised products to coordinate and integrate internal and external resources of the Company and focused on mutual funds, insurance, private equity funds, banks and large institutional customers, to provide them with a comprehensive package of financial services including research, products and transactions, striving to build a whole business chain of institutional business. At the same time, relying on the strong research strength and brand influence of SWS Research, a controlled subsidiary of the Company, institutional customer resources have been continuously accumulated to boost the development of institutional business.

In respect of trading units leasing, during the Reporting Period, the revenue generated from units leasing amounted to RMB1,007 million, representing an increase of 46.31% over the previous year, and was still in the first rank of the industry.

As for the PB System, the Company continued to strengthen personalized services for key institutional customers such as bank wealth management. During the Reporting Period, there were 926 PB System customers with a total scale of RMB269.219 billion. The functions of the "SWHYMatrix" extremely fast trading platform were further improved, to provide institutional customers with richer functions and algorithms of trading terminal system. During the Reporting Period, it successfully connected with a number of top quantitative private equity funds with a size of RMB10 billion. As of the end of the Reporting Period, the product scale of the "SWHYMatrix" extremely fast trading platform of the Company exceeded RMB28 billion.

In terms of fund administration services, the Company relied on an efficient and professional comprehensive fund management platform and intelligent customer service system to provide managers with full life cycle services for product custody and operation. During the Reporting

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Period, the fund operation service of the Company passed the ISAE 3402 international certification for four consecutive years and the fund custody service passed the ISAE 3402 international certification for the first time. There were 624 new mutual funds, private funds and custody and operation services under private asset management plan, the size of new custody and operation services was 89.910 billion, representing a year-on-year increase of 73.21%. Among securities firm custodian institutions, in 2021, the Company ranked the ninth in respect of the number of new mutual funds under custody and the tenth in respect of the number of new private funds under custody.

Outlook for 2022:

In 2022, the Company will continue to focus on the needs of core institutional customers and rely on financial technologies for in-depth study on customer needs and improvement of the professional and intelligent service level of institutional business. It will further develop new customer markets, increase customer coverage, and promote the benign closed-loop business operation, striving to build a more competitive institutional ecosystem.

(2) Research and consultant business

Operating measures and results:

The Company carries out the research and consultant business principally through its controlled subsidiary SWS Research.

In 2021, while continuously practicing the “Research + Investment + Investment Banking” model, SWS Research, adhering to “stabilising fundamentals and coordinating development”, accelerated the integration of professional research, vigorously engaged in in-depth research, and continued to improve the quality of research and market influence centering on the core businesses of the head office. First, it proceeded with intensive cultivation and continuous deepening of research coverage, making it one of the research institutes with the highest coverage of A-share listed companies; second, it built a research brand center with the omnimedia thinking, and launched the first complete investment review system “Salute, Our Market” in the whole market, the carbon neutrality white paper, the STAR Market white paper, industry reference books and other series of books, which were well received and recognized by the market; third, the internationalization of research improved the international perspective, and strengthened the globalization of the industry classification standard of Shenwan. It developed the Hong Kong Stock Connect and A+ Hong Kong Stock Connect series indices, and completed the classification of key Chinese companies listed overseas; fourth, it promoted the systematic construction of platform. During the Reporting Period, the new version of industry classification, A-share industry indices, Shenwan A-share + Hong Kong Stock Connect industry indices, Shenwan Hongyuan carbon neutrality indices, and Shenwan Hongyuan specialization, refinement, specialization and novelty indices were released. The market-oriented operation of Shenwan indices continued its good development momentum. During the Reporting Period, SWS Research continued to rank at the forefront of the lists of “Most Influential Research Institutions” and “Local Gold Medal Research Teams” of New Fortune, and was the only securities firm in the industry to be listed on the lists for two heavyweight group awards for 19 consecutive times.

Outlook for 2022:

In 2022, based on research, SWS Research will proactively coordinate with and support the development of the business lines of the Company internally and maintain sell-side research influence externally. It will consolidate policy research, and strengthen industrial research to continuously improve decision-making influence and industry influence, create social effects, and fulfill social responsibilities of a state-owned financial enterprise.

(3) *Proprietary businesses*

① FICC sales and trading business

Market environment:

In 2021, the domestic economy fluctuated within a narrow range and market yield went down. The bond market was characterized by loose funds and rapid credit contraction. Market allocation forces continued to push down interest rates, and the shape of the interest rate curve was steep at the beginning and then became flat.

Operating measures and results:

The FICC sales and trading business of the Company relies on traditional fixed income investment transactions, striving to build a powerful investment and research platform. Starting from the macro level and with a unified perspective, it analyzes the cycle rotation of various assets from top to bottom and realizes the full coverage of multiple varieties from the perspective of configuration of large-scale assets. Meanwhile, it proactively proceeds with the business transformation to the cross trade derivatives, striving to create a complete FICC business chain. During the Reporting Period, the Company proactively seized market opportunities to steadily engage in fixed-income investments, insisted on risk control and structure adjustment, and steadily promoted the transformation of investment style. The investment yield of the bond business significantly exceeded the market index, and the investment performance was at a leading level in the industry. Meanwhile, the Company proactively promoted various business innovations. The scale of the quotation repurchase business of the Shenzhen Stock Exchange reached a new high; it participated in all 9 of the first batch and 4 of the second batch of publicly offered REITs products, and provided liquidity services for 10 products; it completed the first-day trading of standard bond forwards linked to the bonds of Agricultural Development Bank of China and CDB green bonds, participated in the first-day trading of physical delivery of standard bond forwards, and carried out trading of interest rate options linked to FDR007, the interest rate of 10-year treasury bonds of CCDG and other new targets of China Foreign Exchange Trading System; the first structured notes product of securities dealer in relation to carbon neutrality index in the market was completed; it cooperated with overseas subsidiaries in carrying out cross-border FICC income swap business, constantly improved customer service, and created FICC product lines.

During the Reporting Period, the Company obtained three business qualifications, i.e. qualification of spot bond market maker in the inter-bank bond market, qualification for special unit customers to participate in physical delivery of the Shanghai Futures Exchange, and qualification for special unit customers to participate in physical delivery of Shanghai International Energy Exchange.

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Outlook for 2022:

In 2022, the Company will further improve its business layout, to consolidate its business advantages, optimize and upgrade a package of full-process services such as fixed-income financing, investment, trading, sales, market making, and cross-border services. For FICC business, it will continue to implement the “three profit curves” strategy, and adhere to the improvement of the self-operation capacity of fixed-income business through “multiple strategies for bonds”, the achievement of full coverage of multiple varieties from the perspective of configuration of large-scale assets with “multiple assets and multiple strategies”, and continuous expansion of comprehensive financial services with “cross trade and investment advisory” as the focus; the fixed-income sales trading business will adhere to high quality creation of “three major growth poles”, represented by traditional sales, coordinated development, and matchmaking trading, to jointly build new profit growth drivers.

② Equity sales and trading business

Market environment:

In 2021, the equity market showed a trend of narrow fluctuations as a whole, and the structural differentiation of market styles was obvious. The Shanghai and Shenzhen 300 index, which centered on low-valued blue-chips, fell by 5.2% throughout the year, while the new energy and semiconductors with higher valuations basically did not show a significant correction throughout the year.

Operating measures and results:

During the Reporting Period, the Company’s equity sales and trading business accelerated business transformation, with “non-directional, low volatility, absolute return” as the investment goal and “multi-asset, multi-strategy” as the portfolio construction method. “Obtainable, measurable and attributable” investment returns were obtained through “controllable, measurable, and affordable” risk management approaches. As of the end of the Reporting Period, the equity and derivatives proprietary investment business had basically completed the preliminary construction of a large-scale asset portfolio with neutral assets as the core and the pursuit of absolute return as the goal.

Outlook for 2022:

In 2022, the equity sales and trading business of the Company will continue to practice the core concept of “low volatility and stability” and rely on the “three cornerstone business models” of absolute income business, capital market business and equity market making business to optimise the compliance and risk control operation and management mechanism through the empowerment by the buyer’s investment research system, to create a three-dimensional securities investment and trading system. The professionalization “height” of the absolute income business will be enhanced by constructing a multi-asset and multi-strategy portfolio of “equity neutrality”, “quantitative neutrality” and “industry neutrality”; with the focus on the industry chain of private placement, bulk commodity, and option-embedded bonds, demands will be created from corporate customers and tap the “depth” of capital market business; the “width” of equity market-making business will be expanded through mutual fund services with the support of the Beijing Stock Exchange.

③ Derivatives business

Market environment:

In 2021, due to the continued vigorous development of the domestic derivatives market and the intensive introduction of industry policies of derivatives, the entire market was rapidly moving towards a more standardized and efficient direction. All leading securities traders focused on OTC derivatives business and proactively seized market share. From the perspective of the development of the OTC derivatives market, the current business scale shows a steady growth trend, the monthly increase in nominal principal of OTC options remains stable, and the monthly increase in income swaps is an upward trend. With reference to the business scale and the number of participants of overseas financial developed economies and in light of the domestic strong allocation demand of assets, the domestic OTC derivatives market still has huge growth potential.

Operating measures and results:

In 2021, the Company placed the focus on OTC derivatives business and swap business. The scale of OTC derivatives business grew rapidly, and the new and existing scale stably ranked at the forefront of the industry. During the Reporting Period, the Company further expanded its index and commodity businesses and comprehensively developed individual stock businesses, to increase customer coverage and depth. Breakthroughs were achieved in product creation, issuance scale reached new highs, and business innovation achieved remarkable results. The Company proactively responded to potential market changes and diversified investment demands of customers, to effectively improve the use efficiency of customers' assets. The cutting-edge exploration of model algorithms, strategies, hardware, etc. was advanced from the perspective of customer experience. Through investment and research empowerment and fintech empowerment, the scale of quantitative management has grown steadily, the investment and research system has been gradually improved, and the trading, quotation and profitability have been comprehensively improved, leading to a strong business development momentum. In addition, the Company launched customized index derivatives based on customer needs and achieved new breakthroughs in customizing global large-scale asset rotation indices and implementing transactions, meeting customers' investment needs to balance risks and complete global large-scale asset allocation through quantitative means.

During the Reporting Period, the Company obtained Shanghai and Shenzhen 300ETF options of the Shenzhen Stock Exchange, qualification of market maker of gold option of the Shanghai Futures Exchange, qualification of market maker of crude oil option of Shanghai International Energy Exchange, qualification of market maker of soybean meal futures of Dalian Commodity Exchange, qualification of market maker of soybean oil futures of Dalian Commodity Exchange, qualification of market maker of polyvinyl chloride futures of Dalian Commodity Exchange, qualification of market maker of polyethylene futures of Dalian Commodity Exchange, and qualification of market maker of palm oil futures of Dalian Commodity Exchange.

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Outlook for 2022:

In 2022, centering on the goal of “building an integrated platform for on-the-exchange and OTC trading and product creation and becoming a leading domestic and world-class financial derivatives service institution”, the Company will strengthen research and development of its own quantitative strategy, focusing on the expansion of income swap business and construction of supporting derivatives trading platform, further strengthen the development of configuration/trading products, and improve its core competitiveness such as its own derivatives pricing and trading level, trading tools and business solution creation capabilities, and business and channel resource integration capabilities. The leading advantages of derivatives business will be utilized to gradually build a corporate financial service platform, to provide domestic and foreign investors with global asset allocation transaction services and increase the right of speech and pricing power of the global industrial chain for domestic capital. With product, transaction and pricing as the core, the Company will provide customers with one-stop service of inquiry and quotation transaction, risk control valuation and transaction management of all varieties and multi-asset trading strategies.

4. Investment Management Business

The investment management business of the Company consists of asset management, mutual fund management and private equity fund management. During the Reporting Period, the Company's investment management business segment recorded total revenue and other income of RMB2,258 million.

(1) Asset management business

Market environment:

The year of 2021 was the final year of the reform of new regulations on asset management. After going through the process of removal of rigid payment, removal of nested systems, removal of mismatching, de-leveraging, and net worth, the asset management market of the PRC has entered a new stage of comprehensive development. Asset management in the securities and fund industries developed in a differentiated manner. During the Reporting Period, active management-based mutual funds and private funds achieved great development, while asset management continued to decline in the scale of channel and non-standard securities asset management companies, fund companies and their subsidiaries.

Operating measures and results:

The Company carries out the asset management business principally through Shenwan Hongyuan Securities, SWS MU, Shenwan Futures and Hongyuan Futures.

In 2021, for asset management business, the Company continued to focus on professional reforms and enhancement and transformation of active management capabilities and enriched allocation strategies and product types, and vigorously developed “fixed income+”, FOF, equity, and quantitative products. Breakthrough progress was made in the construction of the buy-side investment and research system and the level of product investment management and investment performance was significantly improved. In terms of product creation, during

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the Reporting Period, 59 new collective products were established, with a total scale of RMB11 billion. In particular, the scale of fixed income + products has grown significantly, the equity and FOF products have grown significantly, strategic placement products, and treasury bond offsetting futures margin products and derivative products have filled the gap, resulting in further improvement of the product layout; in addition, the Company proactively responded to the national strategic requirements to establish “carbon neutrality” and green finance-themed products, issued inclusive finance products, and launched the first snowball product. The launch and release of the collective transformed mutual fund products injected new vitality into the asset management business. In respect of product performance, the overall investment performance of active equity management products was brilliant, surpassing the Shanghai and Shenzhen 300 indexes for the same period from all aspects with the average ranking at the forefront of the industry; quantitative equity products and fixed income investment products had outstanding returns; in terms of the asset securitization business, many benchmark projects were released and won many honors.

Outlook for 2022:

In 2022, the Company will take the establishment of subsidiaries engaged in asset management as an opportunity to consolidate and improve the investment research system, improve the refinement and upgrade of investment research management, and enhance active management capabilities; the product portfolio will be enriched with the focus on expanding the diversity of products, and the Company will sort out the needs of internal and external customers in accordance with the advanced practices of peers in the industry to design and reserve innovative and trend-setting products on the basis of meeting the needs of existing customers, so as to meet the wealth management needs of mutual fund, private fund, domestic and overseas customers; the sales network will be expanded and optimized, and the Company will cooperate with the branches to comprehensively promote the rapid growth in scale of asset management business; with a comprehensive plan on fintech, the existing business needs will be met in a faster way and the promotion of existing system platforms will be accelerated. The Company will comprehensively review the operation requirements of mutual funds and establish an operation service system, to improve professional operation capabilities.

(2) Mutual fund management business

Market environment:

In 2021, the scale of mutual funds grew rapidly. According to the data disclosed by the Asset Management Association of China, as of the end of 2021, all 151 mutual fund management institutions managed a total of 9,288 mutual funds, with a total net value of over RMB25 trillion. While residents' wealth allocation continues to show a trend of accelerated institutionalization and productization, the seller's sales model is accelerating the shift to the buyer's investment advisory model. As of the end of 2021, a total of 60 institutions had obtained fund investment advisory licenses in three batches, including 26 fund companies, 29 securities companies, 3 banks and 3 third-party independent sales agencies. (KPMG, China Fund Investment Adviser Blue Book 2022)

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Operating measures and results:

The Company carries out the mutual fund management business principally through its controlled subsidiaries Shenwan Hongyuan Securities and SWS MU and its invested company Fullgoal Fund.

During the Reporting Period, Shenwan Hongyuan Securities leveraged on the first-mover advantage as one of the first batch of securities traders for conducting pilot mutual fund investment advisory business to build and improve the asset allocation research system, transaction risk control system and supporting marketing service promotion system, etc., for fund investment advisory business. As of the end of the Reporting Period, the mutual fund investment advisory business has a total of 95,000 contracted clients with the size of assets of over RMB3 billion, ranking the forefront among the first batch of securities traders; a total of 9 portfolio strategies in 4 categories were launched. The per capita entrusted assets of existing customers reached RMB74,000, and the accumulative reinvestment rate was over 53%. The profitable customers of certain medium and low-risk portfolios accounted for more than 90%.

SWS MU insists on reconstructing its own investment and research system centering on “digitized research, stylized investment, and whole process risk control”, and strives to create a new development pattern of “scale development by institutions, distribution of products through channels, and expansion of customers online”. Relying on a senior investment research team, under the premise of effectively controlling risks, the funds realized stable net value and performance growth. As at the end of the Reporting Period, the mutual fund management scale increased by 26% year-on-year. During the Reporting Period, it obtained the qualification for pilot operation of mutual fund investment advisory business; meanwhile, it officially obtained the qualification for pilot operation of QDLP innovative business.

Fullgoal Fund continued to promote the development of various businesses in a comprehensive and balanced manner and made progress in the fields of equity fund, fixed income fund and quantitative fund. During the Reporting Period, a number of important operating indicators such as the overall management scale and net profit of Fullgoal Fund hit record highs, and its investment performance continued to remain excellent. As of the end of the Reporting Period, the total asset management scale of Fullgoal Fund exceeded RMB1.3 trillion, a record high, of which the management scale of mutual funds was RMB889.7 billion; a number of innovative products, such as Fullgoal Capital Water REITs, Fullgoal Interbank Deposit Index, and Fullgoal Scitech Innovation and Entrepreneurship 50ETF, were among the first in the industry; the overall performance of equity and fixed income with a term of one year and three years ranked the top among large companies. In addition, during the reporting period, Fullgoal Fund successfully obtained the qualification for pilot engagement in fund investment advisory business.

Outlook for 2022:

After years of development of QDII funds and the opening of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect mechanisms, the concept of global market allocation in the domestic mutual fund market has been further deepened. In 2022, based on the new situation faced by business development and the actual situation of the Company, the Company will seize the opportunity of the new development pattern with “domestic circulation as the main body and domestic and international circulations promoting each other” to promote the improvement of the product layout of the “intelligent, low-carbon, and high quality” subdivisions, and continue to promote the realization of growth-style products as well as the sustained marketing of balanced style and stable products.

(3) *Private equity fund management business*

Market environment:

During the Reporting Period, the credit risk of private equity funds broke out frequently, and the problem of difficulty in fundraising for equity funds became more prominent. Third-party fundraising institutions, banks, insurance companies, trusts and other institutions strengthened the risk management of fundraising and fundraising was more concentrated in top funds. In addition, affected by regulatory policies, private equity subsidiaries of securities companies were also facing greater challenges in the process of finding suitable partners, resulting in extended fundraising period and increased difficulty in fundraising.

Operating measures and results:

The Company carries out the private equity fund management business principally through Hongyuan Huifu and Shenyin & Wanguo Investment.

Adhering to industry and regional focus, the Company further deepens business synergy, strengthens cooperation with leading management institutions in the market, and continuously increases customer development efforts, enriches customer service methods and improves the investment in high-quality enterprises in the fields including technological innovation, to promote transformation of private fund management business from the perspective of comprehensive financial services.

Hongyuan Huifu earnestly implements the strategy of “investment + investment banking” and continues to strengthen the development of private equity funds. As of the end of the Reporting Period, the paid-in capital management scale was RMB5.2 billion; it further deepened the synergy with other business lines, branches, etc., focused on key industries including transportation and logistics and key regions including the Yangtze River Delta, and completed 7 investment projects; the improvement of the network layout of strategic customers and improvement of customer service quality further enhanced business stickiness; as a result of proactive exploring opportunities for investment in scientific and technological innovation enterprises, the investment amount reached nearly RMB600 million; the services for small, medium and micro enterprises was strengthened through private equity funds and other means with the support balance of nearly RMB2 billion.

By fully exerting the role of the private fund management platform of the Company, as a proactively response to the Company’s strategic layout of “Five Science and Technology Innovation Funds”, Shenyin & Wanguo Investment focused on five major funds, key regions,

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and key industries, expanded the scale of fund management by layers, and further enriched the product line of funds. It steadily promote the implementation and strategic layout of funds featured by specialization, refinement, specialization and novelty, science and technology innovation funds, industry funds, M&A funds, FOFs, and private placement funds. The size of managed funds increased throughout the year amounted to RMB5.5 billion, laying a foundation for the Company to proactively integrate into regional economic development and industrial transformation and fully tap project and customer resources.

Outlook for 2022:

In 2022, the Company will continue to vigorously promote the establishment of funds featured by specialization, refinement, specialization and novelty, actively establish regional funds to enrich fund product lines, and focus on promoting the establishment of FOFs and science and technology innovation funds. In respect of establishment of regional economy and green industry funds, it will continue to respond to national strategies and improve the stability and competitiveness of the industrial chain and supply chain, so as to further play the leading role of state-owned capital to continue to guide social capital to help the development of enterprises.

(III) Business innovation

In 2021, the Company increased its efforts on product and business innovation in terms of enterprise finance, personal finance, institutional services and trading, investment management and other businesses. For details of business innovation, please refer to the “Principal Business Analysis” in this section.

V. ANALYSIS OF FINANCIAL STATEMENTS

(I) Analysis of Consolidated Statements of Profit or Loss

1. Composition of Revenue

Unit: Thousand Yuan Currency: RMB

Item	2021	2020	Change in amount	Change in percentage (%)
Fee and commission income	12,391,668	10,055,734	2,335,934	23.23
Interest income	11,140,948	11,905,870	-764,922	-6.42
Net investment gains	10,354,605	6,566,716	3,787,889	57.68
Other income and gains	12,284,249	10,628,053	1,656,196	15.58
Total revenue and other income	46,171,470	39,156,373	7,015,097	17.92

In 2021, the Group achieved total revenue and other income of RMB46,171 million, representing a year-on-year increase of RMB7,015 million or 17.92%, which included:

- (1) Fee and commission income of RMB12,392 million, representing a year-on-year increase of RMB2,336 million or 23.23%, mainly due to a year-on-year increase in the income from the securities brokerage business, futures brokerage business, underwriting and sponsorship business, and assets management business.

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- (2) Interest income of RMB11,141 million, representing a year-on-year decrease of RMB765 million or 6.42%.
- (3) Net investment gains of RMB10,355 million, representing a year-on-year increase of RMB3,788 million or 57.68%, mainly due to a year-on-year increase in the dividend and interest income from financial instruments at fair value through profit or loss and the net realised gains from disposal of derivative financial instruments.
- (4) Other income and gains of RMB12,284 million, representing a year-on-year increase of RMB1,656 million or 15.58%, mainly due to a year-on-year increase in income from commodity trading business.

2. Composition of Expenses

Unit: Thousand Yuan Currency: RMB

Item	2021	2020	Change in amount	Change in percentage (%)
Fee and commission expenses	2,469,687	1,633,366	836,321	51.20
Interest expenses	10,136,131	8,299,675	1,836,456	22.13
Staff costs	8,241,507	6,896,980	1,344,527	19.49
Depreciation and amortization expenses	654,958	605,547	49,411	8.16
Tax and surcharges	182,986	162,749	20,237	12.43
Other operating expenses	13,549,099	11,686,187	1,862,912	15.94
Credit impairment losses	521,971	798,302	-276,331	-34.61
Impairment losses on other assets	117,007	16,605	100,402	604.65
Total expenses	35,873,346	30,099,411	5,773,935	19.18

In 2021, the Group had total expenses of RMB35,873 million, representing a year-on-year increase of RMB5,774 million or 19.18%, mainly attributable to an increase in other operating expenses, interest expenses, and staff costs, which included:

- (1) Other operating expenses of RMB13,549 million, representing a year-on-year increase of RMB1,863 million or 15.94%, mainly due to a year-on-year increase in the cost of commodity sales;
- (2) Interest expenses of RMB10,136 million, representing a year-on-year increase of RMB1,836 million or 22.13%, mainly due to a year-on-year increase in interest expenses incurred by long-term bonds and financial assets sold under repurchase agreements;

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- (3) Staff costs of RMB8,242 million, representing a year-on-year increase of RMB1,345 million or 19.49%, mainly due to an increase in the cost of performance-based remuneration as a result of an increase in the revenue;
- (4) Other expenses mainly included fee and commission expenses, depreciation and amortization expenses, credit impairment losses, impairment losses on other assets and tax and surcharges.

(II) Analysis of Consolidated Statements of Cash Flows

As of December 31, 2021, the Group had cash and cash equivalents of RMB62,781 million, increasing by 67.14% as compared to RMB37,563 million as of December 31, 2020. In 2021, there was net cash inflow of RMB25,241 million for cash and cash equivalents, up by RMB26,528 million as compared to RMB1,287 million of the net cash outflow for 2020. Among these, the net cash outflow used in operating activities in 2021 amounted to RMB38,462 million, up by outflow of RMB3,721 million as compared to the net cash outflow used in operating activities of RMB34,741 million for the same period of 2020, mainly due to a year-on-year increase in cash paid for financial instruments at fair value through profit or loss, a year-on-year increase in cash paid for accounts payable to brokerage clients, a year-on-year increase in cash received from accounts receivable, other receivables and prepayments, a year-on-year increase in cash received due to an increase in margin accounts receivable, a year-on-year decrease in cash paid for cash held on behalf of brokerage clients, and a year-on-year increase in cash inflow from financial assets sold under repurchase agreements; the net cash inflow from investing activities in 2021 amounted to RMB32,041 million, up by net inflow of RMB43,887 million as compared to RMB11,847 million of the net cash outflow used for the investing activities for 2020, mainly due to a year-on-year increase in the cash received from the disposal of financial assets at fair value through other comprehensive income; the net cash inflow from financing activities in 2021 amounted to RMB31,663 million, down by inflow of RMB13,638 million as compared to net cash inflow from financing activities of RMB45,301 million for 2020, mainly due to a year-on-year decrease in cash received from issuance of short-term debt instruments and a year-on-year increase in cash paid for repayment of long-term bonds and cash received from issuance of long-term bonds.

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(III) Analysis of Consolidated Statements of Financial Position

Unit: Thousand Yuan Currency: RMB

Items	December 31, 2021		December 31, 2020		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Non-current assets						
Property and equipment	1,353,552	0.23	1,295,289	0.26	58,263	4.50
Right-of-use assets	948,606	0.16	864,682	0.18	83,924	9.71
Investment properties	52,466	0.01	56,951	0.01	-4,485	-7.88
Other intangible assets	250,181	0.04	187,903	0.04	62,278	33.14
Interest in associates and joint ventures	4,512,058	0.75	4,706,514	0.96	-194,456	-4.13
Financial assets measured at amortized cost	3,045,522	0.51	2,478,236	0.50	567,286	22.89
Financial assets at fair value through other comprehensive income	6,429,530	1.07	9,071,823	1.85	-2,642,293	-29.13
Financial assets held under resale agreements	5,465,423	0.91	3,412,480	0.69	2,052,943	60.16
Financial assets at fair value through profit or loss	25,439,618	4.23	11,951,891	2.43	13,487,727	112.85
Refundable deposits	29,113,660	4.84	18,347,661	3.74	10,765,999	58.68
Deferred tax assets	2,570,403	0.43	2,206,892	0.45	363,511	16.47
Other non-current assets	106,700	0.01	106,012	0.02	688	0.65
Total non-current assets	79,287,719	13.19	54,686,334	11.13	24,601,385	44.99

Section III Report of the Board (continued)

Unit: Thousand Yuan Currency: RMB

Items	December 31, 2021		December 31, 2020		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Current assets						
Accounts receivable	4,093,737	0.68	3,088,616	0.63	1,005,121	32.54
Other receivables and prepayments	3,244,016	0.54	3,333,395	0.68	-89,379	-2.68
Margin accounts receivable	76,296,755	12.69	74,212,401	15.11	2,084,354	2.81
Financial assets measured at amortized cost	1,976,042	0.33	3,973,967	0.81	-1,997,925	-50.28
Financial assets held under resale agreements	19,932,761	3.32	23,247,258	4.73	-3,314,497	-14.26
Financial assets at fair value through profit or loss	247,136,841	41.12	152,615,966	31.07	94,520,875	61.93
Financial assets at fair value through other comprehensive income	33,319,677	5.54	57,282,609	11.66	-23,962,932	-41.83
Derivative financial assets	2,800,300	0.47	1,650,558	0.34	1,149,742	69.66
Clearing settlement funds	15,261,942	2.54	5,974,014	1.22	9,287,928	155.47
Cash held on behalf of brokerage clients	86,622,841	14.41	88,136,292	17.95	-1,513,451	-1.72
Cash and bank balances	31,038,836	5.17	22,922,867	4.67	8,115,969	35.41
Total current assets	521,723,748	86.81	436,437,943	88.87	85,285,805	19.54
Total assets	601,011,467	100.00	491,124,277	100.00	109,887,190	22.37

Section III Report of the Board (continued)

Unit: Thousand Yuan Currency: RMB

Items	December 31, 2021		December 31, 2020		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Current liabilities						
Loans and borrowings	3,229,798	0.65	4,346,935	1.08	-1,117,137	-25.70
Short-term debt instruments issued	29,586,843	5.99	40,505,069	10.10	-10,918,226	-26.96
Placements from other financial institutions	4,366,725	0.88	4,430,000	1.10	-63,275	-1.43
Accounts payable to brokerage clients	104,738,359	21.20	97,535,040	24.32	7,203,319	7.39
Employee benefits payable	2,388,044	0.48	2,134,241	0.53	253,803	11.89
Other payables and accruals	31,448,358	6.37	19,899,974	4.96	11,548,384	58.03
Contract liabilities	140,220	0.03	141,791	0.04	-1,571	-1.11
Current tax liabilities	851,040	0.17	676,286	0.17	174,754	25.84
Financial assets sold under repurchase agreements	137,977,520	27.93	103,314,547	25.76	34,662,973	33.55
Lease liabilities	305,436	0.06	368,729	0.09	-63,293	-17.17
Financial liabilities at fair value through profit or loss	5,873,514	1.19	2,876,775	0.72	2,996,739	104.17
Derivative financial liabilities	7,309,855	1.48	2,221,291	0.55	5,088,564	229.08
Long-term bonds due within one year	42,947,167	8.70	20,634,609	5.16	22,312,558	108.13
Total current liabilities	371,162,879	75.13	299,085,287	74.58	72,077,592	24.10

Section III Report of the Board (continued)

Unit: Thousand Yuan Currency: RMB

Items	December 31, 2021		December 31, 2020		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Non-current liabilities						
Long-term bonds	117,539,557	23.80	97,533,336	24.32	20,006,221	20.51
Non-current employee benefits payable	3,838,905	0.78	3,044,380	0.76	794,525	26.10
Deferred tax liabilities	27,298	0.01	2,148	0.00	25,150	1,170.86
Lease liabilities	663,779	0.13	494,091	0.12	169,688	34.34
Financial liabilities at fair value through profit or loss	293,481	0.06	575,162	0.14	-281,681	-48.97
Other non-current liabilities	430,974	0.09	299,283	0.08	131,691	44.00
Total non-current liabilities	122,793,994	24.87	101,948,400	25.42	20,845,594	20.45
Total liabilities	493,956,873	100.00	401,033,687	100.00	92,923,186	23.17
Share capital	25,039,945	23.39	25,039,945	27.79	—	—
Reserves	38,823,922	36.27	36,240,691	40.23	2,583,231	7.13
Retained profits	31,358,141	29.29	27,183,981	30.18	4,174,160	15.36
Total equity attributable to shareholders of the Company	95,222,008	88.95	88,464,617	98.20	6,757,391	7.64
Non-controlling interests	11,832,586	11.05	1,625,973	1.80	10,206,613	627.72
Total equity	107,054,594	100.00	90,090,590	100.00	16,964,004	18.83

Section III Report of the Board (continued)

(1) As of December 31, 2021, the Group had total non-current assets of RMB79,288 million, representing an increase of RMB24,601 million from the beginning of the year, mainly due to an increase in financial assets at fair value through profit or loss of RMB13,488 million from the beginning of the year and an increase in refundable deposits of RMB10,766 million from the beginning of the year. As of December 31, 2021, the Group had total non-current liabilities of RMB122,794 million, representing an increase of RMB20,846 million from the beginning of the year, mainly due to an increase in long-term bonds of RMB20,006 million from the beginning of the year.

(2) As of December 31, 2021, the Group had total current assets of RMB521,724 million, representing an increase of RMB85,286 million from the beginning of the year, mainly due to an increase in financial assets at fair value through profit or loss of RMB94,521 million from the beginning of the year, a decrease in financial assets at fair value through other comprehensive income of RMB23,963 million from the beginning of the year, an increase in clearing settlement funds of RMB9,288 million, and an increase in cash and bank balances of RMB8,116 million. As of December 31, 2021, the Group had total current liabilities of RMB371,163 million, representing an increase of RMB72,078 million from the beginning of the year, mainly due to an increase in financial assets sold under repurchase agreements of RMB34,663 million from the beginning of the year, an increase in long-term bonds due within one year of RMB22,313 million from the beginning of the year, an increase in other payables and accruals of RMB11,548 million from the beginning of the year and a decrease in short-term debt instruments issued of RMB10,918 million from the beginning of the year.

(IV) Status of key assets overseas

Details of the assets	Formed reason	Assets		Operating model	Control measures to ensure asset security	Unit: Thousand Yuan Currency: HK\$		Whether there is significant impairment risk
		scale	Location			Total revenue and other income	Net assets overseas/net asset of the Company	
Shenwan Hongyuan (International) Holdings Limited	Investment	33,516,122	Hong Kong	Wholly-owned subsidiary	The safety of assets is ensured through the Implementation Rules for the Management of Overseas Subsidiaries, etc.	841,096	4.72%	No

(V) Changes in the Scope of Consolidation of Financial Statements

In 2021, there were no material changes in the scope of consolidation of the Group.

(VI) Changes in Significant Accounting Policies and Accounting Estimates

During the Reporting Period, the Company's accounting policies and accounting estimates did not changed. For details, please refer to Note "3. Significant accounting policies" to the condensed consolidated financial statements. There was no significant accounting errors requiring rectification occurred in the Company.

Section III Report of the Board (continued)

(VII) Restricted Asset Rights as of the End of the Reporting Period

1. For assets with restricted ownership or use rights as of the end of the Reporting Period, please refer to Note 19, 25, 27 and 37 to Section IX financial statements.
2. As at the end of the Reporting Period, the Company did not have pledge of material assets.

VI. ANALYSIS OF FINANCING INSTRUMENTS AND STRUCTURE OF LONG- AND SHORT-TERM LIABILITIES

(I) Financing channels of the Company

The Company's major financing channels include interbank lending, bond repurchase, margin and securities refinancing, structured notes, corporate bonds, subordinated bonds, short-term corporate bonds, short-term financing bills, perpetual bonds, short-term borrowings and equity financing. In accordance with relevant laws and regulations, the Company may utilize financing of different terms based on its own funding needs to support its business development.

(II) Analysis of the structure of long- and short-term liabilities of the Company

Unit: Thousand Yuan Currency: RMB

Items	December 31, 2021	December 31, 2020
Loans and borrowings	3,229,798	4,346,935
Short-term debt instruments issued	29,586,843	40,505,069
Placements from other financial institutions	4,366,725	4,430,000
Long-term bonds (including long-term bonds due within one year)	160,486,724	118,167,945
Total	197,670,090	167,449,949

In the above liabilities, RMB117,540 million had a financing period of more than one year while RMB80,130 million less than one year, accounting for 59.46% and 40.54% of the aforesaid debt, respectively. In addition to borrowings and debt instruments, the Company also raised funds through on-the-exchange and OTC repurchases. At the end of the Reporting Period, the balance of financial assets sold under repurchase agreements was RMB137,978 million, and the financing terms were all less than one year. As of the end of the Reporting Period, the Company had no outstanding debts overdue, and it had sound overall solvency and its liquidity risks were controllable.

(III) Liquidity management policies and measures of the Company

The Company has established a comprehensive risk management system and liquidity risk management mechanism based on the management goal of "strengthening the self-owned funds management, safeguarding the security of self-owned funds, improving the efficiency of using self-owned funds and controlling the risk of using self-owned funds". The Company has also continuously improved its liquidity

Section III Report of the Board (continued)

reserve management system and focused on the matching of assets and liabilities in terms of scale, duration and structure to enhance the diversity of financing channels and conducted emergency drills for liquidity risk, effectively preventing liquidity risks. During the Reporting Period, the Company maintained sufficient liquidity reserve, and the regulatory indicators of the securities subsidiary such as liquidity coverage ratio and net stable funding ratio were in compliance with regulatory standards.

(IV) Analysis of financing capabilities of the Company

The Company has formed an integrated financing system comprising various financing methods, such as interbank lending in the interbank market, bond repurchases in the interbank market and exchange market, issuance of short-term financing bonds of securities companies, issuance of financial bonds, issuance of corporate bonds, issuance of subordinated bonds and transfer of the right of return on bonds of financing business, placements from China Securities Finance Corporation Limited and issuance of structured notes. The Company operates in a compliant manner with a good reputation and credit record, and it also maintains good cooperative relations with commercial banks and has sufficient bank credit limits and strong profitability and solvency. Therefore, the Company has robust short-term and long-term financing capabilities.

VII. INVESTMENTS

(I) Interests in associates and joint ventures

Unit: Thousand Yuan Currency: RMB

Investment during the Reporting Period	Investment in the same period of the previous year	Change (%)
4,512,058	4,706,514	-4.13

(II) Material equity investment acquired during the Reporting Period

No material equity investments were acquired by the Company during the Reporting Period.

(III) Ongoing material non-equity investment during the Reporting Period

No material non-equity investments by the Company were in progress during the Reporting Period.

Section III Report of the Board (continued)

(IV) Investments in Financial Assets

1. Investments in securities

Unit: Thousand Yuan Currency: RMB

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Beginning book value	Fair value changes included in profit and loss	Fair value changes included in equity	Current purchase amount	Current sales amount	Profit and loss during the Reporting Period	Closing book value	Accounting item	Sources of funds
Asset management scheme	113938	Baoying Jinyuanbao No. 10 Collective Asset Management Scheme	9,010,300	Fair value	513,374	-224,007	—	8,500,000	—	235,473	8,789,367	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113914	Rongtong Fund Shenwan Hongyuan Securities No. 1 Collective Asset Management Scheme	7,616,627	Fair value	6,230,350	-112,594	—	4,800,000	3,362,869	417,446	7,554,887	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	SLS119	Dongxing Liangcai FOF No. 1 Single Asset Management Scheme	6,405,517	Fair value	1,723,752	300,644	—	6,232,343	1,516,658	376,166	6,740,080	Financial assets at fair value through profit or loss	Self-owned funds
Shares	002415	Hik Vision	4,925,005	Fair value	2,161,667	-597,684	—	8,165,025	5,123,894	201,829	4,605,114	Financial assets at fair value through profit or loss	Self-owned funds
Bonds	200018	20 Interest-bearing Government Bonds 18	4,463,631	Fair value	—	4,688	—	4,808,465	274,475	72,847	4,476,159	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	SSG105	Sinolink Securities Ruixuan No. 1 FOF Single Asset Management Scheme	4,125,698	Fair value	—	195,498	—	4,125,698	—	195,498	4,321,196	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	E1ZX01	Caida Yanshan Zhixuan FOF No. 1 Single Asset Management Scheme	3,359,294	Fair value	2,607,246	338,547	—	2,125,000	1,261,815	469,442	3,808,978	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	390050	Zhonghai Juying Single Asset Management Scheme	2,826,378	Fair value	—	30,237	—	3,260,000	433,622	83,093	2,856,616	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113936	Baoying Jinyuanbao No. 9 Collective Asset Management Scheme	1,943,300	Fair value	300,694	-8,766	—	1,643,000	—	44,689	1,934,928	Financial assets at fair value through profit or loss	Self-owned funds
Shares	002352	S.F. Express	1,660,766	Fair value	1,767	225,672	—	2,271,608	611,826	332,915	1,887,221	Financial assets at fair value through profit or loss	Self-owned funds
Other securities investments held at the end of the period			269,960,514	—	223,835,642	-517,206	273,753	2,558,425,542	2,509,967,870	9,798,108	270,372,684	—	—
Total			316,297,030	—	237,374,492	-364,971	273,753	2,604,356,681	2,522,553,029	12,227,506	317,347,230	—	—

Notes: 1. This table includes financial assets including domestic and overseas shares, funds, bonds and trust products measured at fair value and amortized cost held during the Reporting Period respectively.

2. This table is sorted by the ratio of the book value at the end of the period to the total securities investment of the Company at the end of the period and only contains the top ten securities held by the Company at the end of the period.

3. Other securities investments refer to investments in other securities other than the top ten securities.

2. Investments in derivatives

N/A.

(V) Use of Proceeds from the Initial Public Offering of the H Shares on the Hong Kong Stock Exchange

In order to meet the Company's business development needs and further enhance its corporate governance and core competitiveness, the Company issued H Shares and such H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on April 26, 2019, as approved by the Reply Regarding Approval for Issuance of Overseas Listed Foreign Shares by Shenwan Hongyuan Group Co., Ltd. (Zheng Jian Xu Ke [2019] No. 393) (《關於核准申萬宏源集團股份有限公司發行境外上市外資股的批覆》(證監許可[2019]393號)) issued by the CSRC in March 2019 and by the Hong Kong Stock Exchange. The total number of the H Shares issued under the public offering and the international offering was 2,504,000,000 shares, the offer price was HK\$3.63 per share. The total amount of proceeds was HK\$9,088,746,465.99. According to the H Share prospectus, approximately 50% of the net proceeds from issuance of the H Shares will be used for the development of securities businesses, approximately 30% for principal investments and approximately 20% for further development of international business.

According to the intended use of approximately 50% of the net proceeds from issuance of H Shares for the development of securities businesses, the relevant matter on injecting RMB4 billion into the registered capital of its subsidiary, Shenwan Hongyuan Securities, was considered and approved at the 41st meeting of the fourth session of the Board of Directors of the Company. Upon completion of such capital increase, the relevant procedures for industrial and commercial registration of changes in the registered capital have been completed.

According to the purpose of using approximately 20% of the net proceeds from the issuance of H Shares for further development of international business, at the 45th meeting of the fourth session of the Board of Directors of the Company, it was considered and approved to increase the registered capital of Shenwan Hongyuan Securities by the Company with the proceeds raised overseas in an amount of no more than RMB1.6 billion. Upon completion of capital increase, Shenwan Hongyuan Securities conducted capital increase to Shenwan Hongyuan (International) Holdings Limited (the "International Group"), a subsidiary registered in Hong Kong, accordingly. In June 2021, the Company conducted capital increase to Shenwan Hongyuan Securities with proceeds in an amount of RMB1.5 billion and Shenwan Hongyuan Securities proceeded with capital increase to the International Group accordingly. The procedures for industrial and commercial registration of changes of Shenwan Hongyuan Securities and the registration application and registration of the International Group were completed. The use of proceeds under the Company's H Share proceeds plan was consistent with the disclosures in the prospectus during the Reporting Period, with no changes. The Company has successively used all the proceeds raised from the issuance of H Shares in accordance with its development strategy, the market conditions and H Share proceeds utilization plan.

Section III Report of the Board (continued)

The plan on use of proceeds from offering of H Shares is set out in the table below:

Use	Amount used as at December 31, 2021 (RMB 100 million)	Balance as at December 31, 2021 (RMB 100 million)	Expected time for use of the remaining proceeds from the initial public offering	Business developed
(1) Securities business:	40.00	0.00	—	
(i) development of enterprise finance business to satisfy the financing needs of M&A clients, and to provide one-stop investment banking service solutions for enterprise clients;	4.00	0.00	—	Mainly used for investment banking business
(ii) development of personal finance business to satisfy the increasing wealth management needs of clients	20.00	0.00	—	Mainly used for credit business, institutional business, wealth management, etc.
(iii) development of institutional services and trading business to satisfy the comprehensive financial services needs of clients	10.00	0.00	—	Mainly used for securities investment business, financial derivatives business, etc.
(iv) development of investment management business to continuously improve market brand	4.00	0.00	—	Mainly used for asset management business
(v) investing in financial technology to develop data mining, improve client experience, strengthen risk control and enhance operation efficiency	2.00	0.00	—	Mainly used for fintech business

Section III Report of the Board (continued)

Use	Amount used as at December 31, 2021 (RMB 100 million)	Balance as at December 31, 2021 (RMB 100 million)	Expected time for use of the remaining proceeds from the initial public offering	Business developed
(2) Principal investments	23.00	0.00	—	
focusing on debt investment to satisfy the financing needs of high-quality corporate clients and support the transformation and development of the economy	5.46	0.00	—	Mainly used to carry out debt investment business
making direct equity investment, investing in third party private equity funds as limited partners and injecting capital into our investment subsidiaries	17.53	0.00	—	Mainly used for direct equity investment and third-party private equity business
(3) Development of international businesses	15.00	0.00	—	
(i) providing capital for our overseas subsidiaries;	15.00	0.00	—	Mainly used for development of international businesses
(ii) forming cross-border funds, cooperating with overseas institutions to develop crossborder investment management business, creating cross-border products and allocate proprietary crossborder products, etc.	—	—	—	
Total	78.00	0.00	—	

As of December 31, 2021, the Company has fully utilised the remaining proceeds, and the proceeds from the issuance of H Shares by the Company have been used up.

Section III Report of the Board (continued)

VIII. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTERESTS

During the Reporting Period, the Company had no material disposal of any assets and equity interests.

IX. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

(I) Major subsidiaries

Unit: Thousand Yuan Currency: RMB

Name of Companies	Type of Companies	Principal Businesses	Registered Capital	Total Assets	Total equity	Profit for the year
Shenwan Hongyuan Securities Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting service, margin financing and securities lending, agency sale of financial products, securities assets management, securities underwriting and sponsoring and securities proprietary business	53,500,000	561,734,332	105,452,838	9,458,098
Shenwan Hongyuan Industrial Investment Management Company Limited	Wholly-owned subsidiary	Investment, assets management and investment consulting service. (For the special projects subject to approval according to law, they can be carried out only after approval from relevant departments)	200,000	293,740	215,660	14,559
Hongyuan Huizhi Investment Co., Ltd.	Wholly-owned subsidiary	Investment, assets management, investment management, corporate management consulting service and investment consulting service	2,000,000	5,656,878	2,247,051	132,885
Hongyuan Futures Co., Ltd.	Wholly-owned subsidiary	Commodity futures brokerage, financial futures brokerage and futures investment consulting service	1,000,000	16,198,922	1,539,137	182,977
Hongyuan Huifu Capital Co., Ltd.	Wholly-owned subsidiary	Entrepreneurship investment, entrepreneurship investment consulting service, provision of entrepreneurial management service for startup enterprises and participation in setting up entrepreneurial investment enterprises and entrepreneurial investment management advisory institutions	500,000	547,611	506,096	-38,053
Shenyin & Wanguo Investment Co., Ltd.	Wholly-owned subsidiary	Private equity fund	1,000,000	1,291,452	1,112,068	17,185
Shenyin & Wanguo Alternative Investment Co., Ltd.	Wholly-owned subsidiary	Investment management, consulting service, advisory services	2,000,000	2,451,464	2,425,080	158,392
Shenwan Hongyuan (International) Holdings Limited	Wholly-owned subsidiary	Investment holdings	HK\$4,070,920 thousand	HK\$33,516,122 thousand	HK\$6,176,272 thousand	HK\$-97,866 thousand

Section III Report of the Board (continued)

Name of Companies	Type of Companies	Principal Businesses	Registered Capital	Total Assets	Total equity	Profit for the year
Shenwan Hongyuan Securities (Western) Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting, margin financing and securities lending, agency sales of financial products, agency sales of securities investment funds, provision of intermediate introduction business for futures companies (The above businesses are limited to Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai and Tibet), securities proprietary business (for securities brokerage clients in Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai, and Tibet only) (For the special projects subject to approval according to law, they can be carried out only after approval from relevant departments)	5,700,000	18,923,403	8,045,669	632,981
Shenwan Hongyuan Financing Services Co., Ltd.	Wholly-owned subsidiary	Securities underwriting (excluding bond types other than convertible bonds) and sponsoring, financial advisory in relation to securities transactions and securities investment activities	1,000,000	2,107,263	1,627,450	207,369
SWS Research Co., Ltd.	Controlling subsidiary	Investment consulting business	20,000	282,348	78,968	218
Shenwan Futures Co., Ltd.	Controlling subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consulting service, assets management and fund sales	1,441,588	33,159,346	3,873,373	382,120
SWS MU Fund Management Co., Ltd.	Controlling subsidiary	Fund management	150,000	1,455,089	1,109,096	125,355

(II) Investee

Unit: Thousand Yuan Currency: RMB

Name of Companies	Type of Companies	Principal Businesses	Registered Capital	Total Assets	Total equity	Profit for the year
Fullgoal Fund Management Co., Ltd.	Investee	Fund raising, securities investment, fund management, fund sales, specific customer asset management	520,000	12,646,262	7,049,040	2,564,075

Section III Report of the Board (continued)

X. THE STRUCTURED ENTITIES UNDER CONTROL OF THE COMPANY

The Company manages or invests in a number of structured entities, mainly including funds, wealth management products of banks, asset management schemes and trust schemes. In order to assess whether the Company has control over the structured entities, it mainly considers the extent of decision making and participation in establishing relevant structured entities, the aggregated economic interest (including the gain from holding a direct investment and expected remuneration) set out in the contractual arrangement, as well as the scope of decision making authority over the structured entities. If the Company determined that it has power over, has exposure to variable returns from its involvement with, and has ability to use its power to affect the amount of its returns from the structured entities, it will include the structured entities in the consolidated financial statement as the Company has control over the structured entities.

As at December 31, 2021, the consolidated structured entities included asset management schemes issued and managed by the Group and trust schemes the Group invested in issued by third parties. The book value of net assets of the abovementioned consolidated structured entities is RMB30,792 million. The interests of the Company and its subsidiaries in the abovementioned structured entities as reflected in their respectively balance sheets included trading financial assets of RMB19,888 million.

XI. FUTURE DEVELOPMENT PROSPECTS

(I) Industry landscape and trends

The new development stage of the “14th Five-Year Plan” period puts forward a series of new requirements for the capital market. The state pays more attention to the capital market. The status of the capital market in the financial system has been unprecedentedly improved, and the pivotal role of “a slight move in one part may affect the situation as a whole” has become increasingly apparent. The reform and opening up of the capital market has deepened in an all-round way. With the continuous improvement of the construction of the rule of law and the acceleration of the reform of the basic systems of the multi-level capital market system, the proportion of direct financing has been further increased and the investor structure has been continuously optimized. In this context, the securities industry has ushered in a huge space for development. However, with the increasing diversification of participants, the market competition is also becoming increasingly fierce, the development of securities institutions is increasingly relying on the improvement of comprehensive strength, and the acceleration and degree of concentration of industry integration will be further improved.

(II) Development strategy of the Company

The Company is committed to becoming a comprehensive financial service provider empowered by financial technology which focuses on securities businesses themed on high-quality development with progress amidst stabilization as the key principle and is featured by “investment + investment banking”. Insisting on customer-centric, it comprehensively promotes the transformation and innovation of securities business, steadily promotes the balanced development of light capital business and heavy capital business, domestic business and overseas business, and proactively builds a development model integrating investment business and investment banking business, to continuously improve the comprehensive financial service system.

(III) Operation plan

In 2022, the Company will adhere to the general principle of seeking progress while maintaining stability, implement the new development concept based on the new development stage to serve the new development pattern, and continue to serve national strategies and proceed with “six stabilisations” and

Section III Report of the Board (continued)

“six guarantees”. It will unswervingly promote business transformation, strive to improve institutional investment capabilities, and proactively build a high-quality development system integrating investment business and securities business; it will achieve the standardized operation of listed companies, striving to build a high-quality platform for listing of A shares and H shares.

(IV) Potential risks and countermeasures

According to the analysis on the macroeconomic situation, industry development trend, regulatory environment and the Company's own conditions, the Company's major risk factors are mainly market risk, credit risk, liquidity risk, operational risk, policy risk, legal compliance risk, and risk of innovative businesses.

1. Market risk

The market risk exposure is mainly concentrated in the proprietary investment business, assets management business with self-owned funds and other businesses.

For market risks, the Company has established a multi-layer risk control index system of “risk appetite-risk tolerance-risk limit”. The Board of Directors has set its risk preference, risk tolerance, the size limit for large-scale asset business and the loss limit for market risk. The management has refined and formulated the implementation plan in respect of the above risk tolerance. The risk management department measures and monitors market risk limit-related indicators on a daily basis, and conducts a comprehensive assessment of the Company's overall market risk. The Company uses methods including VaR and stress testing to analyse and assess market risks and regularly tests the effectiveness of the VaR model. During the Reporting Period, all investment businesses had good performance. At the end of the Reporting Period, the VaR (95% for one day) of the proprietary investment business of Shenwan Hongyuan Securities was RMB139 million.

The global economy has weakened growth momentum, the economic development of the PRC faces triple pressures of demand contraction, supply shock and weakening expectations and various uncertain factors have increased due to the repeated outbreaks of the epidemic and the instability of the international political environment, resulting in greater challenges over market risk management.

The countermeasures taken by the Company include but are not limited to: (1) keeping a close eye on the economy in the post-epidemic era and financial evolution trends, strengthening the follow-up analysis and research and judgment on the macroeconomic situation and market environment, intensifying the research on the risk characteristics and future change trends of large-scale assets, and making timely and proactive responses. (2) formulating a clear risk appetite and risk tolerance transmission mechanism, and strictly implementing the risk tolerance requirements of proprietary investments, assets management with self-owned funds and other businesses. (3) optimizing a quantitative risk indicator assessment system, including risk measurement indicators such as VaR, beta, volatility, interest rate basis point value, duration and investment concentration, and utilizing a combination of various methods or tools such as stress test and sensitivity analysis for measurement and assessment. (4) standardizing the whole-process management mechanism of models and consolidating the management of market risk measurement models. (5) improving the OTC derivatives business, strengthening the top-level design of the risk management of OTC derivatives business, and utilizing the derivative financial instruments such as stock index futures, commodity futures, interest rate swaps and options for risk hedging. (6) conducting dynamic monitoring and graded pre-warning of

Section III Report of the Board (continued)

risk control indicators and taking effective countermeasures on a timely basis. (7) prior to the launch of major investment projects, strictly carrying out the project feasibility analysis, and having the risk control department issue risk assessment reports independently.

2. Credit risk

Credit risk exposure mainly existed in the areas of financing business (margin financing and securities lending, stock repurchases and stock pledged repurchase business), fixed-income proprietary business, OTC derivatives trading business and non-standard investment.

Financing business: the Company actively adjusted and scaled back its stock pledged business with its own funds. The scale as at the end of 2021 dropped by 48.90% as compared with the end of 2020. The credit risk exposure was contracted. As a result, the main regulatory indicators and tolerance indicators of our financing business satisfied the prescribed standards.

Fixed-income proprietary business: The Company prevented the bond default risk by continuously tracking the corporate credit rating and debt rating and strengthening its risk monitoring capability.

OTC derivatives trading business: The Company controlled trading counterparties' credit risk exposure through implementation of qualification screening of counterparties, strict access standards on individual shares and counterparties, establishment of deposit mechanism, and other measures.

Non-standard investment business: the Company proactively obtained first-hand information through earnest project due diligence, well conducted material review and data calculation, carefully evaluated various risk factors in strict accordance with project grading and evaluation mechanism, and strictly adopted access standards and other measures to prevent credit default risks.

The complex and severe macroeconomic situation and the coexistence of economic downturn and inflation risks posed greater operating pressure over enterprises. In light of normalization of defaults, credit risk management will face greater challenges.

The countermeasures taken by the Company include but are not limited to: (1) establishing the Company's internal rating system to achieve comprehensive coverage of domestic and overseas subsidiaries and unified rating and application within the Group. (2) implementing the unified same customer management and control mechanism for the entire group with the actual controller as the main entity. (3) monitoring negative market sentiment information across the market and applying the monitoring results to credit risk management practices such as updating of rating results, adjustment of credit lines, and restrictions on access to negative list. (4) further strengthening refined management of financing business, prudently carrying out project evaluation, improving the risk assessment and analysis of financing entities and collaterals, strengthening the tracking, monitoring and management of project duration, and continuously optimizing the credit risk management system and improving the capability of credit risk management and control. (5) strictly setting the threshold criteria such as debt rating and corporate credit rating for the bond proprietary business, and conducting the pre-verification of the transaction method, the credit grade and type of bonds, the size of single bond and trading concentration. (6) improving the establishment of the OTC derivatives business system, setting the rating and threshold criteria for trading counterparties and improving the risk limit indicators

and pre-approval criteria. (7) strengthening the review and duration management of projects including asset securitization, closely tracking project status and taking countermeasures on a timely basis when identifying potential risks. (8) for the projects with credit default, establishing a risk project disposal team to closely monitor its development, and actively studying and formulating countermeasures to manage such risk properly, so as to ensure that the credit risk is under control.

3. Liquidity risk

For the liquidity risk, on the one hand, the Company continuously improved its liquidity reserve management system, strengthened the total amount and structure management of high-quality liquidity assets and had relatively sufficient liquidity reserve; on the other hand, taking into consideration the macro market environment, the Company reasonably adjusted the proportion of assets with various maturity periods, balanced the distribution of debt maturities, increased the diversity of financing channels, optimized the structure of liability maturities, dynamic monitored cash flow gaps and carried out the liquidity risk emergency plan drills, thus effectively preventing the occurrence of liquidity risk. During the Reporting Period, two liquidity regulatory indicators of Shenwan Hongyuan Securities, namely the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), met the regulatory standards.

The domestic economic work adhered to the principle of “steadiness at the forefront and seeking progress while maintaining stability”. The central bank may continue to implement a prudent monetary policy, pay attention to flexibility and moderation, and maintain reasonable and sufficient liquidity. The Company’s operation process will be affected by factors including macro policies, market environment, and operating conditions, which in turn will have an impact on liquidity management such as the asset and liability allocation of the Company.

The countermeasures taken by the Company include but are not limited to: (1) making comprehensive capital planning, maintaining sufficient liquidity reserve and steadily carrying out operating activities. (2) actively expanding the scope of cooperative financial institutions, improving liquidity management system and enhancing the management capabilities of quality liquidity assets and debt financing. (3) strengthening the dynamic monitoring of liquidity risk status, continuously tracking and evaluating the information including liquidity regulatory indicators, cash flow gap, liquidity reserve and corporate financing capability, and carrying out liquidity risk pre-warning work. (4) optimizing the liquidity risk measurement model and increasing the dynamic prediction and measurement of strong cash flow. (5) increasing the frequency of stress test of liquidity risk, improving and optimizing situation setting, and improving the capability to measure and deal with liquidity impact. (6) improving the Company’s capabilities to report and handle liquidity risk emergency and respond to liquidity crisis by conducting liquidity risk emergency drills which incorporate scenarios including the guarantees provided by the Company to overseas subsidiaries and possible reputational risks. (7) assigning liquidity risk limit indicators to subsidiaries and strengthening liquidity risk management of subsidiaries, to support and guarantee the development of various businesses of subsidiaries.

4. Operational risk

Operational risk exists in the Company’s various business processes and operation management, mainly due to factors such as operational errors of personnel, system defects, imperfect procedures and external events. During the Reporting Period, certain operational risk events were triggered in the

Section III Report of the Board (continued)

Company due to operational errors of personnel, system defects and external events, and individual incidents triggered customer complaints and claims. Upon the occurrence of the risk events, the Company actively took countermeasures and endeavored to defuse the risk, well ensuring the normal business operation of the Company. At the same time, the Company adopted the measures including optimization of review mechanism, standardization of business processes, improvement of system defects and business training, to prevent the reoccurrence of similar risk incidents.

The development of innovative businesses, the widespread use of information systems, the continuous expansion of business scale, etc. may all lead to operational risks. Thus, operational risk management still faces greater challenges.

The countermeasures taken by the Company include but are not limited to: (1) constantly improving the operational risk management mechanism and revising and improving the relevant systems for operational risk management. (2) carrying out in-depth self-assessment of operational risks of each unit, optimizing and improving the key risk indicator system, and intensifying the collection of loss data, to improve operational risk management capabilities. (3) continuously improving the front-end control functions of the business system, strengthening the risk assessment, functional verification and daily monitoring of the information system, formulating effective emergency mechanisms and carrying out emergency drills. (4) continuing to conduct publicity of typical risk cases and business training, to constantly improve their business capabilities and risk management awareness.

5. Policy risk

The Company's overall operations and development of businesses are greatly affected by external policies. On the one hand, changes in national macroeconomic policies and interest rate policies will affect the trend of the securities market, which will lead a direct and important influences on the operations and business development of securities operating institutions; on the other hand, securities regulatory authorities have published a series of regulatory policies to encourage securities operating institutions to make value investments, attach importance to the protection of investors' rights and interests, strengthen the cultural construction of the securities industry, regulating the risk management and control of securities companies' income swap business and OTC derivatives business, etc., to promote securities operating institutions to make every effort to improve their overall risk management level.

The countermeasures taken by the Company include but are not limited to: (1) strengthening the research and analysis of the macroeconomic situation and industry dynamics, establishing a forward-looking research mechanism for business development and risk management, and taking proactive measures to adjust risk control policies and business strategies in due course. (2) paying close attention to dynamics and trends of regulatory policies, strengthening communication and contact with regulatory authorities, keeping abreast of regulatory trends and priorities in a timely manner and taking the same as the focus for optimising the risk management system. (3) strictly implementing the relevant regulations of the regulatory authorities, improving the institutional improvement and system construction of relevant businesses, and strengthening risk management and control, to ensure the healthy development of businesses.

6. Legal compliance risk

With the continuous improvement of various laws and regulations in the securities market and on supervision of listed companies and the increasing penalties for violations of laws and regulations by the regulatory authorities, the management of legal compliance is facing greater challenges.

The countermeasures taken by the Company include but are not limited to: (1) actively monitoring changes in laws and regulations and implementing thereof and improving the legal compliance system and mechanism. (2) further strengthening legal compliance review, compliance monitoring, compliance check, anti-money laundering, Chinese wall, conflicts of interest, connected transaction management, litigation and arbitration, etc. (3) further enhancing the publicity of compliance culture, organizing special training on laws and regulations, strengthening warning education for employees and compliance risk investigation, improving employees' compliance awareness, and effectively preventing legal compliance risks.

7. Risk of innovative businesses

With the continuous deepening of financial reforms, securities companies' innovative businesses have emerged one after another, and financial derivatives and cross-border businesses have developed rapidly. Shenwan Hongyuan Securities has the qualification for cross-border business and qualification of primary dealers for OTC options business. While derivatives and cross-border businesses have achieved rapid development, business structure and product types will also become increasingly complex and risks of innovative businesses will further emerge. Therefore, corresponding risk control mechanisms and standards need to be strengthened.

The countermeasures taken by the Company include but are not limited to: (1) Shenwan Hongyuan Securities established a new product and innovation business committee to be responsible for the verification of the Company's innovative businesses and coordinate the operation of cross-line innovative businesses. (2) All innovative businesses need to be equipped with corresponding rules, systems and personnel, to provide basic guarantee for the development of innovative businesses. (3) The new businesses, new models, and new products of subsidiaries were included in the Company's hierarchical review and decision-making system. Based on the first-level evaluation by subsidiaries, the Company's risk management department would conduct a second-level evaluation and review. (4) The Company added the risk monitoring and pre-warning of innovative businesses to the daily risk management work, and dynamically adjusted the control threshold based on business operation situation. (5) a retrospective evaluation mechanism has been established for innovative businesses, to conduct retrospective evaluation on new products and new businesses, and further optimize the evaluation mechanism and process for innovative businesses, to improve the risk management level of innovative businesses.

8. Exchange rate risk

The Company has a subsidiary in Hong Kong which holds assets with Hong Kong dollars as the settlement currency and has a risk limit for foreign exchange exposure. At the end of the period, the proportion of net foreign currency risk exposure to total business exposure was low. Most of the Company's assets, liabilities, revenue, costs and expenses are expressed in Renminbi. Foreign currency assets, liabilities and income account for a relatively small proportion. Net foreign currency

Section III Report of the Board (continued)

exposures are relatively low in the Group and the exchange rate risk that the Company faced with is not great. In the future, with the advancement of the Company's international business layout and Renminbi internationalization, the Company will further strengthen the study on exchange rate, and take reasonable and effective measures to hedge and control exchange rate risks in a timely manner.

XII. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT AND FULFILLMENT OF SOCIAL RESPONSIBILITIES

For the fulfillment of social responsibilities by the Company, please refer to the "Environmental and Social Responsibility" of this report. In terms of environmental policies and performance, the Company has complied with the "comply or explain provision" set out in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Hong Kong Listing Rules in this year. For details, please refer to the "2021 Social Responsibility Report/Environmental, Social and Governance Report of Shenwan Hongyuan Group Co., Ltd." published by the Company.

For corporate governance, please refer to Section IV "Corporate Governance" of this report. The Company has fully complied with all provisions of the CG Code.

XIII. PERMITTED INDEMNITY PROVISION

Appropriate insurance policy arrangements have been made by the Company in respect of the responsibilities of the Directors and members of the senior management to cover possible legal liabilities owed to third parties arising from corporate activities that may be faced by the Directors and members of the senior management.

XIV. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

Except for the service contracts, neither the Company nor its subsidiaries has entered into any significant transactions, arrangements or contracts in which the Directors or Supervisors of the Company or their connected entities had or continue to have, directly or indirectly, a material interest during the Reporting Period.

XV. INTEREST OF DIRECTORS IN BUSINESSES IN COMPETITION WITH THE COMPANY

None of the Directors has any interest in any business that competes or may compete with the Company's business, directly or indirectly.

XVI. MANAGEMENT CONTRACTS

In 2021, the Company did not enter into or have any contracts in relation to the management or administration of the whole or any substantial part of the businesses of the Company.

XVII. MAJOR CUSTOMERS AND SUPPLIERS

The Company has built a business system including enterprise finance, personal finance, institutional services and trading and investment management business, to provide comprehensive financial services to corporate customers, professional institutional customers, individuals and non-professional institutional customers. In 2021, the income attributable to the Group's five largest customer accounted for 6.80% of the operating income, and the five largest customers are non-related parties.

Due to the nature of business, the Company has no major suppliers.

XVIII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

For details of the composition of the Directors, Supervisors and senior management of the Company, its changes and biographies during the Reporting Period and as at the date of this report, please refer to Section IV “Corporate Governance” in this report.

XIX. COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As a public company listed in the Mainland China and Hong Kong, the Company has formulated and continuously improved various rules and regulations to standardise operations in strict compliance with the Company Law, the Securities Law, the Code of Corporate Governance of Listed Companies, and the CG Code as set out in Appendix 14 to the Hong Kong Listing Rules and other laws, regulations, and requirements of regulatory documents of the domestic and overseas places of listing and the Articles of Association, and is committed to continuously maintaining and improving the Company’s good market image. During the Reporting Period, the Company was not subject to penalty or public condemnation. For relevant information of the Company’s subsidiaries, please refer to “XXIV. Significant matters of the subsidiaries of the Company” in “Section VI Significant Events” of this report.

XX. RELATIONSHIP WITH EMPLOYEES, CLIENTS, SUPPLIERS AND PERSONS WHO ARE MATERIALLY RELATED

For details of employee compensation and training program of the Company, please refer to “XIII. Employees of the Company”, “Remuneration policy for employees” and “Training Program” in “Section IV Corporate Governance” of this report. For the relationship between the Company and securities brokers, please refer to “XIV. Information about Customer Solicitation and Customer Service of Commission Brokers of Shenwan Hongyuan Securities, a Subsidiary of the Company” in “Section IV Corporate Governance” of this report. For the relationship between the Company and major customers and suppliers, please refer to the “Major customers and suppliers” under this section of this report.

XXI. DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

The Company or any of its subsidiaries did not make any arrangement during the Reporting Period that would enable any director or supervisor of the Company (including their spouses and children under the age of 18) to acquire benefits by means of acquisition of shares or debentures of the Company or any other associated corporations.

XXII. DONATIONS

The Company proactively fulfills its social responsibilities. In 2021, the amount of investment in charitable advertising, disaster relief donations, education grants, charitable donations, and other public welfare aspects was RMB52.8932 million.

XXIII. ISSUANCE OF SHARES AND BONDS

For the issuance of shares during the Reporting Period, please refer to “II. Issuance and listing of securities” under “Section VII Changes in Shares and Shareholders” of this report.

Section III Report of the Board (continued)

For the issuance of corporate bonds, subordinated bonds, short-term corporate bonds and short-term financing bills by the Company and its subsidiaries, please refer to “Section VIII Profile of Bonds” and “XXIV. Significant matters of the subsidiaries of the Company” in “Section VI Significant Events” of this report.

XXIV. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation details of the Company’s cash dividends policy and the profit distribution proposal for 2021 are set out in “XV. Profit Distribution of Ordinary Shares and Conversion of Capital Reserves into Share Capital of the Company” in “Section IV Corporate Governance” of this report.

By order of the Board of Directors

Chu Xiaoming

Chairman

March 30th, 2022

Section IV Corporate Governance

I. BASIC SITUATION OF THE CORPORATE GOVERNANCE

- (I) As a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company's operation is in strict compliance with laws, regulations and regulatory documents applicable in places where the shares of the Company are listed. It has established and developed corporate governance structure and improved the corporate governance mechanism and institutional system in accordance with the law, to continuously improve corporate governance. In accordance with the requirements of laws, regulations and regulatory documents such as the Company Law, the Securities Law, and the Rules for Corporate Governance of Listed Companies, the Company has established a sound and complete corporate governance structure consisting of the general meeting, the Board of Directors, the Board of Supervisors and the management of the Company, and formed a corporate governance system with clear powers and responsibilities, standardized operations, mutual coordination, and checks and balances among governing bodies, decision-making bodies, supervisory bodies and the management of the Company. The Company has continuously improved the corporate governance system in accordance with the laws and regulations including the rules of the places in which the shares of the Company are listed and based on the actual operation management of the Company. During the Reporting Period, the Company revised the Articles of Association, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, the Internal Audit System, the Internal Control Evaluation System, the Risk Management System and other systems to ensure the sustainable and standardized development of the Company's operation and management. In strict accordance with the CG Code (the "Code") in Appendix XIV of the Hong Kong Listing Rules, the Company fully followed all code provisions in the Code and met requirements for the most of recommended best conventional clauses listed in the Code.
- (II) During the Reporting Period, the Company held 3 general meetings, 11 meetings of the Board of Directors, 8 meetings of the Board of Supervisors, 2 meetings of the Strategy Committee of the Board of Directors, 5 meetings of the Remuneration and Nomination Committee of the Board of Directors, 9 meetings of the Audit Committee of the Board of Directors, and 3 meetings of the Risk Control Committee of the Board of Directors. The convening, proposal, holding, voting, and resolutions of the previous general meetings, meetings of the Board of Directors meetings of the Board of Supervisors, and meetings of the special committees under the Board of Directors were all in compliance with laws and regulations, normative documents, as well as the Articles of Association, the Rules of Procedure of the General Meeting, the Rules of Procedure of the Board of Directors, and the Rules of Procedure of the Board of Supervisors. Each of the Directors and Supervisors has performed its duties and obligations with diligence in accordance with laws and regulations, as well as the Articles of Association, and each of the independent Directors has considered the proposals and provided independent opinion with due care in accordance with the Independent Directors System, assuring the shareholders to exercise their rights under relevant laws, taking into sufficient account the interests of minority shareholders and making no detriment to the interests of minority shareholders.
- (III) There is no significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations of the CSRC on the governance of listed companies.

Section IV Corporate Governance (continued)

II. INDEPENDENCE OF THE COMPANY FROM THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANISATION, FINANCE, ETC.

The Company is completely separated from the controlling shareholder and actual controller in terms of business, personnel, assets, organization and finance, maintaining the integrity of the organization and independence of business. The Company has independent and complete business and independent operation capabilities, including independent operation, independent accounting, independent competition in the market, and independent assumption of responsibility and risk.

- (I) Business independence: The Company's business is independent from the controlling shareholder, actual controller and other enterprises controlled by it, and there is no obviously unfair related party transaction with the controlling shareholder, actual controller and other enterprises controlled by it.
- (II) Personnel independence: Senior management of the Company, including general manager, members of the executive committee, chief financial officer, and secretary of the Board of Directors, does not hold any position in the controlling shareholder, actual controller and other enterprises controlled by it, and does not receive any remuneration from the controlling shareholder, actual controller and other enterprises controlled by it; also the financial personnel of the Company does not hold any concurrent positions in the controlling shareholder, actual controller and other enterprises controlled by it.
- (III) Asset independence: The Company independently and completely owns the business system and relevant assets related to operation, and is independent from the controlling shareholder, actual controller and other enterprises controlled by it.
- (IV) Organisation independence: The Company has established and improved its internal operation and management organisations, which independently exercise operation and management functions, and there is no confusion of organization with the controlling shareholder, actual controller and other enterprises controlled by it.
- (V) Financial independence: The Company has established an independent financial accounting system which can make financial decisions independently. It has a standardized financial accounting system and a financial management system for branches and subsidiaries; the Company does not share bank accounts with the controlling shareholder, actual controller and other enterprises controlled by it.

III. HORIZONTAL COMPETITION

N/A

IV. ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS HELD DURING THE REPORTING PERIOD

(I) Shareholders and general meetings

The general meeting shall be the authority of power of the Company, through which the shareholders shall exercise their functions. The Articles of Association and the Rules of Procedure of the General Meetings have provided for the rights and obligations of shareholders, the authority of the general meetings, the convening, voting and resolutions of the general meetings, which ensure the standard operation of the general meetings and protect the interests of shareholders, especially those of the minority shareholders.

According to Article 80 of the Articles of Association, shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or above shares of the Company shall be entitled to propose to the Board of Supervisors to convene an extraordinary general meeting, and shall put forward such request to the Board of Supervisors in writing. If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. In the case of failure to issue the notice for the general meeting within the term stipulated, the Board of Supervisors shall be deemed as failing to convene and preside over the general meeting. In that event, the shareholder(s) severally or jointly holding 10% or above shares of the Company for 90 consecutive days or above may convene and preside over such meeting by itself/themselves.

According to Article 85 of the Articles of Association, where the Company convenes a general meeting, the Board, the Board of Supervisors, and shareholder(s) severally or jointly holding more than 3% of the shares of the Company may make proposals to the Company. Shareholder(s) severally or jointly holding more than 3% of the shares of the Company may submit written provisional proposals to the convener 10 days before the convening of a general meeting. The convener shall serve a supplementary notice of the general meeting within two days after receipt of a provisional proposal, and announce the contents of the proposal. Otherwise, the convener shall not change the proposal set out in the notice of the general meeting or add any new proposal after the said notice announcement is served.

Section IV Corporate Governance (continued)

(II) General meetings held during the Reporting Period

Session of meeting	Type of meeting	Investor participation ratio	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
2020 annual general meeting	Annual general meeting	62.54%	May 28, 2021	<ol style="list-style-type: none"> 1. The Resolution Regarding Consideration of the 2020 Work Report of the Board of Directors of the Company 2. The Resolution Regarding Consideration of the 2020 Work Report of the Board of Supervisors of the Company 3. The Resolution Regarding Consideration of the 2020 Annual Financial Report of the Company 4. The Resolution Regarding the 2020 Profit Distribution Plan of the Company 5. The Resolution Regarding Consideration of the 2020 Annual Report of the Company 6. The Resolution Regarding the Estimated Ordinary Related Party Transactions for 2021 (voted item by item) 7. The Resolution Regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares of the Company 8. The Resolution Regarding Consideration of the Shareholder Return Plan of Shenwan Hongyuan Group Co., Ltd. for the Next Three Years (2021-2023) 9. The Resolution Regarding the Provision of Guarantee for Hongyuan Hengli (Shanghai) Industrial Co., Ltd. 10. The Resolution Regarding the Appointment of Auditors of the Company for 2021 11. The Resolution Regarding the Amendments to the Articles of Association of Shenwan Hongyuan Group Co., Ltd. 	Approved	For details of the resolutions considered at the meeting, Please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on May 29, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on May 28, 2021.

Section IV Corporate Governance (continued)

Session of meeting	Type of meeting	Investor participation ratio	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
				12. The Resolution Regarding the Amendments to the Rules of Procedure of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.		
				13. The Resolution Regarding the Amendments to the Rules of Procedure of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.		
				14. The Resolution Regarding the Amendments to the Plan of Granting Authorization by the General Meeting to the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (2020)		
				15. The Resolution Regarding the Election of Non-Independent Directors of the Fifth Session of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (Mr. Chu Xiaoming, Mr. Yang Wenqing, Mr. Huang Hao, Ms. Ge Rongrong, Mr. Ren Xiaotao, Mr. Zhang Yigang, and Mr. Zhu Zhilong)		
				16. The Resolution Regarding the Election of Independent Directors of the Fifth Session of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (Ms. Yeung Siunan Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei)		
				17. The Resolution Regarding the Election of Supervisors of the Fifth Session of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. (Mr. Xu Yiyang, Ms. Chen Yan and Mr. Jiang Yang)		

Section IV Corporate Governance (continued)

Session of meeting	Type of meeting	Investor participation ratio	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
2021 first extraordinary general meeting	Extraordinary general meeting	62.17%	October 22, 2021	<ol style="list-style-type: none"> The Resolution Regarding the Election of a Director of the Company (Ms. Zhang Ying) The Resolution Regarding the Election of a Supervisor of the Company (Mr. Fang Rongyi) The Resolution Regarding the Adjustment to Remuneration of the Independent Non-executive Directors of the Company 	Approved	For details of the resolutions considered at the meeting, Please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on October 23, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on October 22, 2021.
2021 second extraordinary general meeting	Extraordinary general meeting	43.07%	December 30, 2021	The Resolution Regarding the Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement with China Jianyin Investment Ltd.	Approved	For details of the resolutions considered at the meeting, Please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on December 31, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on December 30, 2021.

As an A + H listed company, in order to ensure that the shareholders have the full right to know and to ensure that information disclosure is open, fair, and just, the Company has created conditions to further expand channels for communication with investors and continuously improved the quality of communication with investors. The Company has appointed the secretary of the Board of Directors and the Company secretary to be responsible for information disclosure. The securities representative and the office of the Board of Directors assist in information disclosure and maintenance of investor relations. The Company interacts and communicates with investors in a variety of forms, mainly including phone calls, emails, investor relations channel on the Company's website, the interaction platform of the Shenzhen Stock Exchange, site visits, attending investor presentations. Shareholders may make queries and express their views to the Board of Directors through the Company secretary and the office of the Board of Directors. Where appropriate,

Section IV Corporate Governance (continued)

shareholders' inquiries and comments will be forwarded to the Board of Directors and/or the relevant special committees of the Board of Directors of the Company to address shareholders' questions, to ensure that shareholders, especially minority shareholders, can fully exercise their rights (for contact information of the Company, please refer to "II. Contact Persons and Contact Methods" in Section II in this report).

(II) Preferred shareholders whose voting rights were resumed requested to convene extraordinary general meetings

N/A

V. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Basic information

1. Basic Information of Directors, Supervisors and Senior Management

Name	Position	Gender	Age	Tenure	Number of shares held (share)	Total remuneration before tax received from the Company during the Reporting Period (Unit: RMB'0,000)	Whether receiving remuneration from related parties of the Company
Chu Xiaoming	Executive director, Chairman	Male	59	February 11, 2015 to present	0	351.61	No
Huang Hao	Executive director General manager Member and chairman of Executive Committee	Male	48	May 28, 2021 to present December 18, 2020 to present May 28, 2021 to present	0	156.04	No
Ge Rongrong	Non-executive director	Female	53	March 21, 2019 to present	0	—	Yes
Ren Xiaotao	Non-executive director	Male	50	March 21, 2019 to present	0	—	Yes
Zhang Yigang	Non-executive director	Male	58	June 23, 2020 to present	0	—	Yes
Zhu Zhilong	Non-executive director	Male	51	May 28, 2021 to present	0	—	Yes
Zhang Ying	Non-executive director	Female	50	October 22, 2021 to present	0	—	Yes

Section IV Corporate Governance (continued)

Name	Position	Gender	Age	Tenure	Number of shares held (share)	Total remuneration before tax received from the Company during the Reporting Period (Unit: RMB'0,000)	Whether receiving remuneration from related parties of the Company
Yeung Siuman Shirley	Independent non-executive director	Female	58	November 5, 2020 to present	0	17.25	Yes
Wu Changqi	Independent non-executive director	Male	66	May 28, 2021 to present	0	14.25	Yes
Chen Hanwen	Independent non-executive director	Male	53	May 28, 2021 to present	0	14.25	Yes
Zhao Lei	Independent non-executive director	Male	47	May 28, 2021 to present	0	12.25	Yes
Fang Rongyi	Supervisor, Chairman of the Board of Supervisors	Male	55	October 22, 2021 to present	0	209.87	No
Chen Yan	Supervisor	Female	46	May 28, 2021 to present	0	—	Yes
Jiang Yang	Supervisor	Male	43	May 28, 2021 to present	0	—	Yes
Li Yan	Employee representative supervisor	Female	50	May 28, 2021 to present	0	168.17	No
Zhou Jie	Employee representative supervisor	Female	48	May 28, 2021 to present	0	117.56	No
Ren Quansheng	Member of Executive Committee	Female	53	May 28, 2021 to present	0	275.07	No
	Chief financial officer			December 18, 2020 to present			
	Deputy general manager			May 8, 2020 to May 28, 2021			
	Secretary to the Board (Acting)			December 18, 2020 to March 15, 2021			

Section IV Corporate Governance (continued)

Name	Position	Gender	Age	Tenure	Number of shares held (share)	Total remuneration before tax received from the Company during the Reporting Period (Unit: RMB'0,000)	Whether receiving remuneration from related parties of the Company
Liu Yue	Member of Executive Committee	Male	53	May 28, 2021 to present	0	277.43	No
	Assistant to general manager			August 18, 2016 to May 28, 2021			
Xu Liang	Secretary to the Board	Male	46	March 15, 2021 to present	0	264.91	No
Resigned directors, supervisors and senior management during the Reporting Period							
Yang Wenqing	Executive director	Male	58	March 21, 2019 to September 29, 2021	0	106.65	No
	Vice Chairman			March 29, 2019 to September 29, 2021			
Chen Jianmin	Non-executive director	Male	58	February 13, 2017 to May 28, 2021	0	—	Yes
Wang Honggang	Non-executive director	Male	46	September 12, 2016 to May 28, 2021	0	—	Yes
Ye Mei	Independent non-executive director	Female	55	December 11, 2012 to May 28, 2021	0	7.5	Yes
Xie Rong	Independent non-executive director	Male	69	December 11, 2012 to May 28, 2021	0	7.5	Yes
Huang Danhan	Independent non-executive director	Female	72	December 11, 2012 to May 28, 2021	0	6.25	Yes
Xu Yiyang	Supervisor, Chairman of the Board of Supervisors	Male	57	October 25, 2019 to October 19, 2021	0	124.32	No
Wen Feng	Supervisor	Male	53	February 11, 2015 to May 28, 2021	0	—	Yes
Gong Bo	Supervisor	Male	55	December 11, 2012 to May 28, 2021	0	—	No

Section IV Corporate Governance (continued)

Name	Position	Gender	Age	Tenure	Number of shares held (share)	Total remuneration before tax received from the Company during the Reporting Period (Unit: RMB'0,000)	Whether receiving remuneration from related parties of the Company
Wei Yong	Supervisor	Male	49	September 12, 2016 to May 28, 2021	0	—	Yes
Huang Qi	Employee representative supervisor	Male	55	May 14, 2015 to May 28, 2021	0	50.96	No
Wang Yanyang	Employee representative supervisor	Male	50	May 16, 2016 to May 28, 2021	0	47.81	No
Xie Kun	Employee representative supervisor	Male	43	May 14, 2015 to May 28, 2021	0	55.61	No
An Gejun	Employee representative supervisor	Male	53	May 14, 2015 to May 28, 2021	0	32.89	No
Total					0	2,318.15	

Notes: 1. The Company did not implement an equity incentive plan. During the Reporting Period, the Company's directors, supervisors and senior management did not hold shares of the Company.

2. During the term of office, the total pre-tax remuneration of directors, supervisors and senior managers received from the Company includes basic annual salary, performance-based annual salary, allowances and subsidies.

2. Resignation of directors or supervisors or dismissal of senior management during their term of office during the Reporting Period

(1) Resignation of directors or supervisors during their term of office during the Reporting Period

On September 29, 2021, Mr. Yang Wenqing, an executive director and the vice chairman of the Company, tendered the written resignation to the Board of Directors. Due to work arrangement, Mr. Yang Wenqing applied to resign as the vice chairman and an executive director of the fifth session of the Board of Directors and a member of the Strategy Committee of the Board of Directors of the Company. Mr. Yang Wenqing served as a senior expert in the Company after resignation.

On October 19, 2021, Mr. Xu Yiyang, the chairman of the Board of Supervisors, tendered the written resignation to the Board of Supervisors. Due to work arrangement, Mr. Xu Yiyang applied to resign as the chairman and supervisor of the fifth session of the Board of Supervisors of the Company. Mr. Xu Yiyang served as a specially-invited expert after resignation.

Section IV Corporate Governance (continued)

(2) *Resignation of senior management during the Reporting Period*

During the Reporting Period, there was no resignation of senior management during their term of office.

3. Changes in directors, supervisors and senior management of the Company

(1) *Changes in Directors during the Reporting Period*

Name	Position	Category	Date	Reason
Huang Hao	Executive director	Election at the general meeting	May 28, 2021	Re-election
Zhu Zhilong	Non-executive director	Election at the general meeting	May 28, 2021	Re-election
Zhang Ying	Non-executive director	Election at the general meeting	October 22, 2021	Election at the general meeting
Wu Changqi	Independent director	Election at the general meeting	May 28, 2021	Re-election
Chen Hanwen	Independent director	Election at the general meeting	May 28, 2021	Re-election
Zhao Lei	Independent director	Election at the general meeting	May 28, 2021	Re-election
Yang Wenqing	Executive director, vice chairman	Resigned	September 29, 2021	Work arrangements
Chen Jianmin	Non-executive director	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Wang Honggang	Non-executive director	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Ye Mei	Independent director	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Xie Rong	Independent director	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Huang Danhan	Independent director	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office

Section IV Corporate Governance (continued)

On March 30, 2021, the Resolution Regarding the Nomination of Candidates for Non-independent Directors of the Fifth Session of the Board of Directors of the Company was considered and approved at the 60th meeting of the fourth session of the Board of Directors of the Company, pursuant to which Mr. Chu Xiaoming, Mr. Yang Wenqing and Mr. Huang Hao were nominated as candidates for executive Directors of the fifth session of the Board of Directors of the Company and Ms. Ge Rongrong, Mr. Ren Xiaotao, Mr. Zhang Yigang and Mr. Zhu Zhilong were nominated as candidates for non-executive Directors of the fifth session of the Board of Directors of the Company; the Resolution Regarding the Nomination of Candidates for Independent Directors of the Fifth Session of the Board of Directors of the Company was considered and approved, pursuant to which Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei were nominated as candidates for independent non-executive Directors of the fifth session of the Board of Directors of the Company.

On May 28, 2021, the Resolution Regarding the Election of Candidates for Non-independent Directors of the Fifth Session of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. and the Resolution Regarding the Election of Candidates for Independent Directors of the Fifth Session of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. were considered and approved at the 2020 annual general meeting of the Company, pursuant to which Mr. Chu Xiaoming, Mr. Yang Wenqing and Mr. Huang Hao were elected as executive directors of the fifth session of the Board of Directors of the Company; Ms. Ge Rongrong, Mr. Ren Xiaotao, Mr. Zhang Yigang and Mr. Zhu Zhilong were elected as non-executive directors of the fifth session of the Board of Directors of the Company; Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei were elected as independent non-executive directors of the fifth session of the Board of Directors of the Company.

On May 28, 2021, the Company convened the first meeting of the fifth session of the Board of Directors, at which the Resolution Regarding the Election of Chairman and Vice Chairman of the Fifth Session of the Board of Directors was considered and approved, pursuant to which Chu Xiaoming, a director of the Company, was elected as the chairman of the fifth session of the Board of Directors and Yang Wenqing, a director of the Company, was elected as the vice chairman of the fifth session of the Board of Directors for a term from May 28, 2021 until the expiry of the term of office of the fifth session of the Board of Directors.

On September 16, 2021, the Company convened the third meeting of the fifth session of the Board of Directors, at which the Resolution regarding the Nomination of Candidate for Director of the Company was considered and passed, agreeing to nominate Ms. Zhang Ying as a candidate for director (non-executive director) of the fifth session of the Board of Directors of the Company and to submit the proposal to the general meeting of the Company for consideration and election.

On October 22, 2021, the first extraordinary general meeting of the Company in 2021 considered and approved the Resolution regarding the Election of Director of the Company and elected Ms. Zhang Ying as a director (non-executive director) of the fifth session of the Board of Directors of the Company.

Section IV Corporate Governance (continued)

On September 29, 2021, Mr. Yang Wenqing, vice chairman and a director of the Company tendered a written resignation to resign as the vice chairman and a director of the fifth session of the Board of Directors and a member of the strategy committee of the Board of Directors of the Company due to work arrangement. After the resignation, Mr. Yang Wenqing serves as a senior expert of the Company.

(For relevant details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on March 31, May 29, September 17, September 30 and October 23, 2021 and on the HKExnews website of Hong Kong Stock Exchange (www.hkexnews.hk) on March 30, May 28, September 16, September 29 and October 22, 2021.)

(2) Changes in supervisors during the Reporting Period

Name	Position	Type	Date	Reason
Fang Rongyi	Supervisor	Election at the general meeting	October 22, 2021	Election at the general meeting
	Chairman of the Board of Supervisors	Election of supervisor	October 22, 2021	Election of supervisor
Chen Yan	Supervisor	Election at the general meeting	May 28, 2021	Re-election
Jiang Yang	Supervisor	Election at the general meeting	May 28, 2021	Re-election
Li Yan	Employee representative supervisor	Election at congress of employees	May 28, 2021	Re-election at congress of employees
Zhou Jie	Employee representative supervisor	Election at congress of employees	May 28, 2021	Re-election at congress of employees
Xu Yiyang	Supervisor, chairman of the Board of Supervisors	Demission	October 19, 2021	Work arrangements
Wen Feng	Supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office

Section IV Corporate Governance (continued)

Name	Position	Type	Date	Reason
Gong Bo	Supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Wei Yong	Supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Huang Qi	Employee representative supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Wang Yanyang	Employee representative supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
Xie Kun	Employee representative supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office
An Gejun	Employee representative supervisor	Demission upon expiry of term of office	May 28, 2021	Expiry of term of office

On March 30, 2021, the Resolution Regarding the Nomination of Candidates for Supervisors of the Fifth Session of the Board of Supervisors was considered and approved at the 36th meeting of the fourth session of the Board of Supervisors of the Company, pursuant to which Mr. Xu Yiyang, Ms. Chen Yan and Mr. Jiang Yang were nominated as candidates for supervisors of the fifth session of the Board of Supervisors.

On May 28, 2021, Mr. Xu Yiyang, Ms. Chen Yan and Mr. Jiang Yang, elected as supervisors of the fifth session of the Board of Supervisors at the 2020 annual general meeting, and Ms. Li Yan and Ms. Zhou Jie, elected as employee representative supervisors at the fifth congress of employees held on May 10, 2021, jointly composed the fifth session of the Board of Supervisors of the Company. Meanwhile, Mr. Wen Feng, Mr. Gong Bo, Mr. Wei Yong, Mr. Huang Qi, Mr. Wang Yanyang, Mr. Xie Kun and Mr. An Gejun ceased to serve as supervisors of the Company.

On May 28, 2021, the Resolution Regarding Election of the Chairman of the Fifth Session of the Board of Supervisors of the Company was considered and approved at the first meeting of the fifth session of the Board of Supervisors of the Company, pursuant to which Mr. Xu Yiyang was elected as the chairman of the fifth session of the Board of Supervisors; and the Resolution

Section IV Corporate Governance (continued)

Regarding the Election of Members of Special Committees of the Fifth Session of the Board of Supervisors was considered and approved, pursuant to which the composition of the special committees of the fifth session of the Board of Supervisors was approved as follows:

Financial Supervision and Inspection Committee of the Board of Supervisors:

Chairman: Mr. Jiang Yang; members: Ms. Chen Yan, Ms. Li Yan

Performance Supervision and Inspection Committee of the Board of Supervisors:

Chairman: Ms. Li Yan; members: Ms. Chen Yan, Ms. Zhou Jie

On September 25, 2021, the Company convened the third meeting of the fifth session of the board of supervisors, at which the Resolution regarding the Nomination of Candidate for Supervisors of the Company was considered and passed, agreeing to nominate Mr. Fang Rongyi as a candidate for supervisor of the fifth session of the board of supervisors of the Company and to submit the proposal to the general meeting of the Company for consideration and election.

On October 19, 2021, the board of supervisors of the Company received the written resignation tendered by Mr. Xu Yiyang, the chairman and a supervisor of the board of supervisors of the Company. Due to work arrangement, Mr. Xu Yiyang applied to resign as the chairman and a supervisor of the fifth session of the board of supervisors of the Company. After his resignation, Mr. Xu Yiyang serves as a special expert.

On October 22, 2021, the first extraordinary general meeting of the Company in 2021 considered and approved the Resolution regarding the Election of Supervisor of the Company (Mr. Fang Rongyi) and elected Mr. Fang Rongyi as a supervisor of the fifth session of the board of supervisors of the Company.

On October 22, 2021, the Company convened the fourth meeting of the fifth session of the board of supervisors, at which the Resolution regarding the Election of the Chairman of the Board of Supervisors was considered and passed to elect supervisor Fang Rongyi as the chairman of the fifth session of the board of supervisors of the Company.

(For relevant details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on March 31, May 11, May 29, September 27, October 20, and October 23, 2021 and on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on March 30, May 10, May 28, September 26, October 19 and October 22, 2021.)

Section IV Corporate Governance (continued)

(3) Changes in senior management during the Reporting Period

Name	Position	Type	Date	Reason
Huang Hao	Member and chairman of the Executive Committee	Appointment	May 28, 2021	Appointment by the Board of Directors
Ren Quansheng	Deputy General Manager	Appointment	From May 8, 2020 to May 28, 2021	Appointment by the Board of Directors
	Member of Executive Committee		May 28, 2021	Appointment by the Board of Directors
	Secretary to the Board of Directors (acting)		From December 18, 2020 to March 15, 2021	Designation by the Board of Directors
Liu Yue	Assistant to the General Manager	Appointment	From August 18, 2016 to May 28, 2021	Appointment by the Board of Directors
	Member of Executive Committee	Appointment	May 28, 2021	Appointment by the Board of Directors
Xu Liang	Secretary to the Board	Appointment	March 15, 2021	Appointment by the Board of Directors

On March 15, 2021, the Resolution Regarding Appointment of Secretary to the Board of Directors was considered and approved at the 59th meeting of the fourth session of the Board of Directors of the Company, pursuant to which Mr. Xu Liang was appointed as the Secretary to the Board of Directors of the Company with effect from the date of consideration and approval by the Board of Directors. Ms. Ren Quansheng ceased to serve as the acting Secretary to the Board of Directors.

On May 28, 2021, the Resolution Regarding Appointment of the Chairman and Members of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. was considered and approved at the first meeting of the fifth session of the Board of Directors of the Company, pursuant to which Mr. Huang Hao, the general manager, was approved to serve as a member and the chairman of the Executive Committee of the Company; Ms. Ren Quansheng was approved to serve as a member of the Executive Committee and the chief financial officer of the Company; Mr. Liu Yue was approved to serve as a member of the Executive Committee of the Company. Ms. Ren Quansheng ceased to serve as the deputy general manager of the Company; Mr. Liu Yue ceased to serve as the assistant to general manager of the Company.

Section IV Corporate Governance (continued)

(For details, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on March 16 and May 29, 2021 and on the website of HKExnews (www.hkexnews.hk) on March 15 and May 28, 2021.)

(4) *Changes in company secretaries and authorized representatives*

On January 29, 2021, the Resolution Regarding Appointment of Company Secretary and Process Agent was considered and approved at the 58th meeting of the fourth session of the Board of Directors of the Company, pursuant to which it was approved to appoint Ms. Chen Chun as the company secretary and the authorized representative of the Company for the acceptance of service of process and notices in Hong Kong with effect from date of consideration and approval by the Board of Directors. Ms. Fok Po Yi resigned as the company secretary and the authorized representative of the Company due to job change. The resignation of Ms. Fok Po Yi took effect from the date of consideration and approval by the Board of Directors.

On March 30, 2021, the Resolution Regarding the Appointment of Joint Company Secretary and Authorized Representative of the Company was considered and approved at the 60th meeting of the fourth session of the Board of Directors, pursuant to which Mr. Xu Liang was appointed as a joint company secretary and the authorized representative of the Company with effect from the date of consideration and approval by the Board of Directors and Chen Jianmin, a former Director, ceased to serve as the authorized representative of the Company.

On October 29, 2021, the Resolution regarding the Appointment of Company Secretary and Process Agent was considered and approved at the fourth meeting of the fifth session of the Board of Directors of the Company, pursuant to which it was approved to appoint Mr. Wong Wai Chiu (黃偉超) as the joint company secretary of the Company and authorized representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) for the acceptance of service of process and notices in Hong Kong (“Process Agent”) with effect from the date of consideration and approval of the abovementioned appointment by the Board of Directors. Due to job change, Ms. Chen Chun resigned as the joint company secretary of the Company and the Process Agent on October 29, 2021. The resignation of Ms. Chen Chun is effective from the date of consideration and approval of the abovementioned appointment by the Board of Directors. (For relevant details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on January 30, March 31 and October 30, 2021 and on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on January 29, March 30 and October 29, 2021.)

Section IV Corporate Governance (continued)

(II) Positions held by directors, supervisors and senior management of the Company

1. Professional background, main work experience and main responsibilities in the Company

(1) Directors

Executive Directors

Mr. Chu Xiaoming (儲曉明) currently serves as an executive director and the chairman of the Board of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: successively held various positions at the Industrial and Commercial Bank of China from August 1984 to June 2002, including staff member, deputy chief section member of the business credit department, the principal and deputy head of the project appraisal office of the technology renovation and loan department, deputy head of the investigation and appraisal office of the technology renovation and loan department, head of the investigation and appraisal office of the fixed assets loan department, head of the infrastructure appraisal office of the valuation and consultancy department, the general manager of Yintong Investment Consulting Company Limited, and the researcher at the deputy general manager level of the banking asset risk management department successively. Mr. Chu worked at China National Offshore Oil Corporation (“CNOOC”) from June 2002 to August 2010, successively held the positions of deputy general manager of CNOOC Finance Corporation Limited, executive deputy general manager, secretary of the Party Committee and general manager of Zhonghai Trust and Investment Co., Ltd.; secretary of the Party Committee of Shenyin & Wanguo Securities Co., Ltd.* (申銀萬國證券股份有限公司) from August 2010 to December 2014; general manager of Shenyin & Wanguo Securities Co., Ltd. from October 2010 to January 2015; vice chairman of the board of directors of Shenyin & Wanguo Securities Co., Ltd. from December 2010 to February 2015; he also successively took the positions of vice chairman of the board of directors and general manager of Shenyin Wanguo (H.K.) Limited and vice chairman of the board of directors and general manager of Shenwan Hongyuan (International) Holdings Limited from December 2010 to March 2016; chairman of the board of directors of Shenyin Wanguo (H.K.) Limited, chairman of the board of directors of Shenwan Hongyuan (H.K.) Limited from December 2010 to March 2016 successively; vice chairman of the board of directors of SWS Research Co., Ltd. from March 2011 to December 2019; the secretary of the Party Committee of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. since December 2014 till now; the executive director and chairman of the board of directors of Shenwan Hongyuan Securities Co., Ltd. since January 2015 till now; the executive director and chairman of the Board of Shenwan Hongyuan Group Co., Ltd. since February 2015 till now; and the chairman of the board of Shenwan Hongyuan (International) Holdings Limited from March 2016 to September 2019. Mr. Chu Xiaoming obtained the bachelor’s degree in economics from Central Institute of Finance and Banking* (中央財政金融學院, now known as Central University of Finance and Economics) in July 1984 and his MBA (International Curriculum) degree from the University of Hong Kong in November 2003.

Mr. Huang Hao (黃昊) currently serves as an executive director, the general manager and a member and the chairman of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Huang Hao successively served as a director staff member, an assistant researcher and concurrently served as the Youth League secretary of the policy research division in the State Administration of Foreign Exchange from July 1999 to February 2005; successively served as the deputy director of the capital market department, the

Section IV Corporate Governance (continued)

deputy director and division director of the equity management division of the China Development Bank of the general department, the managing director and deputy director of securities institution management department and the deputy director of the securities institution management department/insurance institution management department, the deputy director of the leading group office of the directly managed enterprise/equity management department II and the director of the general management department of Central Huijin Investment Ltd. from February 2005 to November 2020; served as a director of Guotai Junan Securities Co., Ltd. (601211.SH, 02611.HK), from September 2005 to January 2013; served as a director of China Development Bank and a director of China Development Bank Capital Co., Ltd. from April 2012 to October 2017; and served as a non-executive director of China International Capital Corporation Limited (601995.SH, 03908.HK), from February 2020 to December 2020. He has served as the general manager of Shenwan Hongyuan Group Co., Ltd. since December 2020 and as an executive director and a member and the chairman of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Huang Hao graduated from Zhejiang University with a bachelor's degree in economics in July 1996; he graduated from Tsinghua University with a master's degree in management in May 1999; and he obtained a doctor's degree in economics from the Finance Research Institute of the People's Bank of China in July 2011.

Non-executive directors

Ms. Ge Rongrong (葛蓉蓉) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Ge served as a staff member in the finance division of foreign trade and economic bureau in Huangshan City from July 1989 to August 1991; a lecturer for the School of Economics and Management in Beijing University of Technology from July 1994 to August 1998; an associate research fellow in the research department of Dapeng Securities Company (Beijing)* (大鵬證券公司(北京)) from August 1998 to September 2001; director officer of the department of public offering supervision of the CSRC from September 2001 to March 2005; senior manager and deputy head of the Department of China Construction Bank Shareholding Management of Central Huijin Investment Ltd. successively from March 2005 to September 2007; deputy officer and officer of China Construction Bank Shareholding Management Division of the Banking Department at Central Huijin Investment Ltd. successively from September 2007 to February 2011; employee supervisor of the board of supervisors of Central Huijin Investment Ltd. from September 2008 to November 2011; proposed director of the Banking Department at Central Huijin Investment Ltd. from February 2011 to January 2012; non-executive director of Industrial and Commercial Bank of China Limited from January 2012 to June 2017; division chief and director of Research Support Division of Banking Institutions Department I of Central Huijin Investment Ltd. successively from January 2013 to July 2017; deputy officer and managing director of Banking Institutions Department I of Central Huijin Investment Ltd. successively from June 2015 to December 2017; and an independent director of ICBC Credit Suisse Asset Management Co. Ltd. from March 2018 to June 2019. She has been a designated director of the office of the directly managed enterprises leading group/equity management department II of Central Huijin Investment Ltd. since March 2019 till now; a non-executive director of Shenwan Hongyuan Group Co., Ltd. since March 2019 till now; a non-executive director of Shenwan Hongyuan Securities Co., Ltd. since June 2019 till now; and the managing director of the directly managed enterprises leading

Section IV Corporate Governance (continued)

group/equity management department II of Central Huijin Investment Ltd. since February 2021 till now. Ms. Ge Rongrong obtained a bachelor's degree in engineering from Zhejiang University in July 1989 majoring in materials science and engineering, a master's degree in economics from Beijing Normal University in June 1994 majoring in political economics and a doctorate degree in management from the School of Management of University of Science and Technology of China in December 2006.

Mr. Ren Xiaotao (任曉濤) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Ren served as a teacher of mathematics at Jian Ping High School in Shanghai from July 1994 to August 1999; actuarial analyst and actuarial manager of the finance department and actuarial senior manager of the actuarial department of China Pacific Insurance (Group) Co., Ltd. successively from July 2002 to September 2010; senior deputy manager of the non-banking division of Central Huijin Investment Ltd. from September 2010 to February 2012; senior deputy manager of the securities institution management division/insurance institution management division of Central Huijin Investment Ltd. from February 2012 to July 2014. He has been the division chief, senior deputy manager, senior manager and director of Insurance Institutions Equity Department II of the securities institution management division/ insurance institution management division of Central Huijin Investment Ltd. from July 2014 to March 2019, and worked as the deputy general manager of the development and planning department of China Continent Property & Casualty Insurance Company Ltd. from February 2015 to August 2015; deputy general manager of the assets management department of China Continent Property & Casualty Insurance Company Ltd. and deputy general manager of China (Shanghai) Pilot Free Trade Zone Branch from September 2015 to December 2015. Mr. Ren has been a designated director of the office of the directly managed enterprises leading group/equity management department II of Central Huijin Investment Ltd. since March 2019 till now; a non-executive director of Shenwan Hongyuan Group Co., Ltd. since March 2019 till now; non-executive director of Shenwan Hongyuan Securities Co., Ltd. since June 2019 till now; and the managing director of the directly managed enterprises leading group/equity management department II of Central Huijin Investment Ltd. since February 2021 till now. Mr. Ren Xiaotao obtained a bachelor's degree in science from Northeast Normal University in June 1994, and a master's degree in economics from the Central University of Finance and Economics in June 2002 majoring in finance.

Mr. Zhang Yigang (張宜剛) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Zhang successively worked at the Diversified Operation Office of Yanting County Government, Sichuan Province, the Policy Research Office of the County Party Committee and the Office of the County Party Committee of Yanting County, Sichuan Province, and the Municipal Party Committee Office of Mianyang City, Sichuan Province from August 1983 to May 1998. He served as the secretary at deputy director general level and the secretary at director general level of the General Office of Sichuan Provincial Party Committee from May 1998 to December 2007 (during which, he concurrently served as the deputy general manager of Sichuan State-owned Assets Investment Management Co., Ltd. (四川省國有資產投資管理有限責任公司) from December 2001 to January 2007). From December 2007 to March 2009, he served as a researcher of the office of the State-owned Assets Supervision

Section IV Corporate Governance (continued)

and Administration Commission of Sichuan Province (during which he concurrently served as the chairman, the secretary of the Party committee and the secretary of the discipline inspection commission of Sichuan State-owned Assets Investment Management Co., Ltd. from January 2007 to March 2009). He successively served as the deputy general manager, a director and the deputy general manager; a member of the Party committee, a director and the deputy general manager; the deputy secretary of the Party committee, a director and the deputy general manager of Sichuan Development Holding Co., Ltd. (四川發展(控股)有限責任公司) from March 2009 to July 2019. He served as a director of Sichuan Shengtian New Energy Development Co., Ltd. (四川晟天新能源發展有限公司) from April 2015 to December 2018. From December 2015 to August 2019, he served as an executive director of Sichuan Development Guorui Mining Investment Co., Ltd. (四川發展國瑞礦業投資有限公司). He has been the chairman of Sichuan Urban and Rural Construction Investment Co., Ltd. (四川城鄉建設投資有限責任公司) since February 2015; he served as the deputy secretary of the Party committee and a director of Sichuan Development Holding Co., Ltd. from July 2019 to June 2020. He has served as the deputy secretary of the Party committee, vice chairman and general manager of Sichuan Development Holding Co., Ltd. and a non-executive director of Shenwan Hongyuan Group Co., Ltd. since June 2020. Mr. Zhang Yigang graduated from Southwest Agricultural College (renamed as Southwest University in 2005), majoring in agriculture, with a bachelor's degree in agriculture in August 1983, and graduated from the University of Electronic Science and Technology of China, majoring in executive master of business administration, with a master's degree in business administration in June 2005.

Mr. Zhu Zhilong (朱志龍) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Zhu Zhilong served as the financial supervisor of the Shanghai Geological and Mineral Engineering Investigation Institute (上海地質工程勘察院) from July 1992 to July 1995; as the deputy chief officer and accounting supervisor (section chief level) of the comprehensive economic management division and deputy head of the planning and finance division of the Shanghai Bureau of Geology and Mineral Resources (上海市地質礦產局) from July 1995 to August 2000; and as deputy head of the funding division (audit division), head of the audit division, director (head) of the supervision office (audit division) and deputy secretary of the commission for discipline inspection of the Shanghai Municipal Housing and Land Resources Administration (上海市房屋土地資源管理局) from August 2000 to March 2009; from March 2009 to December 2015, he served as the director of the discipline inspection and supervision office, head of the audit division, director (head) of the discipline inspection office (audit division), deputy leader of the discipline inspection group, head of the planning and finance division, and head of the planning and finance division (audit division) of Shanghai Housing Security and Housing Administration Bureau; and from December 2015 to September 2020, he served as the head and first-level investigator of the comprehensive planning division of the Shanghai Municipal Housing and Urban-Rural Construction Management Commission (上海市住房城鄉建設管理委); he has been the chief financial officer of Shanghai Jiushi (Group) Co., Ltd. since September 2020 and a non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Zhu Zhilong obtained a bachelor's degree in economics from Hebei Geo University majoring in accounting in July 1992, a master's degree in public management from East China Normal University majoring in public management in January 2005 and a master's degree in law from Shanghai Jiaotong University majoring in law in June 2010.

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Ms. Zhang Ying (張英) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Zhang Ying served in Beijing Urban Construction No. 4 Construction Engineering Co., Ltd. (北京城建四建設工程有限責任公司) from July 1993 to July 1994, and she served in the Financing Department of China Investment Bank from April 1997 to December 1998. From December 1998 to September 2003, she served in the Treasury & Financial Market Department of China Development Bank, and successively served as the deputy director and director of Policy Research Department of China Development Bank and other positions from September 2003 to August 2012. She served as the senior manager of the Securities Institution Management Department/Insurance Institution Management Department of Central Huijin Investment Ltd. from August 2012 to January 2020; the division chief and director of Research Support Division of the Securities Institution Management Department/Insurance Institution Management Department of Central Huijin Investment Ltd. successively from July 2014 to January 2020. She served as the division chief in Comprehensive Division and senior manager of the Office of the Directly Managed Enterprises Leading Group/Equity Management Department II of Central Huijin Investment Ltd. from January 2020 to August 2021; and she has been serving as a managing director of the Office of the Directly Managed Enterprises Leading Group/Equity Management Department II of Central Huijin Investment Ltd. since August 2021 till now; a designated director of the office of the directly managed enterprises leading group/equity management department II of Central Huijin Investment Ltd. since September 2021 till now; a non-executive director of Shenwan Hongyuan Securities Co., Ltd. since September 2021 till now; and a non-executive director of Shenwan Hongyuan Group Co., Ltd. since October 2021 till now. Ms. Zhang Ying obtained a bachelor's degree in economics from Renmin University of China in July 1993 majoring in investment and economics management; and a master's degree in economics from the Graduate School of People's Bank of China in April 1997 majoring in international finance.

Independent non-executive directors

Ms. Yeung Siuman Shirley (楊小雯) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Yeung Siuman Shirley served as the person in charge of the international securities investment department of Verizon Investment Management Corp. from June 1993 to May 1997, the vice president of the capital market department of JP Morgan Chase & Co. from June 1997 to January 2000, and the head of China of PCCW VENTURES LIMITED, a venture capital fund under PCCW Limited (電訊盈科有限公司) from January 2000 to March 2003. She has served as the chairwoman and founding managing partner of Dragonrise Capital Advisors (HK) Limited (龍騰資本有限公司) since October 2004, concurrently the chairwoman and founding managing partner of Suzhou Longrui Venture Capital Management Co., Ltd. (蘇州龍瑞創業投資管理有限公司) since December 2009, and concurrently the chairwoman and founding managing partner of Nanjing Longjun Investment Management Co., Ltd. (南京龍駿投資管理有限公司) since April 2014. She has been an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since November 2020. Ms. Yeung graduated from Beijing Foreign Studies University, majoring in international relations with a bachelor's degree in arts in July 1984, and graduated from Yale School of Management in the United States with an MBA degree in May 1993.

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Mr. Wu Changqi (武常岐) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Wu Changqi served a researcher at the China Studies Center of the University of Leuven in Belgium from February 1990 to July 1991; and an assistant professor in economics of the Business School in Hong Kong University of Science and Technology from August 1991 to June 2001; he was a visiting scholar at Northwestern's Kellogg School of Management in the U.S. from August 1997 to January 1998; a visiting professor at the Department of Applied Economics of Katholieke Universiteit Leuven in Belgium from September 1998 to December 1998; the deputy director of the Shui On Center for China Business and Management of the Business School and an adjunct associate professor of the Department of Economics of the Hong Kong University of Science and Technology since from July 2001 to June 2004; he served as the head of the Department of Strategic Management of the Guanghua School of Management of Peking University from September 2001 to January 2011; the director of the EMBA Centre of the Guanghua School of Management of Peking University from August 2002 to December 2010; and the associate dean of the Guanghua School of Management of Peking University from February 2003 to December 2010; he served as an adjunct professor in the Department of Economics of the Business School of Hong Kong University of Science and Technology from 2005 to 2011; the dean of the National High-tech Industrial Development Zone Development Strategy Research Institute of Peking University from May 2007 to December 2020; the as director of Guanghua Cisco Leadership Institute of Peking University from March 2011 to December 2020; and a visiting professor at the School of Economics and Finance of the University of Hong Kong from 2012 to 2018; he has been a professor of strategic management at the Guanghua School of Management of Peking University since September 2001; the dean and chair professor of the School of Management of Shandong University since October 2019; the executive deputy head of the International Operation and Management Institute of Peking University since September 2006; and the executive deputy head of the National High-tech Industrial Development Zone Development Strategy Institute of Peking University since January 2021. he has concurrently served as the fifth executive vice chairman of the Chinese Institute of Business Administration since September 2014; an expert in the 14th Five-Year National Intellectual Property Planning Guidance Expert Group of the China National Intellectual Property Administration since August 2019; an expert member of the Expert Committee of the China Council for the Promotion of International Trade since February 2015; the chairman of the Strategic Management Professional Committee of the China Management Science Society since September 2016; and an executive director of the China International Economic Cooperation Society since November 2019. He served as an independent director of Beijing Electronics Zone Investment and Development Co., Ltd. (600658.SH) from December 2012 to June 2019. He has been an external director of Haier Smart Home Co., Ltd. (600690.SH, 690D, 6690.HK) since April 2013. He was an external supervisor of Hua Xia Bank Co., Limited (600015.SH) from May 2015 to November 2021. He has served as an independent director of Yijiahe Technology Co., Ltd. (603666.SH) since August 2016; and an independent director of Aixin Life Insurance Co., Ltd. since July 2017. He served an independent non-executive director of Beijing Media Corporation Limited (1000.HK) from June 2016 to November 2021. He has been an independent director of Tianneng Co., Ltd. (688819.SH) since February 2019; and an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Wu Changqi obtained a doctorate in applied economics from the University of Leuven in

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Belgium in October 1990; a master's degree in business administration (MBA) from the University of Leuven in Belgium in February 1986; and a bachelor's degree in economics from Shandong University in July 1982.

Mr. Chen Hanwen (陳漢文) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Chen Hanwen served as a teaching assistant, lecturer, and associate professor in the Accounting Department of Xiamen University from August 1990 to November 1999; a professor in the Accounting Department of the School of Management of Xiamen University from December 1999 to May 2015 (during which he served as a doctoral tutor of the Accounting Department of the School of Management of Xiamen University February 2001 to May 2015 and the director of the Accounting Department, the deputy dean of the School of Management, the deputy dean of the Graduate School, and the secretary general of the Academic Committee of Xiamen University from April 2004 to April 2015); he served as a professor and doctoral tutor of the Accounting Department of the School of International Business of the University of International Business and Economics from May 2015 to November 2021 (during which he served as a distinguished professor of Huiyuan of the University of International Business and Economics from May 2017 to November 2021 and a first-level professor at the International Business School of the University of International Business and Economics from January 2018 to November 2021). He has served as an instructor of doctorate students of the University of International Business and Economics since May 2015; and a professor of Nanjing Audit University since November 2021; he served as an independent director of Xiamen International Bank Co., Ltd. from May 2013 to December 2021; has been an independent director of Dalian Wanda Commercial Management Group Co., Ltd. since May 2017; an independent director of Shanghai Fuiou Payment Service Co., Ltd. since May 2017; an independent director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd. (837344.OC) since November 2018; an external supervisor of Bank of Communications Co., Ltd. (601328.SH, 03328.HK) since June 2019; an independent director of China Shenhua Energy Co., Ltd. (601088.SH, 01088.HK) since May 2020; and an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Chen Hanwen graduated from the Accounting Department of School of Economics of Xiamen University in July 1990 with a bachelor degree in auditing and from the Accounting Department of School of Economics of Xiamen University in August 1997 with a doctorate degree in economics.

Mr. Zhao Lei (趙磊) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Zhao Lei was a lecturer and associate professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law from July 2005 to February 2012; a post-doctoral researcher at the postdoctoral research station of the University of International Business and Economics (postdoctoral in International Commercial Law) from October 2007 to June 2010; the assistant to the president of the Second Civil Division of the First Intermediate People's Court of Chongqing Municipality from May 2009 to December 2009; a researcher (postdoctoral in finance) at Tehua Postdoctoral Programme from October 2011 to September 2013; and an editor and the head of the law subject of the Social Sciences in China Press from March 2012 to November 2016. He has been an executive member of the China Law Journal Research Association since August 2015; an executive member of the China Securities Law Research Association since May

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2016; a part-time researcher of Wuhan University Institute of International Law, a national high-end think tank, since November 2016; an associate researcher and researcher (professor) at the Commercial Law Office in the Institute of Law of the Chinese Academy of Social Sciences since December 2016; an doctoral tutor of students in Civil and Commercial Law at Southwest University of Political Science and Law since September 2019; an executive member of the China Commercial Law Research Association, an external professor of Lanzhou University, and concurrently an expert member of the Commercial Trial Professional Committee of the China Trial Theory Research Association and an expert member of the Financial Trial Professional Committee since October 2019; and an executive member of the China Bank Law Research Association since November 2020. He also served as an independent director of Haohan Data Technology Co., Ltd. (833175.OC) from September 2016 to June 2020, and has been an independent director of Nanning Department Store Co. Ltd. (600712.SH) since April 2018, an independent director of Shanghai Haohai Biological Technology Co., Ltd. (688366.SH, 06826.HK) since June 2020 and an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Zhao Lei graduated from the Law Department of Hebei University with a bachelor's degree in July 1999; graduated from Hebei Normal University with a master's degree in economic law in July 2004; and graduated from the Southwest University of Political Science and Law with a doctorate degree in civil and commercial law in July 2007.

(2) Supervisors

Mr. Fang Rongyi (方榮義) currently serves as a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Fang Rongyi served as the deputy director of the information center of the research institute of Beijing Yonyou Financial Technology Co., Ltd. from November 1990 to August 1992; he studied in the Accounting Department of Xiamen University for a doctorate degree from September 1992 to September 1995 and was an associate professor at the Business Administration Education Center of Xiamen University from November 1995 to March 1997. From March 1997 to January 2003, he successively served as an employee, assistant investigator (deputy director general level), and deputy director general of the accounting department of the Shenzhen Central Branch of the People's Bank of China; he served as the director general of the Non-Bank Financial Institution Supervision Division of the Shenzhen Central Sub-branch of the People's Bank of China from January 2003 to October 2003; the director general of the Financial Accounting Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2003 to October 2006; and the director general of the State-owned Bank Supervision Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2006 to September 2007; he was the proposed chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from September 2007 to March 2008 and served as the chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from March 2008 to December 2014, during which he concurrently served as the general manager of planning and accounting management headquarters from June 2011 to November 2011; from December 2014 to July 2015, he served as the deputy general manager and chief financial officer of Shenwan Hongyuan Securities Co., Ltd.; he has concurrently served as the vice chairman of Fullgoal Fund Management Co., Ltd. and a supervisor of E-Capital Transfer Co., Ltd. since December 2014; he served as the deputy general manager, chief financial officer, and secretary to the board of directors of Shenwan

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Hongyuan Securities Co., Ltd. from July 2015 to December 2017; from December 2017 to January 2021, he served as the deputy general manager, chief financial officer, secretary to the board of directors, and chief risk officer of Shenwan Hongyuan Securities Co., Ltd.; he has concurrently served as the deputy director of the Financial Accounting Professional Committee of the Securities Association of China and a part-time/visiting professor of East China University of Political Science and Law since May 2018; he served as the deputy general manager, a member of the executive committee, chief financial officer, and secretary to the board of directors of Shenwan Hongyuan Securities Co., Ltd. from January 2021 to September 2021; he has been a supervisor and the chairman of the board of supervisors of Shenwan Hongyuan Securities Co., Ltd. since September 2021; a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. since October 2021; he has concurrently served as the deputy director of the professional committee of the board of supervisors of China Association for Public Companies since November 2021. Mr. Fang Rongyi obtained a bachelor's degree in economics from Xiamen University in July 1987; a master's degree in economics from Xiamen University in July 1990; and a doctorate degree in economics from Xiamen University in September 1995.

Ms. Chen Yan (陳燕) currently serves as a supervisor of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Chen Yan served as an employee of the Beijing Branch of the People's Insurance Company of China from August 1997 to February 2000; the editorial assistant and editor of the Economic Daily News Group from February 2000 to October 2007; the deputy director of the Corporate News Editorial Office, the assistant to the director of the chief editor office, and the director (deputy senior editor) of the chief editor office of the Special Issues Department of the Economic Daily from October 2007 to March 2012; the senior manager of the Comprehensive Management Department/Banking Institutions Department II of Central Huijin Investment Ltd. from March 2012 to July 2017 (during which she temporarily served as the vice president of Beijing Yuetan Sub-branch of China Construction Bank); and head of the Equity Management Division of Policy Financial Institutions of the Comprehensive Management Department/Banking Institutions Department II of Central Huijin Investment Ltd. from July 2017 to January 2020; She has been the head of the Policy Research Division of the Comprehensive Management Department of Central Huijin Investment Ltd. since January 2020. Ms. Chen Yan has been a supervisor of Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Chen Yan obtained a bachelor's degree in economics from the Central University of Finance and Economics majoring in international finance in July 1997; and obtained a master's degree in economics from Peking University majoring in finance in July 2004.

Mr. Jiang Yang (姜楊) currently serves as a supervisor of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Mr. Jiang Yang was an employee of the retail service management headquarters of Hongyuan Securities Co., Ltd. from July 2001 to June 2010 (during which, he was temporarily transferred to the Financial Work Office of Xinjiang Uyghur Autonomous Region from October 2008 to June 2010). He served as the office director of Xinjiang Financial Investment Co., Ltd. from July 2010 to March 2013; the manager of the investment management department of Xinjiang Financial Investment Co., Ltd. from March 2013 to February 2014; an employee director of Xinjiang Kaidi Investment Co., Ltd. from June 2013 to March 2020; and the general manager assistant of Xinjiang Financial Investment Co., Ltd. and Xinjiang Kaidi Investment

Section IV Corporate Governance (continued)

Co., Ltd. from February 2014 to November 2016. He has been a supervisor of Shenwan Hongyuan Securities Co., Ltd. since January 2015; a director of Xinjiang Exchange Market Investment and Construction Group Co., Ltd. since April 2015; and a director of Xinjiang Tianshan Wool Textile Co., Ltd. since August 2016; he served as the chairman of Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd. from September 2016 to October 2018; and the investment director of Xinjiang Kaidi Investment Co., Ltd. from November 2016 to March 2018; he has been a director of Xinjiang Microfinance Refinance Co., Ltd. since March 2018; and served as the executive deputy general manager of Xinjiang Microfinance Refinance Co., Ltd. from March 2018 to June 2019. He served as the general manager of Xinjiang Microfinance Refinance Co., Ltd. from June 2019 to April 2021; he has been the deputy general manager of Xinjiang Financial Investment Co., Ltd. since December 2019; a director and the deputy general manager of Xinjiang Kaidi Investment Co., Ltd. since March 2020; a director of Xinjiang Kaidi Mineral Investment Co., Ltd. since March 2020; and a supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Jiang Yang obtained a bachelor's degree in economics from Xinjiang University of Finance and Economics majoring in banking and currency in July 2001; and obtained an Executive Master of Business Administration from Xinjiang University of Finance and Economics in December 2014.

Ms. Li Yan (李豔) currently serves as an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Li Yan served as the senior manager of the investment bank headquarter of Northeast Securities Co., Ltd. from December 2004 to May 2007; the director of Beijing investment banking department of Industrial Securities Co., Ltd. from May 2007 to April 2009; and she successively served as the senior manager and the assistant to the general manager of the legal and compliance department of Hong Yuan Securities Co., Ltd. from March 2010 to January 2015; the assistant to the general manager of the legal and compliance department, the deputy director of the compliance and risk management center of Shenwan Hongyuan Securities Co., Ltd. (formerly known as Hong Yuan Securities Co., Ltd.) from January 2015 to February 2017, during which period she concurrently served as the compliance officer of Shenwan Hongyuan Securities (Western) Co., Ltd. and the compliance officer of Shenwan Hongyuan Financing Services Co., Ltd. from December 2015 to February 2017. From February 2017 to March 2019, she served as the compliance officer and the chief risk officer of Shenwan Hongyuan Financing Services Co., Ltd., during which period she concurrently served as the chief financial officer of Shenwan Hongyuan Financing Services Co., Ltd. from April 2018 to September 2018. From March 2019 to October 2020, she successively held the positions including the deputy director and the deputy director (in charge of overall works) of the Office of Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. From March 2019 to March 2021, she concurrently served as the deputy director of the compliance risk control committee of the Securities and Futures Association in Xinjiang Uygur Autonomous Region; and she has concurrently served as the supervisor and the chairwoman of the office of board of supervisors of Shanghai Eastern Airlines Shenhong Equity Investment Fund Management Co., Ltd. since January 2020; the supervisor of Shenwan Hongyuan Industrial Investment Management Company Limited since September 2020. She served as the director of the Office of Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. since October 2020. She also served as the arbitrator of Beijing Arbitration Commission since September

Section IV Corporate Governance (continued)

2012; the people's juror of the Second Intermediate People's Court of Beijing from September 2015 to September 2020, and she has concurrently served as the securities dispute mediator of the Securities Association of China since December 2016. Ms. Li has been an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021. Ms. Li Yan obtained a bachelor's degree in law from Liaoning Normal University in July 1993, and a master's degree and a doctorate degree in law from Renmin University of China in July 1999 and July 2009, respectively, and she completed the postdoctoral research fellowship at the Institute of Law, Chinese Academy of Social Sciences in April 2013.

Ms. Zhou Jie (周潔) currently serves as an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: Ms. Zhou Jie served as a teacher of the teaching and research division of Xinjiang Finance School from June 1994 to October 1996; the deputy manager and department secretary of the general division of the trading department of Hong Shan Securities of Hongyuan Trust from October 1996 to November 2000; the assistant to the director of the Office of General Manager of Hong Yuan Securities Co., Ltd. from November 2000 to September 2004. From September 2004 to November 2005, she served as the deputy general manager of the general management headquarter of the Office of General Manager as well as the director of the Office of General Manager in Xinjiang of Hong Yuan Securities Co., Ltd.; and the deputy director of the Office of General Manager of Hong Yuan Securities Co., Ltd. from November 2005 to April 2015. She has served as the deputy director of the Office of General Manager of Shenwan Hongyuan Group Co., Ltd. since April 2015, and concurrently served as the vice chairwoman of the labor union of Shenwan Hongyuan Group Co., Ltd. since June 2015; Ms. Zhou has been an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021. Ms. Zhou Jie obtained a bachelor's degree in economics from Lanzhou Business School in June 1994.

(3) Senior management

Mr. Huang Hao currently serves as an executive director, the general manager and a member and the chairman of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. His main work experience is detailed in the main work experience of directors.

Ms. Ren Quansheng (任全勝) currently serves a member of the Executive Committee and the chief financial officer of Shenwan Hongyuan Group Co., Ltd.. Her main work experience includes: she served as a clerk and judge of the People's Court of Chaoyang District of Beijing from August 1992 to June 2000; served as a judge of Beijing Municipal High People's Court from June 2000 to September 2008; successively served as a deputy general manager and the general manager of the legal and compliance department of Hongyuan Securities Co., Ltd. from September 2008 to December 2012; served as the compliance officer of Hongyuan Securities Co., Ltd. from December 2012 to January 2015; served as a deputy general manager of Shenwan Hongyuan Group Co., Ltd. from January 2015 to July 2015; served as a deputy general manager of Shenwan Hongyuan Securities Co., Ltd. from August 2015 to May 2020, during which concurrently served as the compliance director of Shenwan Hongyuan Securities Co., Ltd. from August 2015 to April 2020 and the chief risk officer of Shenwan Hongyuan Securities Co.,

Section IV Corporate Governance (continued)

Ltd. from November 2016 to December 2017, successively took in charge of compliance, risk management, investigation and audit; a deputy general manager of Shenwan Hongyuan Group Co., Ltd. from May 2020 to May 2021; and the secretary to the Board of Directors (acting) of Shenwan Hongyuan Group Co., Ltd. from December 2020 to March 2021; she has been the chief financial officer of Shenwan Hongyuan Group Co., Ltd. since December 2020 and a member of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. since May 2021. Ms. Ren Quansheng graduated from China University of Political Science and Law with a bachelor's degree in law in July 1998; and she graduated from Renmin University of China with a master's degree in law in July 2003.

Mr. Liu Yue (劉躍) currently serves as a member of the Executive Committee of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Liu had served as an engineer of Harbin Power Station Import and Export Corporation* (哈爾濱電站進出口公司) from March 1992 to February 1994; deputy manager (person in charge) of the Securities Branch of Beijing Jinsong of Shenyin & Wanguo Securities Co., Ltd. from September 2000 to March 2003; manager of the Securities Branch of Beijing Jinsong Ninth District of Shenyin & Wanguo Securities Co., Ltd. from March 2003 to January 2007; manager of the Securities Business Branch of Beijing Anding Road of Shenyin & Wanguo Securities Co., Ltd. from January 2007 to June 2010; deputy general manager and general manager of Beijing headquarter of Shenyin & Wanguo Securities Co., Ltd. from April 2007 to December 2009 successively; general manager of Beijing Branch of Shenyin & Wanguo Securities Co., Ltd. from December 2009 to January 2015; chief market officer of Shenyin & Wanguo Securities Co., Ltd. from November 2011 to January 2015; general manager of Beijing Branch of Shenwan Hongyuan Securities Co., Ltd. from January 2015 to June 2016; assistant to general manager of Shenwan Hongyuan Securities Co., Ltd. from September 2015 to August 2016; and assistant to general manager of Shenwan Hongyuan Group Co., Ltd. from August 2016 to May 2021. He has held the positions of executive director of Shenwan Hongyuan Industrial Investment Management Company Limited since December 2016 until now, and a member of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. since May 2021 until now. Mr. Liu Yue obtained the bachelor's degree in industry management engineering from Harbin Institute of Technology in July 1989, the master's degree in technology economics from Harbin Institute of Technology in March 1992, and the EMBA degree from Peking University in July 2012.

Mr. Xu Liang (徐亮) currently serves as the secretary to the Board of Directors, joint company secretary and authorized representative, company director, securities affairs representative and director of the office of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Xu was a researcher at the post-doctoral workstation of the Shenzhen Stock Exchange from July 2005 to May 2007; and successively served as the deputy general manager of the risk management department and the deputy general manager of the legal compliance headquarter of Hongyuan Securities Co., Ltd. (presided over work) from May 2007 to August 2009; he served as the director of the supervision office of Hongyuan Securities Co., Ltd. from August 2009 to February 2011, and concurrently served as the director of the office of the board of supervisors of Hongyuan Securities Co., Ltd. from October 2009 to February 2011, the director of the office of the discipline inspection commission of Hongyuan Securities Co.,

Section IV Corporate Governance (continued)

Ltd. from May 2010 to February 2011, and the director of the internal examination committee of securities issuance and the director of internal examination committee of investment banking of Hongyuan Securities Co., Ltd. in succession from August 2009 to January 2015. Mr. Xu served as the director of the office of the board of directors of Hongyuan Securities Co., Ltd. from February 2011 to April 2015, and served as the securities affairs representative from March 2011 to January 2015. He has served as the chairman of the board of supervisors of Xinjiang Financial Investment Asset Management Co., Ltd.* (新疆金投資產管理股份公司) since August 2017. He served as a non-executive director of Tibet Water Resources Co., Ltd.* (西藏水資源有限公司) from December 2019 to June 2020; and the company director of Shenwan Hongyuan Group Co., Ltd. from February 2017 to May 2021. He has concurrently served as a director of Hongyuan Huizhi Investment Co., Ltd. since November 2013; and has been the securities affairs representative of Shenwan Hongyuan Group Co., Ltd. since January 2015; and the director of the office of the board of directors of Shenwan Hongyuan Group Co., Ltd. since April 2015; he concurrently served as the general manager of the legal risk control department from February 2017 to March 2020; he has concurrently served as a director of Hongyuan Futures Co., Ltd. since November 2017, a director of Hongyuan Huifu Capital Co., Ltd. since December 2017, and the chairman of Hongyuan Huizhi Investment Co., Ltd. since December 2020; he has served as the secretary to the Board of Directors, joint company secretary and authorized representative of Shenwan Hongyuan Group Co., Ltd. since March 2021; and he has concurrently served as the person temporarily in charge of the strategic management department of Shenwan Hongyuan Group Co., Ltd. since September 2021. Mr. Xu Liang obtained a bachelor's degree in law from Wuhan University School of Law in June 1997 majoring in economic law, a master's degree in law from Wuhan University School of Law in June 2002 majoring in civil and commercial law, a doctorate degree in law from Wuhan University School of Law in June 2005 majoring in civil and commercial law, and a degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in September 2015.

Section IV Corporate Governance (continued)

2. Positions in shareholder entities

Name	Name of shareholder entities	Position held in shareholder entities	Tenure	Whether receiving remuneration and allowances from shareholder entities
Ge Rongrong	Central Huijin Investment Ltd.	Designated director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	March 2019 to present	Yes
		Managing director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	February 2021 to present	
Ren Xiaotao	Central Huijin Investment Ltd.	Designated director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	March 2019 to present	Yes
		Managing director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	February 2021 to present	
Zhang Ying	Central Huijin Investment Ltd.	Director of general office and senior manager of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	January 2020 to August 2021	Yes
		Managing director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	August 2021 to present	
		Designated director of Office of the Directly Managed Enterprises Leading Group/Equity Management Department II	September 2021 to present	
Zhang Yigang	Sichuan Development Holding Co., Ltd.	Deputy secretary of the Party Committee, vice chairman, general manager	June 2020 to present	Yes
Zhu Zhilong	Shanghai Jiushi (Group) Co., Ltd.	Chief financial officer	September 2020 to present	Yes
Chen Yan	Central Huijin Investment Ltd.	Director of Policy Research Office of General Management Department	January 2020 to present	Yes
Jiang Yang	Xinjiang Financial Investment Co., Ltd.	Deputy general manager	December 2019 to present	Yes

Section IV Corporate Governance (continued)

3. Positions in other entities

Name	Name of other entities	Position held in other entities	Tenure	Whether receiving remuneration and allowances from other entities
Chu Xiaoming	Shenwan Hongyuan Securities Co., Ltd.	Chairman	January 2015 to present	Yes
Ge Rongrong	Shenwan Hongyuan Securities Co., Ltd.	Non-executive director	June 2019 to present	No
Ren Xiaotao	Shenwan Hongyuan Securities Co., Ltd.	Non-executive director	June 2019 to present	No
Zhang Ying	Shenwan Hongyuan Securities Co., Ltd.	Non-executive director	September 2021 to present	No
Zhang Yigang	Sichuan Urban and Rural Construction Investment Co., Ltd.	Chairman	February 2015 to present	No
Yeung Siunan Shirley	Dragonrise Capital Advisors (HK) Limited	Chairwoman and founding managing partner	October 2004 to present	No
	Suzhou Longrui Venture Capital Management Co., Ltd.	Part-time chairwoman and founding managing partner	December 2009 to present	Yes
	Nanjing Longjun Investment Management Co., Ltd.	Part-time chairwoman and founding managing partner	April 2014 to present	No
Wu Changqi	Department of Strategic Management of the Guanghua School of Management of Peking University	Professor	September 2001 to present	Yes
	School of Management of Shandong University	Dean and chair professor	October 2019 to present	Yes
	International Operation and Management Institute of Peking University	Executive deputy head	September 2006 to present	No
	National High-tech Industrial Development Zone Development Strategy Institute of Peking University	Executive deputy head	January 2021 to present	Yes
	The fifth session of the Chinese Institute of Business Administration	Executive vice chairman (part-time)	September 2014 to present	No

Section IV Corporate Governance (continued)

Name	Name of other entities	Position held in other entities	Tenure	Whether receiving remuneration and allowances from other entities
	The 14th Five-Year National Intellectual Property Planning Guidance Expert Group of the China National Intellectual Property Administration	Expert (part-time)	August 2019 to present	No
	Expert Committee of the China Council for the Promotion of International Trade	Expert member (part-time)	February 2015 to present	No
	Strategic Management Professional Committee of the China Management Science Society	Chairman (part-time)	September 2016 to present	No
	China International Economic Cooperation Society	Executive director (part-time)	November 2019 to present	No
	Haier Smart Home Co., Ltd. (600690.SH, 690D, 6690.HK)	External director	April 2013 to present	Yes
	Hua Xia Bank Co., Limited (600015.SH)	External supervisor	May 2015 to November 2021	Yes
	Yijiahe Technology Co., Ltd. (603666.SH)	Independent director	August 2016 to present	Yes
	Aixin Life Insurance Co., Ltd.	Independent director	July 2017 to present	Yes
	Beijing Media Corporation Limited (1000.HK)	Independent non-executive director	June 2016 to November 2021	Yes
	Tianneng Co., Ltd. (688819.SH)	Independent director	February 2019 to present	Yes
Chen Hanwen	Nanjing Audit University	Professor	November 2021 to present	Yes
	University of International Business and Economics	Doctoral tutor	May 2015 to present	Yes
		Professor of the Accounting Department of the School of International Business	May 2015 to November 2021	Yes
		Distinguished professor of Huiyuan	May 2017 to November 2021	Yes
		First-level professor at the International Business School	January 2018 to November 2021	Yes

Section IV Corporate Governance (continued)

Name	Name of other entities	Position held in other entities	Tenure	Whether receiving remuneration and allowances from other entities
	Xiamen International Bank Co., Ltd.	Independent director	May 2013 to December 2021	Yes
	Dalian Wanda Commercial Management Group Co., Ltd.	Independent director	May 2017 to present	Yes
	Shanghai Fuiou Payment Service Co., Ltd.	Independent director	May 2017 to present	Yes
	Beijing Tri-Prime Gene Pharmaceutical Co., Ltd. (837344.OC)	Independent director	November 2018 to present	Yes
	Bank of Communications Co., Ltd. (601328.SH, 03328.HK)	External supervisor	June 2019 to present	Yes
	China Shenhua Energy Co., Ltd. (601088.SH, 01088.HK)	Independent director	May 2020 to present	Yes
Zhao Lei	China Law Journal Research Association	Executive member	August 2015 to present	No
	China Securities Law Research Association	Executive member	May 2016 to present	No
	Wuhan University Institute of International Law, a national high-end think tank	Part-time researcher	November 2016 to present	No
	Institute of Law of the Chinese Academy of Social Sciences	Associate researcher and researcher (professor)	December 2016 to present	Yes
	Southwest University of Political Science and Law	Doctoral tutor of students in Civil and Commercial Law	September 2019 to present	No
	China Commercial Law Research Association	Executive member	October 2019 to present	No
	Lanzhou University	External professor	October 2019 to present	Yes
	China Trial Theory Research Association	Expert member (part-time) of the Commercial Trial Professional Committee and an expert member (part-time) of the Financial Trial Professional Committee	October 2019 to present	No
	China Bank Law Research Association	Executive member	November 2020 to present	No

Section IV Corporate Governance (continued)

Name	Name of other entities	Position held in other entities	Tenure	Whether receiving remuneration and allowances from other entities
	Nanning Department Store Co. Ltd. (600712.SH)	Independent director	April 2018 to present	Yes
	Shanghai Haohai Biological Technology Co., Ltd. (688366.SH, 06826.HK)	Independent director	June 2020 to present	Yes
Fang Rongyi	Fullgoal Fund Management Co., Ltd.	Vice chairman	December 2014 to present	No
	E-Capital Transfer Co., Ltd	Supervisor	December 2014 to present	No
	Financial Accounting Professional Committee of the Securities Association of China	Vice chairman	May 2018 to present	No
	East China University of Political Science and Law	Part-time/visiting professor	May 2018 to present	No
	Shenwan Hongyuan Securities Co., Ltd.	Supervisor, chairman of the board of supervisors	September 2021 to present	Yes
	Professional Committee of the Board of Supervisors of China Association for Public Companies	Vice chairman	November 2021 to present	No
Chen Yan	Shenwan Hongyuan Securities Co., Ltd.	Supervisor	May 2021 to present	No
Jiang Yang	Shenwan Hongyuan Securities Co., Ltd.	Supervisor	January 2015 to present	No
	Xinjiang Exchange Market Investment and Construction Group Co., Ltd.	Director	April 2015 to present	No
	Xinjiang Tianshan Wool Textile Co., Ltd.	Director	August 2016 to present	No
	Xinjiang Microfinance Refinance Co., Ltd.	Director	March 2018 to present	No
		General manager	June 2019 to April 2021	No
	Xinjiang Kaidi Investment Co., Ltd.	Director and deputy general manager	March 2020 to present	No
	Xinjiang Kaidi Mineral Investment Co., Ltd.	Director	March 2020 to present	No
Li Yan	Beijing Arbitration Commission	Arbitrator	September 2012 to present	Yes

Section IV Corporate Governance (continued)

Name	Name of other entities	Position held in other entities	Tenure	Whether receiving remuneration and allowances from other entities
	Securities Association of China	Securities dispute mediator	December 2016 to present	No
	Professional Committee of Compliance and Risk Control of Securities and Futures Industry Association of Xinjiang Uygur Autonomous Region	Deputy director	March 2019 to March 2021	No
	Shanghai Eastern Airlines Shenhong Equity Investment Fund Management Co., Ltd.	Supervisor and the chairwoman of the board of supervisors	January 2020 to present	No
	Shenwan Hongyuan Industrial Investment Management Company Limited	Supervisor	September 2020 to present	No
Liu Yue	Shenwan Hongyuan Industrial Investment Management Company Limited	Executive director	December 2016 to present	No
Xu Liang	Xinjiang Financial Investment Asset Management Co., Ltd.	Chairman of the board of supervisors	August 2017 to present	No
	Hongyuan Futures Co., Ltd.	Director (part-time)	November 2017 to present	
	Hongyuan Huifu Capital Co., Ltd.	Director (part-time)	December 2017 to present	
	Hongyuan Huizhi Investment Co., Ltd.	Director (part-time)	November 2013 to present	
		Chairman (part-time)	December 2020 to present	

4. Penalty imposed by any securities regulatory authorities against the current and resigned directors, supervisors and senior management during the Reporting Period of Shenwan Hongyuan Group Co., Ltd. in the last three years

On February 10, 2022, Mr. Wu Changqi, an independent non-executive director of the Company, was publicly criticised by the Hong Kong Stock Exchange for relevant matters in the period when he served as an independent non-executive director of Beijing Media Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1000) (“Beijing Media”) in relation to his breach of Rule 3.08(f) of the Listing Rules under his Declaration and Undertaking with regard to Directors given to the Stock Exchange in the form set out in Appendix 5H to the Listing Rules, for failing to ensure Beijing Media had maintained adequate and effective internal control in place.

Section IV Corporate Governance (continued)

Mr. Wu Changqi had resigned as an independent non-executive director of Beijing Media on November 25, 2021. At present, he has attended 24 hours of training on regulatory and legal topics (including compliance of the Listing Rules) as required by the Hong Kong Stock Exchange.

For details, please refer to the announcements published by the Company on the Cninfo website (www.cninfo.com.cn) and the website of HKExnews (www.hkexnews.hk) on February 14, 2022 and the Regulatory Announcement made by the Hong Kong Stock Exchange on the website of the Hong Kong Stock Exchange on February 10, 2022.

Save as disclosed above, in the last three years, none of the current and resigned directors, supervisors and senior management during the Reporting Period of Shenwan Hongyuan Group Co., Ltd. was subject to penalty imposed by any securities regulatory authorities.

(III) Remuneration of directors, supervisors and senior management

1. Basic system and decision-making procedures of remuneration management

According to the Articles of Association, the general meeting determines matters on the remunerations of relevant directors and supervisors; the Board of Directors determines matters on the remunerations, rewards and penalties of senior management of the Company including general manager, deputy general manager, members of the Executive Committee, chief financial officer, and secretary to the Board of Directors.

2. Assessment mechanism for senior management during the Reporting Period, and establishment and implementation of incentive mechanism

For the assessment and evaluation of the Company's senior management, the Party Committee of China Investment Corporation, the Party Committee of the Company and the Board of Directors shall implement comprehensive evaluation in accordance with the plan of the Company on comprehensive assessment and evaluation of leading group and leaders. The assessment results shall be an important basis for remuneration incentives for senior management. The Remuneration and Nomination Committee of the Board of Directors considers the assessment and remuneration management system for senior management and makes recommendations to the Board of Directors. The Board of Directors of the Company considers the matters including assessment of senior management, remuneration management system, and remuneration distribution. The remuneration distribution for senior management of the Company is comprehensively determined based on contributions on the job, personal assessment results, etc. after giving consideration to the national compensation policies and market competition. The remuneration distribution plan for senior management shall be considered and determined by the Board of Directors.

3. Distribution of total annual remuneration among directors, supervisors and senior management

During the Reporting Period, the total amount of remuneration before tax received by the directors, supervisors and senior management of the Company amounted to RMB23.1815 million. In particular, the remuneration before tax of directors, supervisors and senior management of the Company accounts for 29.92%, 34.82% and 35.26% of the total amount of remuneration, respectively.

4. Actual payment of remuneration to directors, supervisors and senior management:

For details, please refer to the "Particulars of Directors, Supervisors and Senior Management".

Section IV Corporate Governance (continued)

VI. MEETINGS OF THE BOARD OF DIRECTORS CONVENED AND PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

(I) In respect of Directors, Board of Directors and the management

The existing Articles of Association and the Rules of Procedure of the Board of Directors have provided for the qualification, obligations and responsibilities of directors, the authority of the Board of Directors, the convening, voting and resolutions of the meeting of the Board of Directors, etc., which ensure the standard operation of the Board of Directors.

1. The composition of the Board of Directors

The Company appoints and replaces the directors strictly in accordance with the relevant regulations and the provisions of its Articles of Associations. The Board of Directors shall exercise its power and functions according to laws, ensuring that the convening, voting, resolutions of the meetings of the Board of Directors comply with the Company Law, the Articles of Association and other regulations. The Board of Directors of the Company currently comprises 11 directors, among which two are executive directors, five are non-executive directors and four are independent non-executive directors. The number of independent non-executive directors exceeds one-third of the total number of the Company's directors.

The directors shall be elected or replaced at the general meeting and their term of office shall be three years. The term of office of a director shall be calculated from the date upon which the director assumes office to the expiry of the current Board of Directors. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules and Articles of Association until a new director is elected. A director may serve consecutive terms if re-elected upon the expiry of his/her term. The duties of independent non-executive directors and other relevant matters shall be carried out according to the requirements of laws, administrative regulations, departmental rules and the listing rules of the place(s) where the shares of the Company are listed. Independent non-executive directors shall have independence as required under Rule 3.13 of the Hong Kong Listing Rules. As of the date of this annual report, the Company has received the written confirmation of independence from each of the independent non-executive Directors on their independence. The Company will continue to confirm their independent status, based on the aforesaid confirmation and the relevant information available to the Board of Directors.

2. Duties of the Board of Directors

The Board of Directors is the decision-maker of the Company, responsible for the general meeting of shareholders, and shall discharge their duties in accordance with laws, regulations, the Articles of Association of the Company and the listing rules of the place(s) where the shares of the Company are listed. The Board of Directors is responsible for the formulation of the Company's strategies and corporate governance policies, implementation of risk management and internal control system as well as corporate financial decisions.

According to the Articles of Association of the Company, the Board shall exercise the following functions and powers: to convene general meetings and report to general meetings; to execute resolutions of general meetings; to resolve on the Company's business plans and investment plans; to prepare the annual financial budgets and final accounting plans of the Company; to prepare the profit distribution

Section IV Corporate Governance (continued)

plan and loss makeup plan of the Company; to formulate the adjustment plan on profit distribution policy; to prepare plans for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the listing; to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division, transformation and dissolution of the Company; to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, asset write-off, disposal of non-performing assets, consigned financial management, connected transactions, etc. of the Company within the authority granted by the general meeting; to resolve on the establishment of internal management organizations and branches of the Company; to appoint or dismiss the Company's general manager and the secretary to the Board; to appoint or dismiss the Company's deputy general manager, chief financial officer and other senior management members as nominated by the general manager; and determine their remunerations and rewards and penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Association; to formulate the share incentive scheme; to prepare proposals regarding the amount and distribution method of the emoluments of directors for approval at the general meeting; to manage the disclosure of information by the Company; to propose to general meetings the appointment or change of the accounting firm acting as the auditors of the Company; to listen to the work report of the general manager of the Company and examine the general manager's work; to review major risk management policies such as risk appetite; to exercise other functions and powers as conferred by laws, administrative regulations, departmental rules, listing rules at the place(s) where the Company's shares are listed or the Articles of Association.

According to the resolution of the annual general meeting of the Company for the year of 2015, the Company purchased liability insurance in relation to directors, supervisors and senior management for its directors, supervisors, senior management and other relevant responsible personnel to provide protection for possible compensation liability in the course of performing their duties and to promote their full performance of duties.

3. Major initiatives on corporate governance by the Board of Directors

In terms of corporate governance, the Board of Directors or its subordinated specific committees shall perform the following responsibilities: to formulate and review the policy and practice of corporate governance, and make proposals to the Board; to review and monitor training and continued professional development of the directors and senior management personnel; to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements; and to review its compliance with the CG Code, and the disclosure in the Corporate Governance Report as set out in Appendix 14 therein. During the Reporting Period, the major initiatives carried out by the Board of the Directors of the Company on corporate governance are as follows:

- (1) The Company further amended and consummated the Articles of Association, the Rules of Procedure of the Board of Directors, and the Rules of Procedure of the Board of Supervisors, pursuant to relevant regulatory provisions, laying a foundation for compliance operation.
- (2) The Company provides professional training to its directors, supervisors and senior management of the Company for their performance of duties, provides them with the semi-monthly Newsletters for the Directors and Supervisors that are compiled by the Company, to improve their understanding of the securities industry and the Company's business and to facilitate its directors, supervisors and senior management of the Company for the performance of their duties.

Section IV Corporate Governance (continued)

Before the publication of this report, the Board of Directors has reviewed the Corporate Governance section herein (the corporate governance report), and the Board is of the view that this corporate governance report complies with the relevant requirements of the Hong Kong Listing Rules.

4. Chairman and general manager

The chairman of the Board is Mr. Chu Xiaoming, and the general manager of the Company is Mr. Huang Hao. The general manager is the legal representative of the Company. The Articles of Association, the Rules of Procedure of the Board of Directors, etc. clearly stipulate the duties of the chairman and general manager.

Functions and powers of the chairman: to preside over general meetings, convene and preside over the Board meetings; to monitor and check the implementation of the Board's resolutions; to sign securities issued by the Company as required by the securities regulatory authorities at the place(s) where the shares of the Company are listed and by the stock exchanges; to exercise other functions and powers conferred by the Board.

The general manager shall be accountable to the Board and exercise the following functions and powers: to manage the daily business operations of the Company, organize and implement the Board's resolutions, and report to the Board; to organize and implement the Company's annual business plans and investment plans; to prepare the plan for the establishment of internal management of the Company; to prepare the plan of the basic management system of the Company; to formulate the Company's specific rules; to recommend the appointment or dismissal of deputy general manager, chief financial officer; to decide to appoint or dismiss executives other than those appointed or dismissed by the Board; to exercise other functions and powers conferred in the Articles of Association or by the Board.

5. Performance of Duties by the Board of Directors and Directors

(1) *Composition of the Board of Directors*

In accordance with the Articles of Association, as of the end of the Reporting Period, the fifth session of Board of Directors of the Company comprises 11 directors:

Executive directors: Mr. Chu Xiaoming (Chairman), Mr. Huang Hao (general manager)

Non-executive director: Ms. Ge Rongrong, Mr. Ren Xiaotao, Mr. Zhang Yigang, Mr. Zhu Zhilong, Ms. Zhang Ying

Independent non-executive director: Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen, Mr. Zhao Lei

Section IV Corporate Governance (continued)

(2) The meetings of the Board of Directors

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 58th meeting of the fourth session of the Board of Directors	January 29, 2021	1. The Resolution Regarding the Amendments to the Articles of Association of Shenwan Hongyuan Group Co., Ltd.	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on January 30, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on January 29, 2021.
		2. The Resolution Regarding the Amendments to the Rules of Procedure of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.	Approved	
		3. The Resolution Regarding the Amendments to the Work Measures of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. (Trial Implementation)	Approved	
		4. The Resolution Regarding the Amendments to the Plan of Granting Authorization by the General Meeting to the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (2020)	Approved	
		5. The Resolution Regarding Consideration of the Plan of Granting Authorization by the Board of Directors to the Executive Committee of Shenwan Hongyuan Group Co., Ltd.	Approved	
		6. The Resolution Regarding Consideration of the Management System of Granting Authorization by the Board of Directors to the Executive Committee of Shenwan Hongyuan Group Co., Ltd. (Trial Implementation)	Approved	
		7. The Resolution Regarding Consideration of the 2020 Work Plan on Internal Control Evaluation of Shenwan Hongyuan Group Co., Ltd.	Approved	
		8. The Resolution Regarding Appointment of Company Secretary and Process Agent	Approved	

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 59th meeting of the fourth session of the Board of Directors	March 15, 2021	The Resolution Regarding Appointment of Secretary to the Board of Directors	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on March 16, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on March 15, 2021.
The 60th meeting of the fourth session of the Board of Directors	March 30, 2021	<ol style="list-style-type: none"> 1. The Resolution Regarding Consideration of the 2020 Work Report of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. 2. The Resolution Regarding Consideration of the 2020 Work Report of the General Manager of Shenwan Hongyuan Group Co., Ltd. 3. The Resolution Regarding Consideration of the 2020 Annual Financial Report of Shenwan Hongyuan Group Co., Ltd. 4. The Resolution Regarding Consideration of the 2020 Profit Distribution Plan of Shenwan Hongyuan Group Co., Ltd. 5. The Resolution Regarding Consideration of the 2020 Annual Report of Shenwan Hongyuan Group Co., Ltd. 6. The Resolution Regarding Consideration of the 2020 Internal Control Evaluation Report of Shenwan Hongyuan Group Co., Ltd. 7. The Resolution Regarding Consideration of the 2020 Social Responsibility Report/ Environmental, Social and Governance Report of Shenwan Hongyuan Group Co., Ltd. 	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on March 31, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on March 30, 2021.

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
		8. The Resolution Regarding Consideration of the 2021 Business Plan of Shenwan Hongyuan Group Co., Ltd.	Approved	
		9. The Resolution Regarding the Estimated Ordinary Related Party Transactions for 2021	Approved	
		10. The Resolution Regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares of the Company	Approved	
		11. The Resolution Regarding Consideration of Shareholder Return Plan of Shenwan Hongyuan Group Co., Ltd. for the Next Three Years (2021–2023)	Approved	
		12. The Resolution Regarding the Provision of Guarantee for Hongyuan Hengli (Shanghai) Industrial Co., Ltd.	Approved	
		13. The Resolution Regarding the Measures for Management of Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	Approved	
		14. The Resolution Regarding the Appointment of Joint Company Secretary and Authorized Representative of the Company	Approved	
		15. The Resolution Regarding the Nomination of Candidates for Non-Independent Directors of the Fifth Session of the Board of Directors of the Company	Approved	
		16. The Resolution Regarding the Nomination of Candidates for Independent Directors of the Fifth Session of the Board of Directors of the Company	Approved	
		17. The Resolution Regarding Authorisation to Convene the 2020 Annual General Meeting	Approved	

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 61st meeting of the fourth session of the Board of Directors	April 19, 2021	The Resolution Regarding the Appointment of Auditors of the Company for 2021	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on April 20, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on April 19, 2021.
The 62nd meeting of the fourth session of the Board of Directors	April 29, 2021	The Resolution Regarding Consideration of the 2021 First Quarterly Report of the Company	Approved	Announcements of resolution were exempt from disclosure
The 1st meeting of the fifth session of the Board of Directors	May 28, 2021	<ol style="list-style-type: none"> The Resolution Regarding the Election of Chairman and Vice Chairman of the Fifth Session of the Board of Directors The Resolution Regarding the Election of Members of Special Committees of the Fifth Session of the Board of Directors The Resolution Regarding the Appointment of the Chairman and Members of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. The Resolution Regarding the Amendments to the Investment Business Management System of Shenwan Hongyuan Group Co., Ltd. 	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on May 29, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on May 28, 2021.
The 2nd meeting of the fifth session of the Board of Directors	August 27, 2021	The Resolution Regarding Consideration of 2021 Interim Report of the Company	Approved	Announcements of resolution were exempt from disclosure

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 3rd meeting of the fifth session of the Board of Directors	September 16, 2021	<ol style="list-style-type: none"> 1. The Resolution regarding the Nomination of Candidate for Director of the Company (Ms. Zhang Ying) 2. The Resolution Regarding the Adjustment to Remuneration of the Independent Non-executive Directors of the Company 3. The Resolution Regarding Authorisation to Convene the 2021 First Extraordinary General Meeting of the Company 	<p>Approved</p> <p>Approved</p>	<p>For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on September 17, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on September 16, 2021.</p>
The 4th meeting of the fifth session of the Board of Directors	October 29, 2021	<ol style="list-style-type: none"> 1. The Resolution Regarding Consideration of the 2021 Third Quarterly Report of Shenwan Hongyuan Group Co., Ltd. 2. The Resolution Regarding Appointment of Company Secretary and Process Agent 3. The Resolution Regarding the Amendments to the Internal Audit System of Shenwan Hongyuan Group Co., Ltd. 4. The Resolution Regarding the Amendments to the Internal Control Evaluation System of Shenwan Hongyuan Group Co., Ltd. 	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	<p>For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on October 30, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on October 29, 2021.</p>

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 5th meeting of the fifth session of the Board of Directors	December 6, 2021	1. The Resolution Regarding the Amendments to the Risk Management System of Shenwan Hongyuan Group Co., Ltd.	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on December 7, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on December 6, 2021.
		2. The Resolution Regarding Consideration of the Amendments to the Risk Preference of Shenwan Hongyuan Group Co., Ltd.	Approved	
		3. The Resolution Regarding Consideration of Adjustment to the Members of the Special Committees of the Board of Directors	Approved	
		4. The Resolution Regarding the Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement with China Jianyin Investment Ltd.	Approved	
		5. The Resolution Regarding the Authorization to Convene the Extraordinary General Meeting of the Company	Approved	
The 6th meeting of the fifth session of the Board of Directors	December 30, 2021	1. The Resolution Regarding Consideration of the Outline of Development Plan of Shenwan Hongyuan for 2021–2025	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on December 31, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on December 30, 2021.
		2. The Resolution Regarding Consideration of the Remuneration Settlement Plan for Senior Management of Shenwan Hongyuan for 2020	Approved	

Section IV Corporate Governance (continued)

(3) *Directors' attendance of the meetings of the Board of Directors and general meetings*

Name of Director	Position	Number of meetings of the Board of Directors attended in the Reporting Period	Number of on-site meetings of the Board of Directors attended	Number of meetings of the Board of Directors attended by communication	Number of meetings of the Board of Directors attended by proxy	Number of absence	Whether not attended the meetings of the Board of Directors in person for two consecutive times	Number of general meetings attended
Chu Xiaoming	Chairman, executive director	11	6	5	0	0	No	3
Yang Wenqing	Vice chairman, executive director (former member)	8	5	3	0	0	No	1
Huang Hao	Executive director, general manager	6	2	4	0	0	No	1
Chen Jianmin	Non-executive director (former member)	5	3	2	0	0	No	0
Wang Honggang	Non-executive director (former member)	5	1	4	0	0	No	0
Ge Rongrong	Non-executive director	11	6	5	0	0	No	3
Ren Xiaotao	Non-executive director	11	7	4	0	0	No	3
Zhang Yigang	Non-executive director	11	0	11	0	0	No	0
Zhu Zhilong	Non-executive director	6	2	4	0	0	No	0
Zhang Ying	Non-executive director	3	2	1	0	0	No	1
Ye Mei	Independent non-executive director (former member)	5	2	3	0	0	No	1

Section IV Corporate Governance (continued)

Name of Director	Position	Number of meetings of the Board of Directors attended in the Reporting Period	Number of on-site meetings of the Board of Directors attended	Number of meetings of the Board of Directors attended by communication	Number of meetings of the Board of Directors attended by proxy	Number of absence	Whether not attended the meetings of the Board of Directors in person for two consecutive times	Number of general meetings attended
Xie Rong	Independent non-executive director (former member)	5	1	4	0	0	No	0
Huang Danhan	Independent non-executive director (former member)	5	1	4	0	0	No	0
Yeung Siuman Shirley	Independent non-executive director	11	3	8	0	0	No	1
Wu Changqi	Independent non-executive director	6	2	4	0	0	No	1
Chen Hanwen	Independent non-executive director	6	2	4	0	0	No	2
Zhao Lei	Independent non-executive director	6	2	4	0	0	No	1

(4) *Objections raised by directors on relevant matters of the Company*

During the Reporting Period, the directors did not raise any objections on relevant matters of the Company.

(5) *Other details about the performance of duties by the directors*

Were there any suggestions from the directors adopted by the Company?

Yes No

During the Reporting Period, all directors of the Company were diligent and responsible, and strictly abided by the relevant national laws and regulations and the Articles of Association and other regulations. They continuously strengthened their own construction and continued to promote good and effective corporate governance, to help enhance the development quality and core competitiveness of the Company. All directors attended Board meetings and general meetings in accordance with regulations to discuss resolutions in depth, make suggestions based on the operation management of the Company, and put forward professional opinions

Section IV Corporate Governance (continued)

on corporate governance, strategic planning, risk management, system revision, etc. They continuously supervised and promoted the implementation of resolutions of the Board of Directors to effectively safeguard the legitimate rights and interests of the Company and all shareholders.

(6) *Performance of duties by independent non-executive directors*

As of the end of the Reporting Period, the Board of Directors of the Company comprised four independent non-executive directors, i.e. Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen, Mr. Zhao Lei.

During the Reporting Period, due to the re-election of the Board of Directors of the Company, a total of 3 independent non-executive directors resigned: Ms. Ye Mei, Mr. Xie Rong and Ms. Huang Danhan.

During the Reporting Period, the independent non-executive Directors abided by the relevant national laws, regulations and relevant provisions of the Articles of Association, and earnestly attended every meeting of the Board of Directors. They voted independently on all resolutions considered by the Board of Directors, and carefully discussed and raised independent opinions on relevant resolutions in accordance with regulatory requirements and the Independent Non-executive Director System of the Company. During the Reporting Period, the independent non-executive directors did not raise any objections on the resolutions of the meetings of the Board of Directors in the year and other resolutions of the Company.

(7) *Training of directors*

The Company attaches great importance to continuous training of directors, to ensure understanding of the Company's business operations and development by directors, and their comprehensive understanding of the applicable laws, decrees and regulations of the place where the shares of the Company are listed. During the Reporting Period, in addition to attending training organized by the regulatory bodies periodically, the Company's directors were also proactively involved in seminars and symposiums of trade associations and other self-regulatory organizations, which enabled the exchange of experience within the same industry to promote the capacity of fulfilling their duties. The Company prepares the Newsletters for Directors and Supervisors on a semi-monthly basis, assists directors in getting comprehensive knowledge of the latest regulatory regulations, industry development trends, and operations of the Company, and creates conditions and provides guarantee for the performance of duties by directors.

Section IV Corporate Governance (continued)

The details of directors' training in 2021 are as follows:

Name	Position	Training method and content
Chu Xiaoming	Executive director, chairman	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. From August 26 to October 11, 2021, he attended the 2021 follow-up training for securities practitioners held by China Association for Public Companies; 3. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company; 4. On December 16, 2021, he attended the online training on corporate governance for chairmen and general managers held by China Association for Public Companies.
Huang Hao	Executive director	<ol style="list-style-type: none"> 1. On August 18, 2021, he attended the special training for secretaries to the board of directors and chief financial officers of listed companies in Xinjiang held by the listed companies in Xinjiang; 2. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 3. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company; 4. On December 16, 2021, he attended the online training on corporate governance for chairmen and general managers held by China Association for Public Companies.

Section IV Corporate Governance (continued)

Name	Position	Training method and content
Ge Rongrong	Non-executive director	<ol style="list-style-type: none">1. On February 4, 2021, she attended the training on the Digital Transformation Trend and Practice of Securities Industry held by KPMG;2. From June 1 to June 4, 2021, she attended the 38th training for dispatched directors and supervisors organized by China Investment Corporation;3. On August 27, 2021, she attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance;4. From November 3 to November 5, 2021, she attended the 39th training for dispatched directors and supervisors organized by China Investment Corporation;5. From December 1 to December 3, 2021, she attended the 40th training for dispatched directors and supervisors organized by China Investment Corporation;6. On December 14, 2021, she attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.

Section IV Corporate Governance (continued)

Name	Position	Training method and content
Ren Xiaotao	Non-executive director	<ol style="list-style-type: none"> 1. On February 4, 2021, he attended the training on the Digital Transformation Trend and Practice of Securities Industry held by KPMG; 2. From June 1 to June 4, 2021, she attended the 38th training for dispatched directors and supervisors organized by China Investment Corporation; 3. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 4. From November 3 to November 5, 2021, she attended the 39th training for dispatched directors and supervisors organized by China Investment Corporation; 5. From December 1 to December 3, 2021, she attended the 40th training for dispatched directors and supervisors organized by China Investment Corporation; 6. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.
Zhang Yigang	Non-executive director	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.
Zhu Zhilong	Non-executive director	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.

Section IV Corporate Governance (continued)

Name	Position	Training method and content
Zhang Ying	Non-executive director	<ol style="list-style-type: none"> 1. From November 3 to November 5, 2021, she attended the 39th training for dispatched directors and supervisors organized by China Investment Corporation; 2. From December 1 to December 3, 2021, she attended the 40th training for dispatched directors and supervisors organized by China Investment Corporation; 3. On December 14, 2021, she attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.
Yeung Siuman Shirley	Independent non-executive director	<ol style="list-style-type: none"> 1. On February 4, 2021, she attended the training on the Digital Transformation Trend and Practice of Securities Industry held by KPMG; 2. On August 27, 2021, she attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 3. On December 7, 2021, she attended the symposium of the Independent Board Committee organized by Xinjiang Listed Companies Association; 4. On December 14, 2021, she attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.

Section IV Corporate Governance (continued)

Name	Position	Training method and content
Wu Changqi	Independent non-executive director	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. On December 7, 2021, he attended the symposium of the Independent Board Committee organized by Xinjiang Listed Companies Association; 3. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company; 4. From December 14 to 28, 2021, he attended the Fourth Follow-up Training for Independent Directors in 2021 organized by the Shanghai Stock Exchange.
Chen Hanwen	Independent non-executive director	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.
Zhao Lei	Independent director	<ol style="list-style-type: none"> 1. On August 27, 2021, he attended the training on Regulation of Companies Listed in Hong Kong provided by Clifford Chance; 2. On December 7, 2021, he attended the symposium of the Independent Board Committee organized by Xinjiang Listed Companies Association; 3. On December 14, 2021, he attended the training on the Performance of Duties by Directors, Supervisors and Senior Management under the New Securities Law and the Interpretation of the Latest Regulatory Policies organized by the Company.

6. Performance of duties by the special committees of the Board of Directors

The Company has established four special committees of the Board of Directors, namely the Strategy Committee of the Board of Directors, the Remuneration and Nomination Committee of the Board of Directors, the Audit Committee of the Board of Directors and the Risk Control Committee of the Board of Directors in accordance with relevant PRC laws, regulations, the Articles of Association and corporate governance requirements in the Hong Kong Listing Rules. The special committees are accountable to the Board of Directors and carry out their works with the authorization of the Board of Directors. The clear division of power and responsibility of the special committees guarantees effective operation and makes the decision division of the Board of Directors more refined. The special committees of the Board of Directors provide opinions and suggestions on the decision-making of the Board of Directors and play a good role in the Company's major decision-making. As of the end of the Reporting Period, the details of the composition of each special committee of the Board of Directors are in "II. Composition of the Special Committees under the Board of Directors during the Reporting Period" as set out in Section VII "Particulars of Directors, Supervisors, Senior Management and Employees" of this report.

Composition of the special committees of the Board of Directors during the Reporting Period:

Strategy Committee of the Board of Directors

Chairman: Chu Xiaoming; members: Yang Wenqing (former member), Chen Jianmin (former member), Huang Hao, Ge Rongrong, Wu Changqi, Ren Xiaotao

Remuneration and Nomination Committee of the Board of Directors

Chairman: Wu Changqi, Ye Mei (former member); members: Chu Xiaoming, Ren Xiaotao (former member), Xie Rong (former member), Chen Hanwen, Zhao Lei, Zhang Ying

Audit Committee of the Board of Directors

Chairman: Chen Hanwen, Xie Rong (former member); members: Ren Xiaotao (former member), Ye Mei (former member), Huang Danhan (former member), Wang Honggang (former member), Zhu Zhilong, Yeung Siuman Shirley, Zhao Lei, Zhang Ying

Section IV Corporate Governance (continued)

Risk Control Committee of the Board of Directors

Chairman: Ge Rongrong, Chen Jianmin (former member); members: Huang Danhan (former member), Wang Honggang (former member), Huang Hao, Ren Xiaotao, Yeung Siunan Shirley, Zhao Lei

- (1) The main responsibilities of the Strategy Committee of the Board of Directors are as follows: Understanding, analyzing and mastering the current status regarding domestic and international industries and relevant policies of the state, understanding and mastering the overall situation of the Company's operation and management; studying the Company's short-term, medium-term and long-term development strategies, providing advice on major decisions such as major investment and financing, mergers and acquisitions, and discussing relevant matters on a regular or an irregular basis; reviewing the Company's development strategy plans, and proposing suggestions to the Board of Directors; reviewing the matters in relation to specific development plans as needed, and proposing suggestions to the Board of Directors; reviewing and evaluating the soundness of the governance structure of the Company, and reporting to the Board of Directors; Other duties as provided in the Articles of Association and other matters authorized by the Board of Directors.

Meetings of the Strategy Committee of the Board of Directors convened during the Reporting Period:

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
1	March 17, 2021	2021 first meeting of the Strategy Committee of the Board of Directors	Considered the 2020 Report on Performance of Duties by the Strategy Committee of the Board of Directors	—		Nil
2	December 21, 2021	2021 second meeting of the Strategy Committee of the Board of Directors	Considered the Outline of Development Plan of Shenwan Hongyuan for 2021-2025	—	Review of the implementation of strategies, and promotion of strategic evaluation and formulation of new strategies	Nil

Section IV Corporate Governance (continued)

- (2) The main responsibilities of the Remuneration and Nomination Committee of the Board of Directors are as follows: to review the structure of the Board, number of directors and composition of the Board (including skills, knowledge and experience) at least once a year, and make recommendations on any proposed changes to the Board to complement the corporate strategy; to review and put forward opinions on the criteria and procedures for selection of directors and senior management personnel; find candidates with appropriate qualifications for directors and senior management personnel; review and make recommendations on the qualification and conditions of candidates for directors and senior management personnel; formulate and, where appropriate, review policies on the diversity of Board members, and disclose the relevant policies or policy summaries in the annual report every year; to review and put forward opinions on the assessment and remuneration management system for directors and senior management personnel, and make recommendations to the Board on the establishment of formal and transparent procedures to formulate such remuneration policies; to assess the independence of independent non-executive directors; to make recommendations to the Board on the appointment or reappointment of directors and succession plans for directors (especially the chairman and general manager); to review, assess and make suggestions on the duty performance of directors and senior management personnel of the Company; to review the remuneration proposals of the management according to the corporate policies and objectives set by the Board; to make recommendations to the Board on the personal remuneration packages of executive directors and senior management personnel, including benefits in kind, pension rights and compensation payment (including compensation payable for loss or termination of their office or appointment); to make recommendations to the Board on the remuneration of non-executive directors; to consider remuneration paid by comparable companies, time commitment and responsibilities and the employment conditions for other positions in the group; to consider the compensation payable to executive directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the terms of the contracts; if it fails to comply with the terms of the contract, the compensation shall also be fair and reasonable and not excessive; to consider the compensation arrangements involved in the dismissal or removal of directors due to their misconduct to ensure consistency with the terms of the contract; if it fails to comply with the terms of the contract, the relevant compensation shall also be reasonable and appropriate; to ensure that no director or any of his/her associates shall participate in determining his/her own remuneration; and other duties stipulated in the Articles of Association and other matters authorized by the Board.

Section IV Corporate Governance (continued)

Meetings of the Remuneration and Nomination Committee of the Board of Directors convened during the Reporting Period:

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
1	March 11, 2021	2021 first meeting of the Remuneration and Nomination Committee of the Board of Directors	<ol style="list-style-type: none"> 1. Considered the Resolution on Consideration of the Qualifications of the Secretary to the Board of Directors of the Company; 2. Considered the 2020 Report on Performance of Duties by the Remuneration and Nomination Committee of the Board of Directors 	—	Review of the qualification and conditions of candidates for senior management of the Company	Nil
2	March 23, 2021	2021 second meeting of the Remuneration and Nomination Committee of the Board of Directors	<ol style="list-style-type: none"> 1. Considered the Resolution on Consideration of the Qualifications of the Candidates for Non-independent Directors of the Fifth Session of the Board of Directors of the Company; 2. Considered the Resolution on Consideration of the Qualifications of the Candidates for Independent Directors of the Fifth Session of the Board of Directors of the Company 	—	Assessment of the diversity of Board members and the independence of independent non-executive directors, and review of the qualification and conditions of candidates for directors	Nil
3	May 21, 2021	2021 third meeting of the Remuneration and Nomination Committee of the Board of Directors	Considered the Resolution on Consideration of the Qualifications of the Senior Management of the Company	—	Review of the qualification and conditions of candidates for senior management of the Company	Nil

Section IV Corporate Governance (continued)

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
4	September 13, 2021	2021 fourth meeting of the Remuneration and Nomination Committee of the Board of Directors	1. Considered the Resolution on Consideration of the Qualifications of the Candidates for Directors of the Company; 2. Considered the Resolution on the Adjustment to the Remuneration of Independent Non-executive Directors of the Company	—	Assessment of the diversity of Board members and review of the qualification and conditions of candidates for directors	Nil
5	December 28, 2021	2021 fifth meeting of the Remuneration and Nomination Committee of the Board of Directors	Considered the Resolution on Consideration of the 2020 Remuneration Settlement Plan for Senior Management of Shenwan Hongyuan	—	Consideration of the remuneration management of senior management	Nil

- (3) The main responsibilities of the Audit Committee of the Board of Directors are as follows: proposing on the appointment or change of the external auditor, making recommendations on the remuneration and terms of engagement of the external auditor, and supervising the practice of the external auditor; reviewing the financial information and its disclosure of the Company; reviewing the Company's annual audit work. Coordinating the communication between internal audit and external audit, and making judgments on the authenticity, accuracy and completeness of the financial report information after the annual audit, and submitting it to the Board of Directors for deliberation; reviewing the completeness and effectiveness of the Company's accounting system, audit system, capital management system and financial control system, supervising the implementation of the Company's relevant systems; ensuring that the internal audit function is sufficiently resourced within the Company and has appropriate standing, and reviewing and monitoring its effectiveness; reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the auditing procedures in accordance with applicable standards; before the commencement of any audit work, the Audit Committee shall discuss with

Section IV Corporate Governance (continued)

the external auditor about the nature and scope of audit and the related reporting obligations; formulating and implementing policy on the provision of non-audit services by the external auditor. The Audit Committee shall report such actions or improvements as it deems necessary to the Board of Directors and make recommendations; monitoring the completeness of the Company's financial statements as well as annual reports and accounts, interim reports and quarterly reports, and reviewing significant financial reporting opinions contained therein. Reviewing the issuer's financial control and internal control systems; having the right to fully discuss the issues related to the Company's financial conditions and internal control content at the meeting of the Board of Directors, and having the right to request the Company's management to explain, respond to, and accept enquiries on relevant issues, and making recommendations to the Board of Directors on such basis to ensure that management has fulfilled its responsibility to establish and maintain an effective internal control system. The discussion shall include the Company's adequacy of resources, staff qualifications and experience, training programmes received by employees and relevant budget in accounting and financial reporting functions; considering significant investigation findings and the respective management responses on internal control matters as delegated by the Board of Directors or on its own initiatives; reviewing the Group's financial and accounting policies and practices; reviewing the external auditor's management letter, any material queries raised by the external auditor to management in respect of accounting records, financial accounts and control systems and management's responses; ensuring that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter; other duties as provided in the Articles of Association and other matters authorized by the Board of Directors; reporting the abovementioned matters to the Board of Directors; studying other topics defined by the Board of Directors.

Section IV Corporate Governance (continued)

Meetings of the Remuneration and Audit Committee of the Board of Directors convened during the Reporting Period:

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
1	January 24, 2021	2021 first meeting of the Audit Committee of the Board of Directors	Considered the 2020 Internal Control Evaluation Plan of Shenwan Hongyuan Group Co., Ltd.	—	Review of the completeness and effectiveness of the internal control evaluation plan of the Company	Nil
2	February 4, 2021	2021 second meeting of the Audit Committee of the Board of Directors and the first meeting between independent directors and certified public accountants responsible for annual audit	<p>I. Audit Committee:</p> <ol style="list-style-type: none"> 1. Reviewed the 2020 unaudited financial statements of the Company 2. Reviewed the audit schedule for annual financial report 3. Communicated with the accountants responsible for annual audit <p>II. Meeting between independent directors and certified public accountants responsible for annual audit</p> <ol style="list-style-type: none"> 1. Heard the report of the management of the Company on the work of the Company in 2020 2. Heard the report on the financial position and operating results of the Company for the year 3. Heard the annual audit work arrangement and communicated with the certified public accountants responsible for annual audit on the audit focuses 	Reminding the management of the Company to pay attention to risk control, brand management, talent team building, and consideration of the necessity and possibility of further integration of the business platform.	Supervision of the implementation of the annual audit of the external auditors, and full discussion of the financial issues with the management of the Company	Nil

Section IV Corporate Governance (continued)

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
3	March 2, 2021	2021 third meeting of the Audit Committee of the Board of Directors	Considered the 2020 Financial Statements of the Company	—	Review of the annual audit of the Company	Nil
4	March 10, 2021	2021 fourth meeting of the Audit Committee of the Board of Directors and meeting between independent directors and accountants responsible for annual audit	<p>I. Audit Committee:</p> <ol style="list-style-type: none"> 1. Considered the 2020 Annual Report of the Company 2. Considered the 2020 Internal Control Evaluation Report of the Company 3. Considered the 2020 Report on Performance of Duties by the Audit Committee of the Board of Directors <p>II. Meeting between independent directors and certified public accountants responsible for annual audit</p> <ol style="list-style-type: none"> 1. Reviewed the procedures for the meetings of the Board of Directors, the necessary documents and adequacy of information to enable a reasonable and accurate judgment to be made 2. Communicated with the certified public accountants responsible for annual audit on the audit focuses <p>III. Attended the meeting of the Risk Control Committee of the Board of Directors</p>	Recommending the Company to review the completeness and effectiveness of the internal control system and strengthen the management of the risk control system of the Company.	Review of the annual audit of the Company	Nil

Section IV Corporate Governance (continued)

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
5	April 16, 2021	2021 fifth meeting of the Audit Committee of the Board of Directors	Considered the Resolution Regarding the Appointment of Auditors of the Company for 2021	—	Coordinating the communication and cooperation between internal auditors and external auditors	Nil
6	April 22, 2021	2021 sixth meeting of the Audit Committee of the Board of Directors	Considered the 2021 First Quarterly Report of the Company	—	Supervision of the implementation of the first-quarter audit by the external auditors, monitoring of the integrity of the Company's first quarterly report, and review of major opinions on financial reporting contained in the financial statements and report	Nil
7	August 9, 2021	2021 seventh meeting of the Audit Committee of the Board of Directors	1. Considered the 2021 Interim Report of the Company 2. Attended the meeting of the Risk Control Committee of the Board of Directors and heard the report of the Company on risk management	—	Supervision of the implementation of the interim audit by the external auditors, monitoring of the integrity of the Company's interim report, and review of major opinions on financial reporting contained in the financial statements and report	Nil

Section IV Corporate Governance (continued)

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
8	October 22, 2021	2021 eighth meeting of the Audit Committee of the Board of Directors	<ol style="list-style-type: none"> 1. Considered the 2021 Third Quarterly Report of the Company 2. Considered the Resolution Regarding the Amendments to the Internal Audit System of Shenwan Hongyuan Group Co., Ltd. 3. Considered the Resolution Regarding the Amendments to the Internal Control Evaluation System of Shenwan Hongyuan Group Co., Ltd. 	Recommendation on implementation of the system reporting form.	Supervision of the implementation of the third-quarter audit by the external auditors, monitoring of the integrity of the Company's third quarterly report, and review of major opinions on financial reporting contained in the financial statements and report	Nil
9	December 17, 2021	2021 ninth meeting of the Audit Committee of the Board of Directors	<ol style="list-style-type: none"> 1. Considered the Report on Internal Audit for the 2021 Third Quarter of Shenwan Hongyuan Group Co., Ltd. 2. Considered the 2021 Work Plan on Internal Control Evaluation of Shenwan Hongyuan Group Co., Ltd. 	Recommending the Company to effectively allocate and supplement audit resources; reminding the Company to strengthen the rigor and adequacy of the internal control evaluation working papers.	—	Nil

- (4) The main responsibilities of the Risk Control Committee of the Board of Directors are as follows: to review and make suggestions on the overall goals and basic policies for risk management of the Company; to review and make suggestions on the organization design and duties of risk management; to evaluate and make suggestions on the risks of important decisions and solutions to significant risks which require review by the Board; to formulate the significant risk limits centering on internal process controls, and to monitor, review and make suggestions to the Board on the internal control systems under the overall risk management; to be delegated by the Board to review the effectiveness of risk management and internal monitoring systems of the Company and its subsidiaries at least once a year, and to report to shareholders that it has completed the review in the Corporate Governance Report. The review shall cover all important monitoring aspects including the financial monitoring, operation monitoring and compliance monitoring, which shall specifically include the followings: (a) the changes in the nature and extent of significant

Section IV Corporate Governance (continued)

risks, and the ability of the Company to respond to changes in its business and external environment since the review of last year; (b) the scope and quality of management's ongoing monitoring of risks and of internal control system, and where applicable, the work of its internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the Board (or Board committees) which enables it to assess the monitoring of the Company and the effectiveness of risk management; (d) significant monitoring failings or weaknesses that have been identified during the period. and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; (e) the effectiveness of the Company's procedures for financial reporting and compliance with the Hong Kong Listing Rules; to perform other duties as required by the Articles of Associations and other matters as authorized by the Board.

Meetings of the Risk Control Committee of the Board of Directors convened during the Reporting Period:

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
1	March 10, 2021	2021 first meeting of the Risk Control Committee of the Board of Directors	I. Attended the meeting of the Audit Committee of the Board of Directors II. Risk Control Committee 1. Heard the Report on Risks of Shenwan Hongyuan Group Co., Ltd. for 2020 2. Considered the 2020 Report on Performance of Duties by the Risk Control Committee of the Board of Directors	Recommendation on further streamlining and improvement of the risk tolerance management and control	Consideration of the overall objectives and basic policies of the risk management of the Company	Nil
2	August 9, 2021	2021 second meeting of the Risk Control Committee of the Board of Directors	1. Attended the meeting of the Audit Committee of the Board of Directors 2. Heard the Report on Risks of Shenwan Hongyuan Group Co., Ltd. for the first half of 2021	Recommending the Company to pay continuous attention to changes in regulatory policies, strengthen the awareness of risk prevention; enhance the monitoring of risk control indicators	—	Nil

Section IV Corporate Governance (continued)

No.	Date	Title of meeting	Content of meeting	Important comments and suggestions made by members	Other performance of duties by members	Specific objection (if any)
3	December 2, 2021	2021 third meeting of the Risk Control Committee of the Board of Directors	1. The Resolution Regarding the Amendments to the Risk Management System of Shenwan Hongyuan Group Co., Ltd. 2. The Resolution Regarding the Amendments to Risk Preference of Shenwan Hongyuan Group Co., Ltd.	Regarding the Company to further strengthen the consolidated management of risk appetite	Supervision and review of risk management related systems	Nil

7. Attendance of the meetings of special committees of the Board of Directors by directors

(1) Strategy Committee of the Board of Directors

Name of member	Position	Attendance/Numbers of meeting shall be present
Chu Xiaoming	Executive director, chairman of the Strategy Committee	2/2
Huang Hao	Executive director, general manager, director of the Executive Committee, member of the Strategy Committee	1/1
Ge Rongrong	Non-executive director, member of the Strategy Committee	1/1
Wu Changqi	Independent non-executive director, member of the Strategy Committee	1/1
Ren Xiaotao	Non-executive director, member of the Strategy Committee	1/1
Chen Jianmin	Non-executive director (former member), member of the Strategy Committee (former member)	1/1

Section IV Corporate Governance (continued)

(2) Remuneration and Nomination Committee of the Board of Directors

Name of member	Position	Attendance/Numbers of meeting shall be present
Wu Changqi	Independent non-executive director, chairman of the Remuneration and Nomination Committee	2/2
Chu Xiaoming	Executive director, member of the Remuneration and Nomination Committee	5/5
Chen Hanwen	Independent non-executive director, member of the Remuneration and Nomination Committee	2/2
Zhao Lei	Independent non-executive director, member of the Remuneration and Nomination Committee	2/2
Zhang Ying	Non-executive director, member of the Remuneration and Nomination Committee	1/1
Ye Mei	Independent non-executive director (former member), Chairman of the Remuneration and Nomination Committee (former member)	3/3
Xie Rong	Independent non-executive director (former member), member of the Remuneration and Nomination Committee (former member)	3/3
Ren Xiaotao	Non-executive director, member of the Remuneration and Nomination Committee (former member)	1/1

Section IV Corporate Governance (continued)

(3) Audit Committee of the Board of Directors

Name of member	Position	Attendance/Numbers of meeting shall be present
Chen Hanwen	Independent non-executive director, chairman of the Audit Committee	3/3
Zhu Zhilong	Independent non-executive director, member of the Audit Committee	3/3
Yeung Siuman Shirley	Independent non-executive director, member of the Audit Committee	3/3
Zhao Lei	Independent non-executive director, member of the Audit Committee	3/3
Zhang Ying	Independent non-executive director, member of the Audit Committee	1/1
Xie Rong	Independent non-executive director (former member), chairman of the Audit Committee (former member)	6/6
Ye Mei	Independent non-executive director (former member), member of the Audit Committee (former member)	6/6
Huang Danhan	Independent non-executive director (former member), member of the Audit Committee (former member)	6/6
Wang Honggang	Non-executive director (former member), member of the Audit Committee (former member)	6/6
Ren Xiaotao	Non-executive director, member of the Audit Committee (former member)	2/2

Section IV Corporate Governance (continued)

(4) *Risk Control Committee of the Board of Directors*

Name of member	Position	Attendance/Numbers of meeting shall be present
Ge Rongrong	Non-executive director, chairman of the Risk Control Committee	2/2
Huang Hao	Executive director, general manager, director of the Executive Committee, member of the Risk Control Committee	2/2
Ren Xiaotao	Non-executive director, member of the Risk Control Committee	2/2
Yeung Siuman Shirley	Independent non-executive member, member of the Risk Control Committee	2/2
Zhao Lei	Independent non-executive member, member of the Risk Control Committee	2/2
Chen Jianmin	Non-executive director (former member), chairman of the Risk Control Committee (former member)	1/1
Huang Danhan	Independent non-executive member (former member), member of the Risk Control Committee (former member)	1/1
Wang Honggang	Non-executive director (former member), member of the Risk Control Committee (former member)	1/1

Section IV Corporate Governance (continued)

VII. BOARD DIVERSITY POLICY

To satisfy and implement the requirements regarding board diversity set out in the Hong Kong Listing Rules and to ensure a more scientific and reasonable composition of the Board of Directors, the Company has formulated the Board Diversity Policy of Shenwan Hongyuan Group Co., Ltd. covering purpose, scope of application, policies and principles, measurable objectives, management responsibilities, etc. which has been published on the website of the Company. The Company recognises the importance of diversity of the Board to corporate governance and the effectiveness of the Board of Directors. To realise a sustainable and balanced development, the Company believes that a diversified Board enables the Company to reach its strategic goals and promote sustainable development. When deciding the Board member composition, the Company takes several elements into the consideration, including but not limited to gender, age, cultural and educational background, region, professional experience, skills, knowledge, and service tenure. The Board of Directors sticks to the principle of meritocracy for all appointments and focuses on assessing what skills, experience and diverse opinions and perspectives a candidate can bring to the Board of Directors, and what contributions they can made to the Board of Directors, etc. The final decision will be made on the merits of the candidates and the contribution brought to the Board of Directors. The Company confirms that the composition of the Board of Directors satisfies the requirements regarding board diversity set out in the Hong Kong Listing Rules as well as the policy on board diversity formulated by the Company.

VIII. DIRECTORS NOMINATION POLICY AND NOMINATION PROCEDURES

According to Article 121 of the Articles of Association, election of directors and supervisors shall meet the following requirements:

- (I) the list of candidates for director and supervisor shall be proposed to the general meeting for voting.
- (II) the Board may nominate the candidates for directors to the general meeting; the Supervisory Committee may nominate the candidates for supervisors elected by the general meeting to the general meeting; shareholder(s) individually or in aggregate holding 3% or more of the total shares of the Company may nominate the candidates for directors to a general meeting, as well as the candidates for supervisors to be elected by a general meeting; employee representative supervisors shall be elected by an employees' representative assembly.
- (III) before a general meeting is held, the Board shall disclose the detailed information about the director and supervisor candidate(s) by announcement.
- (IV) persons who intend to nominate an independent non-executive director shall obtain the consent of the intended nominee therefor prior to his/her nomination. The nominator shall have full knowledge of the nominee's general information such as profession, educational background, professional title, detailed working experience and all other posts he or she concurrently holds, and give opinion on the nominee's qualifications and the independence required as an independent non-executive director. The nominee as an independent non-executive director candidate shall make a public statement that he/she has no relationship with the Company that may affect his/her independent objective judgment. The Board of Directors of the Company shall make public the abovementioned content regarding the candidate for independent nonexecutive director prior to the general meeting at which the independent non-executive director is elected.

Section IV Corporate Governance (continued)

- (V) when voting on the election of directors and supervisors at a general meeting, cumulative voting system in accordance with requirements of these Articles of Association or resolutions of general meeting may be adopted. Cumulative voting system shall be adopted where the shareholding ratio of the controlling shareholder of the Company is 30% or more and the general meeting votes on the election of more than two directors or supervisors (not being employee representative supervisor). The cumulative voting means that every share shall, on the occasion of electing directors or supervisors at the general meeting, have the same voting rights with the number of the candidate directors or supervisors and the voting rights possessed by the shareholders may be exercised uniformly.
- (VI) if the proposal with respect to election of directors or supervisors is approved at the general meeting, unless otherwise resolved by the general meeting, the term of office of a new director or supervisor shall commence on the date on which resolutions of the general meeting are approved (where the qualification for office of such new director or supervisor is not approved by the relevant securities regulatory authorities, his or her term of office shall commence no earlier than the time when he or she is qualified).

According to Article 15 of the Working Rules of the Remuneration and Nomination Committee of the Board of Directors, when the Remuneration and Nomination Committee studies the selection of directors, general managers and other senior management personnel, the procedures are as follows:

- (I) the Remuneration and Nomination Committee actively communicates with relevant departments of the Company to study the Company's demand for new directors, general managers and other senior management personnel, and forms written materials thereof;
- (II) the Remuneration and Nomination Committee may extensively search for candidates for directors, general managers and other senior management personnel within the Company and through channels such as talent markets.
- (III) the Remuneration and Nomination Committee shall gather information about the occupation, academic qualifications, post titles, detailed working experience and all the concurrent posts of the initially selected candidate and present such information in writing;
- (IV) the Remuneration and Nomination Committee shall seek for the consent of the nominee for his/her nomination. Otherwise, the nominee may not be nominated as a candidate for director, general manager or other senior management personnel;
- (V) the Remuneration and Nomination Committee shall convene a meeting to review the qualification of the candidate at an initial screening based on the appointment criteria for directors, general managers or other senior management personnel;
- (VI) the Remuneration and Nomination Committee shall provide suggestions and relevant information to the Board on candidates for directors, new general managers and other senior management personnel within one (1) to two (2) months before the election of new directors and the appointment of new general managers and other senior management personnel;
- (VII) the Remuneration and Nomination Committee shall carry out other follow-up works according to the decision and opinions of the Board.

Section IV Corporate Governance (continued)

IX. MEETINGS OF THE BOARD OF SUPERVISORS CONVENED DURING THE REPORTING PERIOD

(I) In respect of supervisors and the Board of Supervisors

The Articles of Association and the Rules of Procedure of the Board of Supervisors have provided provisions regarding the composition, authority, the convening of the meeting, notice of meeting and minutes of the Board of Supervisors, etc., which ensure the standard operation of the Board of Supervisors.

(II) Work of the Board of Supervisors

1. As of the end of the Reporting Period, the fifth session of the Board of Supervisors of the Company consists of 5 supervisors:

Supervisors: Mr. Fang Rongyi (chairman of the Board of Supervisors), Ms. Chen Yan, Mr. Jiang Yang

Employee representative supervisor: Ms. Li Yan, Ms. Zhou Jie

2. The meetings of the Board of Supervisors held during the Reporting Period

Session of meeting	Convening date	Supervisors attending the meeting	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 35th meeting of the fourth session of the Board of Supervisors	January 29, 2021	Xu Yiyang, Wen Feng, Gong Bo, Wei Yong, Huang Qi, Wang Yanyang, Xie Kun, An Gejun	The Resolution Regarding the Amendments to the Rules of Procedure of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on January 30, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on January 29, 2021.

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Supervisors attending the meeting	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 36th meeting of the fourth session of the Board of Supervisors	March 30, 2021	Xu Yiyang, Wen Feng, Gong Bo, Wei Yong, Huang Qi, Wang Yanyang, Xie Kun, An Gejun	<ol style="list-style-type: none"> 1. The Resolution on Consideration of the 2020 Annual Financial Report of Shenwan Hongyuan Group Co., Ltd. 2. The Resolution Regarding the 2020 Profit Distribution Proposal of Shenwan Hongyuan Group Co., Ltd. 3. The Resolution Regarding Consideration of the 2020 Internal Control Evaluation Report of Shenwan Hongyuan Group Co., Ltd. 4. The Resolution Regarding Consideration of the 2020 Annual Report of Shenwan Hongyuan Group Co., Ltd. 5. The Resolution Regarding the 2020 Work Report of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. 6. The Resolution Regarding the Nomination of Candidates for Supervisors of the Fifth Session of the Board of Supervisors of the Company 	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on March 31, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on March 30, 2021.
The 37th meeting of the fourth session of the Board of Supervisors	April 29, 2021	Xu Yiyang, Wen Feng, Gong Bo, Wei Yong, Huang Qi, Wang Yanyang, Xie Kun, An Gejun	The Resolution Regarding Consideration of the 2021 First Quarterly Report of Shenwan Hongyuan Group Co., Ltd.	Approved	Announcements of resolution were exempt from disclosure

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Supervisors attending the meeting	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 1st meeting of the fifth session of the Board of Supervisors	May 28, 2021	Xu Yiyang, Chen Yan, Jiang Yang, Li Yan, Zhou Jie	1. The Resolution Regarding the Election of the Chairman of the Fifth Session of the Board of Supervisors	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on May 29, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on May 28, 2021.
			2. The Resolution Regarding the Amendments to Certain Articles under the Working Rules of the Performance Supervision and Inspection Committee of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. and the Working Rules of the Financial Supervision and Inspection Committee of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	Approved	
			3. The Resolution Regarding the Election of the Members of the Special Committees of the Fifth Session of the Board of Supervisors	Approved	
The 2nd meeting of the fifth session of the Board of Supervisors	August 27, 2021	Xu Yiyang, Chen Yan, Jiang Yang, Li Yan, Zhou Jie	The Resolution Regarding Consideration of the 2021 Interim Report of Shenwan Hongyuan Group Co., Ltd.	Approved	Announcements of resolution were exempt from disclosure

Section IV Corporate Governance (continued)

Session of meeting	Convening date	Supervisors attending the meeting	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
The 3rd meeting of the fifth session of the Board of Supervisors	September 25, 2021	Xu Yiyang, Chen Yan, Jiang Yang, Li Yan, Zhou Jie	The Resolution Regarding the Nomination of Candidates for Supervisors of the Company	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on September 27, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on September 26, 2021.
The 4th meeting of the fifth session of the Board of Supervisors	October 22, 2021	Fang Rongyi, Chen Yan, Jiang Yang, Li Yan, Zhou Jie	The Resolution Regarding the Election of the Chairman of the Board of Supervisors	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on October 23, 2021 and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on October 22, 2021.
The 5th meeting of the fifth session of the Board of Supervisors	October 29, 2021	Fang Rongyi, Chen Yan, Jiang Yang, Li Yan, Zhou Jie	The Resolution Regarding Consideration of the 2021 Third Quarterly Report of Shenwan Hongyuan Group Co., Ltd.	Approved	Announcements of resolution were exempt from disclosure

Section IV Corporate Governance (continued)

3. Supervisors' attendance of the meetings of the Board of Supervisors

Name	Position	Number of meetings of the Board of Supervisors to be attended this year	Number of meetings of the Board of Supervisors attended in person	Number of meetings of the Board of Supervisors attended by proxy	Number of absence	Voting results
Fang Rongyi	Supervisor, chairman of the Board of Supervisors	2	2	0	0	Approved
Chen Yan	Supervisor	5	5	0	0	Approved
Jiang Yang	Supervisor	5	5	0	0	Approved
Li Yan	Employee representative supervisor	5	5	0	0	Approved
Zhou Jie	Employee representative supervisor	5	5	0	0	Approved
Xu Yiyang	Supervisor, chairman of the Board of Supervisors (former member)	6	5	1	0	Approved
Wen Feng	Supervisor (former member)	3	3	0	0	Approved
Gong Bo	Supervisor (former member)	3	3	0	0	Approved
Wei Yong	Supervisor (former member)	3	3	0	0	Approved
Huang Qi	Employee representative supervisor (former member)	3	3	0	0	Approved
Wang Yanyang	Employee representative supervisor (former member)	3	3	0	0	Approved
Xie Kun	Employee representative supervisor (former member)	3	3	0	0	Approved
An Gejun	Employee representative supervisor (former member)	3	3	0	0	Approved

4. Existing risks of the Company identified by the Board of Supervisors during the Reporting Period

The Board of Supervisors did not raise any objections to supervision matters during the Reporting Period.

X. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into Service Contracts for Directors and Service Contracts for Supervisors with each of the 11 Directors of the current fifth session of the Board of Directors and each of the 5 Supervisors of the current fifth session of the Board of Supervisors. The term of office of the Directors and Supervisors was effective from the date of approval by the general meeting until the expiry date of the term of office for the fifth session of the Board of Directors and the fifth session of the Board of Supervisors. The Service Contracts for Directors and Service Contracts for Supervisors provide the agreed terms on the duties and responsibilities, term of office and remuneration of the directors and supervisors during their term of office. Save as disclosed above, the Company has not entered, and does not propose to enter, into any service contract with any director or supervisor of the Company in their respective capacities as directors/supervisors (except for contracts expiring within one year or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

XI. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

Please refer to “IV. Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares, Underlying Shares or Debentures of the Company and Associated Corporations” under Section VII “Changes in Shares and Shareholders” in this report.

XII. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS

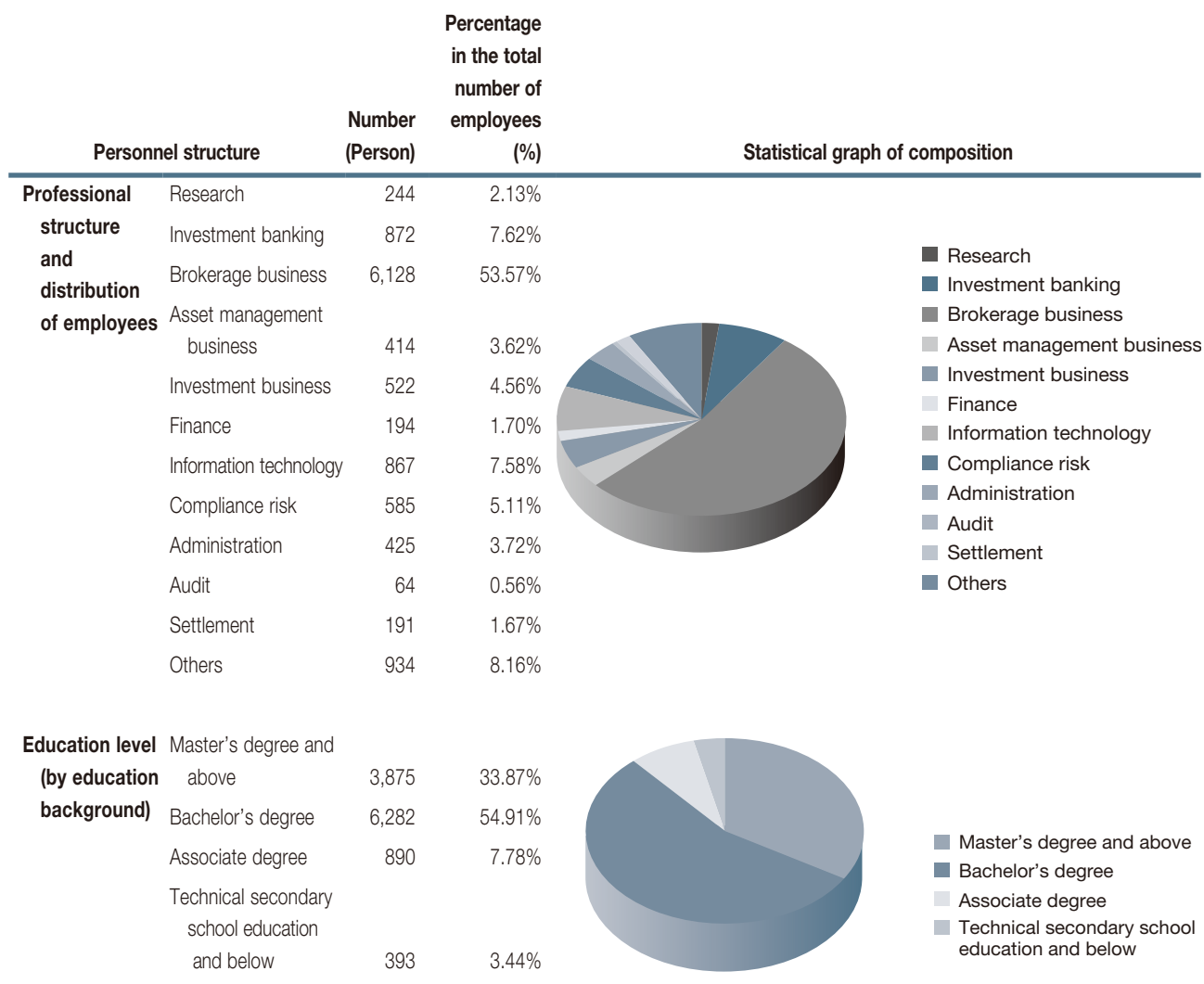
Save as disclosed above, none of the Company or any of its subsidiaries has participated at any time during the year in any arrangement through which the directors and supervisors of the Company may benefit by purchasing shares or bonds of the Company or any other entities.

XIII. EMPLOYEES OF THE COMPANY

(I) Number of employees, professional structure and education level

As of December 31, 2021, the Group had a total of 11,440 employees (including 1,001 brokerage agents), of which Shenwan Hongyuan Group had 96 employees, Shenwan Hongyuan Securities and its subsidiaries had 10,774 employees (including 7,651 employees of Shenwan Hongyuan Securities and a total of 3,123 employees of the subsidiaries of Shenwan Hongyuan Securities), and other subsidiaries had a total of 570 employees.

Section IV Corporate Governance (continued)



(II) Remuneration policy for employees

With the focus on a remuneration distribution system that combines security and incentives, the Company has established its remuneration system with both internal fairness and external competitiveness according to the business development strategy, as well as the principal of marketization. The remuneration provided by the Company includes basic remuneration, annual performance-based remuneration, benefits, special allowances, long-term incentives, etc. Based on the Company's ability to pay, the Company conducts overall management and control of labor costs, so that the growth of the Company's labor costs will effectively support operating performance and promote the Company's sustainable, stable and healthy development. In light of the differences in qualifications and abilities of employees, the Company has established a basic remuneration system for employees with job requirements and performance standards as the core, and directly links employees' compensation with the performance of the Company, departments and employees through performance evaluation, reflecting incentives orientation in line with responsibility, risk and return. Employees' remuneration and benefits are adjusted in a timely manner with reference to the Company's strategic positioning and actual ability to pay, as well as the average salary of the society and remuneration in the market.

Section IV Corporate Governance (continued)

(III) Training program

The Company's training aims to serve the Company's strategy, empower the talent team, and support business development, striving to build a hierarchical and classified full-staff training system. Centering on the Opinions on the Implementation of Cadre Education and Training for 2018-2022 and the annual training plan, the Company leveraged on the Party school as the main channel to carry out education and training on in-depth study and understanding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party History of the Communist Party of China, and the spirit of the Fifth and Sixth Plenary Sessions of the Nineteenth Central Committee of the CPC. For cadres and employees at different levels and positions, the Company constantly improved the "navigation", "voyage" and "starting sailing" plans, make reasonable plans, make overall arrangements. It continued to operate and proceed with innovative implementation of "Huichuang Forum" business exchanges, risk management series lectures, and key training programs on vocational skills, corporate culture, compliance and risk control, and work with license, based on reasonable planning and overall arrangement, to create a featured training brand, ensure cooperation between education and training and business development, serve the overall development of the Company, prevent financial risks, and serve the real economy.

(IV) Number of the retired employees for whom the Company is required to pay costs

As of the end of the Reporting Period, there were 692 retired employees for whom the Company (including the parent company and wholly-owned subsidiaries) is required to pay costs.

XIV. INFORMATION ABOUT CUSTOMER SOLICITATION AND CUSTOMER SERVICE OF COMMISSION BROKERS OF SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

As of December 31, 2021, Shenwan Hongyuan Securities had a total of 207 branches (statistics based on the distribution of securities brokers in service) that implement the securities brokerage system in the PRC, with 887 securities brokers in service (including 31 from the branches of Shenwan Hongyuan Securities (Western)), all of which had completed the registration of the qualifications for securities broker with the Securities Association of China.

According to the requirements of "centralized and unified management of securities brokers and their practices" in the Interim Provisions on the Management of Securities Brokers issued by the CSRC, Shenwan Hongyuan Securities attaches great importance to the management of securities brokers and clearly stipulates the responsibilities in works and management requirements for the management of securities brokers at the headquarters and branches in the securities brokerage management system: the wealth management business division is responsible for the implementation of centralized and unified management of the company's securities brokers, the human resources headquarters, the risk management headquarters and the planning and financial management headquarters will provide collaborative management, the information technology development headquarters and the IT support headquarters provide technical system development support and operation and maintenance support, to establish a sound securities brokerage management system, internal control mechanism and technical system. Branches are the departments that specifically manage and operate securities brokers. They have branch managers, compliance managers, and marketing managers who carefully implement the qualification review, contract signing process, training management, information query, entrusted contract and file management, certificate management, daily management, assessment commission management, risk management, code of conduct, customer return visits, abnormal transaction monitoring, accountability and other specific tasks of the securities brokers to ensure that securities brokers engage in customer solicitation and customer service in strict accordance with the company's authorisation to achieve the standardized implementation and stable development of the securities broker system of branches.

Section IV Corporate Governance (continued)

XV. PROFIT DISTRIBUTION OF ORDINARY SHARES AND CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL OF THE COMPANY

(I) Profit Distribution Policy of Ordinary Shares during the Reporting Period

The Articles of Association classifies the Company's profit distribution policy as follows:

"Article 230 For the distribution of profits, the Company shall pay attention to the reasonable return of investors and give consideration to the sustainable growth of the Company. On the basis of profitable operation by the Company and monitoring maintained on Net Capital required by business development of the Company, the profit distribution policy of the Company shall maintain a certain level of continuity and stability.

The Company may distribute dividends in cash, stock or by the combination of cash and stock. When the Company has no material investment plans or material cash expenditures, provided the funds requirements for normal operation of the Company has been satisfied, the dividend distribution policy of cash dividend payment shall be adopted by the Company in preference. In any three consecutive years, the aggregate profits distributed by the Company in cash shall not be less than 30% of the annual distributable profits for such three years. Subject to the satisfaction by the Company of the percentage of the above cash dividend distribution, the Company may distribute profits by issuing bonus shares.

The Company generally makes annual profit distribution. The Board of Directors of the Company may recommend the Company to pay cash interim dividend distribution based on the business operation performance of the Company.

The Board of the Company shall take into comprehensive consideration of factors such as industry characteristics, the Company's phase of the development stage, its own business operation mode, profitability level, as well as any potential substantial capital expenditure arrangement, and formulate specific cash dividend distribution policy applicable to the following situations:

- (I) Where the Company is in a maturity phase of the development stage with no substantial capital expenditure arrangements, the cash dividend distributed shall not be less than 80% of the total profits distributed when carrying out profits distribution;
- (II) Where the Company is in a maturity phase of the development stage with substantial capital expenditure arrangements, the cash dividend distributed shall not be less than 40% of the total profits distributed when carrying out profits distribution;
- (III) Where the Company is in a growth phase of the development stage with substantial capital expenditure arrangements, the cash dividend distributed shall not be less than 20% of the total profits distributed when carrying out profits distribution;

Where the phase of the development stage of the Company is difficult to define but Company has substantial capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

Article 231 Where the Company needs to adjust its existing profit distribution policy in light of business operations, investment plans and the requirement of long-term development of the Company, the adjusted profit distribution policy shall not violate relevant requirements of the CSRC and the Shenzhen Stock Exchanges. The proposal on the adjustment to the profit distribution policy shall be deliberated by the Board of Directors before it is submitted to the general meeting for consideration.

Section IV Corporate Governance (continued)

When the Company formulates its cash dividend distribution plan, the Board of Directors shall carefully study the matters concerning the Company's cash dividend distribution, including intervals, conditions, the minimum payout ratio, conditions for adjustment and the decision-making procedures. Independent nonexecutive directors shall express their specific opinion thereon. Before any specific cash dividend distribution plan is deliberated at a general meeting for consideration, the Company shall sufficiently listen to the comments from the minority shareholders.

Article 232 A profit distribution plan of the Company shall be in compliance with the relevant regulations, with a view to long-term and sustainable growth. Such factors as the comprehensive analysis of the operation and development of the Company, industrial development trends, the intention of the shareholders the costs of social funds and the external environment for financing shall also be taken into consideration.

The Board of the Directors of the Company shall explain its proposed applications for the retained undistributed profits in any profit distribution plan. The undistributed profits retained by the Company shall be mainly used for replenishing working capital of the Company so as to improve the Net Capital level of the Company. Where the Board of Directors of the Company develops no profit distribution plan, it shall make disclosure in periodic reports to explain the reasons and purposes of undistributed profits retained by the Company, together with independent opinions from the independent non-executive directors. Any proposal for profit distribution of the Company shall be submitted to a general meeting for approval after it has been considered and adopted by the Board of Directors, with the independent non-executive directors expressing independent opinions.

Article 233 Where the Company needs to adjust its profit distribution policy due to significant changes in the external operating environment and business operations of the Company, the adjusted profit distribution policy shall not violate any laws, regulations and regulatory rules in order to protect the rights and interests of the shareholders.

Any proposals concerning any adjustment to the profit distribution policy shall require discussion and negotiation in detail, and active communication with the shareholders (especially the minority shareholders) through various channels to collect opinions and requests from the minority shareholders. The proposal shall be submitted to a general meeting for approval after it has been considered and adopted by the Board of Directors, with the independent non-executive directors expressing independent opinions, and the proposal shall be adopted by the shareholders present at the general meeting representing more than two thirds of the voting rights."

Specific Particulars of Cash Dividend Policy

- | | |
|---|-----|
| 1. Whether the policy complied with the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' General Meeting: | Yes |
| 2. Whether the standard and proportion of dividend distribution were definite and clear: | Yes |
| 3. Whether the relevant decision-making procedure and mechanism were well-established: | Yes |
| 4. Whether the independent non-executive directors performed their duties and responsibilities and played their roles properly: | Yes |
| 5. Whether minority shareholders had sufficient opportunity to express their opinions and requests, whether their legitimate interests were sufficiently protected: | Yes |
| 6. If the cash dividend policy underwent any adjustments or changes, whether the conditions and procedures were compliant and transparent: | Yes |
-

Section IV Corporate Governance (continued)

(II) Profit distribution plan or plan for conversion of capital reserve into share capital as considered by the Board of Directors during the Reporting Period

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (tax inclusive)	1.00
Number of share converted for every 10 shares (share)	0
Basis of the shares for the distribution proposal (share)	25,039,944,560
Total amount of cash dividends (RMB) (tax inclusive)	2,503,994,456.00
Amount of cash dividends in other ways (e.g. repurchase of shares) (RMB)	0
Total amount of cash dividends (including other ways) (RMB)	2,503,994,456.00
Distributable profit (RMB)	2,942,567,445.61
Percentage of total cash dividends (including other ways) in total amount of profit distribution	100%

Cash Dividends

The profit distribution proposal of the Company for 2021 is as follows:

1. Based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2021, a cash dividend of RMB1.00 (tax inclusive) for every 10 shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date, with a total amount of cash dividend of RMB2,503,994,456.00. The retained profits of the Company of RMB438,572,989.61 following the cash dividend distribution will be carried forward to the next year.
2. Cash dividend is denominated and declared in RMB and paid to A shareholders in RMB and to H shareholders in HKD. The actual distribution amount in HKD was calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People's Bank of China five business days prior to the 2021 annual general meeting of the Company.

If there is any change in the total share capital of the Company during the period from the date of disclosure of the profit distribution proposal to the record date for the implementation of the equity distribution, the Company intends to maintain the total distribution amount unchanged and adjust the distribution ratio per share accordingly.

After the proposal is considered and approved at the general meeting, the Company will distribute cash dividend within two months after the date of convening the general meeting, and expects to pay the cash dividends by no later than August 31, 2022 (Wednesday).

Explanations on Details of the Proposal for Profit Distribution or Conversion of Capital Reserve into Share Capital

As audited and confirmed by PricewaterhouseCoopers Zhong Tian LLP, as of December 31, 2021, Shenwan Hongyuan Group Co., Ltd. (the “Company”) realised a consolidated net profit attributable to shareholders of the parent Company of RMB9,398,369,399.70. The balance of the audited undistributed profit of the parent company of the Group at the beginning of 2021 was RMB2,775,469,830.34, plus the net profit attributable to the parent Company of RMB2,967,880,079.19 for 2021; after deducting the cash dividend of RMB2,503,994,456.00 in 2020; after deducting the statutory surplus reserve of RMB296,788,007.92 at 10% of the net profit realized in 2021 according to the Articles of Association. The balance of profit available for distribution of the parent company of the Group at the end of 2021 was RMB2,942,567,445.61. The profit distribution proposal of the Company for 2021 is as follows: Based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2021, a cash dividend of RMB1.00 (tax inclusive) for every 10 shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date, with a total amount of cash dividend of RMB2,503,994,456.00. The retained profits of the Company of RMB438,572,989.61 following the cash dividend distribution will be carried forward to the next year. Cash dividend is denominated and declared in RMB and paid to A shareholders in RMB and to H shareholders in HKD. The actual distribution amount in HKD was calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People’s Bank of China five business days prior to the 2021 annual general meeting of the Company. If there is any change in the total share capital of the Company during the period from the date of disclosure of the profit distribution proposal to the record date for the implementation of the equity distribution, the Company intends to maintain the total distribution amount unchanged and adjust the distribution ratio per share accordingly.

(III) Tax Concession

1. Shareholders of A Shares

In accordance with the “Notice on Relevant Issues of Implementation of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies” (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) and the “Notice on Relevant Issues of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies” (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) issued by the Ministry of Finance, the State Taxation Administration and the CSRC, for dividends and bonus of individual investors obtained from listed companies from the date when individual investors obtain shares of the Company to the equity registration date, if shareholding period is more than one year, personal income tax will be exempted; if shareholding period is not more than one year (including one year), the listed company will not withhold and remit personal income tax and the tax payable amount will be calculated by the shareholding period when individual investors transfer their shares. As for shareholders of resident enterprises, income tax of cash bonus will be paid by themselves. Listed companies will withhold and remit enterprise income tax at the tax rate of 10% for qualified foreign institutional investors (QFII) in accordance with provisions of the “Notice of State Administration of Taxation on Relevant Issues Regarding the Withholding and Payment of Enterprise Income tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII” (Guo Shui Han [2009] No. 47) (《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)). If QFII shareholders are entitled to tax convention (arrangement) treatment regarding dividends and bonus obtained by them, they can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

Section IV Corporate Governance (continued)

In accordance with provisions of the “Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism” (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), as for dividends and bonus of Hong Kong market investors (including enterprise and individual) by investing A shares listed on Shenzhen Stock Exchange, differentiated taxation policy by shareholding period will not be implemented before Hong Kong Securities Clearing Company Limited complies with conditions to provide detailed data including identities of investors and shareholding time for China Securities Depository and Clearing Corporation Limited, and the listed company will withhold income tax at the tax rate of 10% and go through deduction declaration with the competent taxation authority. As for Hong Kong investors who are tax residents of other countries and whose dividends income tax rate specified in tax convention signed by their countries and China is lower than 10%, enterprises or individuals can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

2. Shareholders of H Shares

In accordance with provisions of the “Notice of the State Administration of Taxation on Personal Income Tax Collection Issues after the Document with the Number of Guo Shui Fa [1993] No. 045 has been Abolished” (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), withholding and remitting obligor will withhold and remit personal income tax as per item of “interest, dividends and bonus income” for dividends and bonus income of overseas resident individual shareholders from domestic non-foreign-funded enterprise by issuing shares in Hong Kong. When domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with tax convention signed by China and the country stated in the residential identity and tax arrangement of Mainland China and Hong Kong (Macau). In general, tax rate for dividend is 10% in accordance with relevant tax convention and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign-funded enterprise that has issued shares in Hong Kong distributes dividends and bonus, personal income tax will be generally withheld and remitted as per the tax rate of 10% and application is not necessary. Situations in which tax rate for dividends is not 10% will be handled in accordance with the following provisions: (1) as for residents of country under the convention whose tax rate is less than 10%, withholding and remitting obligor can handle application for enjoying relevant convention treatment and excessive tax will be refunded with approval of competent taxation authority; (2) as for residents of country under the convention whose tax rate is between 10% and 20%, withholding and remitting obligor shall withhold and remit personal income tax as per actual tax rate under the convention when distributing dividends and bonus and it need not handle application and approval issues; (3) as for residents of country without tax convention and other situations, withholding and remitting obligor shall withhold and remit personal income tax at the tax rate of 20% when distributing dividends and bonus.

In accordance with provisions of the “Notice on Relevant Issues that PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H-shares and Withhold and Remit Enterprise Income Tax” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, when PRC resident enterprises distribute dividends of 2008 and future years to overseas non-resident enterprise shareholders of H-shares, they will withhold and remit enterprise income tax at the tax rate of 10%.

Section IV Corporate Governance (continued)

In accordance with provisions of the “Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism” (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), H-share companies will withhold personal income tax at the tax rate of 20% for dividend and bonus of individual investors in the PRC who invest in H-shares listed on the Hong Kong Stock Exchange via Shenzhen-Hong Kong Stock Connect. Personal income tax will be collected in accordance with the above provisions for dividends and bonus income of the securities investment fund in the PRC which invests in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect. H-share companies will not withdraw dividend and bonus income tax for dividends and bonus of enterprise investors in the PRC who invest in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect and income tax will be paid by enterprises themselves. Dividends and bonus income obtained by resident enterprises in the PRC as they have continuously held H-shares for 12 months will be exempted from enterprise income tax according to laws.

In accordance with current convention of the Hong Kong Inland Revenue Department, taxes will not be paid for dividends paid by the Company in Hong Kong.

Shareholders of the Company will pay relevant taxes and/or enjoy tax concession in accordance with the above provisions.

XVI. RESERVES AND RESERVES OF DISTRIBUTABLE PROFIT

For the changes in reserves and reserves of distributable profit, please refer to the “Consolidated Statement of Changes in Equity” of financial statements and Note 50 to the consolidated financial statements in this report.

XVII. IMPLEMENTATION OF THE COMPANY’S EQUITY INCENTIVE PLAN, EMPLOYEE SHARE PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

N/A

XVIII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

(i) Construction and implementation of internal control

The Company attaches great importance to the work related to internal control construction and earnestly implements the Basic Standards for Enterprise Internal Control and its supporting guidelines as well as relevant regulations on the implementation of internal control of listed companies. The Company has formulated the rules of procedure for the general meetings, Board of Directors and Board of Supervisors, the performance rules of the Board of Directors and the Board of Supervisors, the Internal Control System, the Internal Control Evaluation System and other systems and clarified the responsibilities and authorities of the Board of Directors, the Board of Supervisors, the management, and relevant internal organisations in terms of construction, supervision, inspection and evaluation of internal control.

The Board of Directors of the Company is responsible for the effectiveness of the Company’s internal control and its implementation; the Board of Supervisors independently exercises supervisory powers, and supervises and inquiries about the Company’s finance and the performance of duties by directors and senior management of the Company to safeguard the legitimate rights and interests of the Company and

Section IV Corporate Governance (continued)

shareholders; the management is responsible for the daily operation of the Company's internal control. At the same time, the Company has set up functional departments including the legal risk control department and the audit department, which are responsible for the daily work of construction, supervision and inspection and follow-up evaluation of the company's internal control. The Company continued to improve the authorization management system composed of general meetings, the Board of Directors, and the management, and also regularly organised authorised execution and inspections. The Company's operation management and business development were advanced in an orderly way within the scope of authorisation. During the Reporting Period, the overall internal control system of the Company ran well, which was in line with the governance structure, business scale and business nature of the Company.

- (II) Details of the significant defects in internal control detected during the Reporting Period
During the Reporting Period, no major defects were identified in the internal control of the Company.

XIX. MANAGEMENT AND CONTROL OF SUBSIDIARIES BY THE COMPANY DURING THE REPORTING PERIOD

In strict accordance with laws and regulations and relevant regulatory provisions, the Company strengthens the overall planning and overall management and control of the development of subsidiaries, and has established and improved the management system and mechanism of subsidiaries, optimized and perfected the management system of subsidiaries, and strengthened the financial management and risk management of subsidiaries. The rights and interests of investors are safeguarded through fulfillment of the responsibilities of investors in a legal and effective form, which ensures the effective control of subsidiaries, proactively enhances the overall interests of the Company, and promotes the improvement of comprehensive operating efficiency.

During the Reporting Period, the Company did not have any new subsidiaries arising from purchase.

XX. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL OR INTERNAL CONTROL AUDIT REPORT

(I) Self-assessment report on internal control

Date of disclosure of the full text of internal control evaluation report	March 31, 2022
Disclosure index of full text of internal control evaluation report	Cninfo (www.cninfo.com.cn)
The percentage of total assets of units included in the evaluation scope to the total assets in the Company's consolidated financial statements	100%
The percentage of total operating income of units included in the evaluation scope to the operating income in the Company's consolidated financial statements	100%

Section IV Corporate Governance (continued)

Defect identification criteria		
Category	Financial Report	Non-financial Report
Qualitative criteria	<p>Material defect:</p> <p>(1) Directors, supervisors and senior management have committed fraud related to financial report and have been investigated by the judicial authorities.</p> <p>(2) Misinformation may cause users to make significant wrong decisions or diametrically opposite decisions, causing significant losses.</p> <p>(3) Significant corrections to published financial reports.</p> <p>(4) Defects in internal control severely affect the authenticity, completeness and reliability of financial reports and safety of related assets.</p> <p>Major defect:</p> <p>One defect or a combination of defects in internal control of financial report that is with less severity than a material defect, but may still cause the Company to deviate from the objectives of internal control.</p> <p>General defect:</p> <p>Other defect other than a material defect or a major defect.</p>	<p>Material defect refers to one defect or a combination of control defects that may cause the Company to materially deviate from the objectives of internal control.</p> <p>Major defect refers to one defect or a combination of control defects that is with less severity and less severe economic consequences than a material defect, but may still cause the Company to deviate from the objectives of internal control.</p> <p>General defect refers to other defect other than a material defect or a major defect.</p>
Defect identification criteria		
Category	Financial Report	Non-financial Report
Qualitative criteria	<p>Material defect: The potential misstated amount is more than 3% (inclusive) of the total net assets, or more than 5% (inclusive) of the total profit before tax.</p> <p>Major defect: The potential misstated amount is between 1.5% (inclusive) and 3% of the total net assets, or between 3% (inclusive) and 5% of the total profit before tax.</p> <p>General defect: The potential misstated amount is less than 1.5% of the total net assets, or less than 3% of the total profit before tax.</p>	<p>Material defect: The direct property losses amount to 5% (inclusive) or more of the Company's total profit before tax.</p> <p>Major defect: The direct property losses are between 3% (inclusive) and 5% of the Company's total profit before tax.</p> <p>General defect: The direct property losses are less than 3% of the Company's total profit before tax.</p>
	The number of material defects in financial reports (piece)	0
	The number of material defects in non-financial reports (piece)	0
	The number of major defects in financial reports (piece)	0
	The number of major defects in non-financial reports (piece)	0

Section IV Corporate Governance (continued)

(II) Internal control audit report

Review of the internal control audit report	
As at December 31, 2021, Shenwan Hongyuan Group had maintained effective internal control over financial reports in accordance with the Basic Standards for Enterprise Internal Control and related requirements in all material respects.	
Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	March 31, 2022
Disclosure index of full text of internal control audit report	Cninfo (www.cninfo.com.cn)
Type of opinion of the internal control audit report	Standard and unqualified opinion
Whether there is any substantial defect in the non-financial report	No

XXI. THE ESTABLISHMENT OF DYNAMIC RISK CONTROL INDICATORS MONITORING AND COMPLEMENT MECHANISM BY SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

(I) Dynamic risk control indicators monitoring mechanism

The Company has always attached great importance to the construction of a dynamic risk control indicators monitoring mechanism. The risk management department of Shenwan Hongyuan Securities and its subsidiaries has developed and established their own risk management system which is independent of other business departments based on the requirements of the Administrative Measures for Risk Control Indicators of Securities Companies. Such system is able to dynamically supervise risk control indicators with Net Capital and liquidity as key indicators, together with risks of businesses.

On the basis that each department, branch and subsidiary of Shenwan Hongyuan Securities identifies, assesses and monitors the indicators applicable to their respective business, the risk management department of Shenwan Hongyuan Securities conducts an independent review through the risk management system, issues a warning against situations violating the alert level, and urges the relevant department to respond to the risk.

During the Reporting Period, other than the two concentration risk control indicators, i.e. the “proportion of the holding size of a non-equity security to its total size” and the “proportion of the holding size of an equity security to its total size”, which passively exceeded regulatory standards or alert standards due to net redemption of funds held, conversion of exchangeable bonds held and convertible bonds, put-back of bonds held, net redemption of products with self-own funds, other risk control indicators with a focus on Net Capital and liquidity were in compliance with regulatory requirements. For the abovementioned incompliance with regulatory standards and alert standards, Shenwan Hongyuan Securities has reported to the regulatory authorities in a timely manner and taken treatment measures.

(II) Establishment of capital replenishment mechanism

Shenwan Hongyuan Securities has established a Net Capital replenishment mechanism. When risk control indicators of the Company including Net Capital trigger the alert standards, the company then replenishes Net Capital by reducing the type and scale of proprietary investment products with high risks, adjusting business operation plans, issuing subordinated debts, raising funds, and similar measures. In recent years, the capital adequacy level of Shenwan Hongyuan Securities has been in line with business development, and the major risk control indicators centering on Net Capital and liquidity have continued to meet the requirements of regulatory authorities.

(III) Stress test of risk control indicator

Shenwan Hongyuan Securities has established a stress test mechanism for risk control indicators. According to the relevant requirements of the Guidelines on Securities Companies' Stress Tests, Shenwan Hongyuan Securities conducts annually a comprehensive stress test based on market environment changes and business development. When making cash dividend distributions and carrying out various major businesses, it also performs special stress tests, measures its general risk tolerance and formulates measures to ensure a healthy, sustainable and stable development.

XXII. IMPLEMENTATION OF COMPREHENSIVE RISK MANAGEMENT BY SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

Upholding the concept of “stable operation, innovative development”, Shenwan Hongyuan Securities strengthens the risk awareness and bottom-line thinking of all employees. It has built a risk management organization structure with clear levels and organic synergy and established a risk management organization structure that adapts to the Company's strategy and makes dynamic adjustments according to the external environment and situation. Management and control measures for early warning, effective identification, prevention, control and resolution of various risks have been improved for creation of an efficient one-stop comprehensive risk management platform with the characteristics of the Company. While strengthening the construction of professional and compound risk management talent team, it has established a continuously optimizing risk management system at group level with high penetration “involving all staff in all aspects throughout the entire business process and with full coverage”. As a result, the risk control capabilities are continuously enhanced and various risks in business management are better controlled as a whole, providing a strong guarantee for the stable and sustainable development of the Company.

- (I) In terms of the risk management organization structure, Shenwan Hongyuan Securities has established a four-level risk management organization structure comprising the board of directors, the compliance management and risk control committee, the board of supervisors, the management and risk management committee, the risk management department and other functional management departments, as well as business departments, branches and subsidiaries, and formed three lines of defense including the business departments, risk management department and other functional departments, and audit department. The division of labor at all levels is clear with the responsibilities for risk management fully fulfilled.
- (II) In terms of risk management systems and policies, Shenwan Hongyuan Securities has established a risk management system with the Risk Management System as the basic system with various professional management measures for risks in terms of market, credit, liquidity, operation, reputation, etc. and business-level operating procedures and specific risk management systems as supporting rules to regulate risk management. At the same time, Shenwan Hongyuan Securities has determined risk appetite and clarified the basic attitude to risk and return and the total amount of risk it is willing to accept after giving comprehensive consideration to internal and external factors including strategic objectives of development, external market environment, risk tolerance, and shareholder return requirements. Based on this, Shenwan Hongyuan Securities has formulated the risk tolerance and its implementation plan based on the actual situation, and established a key risk limit indicators system. Relevant systems and policies have been effectively implemented.

Section IV Corporate Governance (continued)

- (III) In terms of risk management and control measures, a comprehensive risk identification and analysis system has been established, and qualitative and quantitative methods have been used to analyze and evaluate the company's risks. For internal and external major risk information that may affect the realization of business objectives, scientific and reasonable measurement models or evaluation methods are adopted for prudent assessment; the company has established a clear risk control indicators system, which effectively covers various business types and professional risk types, and realized dynamic monitoring and early warning of various business risk indicators and regulatory indicators through a risk management system; it has established a risk response strategy that is commensurate with risk appetite and a complete internal and external response mechanism, to basically and effectively control various types of risks. In addition, the company has established a smooth risk information communication mechanism to ensure transmission and feedback of relevant information in a timely, accurate, and complete manner.

XXIII.COMPLIANCE RISK CONTROL AND INVESTMENT IN INFORMATION TECHNOLOGY OF SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

Shenwan Hongyuan Securities attaches great importance to compliance and risk control, and has established a comprehensive internal control mechanism covering all employees and the whole business process and a full-coverage risk management system to ensure the legal compliance of its business operations. The investment in compliance risk control of Shenwan Hongyuan Securities mainly includes (based on the pilot statistical standards of investment in compliance risk control for securities companies' consolidated supervision, i.e. the standards for parent company): compensation for compliance risk control personnel, operating expenses of compliance risk control and investment in the construction of compliance risk control related system. In 2021, the Company continued to increase investment in compliance risk control and its total investment in compliance risk control throughout the year was RMB364.9776 million, representing an increase of 38.26% over the last year.

Shenwan Hongyuan Securities attaches great importance to information technology innovation, continuously optimizes the information system and provides secure, stable and personalized services to ensure and support business development. The investment in information technology mainly includes (according to the statistics based on the indicators of investment in construction of information system for securities companies): depreciation and amortization costs of IT investment in fixed assets and intangible assets, IT daily operating costs, computer room rental costs, IT circuit lease costs, IT independent research and development costs and investment in IT staff. In 2021, Shenwan Hongyuan Securities continued to increase investment in information technology and its total investment in information technology throughout the year amounted to RMB827.9787 million, representing an increase of 38.99% over the last year.

XXIV.COMPLIANCE SYSTEM CONSTRUCTION OF THE COMPANY AND INSPECTION AND AUDIT BY COMPLIANCE AND AUDITING DEPARTMENTS DURING THE REPORTING PERIOD

The Company and Shenwan Hongyuan Securities attach great importance to the construction and improvement of the compliance management system, and continue to improve the compliance management system and the compliance management organization structure in accordance with laws, regulations and regulatory requirements and based on the actual situation of the Company's operation and management, thus to continuously deepen the compliance management of the Company and ensure the continuous and standardized development of various businesses of the Company.

(I) Construction of compliance management system

The Company and its major subsidiaries have prepared and released the compliance management systems comprising basic compliance management system and supporting rules for compliance management, and conducted dynamic revision and improvement according to the changes in laws and regulations, and the actual situation of the Company. Relevant systems include but are limited to the Basic Compliance Management System, the Related Party Transaction Management System, the Money Laundering and Terrorist Financing Risk Management System, the Integrity Management System, the Administrative Measures for Rules and Regulations, the Administrative Measures for Compliance Management, the Administrative Measures for Compliance and Risk Management Personnel of Business Departments, the Administrative Measures for Chinese Wall, the Implementation Rules on Compliance Management of Subsidiaries, etc. In addition, Shenwan Hongyuan Securities has also prepared and issued the Compliance Manual as the basic norms and bottom line requirements for business development of the Company.

(II) Compliance management organization system

The Company and its main subsidiaries have established a compliance management organization system composed of “leadership (Board of Directors, Board of Supervisors, management), compliance director/executive, compliance department, departments, branches and subsidiaries” based on the actual situation of management. Compliance management organisations and personnel at all levels perform their duties effectively according to the division of responsibilities and duties.

The Board of Directors, Board of Supervisors, management of the Company perform duties related to compliance management in accordance with the laws, regulations, standards, and the Articles of Association. The Board of Directors of the Company assumes responsibility for the effectiveness of compliance management, the management of the Company is responsible for operation in line with laws and regulations, and the Board of Supervisors of the Company supervises the performance of compliance management duties by the Board of Directors and the management of the Company. The compliance director/executives, as the person(s) in charge of compliance of the Company, performs compliance management duties in accordance with laws, regulations and standards, provides support and assistance to the Board of Directors and management in performing compliance management duties, and coordinates the effective operation of the compliance management system. The Company has established a compliance department to assist the compliance director/executives in carrying out work. The compliance department is accountable to the compliance director/executives and performs compliance management duties in accordance with the regulations of the Company and arrangements by the compliance director/executives. The persons in charge of departments, branches and subsidiaries are responsible for operation in line with laws and regulations of such departments, branches and subsidiaries, and supervise and manage the compliance of the practices of the staff of such departments, branches and subsidiaries. The departments and branches have set up compliance management positions. The personnel on such positions are responsible for coordination of compliance management of the departments and branches, and assisting the persons in charge of the departments and branches in establishment and improvement of compliance management system and operation procedures, implementing the Company’s compliance management requirements, and performing relevant duties including compliance review, compliance culture promotion, compliance training, compliance consulting, etc.

Section IV Corporate Governance (continued)

(III) Operation of compliance management

The Company advocates the compliance culture concepts of proactive compliance, compliance creates value, compliance starts from the management, everyone assumes responsibility for compliance, and compliance is the Company's survival basis, etc. Compliance management follows the principles of comprehensiveness, compliance independence, and proactive compliance by all employees.

Compliance management includes provision of compliance consulting for the Company's directors, supervisors, management, business departments, branches and their staff; compliance review of the Company's internal management system, major decisions, new products and new business solutions, etc.; compliance monitoring of the practices of the Company's management and staff; regular and irregular inspections of the compliance management of all departments; tracking major changes in laws, regulations and standards; regular and irregular report of compliance management of the Company to the Board of Directors, the Board of Supervisors, management, and the securities regulatory authorities or self-regulation organizations; incorporation of compliance assessment into the performance assessment of senior management, departments, branches, subsidiaries and their staff; organizing internal assessment of the effectiveness of compliance management, etc.

The Company has established and improved the anti-money laundering work system, optimised the anti-money laundering work mechanism, and developed an anti-money laundering self-assessment system. A special anti-money laundering system has been built and the functions of anti-money laundering related systems are improved on an ongoing basis, to strengthen technical support for anti-money laundering. At the same time, the customer information management and monitoring of suspicious transactions for non-brokerage businesses has been intensified and the basis for anti-money laundering has been consolidated. The Company has prepared and distributed anti-money laundering manuals to branches to reinforce anti-money laundering inspection and supervision of branches and continue to improve the quality of anti-money laundering of branches.

The Company has established and perfected the Chinese wall work system, and formulated the administrative measures for Chinese wall, which clarifies departments' responsibilities and work processes. The Company's proprietary business, customer asset management business, investment banking business, brokerage business, and securities investment consulting service are separated from each other. The Company strictly implements management measures including approval of cross-wall (reverse-wall) approval, restricted list and watch list management, and continuously promotes the launch and operation of the special Chinese wall system.

(IV) Compliance inspection and audit

1. Compliance inspection

During the Reporting Period, the compliance department of the Company proactively organised or participated in relevant examinations or self-inspections according to the regulatory requirements and the actual situation of the Company, mainly including compliance inspection for key issues including integrity, investor suitability, anti-money laundering, management of customer transaction behaviors; compliance inspection for key businesses including investment banking business, investment business, asset management business, bond business, mutual fund investment advisory business and snowball product business; and compliance inspection for key units including Asset Management Business Division, Financial Innovation Headquarters, Securities Investment Headquarters, FICC Business Division, Fixed Income Sales and Trading Headquarters, and certain branches.

Section IV Corporate Governance (continued)

2. Audit

During the Reporting Period, the internal audit departments of Shenwan Hongyuan Group and Shenwan Hongyuan Securities established and completed a total of 235 audit projects, including:

- (1) Annual regular audits: the internal audit departments of Shenwan Hongyuan Group and Shenwan Hongyuan Securities conducted a total of 124 regular audits for 1 headquarters functional department and 3 subsidiaries of Shenwan Hongyuan Group and 3 business divisions, 5 business headquarters, 2 subsidiaries, 15 regional branches and 95 securities business departments of Shenwan Hongyuan Securities.
- (2) Economic responsibility audits: the internal audit departments of Shenwan Hongyuan Group and Shenwan Hongyuan Securities conducted audit on economic responsibility of departure for 96 major responsible persons of units at all levels.
- (3) Special audits: the internal audit departments of Shenwan Hongyuan Group and Shenwan Hongyuan Securities conducted a total of 13 special audits on proceeds, etc.
- (4) Tracking audit: the internal audit department of Shenwan Hongyuan Securities conducted 1 tracking audit.
- (5) Audit research: the internal audit department of Shenwan Hongyuan Securities conducted on-site audit research for 1 sub-subsiary.

XXV. STATEMENT OF THE BOARD OF DIRECTORS ON RESPONSIBILITY OF INTERNAL CONTROL

The Company's internal control is a process implemented by the Board of Directors, the Board of Supervisors, the management and all employees to achieve the control objectives. The Board of Directors is responsible for the establishment, improvement and effective implementation of internal control. The Board of Supervisors oversees the establishment and implementation of internal control by the Board of Directors. The management is responsible for organizing and leading the daily operation of the Company's internal control, and adjusting and improving the internal control of the Company within the scope of authorisation in due course according to the changes in the internal and external circumstances. All units of the Company perform their internal control duties within the scope of its own functions and powers, and are responsible for the effectiveness of their internal control. The goal of the Company's internal control is to promote the Company's realisation of development strategy and business objectives and improve the Company's operating efficiency and effectiveness; ensure the legal compliance of operations and the implementation of the Company's internal rules and regulations; effectively control operating risks, to ensure the safety and integrity of the Company's assets and the reliability, completeness and timeliness of the Company's business records, financial information, management information and other information.

The Company continues to improve its internal control environment and internal control structure in accordance with external regulatory requirements and the actual needs of the Company's operation management, so as to gradually improve the integrity, rationality and effectiveness of internal control, and to ensure the orderliness of the Company's operation management and business. The Company continues to establish and improve business and management systems in strict accordance with relevant provisions including the Company Law, the Securities Law, the Basic Standards for Enterprise Internal Control and its supporting guidelines, and regulatory requirements of the securities industry, after giving comprehensive consideration to internal environment, risk assessment, control

Section IV Corporate Governance (continued)

activities, information and communication, internal supervision and other factors. A relatively complete system of rules and regulations has been established for various business and management matters, and the formulation and revision of relevant policies have been carried out in a timely manner in accordance with the latest regulatory requirements and the actual situation of the Company, laying a solid foundation for improving the Company's internal control. During the Reporting Period, the Company revised and improved basic systems including the Articles of Association, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, the Internal Audit System, the Internal Control Evaluation System and the Risk Management System, as well as a series of operational management, risk management and compliance management systems.

The Board of Directors of the Company continues to improve its internal control system, evaluate its effectiveness, and truthfully discloses the internal control evaluation report in strict accordance with the standards for enterprise internal control, the listing rules of the places where the shares of the Company are listed and relevant laws and regulations. It is certain that, due to the inherent limitations of internal control, the Company can only provide reasonable guarantees to achieve the above goals, and conduct dynamic and continuous assessment of the Company's internal control system. If the internal control system established by the Company is found to be defective in evaluation, the Company will immediately carry out rectification and improvement.

The Board of Directors of the Company has evaluated internal control in accordance with the requirements of the Basic Standards for Enterprise Internal Control, Hong Kong Listing Rules, the listing rules of the Shenzhen Stock Exchange and relevant laws and regulations. The Board of Directors believes that, as of the benchmark date of the internal control evaluation report (December 31, 2021), the internal control was in line with the Company's operating scale, scope of business, competition status and risk level, and the Company's internal control was effective. No major defects were identified in the internal control of the Company.

XXVI. STATEMENT OF THE BOARD OF DIRECTORS ON RISK MANAGEMENT

(I) Statement of the Board of Directors

The Company always believes that effective risk management and internal control are essential to the Company's legal and continuous operation, and it is the responsibility of the Board of Directors to establish, improve and effectively implement risk management and internal control. The objectives of the Company's risk management and internal control are: to reasonably guarantee the legal compliance of business management, asset safety, authenticity and integrity of financial reports and related information, improve operational efficiency and effectiveness, and promote the realization of development strategies. Due to the inherent limitations of risk management and internal control, it can only provide reasonable guarantees for achievement of the above goals, and perform dynamic and continuous evaluation of the Company's risk control and internal control system. Any defect in the risk management and internal control system established by the Company as identified during the evaluation process will be rectified and improved immediately. The Board of Directors has evaluated risk management and internal control in accordance with the requirements of the Basic Standards of Enterprise Internal Control and is of the view that as of December 31, 2021, the Company's risk management was in line with the Company's operating scale, business scope, competition status and risk level. The Company's risk management and internal control are effective.

(II) Risk management

The Company always adheres to the concept of "standardized operation and stable development", and continuously optimizes and improves the risk management system at group level with high penetration "involving all staff in all aspects throughout the entire business process and with full coverage". It has built a multi-level risk management organization and a full-coverage risk management system, and adopted effective risk management and control measures. As a result, the risk control capabilities are continuously enhanced and various risks in business management are better controlled as a whole.

Section IV Corporate Governance (continued)

1. The Company attaches great importance to risk management and has established a risk management organization structure comprising the Board of Directors, the Risk Control Committee, the Board of Supervisors, the management and risk management committee, the risk management department and other functional management departments, as well as business departments, branches and subsidiaries to guarantee the effective operation of the risk management system. The Board of Directors is the highest decision-maker in the Company's risk management, and ultimately responsible for the overall risk management of the Company. The Board of Directors governs the Risk Control Committee, which is accountable to and reports to the Board of Directors. By fully exerting the role of special committee, the Risk Control Committee, with the focus placed on internal process controls, supervises and reviews the overall risk management, and proactively promotes the construction and improvement of the internal control system of the Company. The Company reviews the effectiveness of risk management and internal control systems of the Company and its subsidiaries once a year, covering all important monitoring aspects including the financial monitoring, operation monitoring and compliance monitoring, and reports the completion of relevant reviews to shareholders in the Corporate Governance Report.
2. The Company has established a risk management mechanism composed of three lines of defense including the business departments, risk management department and other relevant functional departments, and audit department of the Company. In particular, business departments, branches and subsidiaries serve as the first line of defense and are responsible for identifying, assessing, responding to and reporting related risks in a timely manner; the risk management department and other relevant functional departments are the second line of defense and monitor and manage the key risks in relation to the Company's operation management and business development; the audit department acts as the third line of defense to conduct independent review and evaluation. The "three lines of defense" mechanism strengthens the awareness of risk responsibility at the forefront, strengthens front-end risk control, and effectively promotes the formation of risk awareness among all employees, so as to put risk management responsibilities in place.
3. The Company establishes and improves the three-level system composed of basic systems, main systems, and operating systems on an ongoing basis; in terms of risk management, it has built a risk management system with the Risk Management System as the basic system with various professional risk management measures and business-level operating procedures and specific risk management systems as supporting rules to regulate risk management, and can improve the risk management system in a timely manner according to laws and regulations, regulatory requirements and industry developments.
4. In terms of risk management and control measures, a comprehensive risk identification and analysis system has been established, and qualitative and quantitative methods have been used to analyze and evaluate the company's risks. For internal and external major risk information that may affect the realization of business objectives, scientific and reasonable measurement models or evaluation methods are adopted for prudent assessment; the company has established a clear risk control indicators system, which effectively covers various business types and professional risk types, and realized dynamic monitoring and early warning of various business risk indicators and regulatory indicators through a risk management system; it has established a risk response strategy that is commensurate with risk appetite and a complete internal and external response mechanism, to basically and effectively control various types of risks. In addition, the company has established a smooth risk information communication mechanism to ensure transmission and feedback of relevant information in a timely, accurate, and complete manner.

Section IV Corporate Governance (continued)

XXVII. BASIS FOR ESTABLISHING INTERNAL CONTROL FOR FINANCIAL REPORTS

The Company has established a relatively complete internal control system for business and finance in accordance with laws and regulations including the Company Law, the Securities Law, the Accounting Law, the Basic Standards for Enterprise Internal Control and its supporting guidelines, and the Guidelines on Internal Control of Securities Firms, and based on the actual situation of the Company. The Company has formulated rules and regulations in terms of accounting, financial management, financial reporting, etc. The internal control process of the company's financial reporting has been continuously strengthened through setting up a scientific financial accounting organization structure, equipping qualified financial accounting professionals, constructing a sound and effective financial accounting management system, selecting appropriate accounting policies and reasonable accounting estimates, to ensure that the financial report prepared by the Company meets the requirements of accounting standards and can truly, accurately and completely reflect the Company's financial position, operating results and other related information. During the Reporting Period, the Company's internal control system and mechanism for financial reporting were sound and in good operation, and no major or significant deficiencies were identified in the Company's internal control of financial reporting.

XXVIII. RECTIFICATION FOR THE PROBLEMS IDENTIFIED IN SELF-INSPECTION IN THE SPECIAL GOVERNANCE ACTION OF LISTED COMPANIES

During the Reporting Period, the Company carried out comprehensive self-inspection and self-correction against the Self-inspection Checklist for Special Governance of Listed Companies in accordance with the Opinions of on Further Improvement of the Quality of Listed Companies (Guo Fa [2020] No. 14) (《關於進一步提高上市公司質量的意見》(國發[2020]14號)) and the spirit of relevant documents of the CSRC.

The Company has always attached great importance to its own standardized operation, established and improved the corporate governance structure on an ongoing basis, and improved the corporate governance mechanism, with a view to building a good corporate governance ecosystem. The Company has maintained stable operation management and governance all the time.

In accordance with the Self-inspection Checklist for Special Governance of Listed Companies, as of the end of December 2020, the Company had the problem that re-election of the Board of Directors had not been conducted in time. The Company attached great importance to the problem, and proactively communicated with shareholders to accelerate the re-election of the Board of Directors. On March 30, 2021, the nomination of candidates for the new session of directors was considered at the 60th meeting of the fourth session of the Board of Directors, and on May 28, 2021, the fifth session of the Board of Directors was elected at the 2020 annual general meeting. During the Reporting Period, the fifth session of the Board of Directors of the Company performed its duties faithfully and diligently, the structure of the Board of Directors and special committees was further adjusted and optimized, and the check and balance mechanism for corporate governance was more coordinated and effective. In the future, the Company will further explore and establish a long-term corporate governance mechanism to promote the consolidation and improvement of corporate governance efficiency.

XXIX. IMPLEMENTATION OF THE MANAGEMENT SYSTEM FOR REGISTRATION OF INSIDERS OF THE COMPANY

The Company is committed to establishing and improving a long-term mechanism to prevent insider trading. It has formulated the Management System for Registration of Insiders to further standardize the inside information management of the Company and the subsidiaries invested and controlled by it and enhance the confidentiality of inside information. According to the system, the Board of Directors of the Company is the decision-making body for the Company's inside information management. The secretary of the Board of Directors is in charge of coordinating and organizing the management of the Company's inside information. The office of the Board of Directors is responsible for monitoring of the Company's inside information, information disclosure, and insider file registration. Before the inside information is publicly disclosed in accordance with the law, in accordance with the relevant regulatory requirements, the Company will carry out the management, registration and filing of insiders in a timely manner. The Company truthfully and completely records the list of insiders at each aspect before the disclosure, prepares a memorandum on the progress of major events based on actual conditions, and makes a memorandum for the time of each key point in the planning and decision-making process, the list of personnel involved in planning and decision-making, and the method of planning and decision-making and signs thereon for confirmation. Relevant files are properly kept for the Company's self-inspection and examination by relevant regulatory authorities.

XXX. OTHER ISSUES ON CORPORATE GOVERNANCE

(I) Responsibility to be borne by directors for the financial statements

The responsibility statement of the directors on financial statements below shall be read in conjunction with that of the certified public accountants contained in the audit report of this report, while both statements shall be comprehended separately.

The Company's directors shall compile genuine and fair consolidated financial statements according to the disclosure requirements under the China Accounting Standards, International Financial Reporting Standards issued by the International Accounting Standards Board and the Hong Kong Companies Ordinance. The Company's directors will also be responsible for the necessary internal monitoring of the consolidated financial statements so that there will not be any material misstatements as a result of fraud or errors. The Company is not subject to any event or circumstance of material uncertainty, as a result of which significant doubt may be cast upon the ability of the on-going operation of the Company.

(II) Appointment and remuneration of the auditors

As considered and approved at the 2020 annual general meeting, the Company engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2021 to provide relevant domestic and overseas audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively, with an audit fee, including the fee for internal control, for 2021 amounting to RMB5.68 million.

Please see details of employment and remuneration in "VIII. Appointment and Dismissal of Accounting Firms" in "Section VI Significant Events" in this report.

Section IV Corporate Governance (continued)

(III) Securities transactions by directors, supervisors and relevant employees

The Company has adopted the Model Code as its own code of conduct for directors and supervisors in conducting securities transactions. After specific enquiry of the directors and supervisors of the Company, all directors and supervisors have strictly complied with the standards in the Model Code during the Reporting Period.

(IV) Company secretaries

On January 29, 2021, the Resolution Regarding the Appointment of Company Secretary and Process Agent was considered and approved at the 58th meeting of the fourth session of the Board of Directors of the Company. Due to job change, Ms. Fok Po Yi, the former company secretary of the Company, resigned as the company secretary and the authorized representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the acceptance of service of process and notices in Hong Kong (the "Process Agent"). As proposed by SWCS Corporate Services Group (Hong Kong) Limited, an external agency, the Company appointed the recommended Ms. Chen Chun as the Company Secretary and Process Agent with effect from the date of consideration and approval at the 58th meeting of the fourth session of the Board of Directors. Ms. Fok Po Yi ceased to serve as the company secretary and Process Agent of the Company from the date of consideration and approval of the abovementioned appointment by the Board of Directors. The main contact person of Ms. Chen Chun is Mr. Xu Liang, secretary to the Board of Directors of the Company.

On March 30, 2021, the Resolution Regarding the Appointment of Joint Company Secretary and Authorized Representative of the Company was considered and approved at the 60th meeting of the fourth session of the Board of Directors, pursuant to which Mr. Xu Liang was appointed as a joint company secretary and the authorized representative of the Company.

On October 29, 2021, the Resolution regarding the Appointment of Company Secretary and Process Agent was considered and approved at the fourth meeting of the fifth session of the Board of Directors of the Company, pursuant to which it was approved to appoint Mr. Wong Wai Chiu (黃偉超) as the joint company secretary of the Company and Process Agent with effect from the date of consideration and approval of the abovementioned appointment by the Board of Directors. Due to job change, Ms. Chen Chun resigned as the joint company secretary of the Company and the Process Agent on October 29, 2021. The resignation of Ms. Chen Chun is effective from the date of consideration and approval of the abovementioned appointment by the Board of Directors. (For relevant details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on January 30, March 31 and October 30, 2021 and on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on January 29, March 30 and October 29, 2021.)

During the Reporting Period, according to the requirements of the Hong Kong Listing Rules, Mr. Xu Liang and Mr. Wong Wai Chiu had participated in relevant professional training for no less than 15 hours in accordance with Rule 3.29 of the Hong Kong Listing Rules.

Section IV Corporate Governance (continued)

(V) Amendments to the Articles of Association

During the Reporting Period, in order to improve its corporate governance, the Company proposed to implement the executive committee system and establish an Executive Committee, and amended the Articles of Association by adding regulations on the establishment, composition, powers and rules of procedures of the Executive Committee, and amended the expressions of amendments accordingly. Meanwhile, amendments were made to the articles on main responsibilities of the Party Committee and the number of members of the Board of Supervisors. The amended Articles of Association has been considered and approved at the 58th meeting of fourth session of the Board of Directors and the 2020 annual general meeting of the Company.

(VI) Investor relations

The Company attaches great importance to investor relations management. It has formulated relatively complete rules and regulations including the Investor Relations Management System, and established a number of communication channels including on-site meeting, telephone and internet. The Company proactively strengthens interactive exchange with the capital market through a number of communication methods including results presentation, domestic road show, acceptance of investors' research and attendance of the meetings of brokers and through communication platforms including website of the Company, investor hotline, email and interaction website of stock exchange to enhance the Company's transparency and ensure investors' right to know and other legitimate rights and interests. If shareholders have any inquiries, they can send them to the Company's office address by mail, hotline or direct mail, and the Company will handle relevant inquiries appropriately in a timely manner.

In 2021, the Company received 14 analysts from the seller and institutional investment surveys, involving a number of institutions, and participated in 1 investor collective reception day held by Xinjiang Listed Companies Association.

No.	Reception time	Reception location	Reception method	Type of reception object	Reception object	Main content discussed and information provided
1	April 7, 2021	—	Telephone communication, network	Institution	Analysts and investors invited to the Company's 2020 annual results presentation	Operations of the Company
2	April 8, 2021	—	Network	Individual, institution	Investors who attended the Company's 2020 annual results presentation	Operations of the Company
3	May 26, 2021	—	Telephone communication	Institution	Analysts of TF Securities and investors invited to online research	Operations of the Company
4	June 10, 2021	Meeting room of the Company	Field research	Institution	Guotai Junan Securities Co., Ltd., BOC-Samsung Life Ins. Co., Ltd., WTAsset Management Limited	Operations of the Company
5	July 27, 2021	—	Telephone communication	Institution	Changjiang Securities Company Limited	Operations of the Company

Section IV Corporate Governance (continued)

No.	Reception time	Reception location	Reception method	Type of reception object	Reception object	Main content discussed and information provided
6	August 30, 2021	—	Telephone communication	Institution	Investors and analysts invited to the Company's 2021 interim results presentation	Operations of the Company
7	September 14, 2021	—	Telephone communication	Institution	Huatai Securities, Hua An Fund, Everbright Pramerica, ICBC Credit Suisse Fund, CCB Fund, China Orient, Taikang Assets, Tianhong Asset Management	Operations of the Company
8	November 4, 2021	Meeting room of the Company	Field research	Institution	China International Capital Corporation Limited	Operations of the Company
9	November 5, 2021	—	Telephone communication	Institution	Huatai Securities, Taikang Asset, Ping An Asset, Hua An Fund, ICBC Credit Suisse, Tianhong Asset Management, Sunshine Asset, Huatai Insurance Asset Management, Everbright Pramerica, Chengsheng investment and other institutional investors	Operations of the Company
10	November 5, 2021	—	Telephone communication	Institution	Kaiyuan Securities, Guotai Asset Management, Taikang Fund, TF Securities Asset Management, ABC-CA Fund, Hotland Innovation Asset Management, Ping An Asset and other institutional investors	Operations of the Company
11	November 10, 2021	—	Telephone communication	Institution	UBS Securities Co., Limited	Operations of the Company
12	November 11, 2021	—	Telephone communication	Institution	Changjiang Securities, Fupei Investment, MANULIFE TEDA Fund, BoCommlife Asset, Kaiyuan Securities, CCB Fund and other institutional investors	Operations of the Company
13	December 9, 2021	—	Telephone communication	Institution	Western Securities, Pengyang AMC, Taikang Asset, CIB Fund and other institutional investors	Operations of the Company
14	December 24, 2021	—	Telephone communication	Institution	China Securities Co., Ltd.	Operations of the Company

Note: The records of investor relationship activities for the reception of above investors by the Company have been disclosed on the website of Shenzhen Stock Exchange (www.szse.cn) and the Cninfo website (www.cninfo.com.cn).

Section V Environmental and Social Responsibility

I. INFORMATION ON PROTECTION OF ECOLOGY, POLLUTION CONTROL, AND FULFILLMENT OF ENVIRONMENTAL RESPONSIBILITIES

- (I) Proactive study and publicity of national green development strategy. The Company attached great importance to the decisions and deployments of the Party Central Committee and the State on green development and the national strategy of peak carbon dioxide emissions, carbon neutrality, earnestly practiced the development idea of “lucid waters and lush mountains are our invaluable assets”, and proactively promoted the publicity on the national strategy to guide clients and employees to practice the green and environmentally friendly life concept in many ways, to help achieve peak carbon dioxide emissions and carbon neutrality.
- (II) Vigorous development of green finance. Centering on the “peak carbon dioxide emissions, carbon neutrality” goal and requirements, the Company deepened product and service innovation in the field of green finance. It supported the development of companies in key green industries such as clean energy, energy conservation and environmental protection, and carbon emission reduction technologies through underwriting green bonds, promoting environmental protection companies to enter the capital market, to reduce financing costs; through launching the “Shenwan Hongyuan Carbon Neutrality Index”, establishing a carbon neutrality business group, and launching the first carbon neutrality bond index structured notes in the market, etc., the Company provided a full range of services for business development and industrial upgrading related to green and environmental protection to boost the capital market to implement the new concept of green investment and environmental protection investment and promote the development of green finance.
- (III) Proactive participation in green study. The Company held the Shenwan Hongyuan 2021 Capital Market Carbon Neutrality Conference, and compiled the Shenwan Hongyuan Carbon Neutrality White Paper; established the industry’s first investment banking “carbon neutrality” industry team, and actively built a “carbon” financial comprehensive service system; it carried out in-depth study on green development. A specific action plan was formulated based on the national strategy of peak carbon dioxide emissions and carbon neutrality; the Company prepared 3 “carbon neutrality” themed articles, i.e. “Carbon Neutrality” Background and Policy Objectives of Countries, Introduction to Carbon Finance System and Overview of China’s Carbon Finance Development, and Global Carbon Emission Permit Pricing and Trading Mechanism. The Company developed active quantitative public offering products themed on carbon neutrality based on its own investment research characteristics and strengths in quantitative investment, to serve the national strategy in various ways such as innovative financial products.
- (IV) Practice of low-carbon operations. In strict accordance with important laws and regulations including the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China, the 13th Five-Year Plan for Comprehensive Energy Conservation and Emission Reduction, the Company constantly improved relevant measures for green operations, promoted low-carbon services, advocated employees to save energy, and proactively promoted climate change management, to make contributions to the fight against climate changes. In respect of green office, the Company implemented a variety of environmental protection measures, including saving electricity for lighting, prohibiting private power connection and changing electricity circuits, energy-saving setting for air-conditioning temperature in public areas, saving water in toilets, and promoting paperless office, etc. In terms of smoking banning, the Company conscientiously implemented the relevant regulations on smoking control in public places, and smoking was prohibited during working hours and non-working hours in the office; in terms of green travel, employees were encouraged to use public transportation to travel. For the use of official vehicles, the Company has prepared the Interim Measures for Vehicle Management, to strictly manage the use of official vehicles and reduce unnecessary use of official vehicles to reduce carbon emissions.

Section V Environmental and Social Responsibility (continued)

II. SERVING NATIONAL STRATEGY, ETC.

In 2021, adhering to the strategic vision of “Simple Finance, Fulfillment of Dreams” and in strict accordance with the “14th Five-Year Plan”, the Company implemented the new development concept of “innovation, coordination, green, openness and sharing”, improved the comprehensive financial service model, and supported a large number of high-tech enterprises to complete equity and debt financing, to proactively serving the national strategy of self-improvement in science and technology. The Company comprehensively strengthened the layout and resource investment in key regions such as Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, and Southwest China, and proactively served the “Beijing-Tianjin-Hebei Coordinated Development”, “Integrated Development of the Yangtze River Delta”, “Construction of Guangdong-Hong Kong-Macao Greater Bay Area”, “Construction of Dual City Economic Circle in Chengdu-Chongqing Region”, “China Western Development” and other major national and regional development strategies. While deepening the innovation of green financial products and services, it supported enterprises in key emission control industries to resolve excess capacity and achieve green development. In addition, it proactively served and integrated into the “Belt and Road” construction, and served the needs of Chinese-funded enterprises to “go global”. It continued to strengthen the strategic layout of small and medium-sized enterprises, set up an inclusive financial headquarters, and improved the service mechanism of the NEEQ industry chain, thus forming a full life cycle service system for enterprises covering listing, supervision, issuance, research, investment and market making; after the announcement of the establishment of the Beijing Stock Exchange, Shenwan Hongyuan launched the “specialization, refinement, specialization and novelty” strategy to comprehensively increase service support for small, medium and micro-sized enterprises, and help them in transformation, upgrade and innovative development.

III. CONSOLIDATION OF POVERTY ALLEVIATION ACHIEVEMENTS, RURAL REVITALIZATION, FLOOD RELIEF, ETC.

The year of 2021 was the first year of the “14th Five-Year Plan” and also the critical year to consolidate poverty alleviation achievements and continue on rural revitalization. The Company earnestly implemented the decisions and deployments of the the Party Central Committee and the spirit of the instructions of Xi Jinping, General Secretary of the Party Central Committee, on rural revitalization. In accordance with the decisions and deployments of the Party Committee of China Investment Corporation and the specific requirements of comprehensively promoting rural revitalization, it resolutely achieved “no reduction in three aspects” (no reduction in terms of funds, personnel and strength). With the cooperation and support of all parties, it proactively promoted the targeted assistance and support in Huining, Gansu, Xinjiang, Sichuan and other regions. The Company invested assistance funds in an amount of RMB33.67 million in Huining, Gansu, RMB6.83 million in Xinjiang and RMB630,000 in Sichuan, to help the construction of a long-term mechanism in such regions to solve relative poverty and organic connection between the consolidation of poverty alleviation achievements and rural revitalization. In the summer of 2021, some provinces in the PRC encountered rare heavy rain, and the life, property safety, production and life of the mass in the disaster areas were seriously threatened. The Company carried out a rapid action and made a total donation of RMB7 million to the areas in Henan and Shanxi. The Company invested assistance funds in an amount of RMB50.23 million in the fields of targeted assistance and flood relief, to give full play to the social responsibilities as a state-owned financial enterprise.

For details of the Company’s works in terms of environmental and social responsibilities, please refer to the 2021 Social Responsibility Report/Environmental, Social and Governance Report of Shenwan Hongyuan Group Co., Ltd. published on Cninfo website at www.cninfo.com.cn on the same date of this annual report.

Section VI Significant Events

I. IMPLEMENTATION OF COMMITMENTS

(I) Commitments accomplished during the Reporting Period or not yet accomplished by the actual controller, shareholders, related parties, acquirers and the Company and other related parties as of the end of the Reporting Period

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Refinancing	Directors, senior management	The Directors and senior management make the following commitments for effective implementation of the measures to make up for returns in accordance with the relevant requirements of the CSRC: I. they will not direct benefits to other entities or individuals without consideration or on unfair terms, nor will they compromise the interests of the Company in any other manner; II. they will act to restrain duty-related spending; III. they will not appropriate assets of the Company for investments and spending not related to the performance of their duties; IV. the remuneration system formulated by the Board of Directors or the Remuneration and Nomination Committee will be correlated to the implementation of the Company's measures to make up for returns; V. in the event of the implementation of any share option incentive scheme by the Company in future, the conditions for exercising options under such scheme will be correlated to the implementation of the Company's measures to make up for returns.	2017-05-19	During the tenure of the Director and senior management of the Company	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Initial public offering	China Jianyin Investment Ltd.	<p>Letter of Commitment on Avoiding Horizontal Competition</p> <p>The company, China Jianyin Investment Ltd., currently holds 60.02% of the shares of Hongyuan Securities Co., Ltd. ("Hongyuan Securities"), and may be deemed as the related party of the controlling shareholder or its actual controller of the surviving company (the "Surviving Company", including subsidiaries, branches and branches of subsidiaries) after the completion of the material asset restructuring (the "Restructuring") of Hongyuan Securities and Shenyin & Wanguo Securities Co. Ltd. ("Shenyin & Wanguo"), during which the company makes the following irrevocable commitments to the Surviving Company: (I) According to the spirit of the meeting of the State Council, as a platform for restructuring of securities companies, the company has undertaken the restructuring of a number of securities companies. Therefore, in addition to holding shares in Hongyuan Securities, it also holds shares in a number of securities companies. The company undertakes that no new strategic equity investment in securities companies will be made in the future, except for tasks assigned by the government or regulatory authorities. (II) After the completion of the Restructuring, the company will not use its holding position in the Surviving Company to damage the interests of the Surviving Company and other shareholders. The company understands that the Surviving Company may rely on the confirmations and commitments made in this commitment. The company undertakes that if the company becomes aware of any information that would cause people to doubt the authenticity, accuracy and completeness of the information provided in this confirmation letter, the company will immediately notify the Surviving Company in writing of such information.</p>	2015-01-26	During the tenure of controlling shareholder	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Initial public offering	China Jianyin Investment Ltd.	<p>Letter of Commitment on Reduction and Regulation of Related Party Transactions</p> <p>The company, China Jianyin Investment Ltd., currently holds 60.02% of the shares of Hongyuan Securities Co., Ltd. ("Hongyuan Securities"), and may be deemed as the related party of the controlling shareholder or its actual controller of the surviving company after the completion of the material asset restructuring of Hongyuan Securities and Shenyin & Wanguo Securities Co. Ltd. ("Shenyin & Wanguo" or the "Surviving Company"). The company makes the following irrevocable commitments to the Surviving Company: (I) The company will regulate and do its utmost to reduce related party transactions with the Surviving Company and the companies controlled by it. If an unavoidable related party transaction occurs with the Surviving Company and the companies controlled by it, it will enter into a standard agreement on related party transaction with the Surviving Company according to law, and perform the approval procedures in accordance with the relevant laws, regulations, rules, other normative documents and the articles of association; the price of the related party transaction shall be determined based on the price of the same or similar transactions with independent third parties without related party relationships, to ensure that the price of the related party transaction is fair; the company guarantees to discharge the information disclosure obligations of related party transaction in accordance with the relevant laws, regulations and the articles of association; the company guarantees that it will not use related party transaction to illegally transfer the funds and profits of the Surviving Company, or use related party transaction to damage the interests of the Surviving Company and non-related shareholders. (II) The company and other companies controlled by the company will not require the Surviving Company to grant more favorable terms than those granted to independent third parties in any market fair transaction. (III) The company guarantees that it will attend the shareholders' meetings, exercise corresponding rights equally, assume corresponding obligations, that it will not use the status of controlling shareholder to obtain improper benefits, and that it guarantees not to harm the legal interests of other shareholders (especially minority shareholders)</p>	2015-01-26	During the tenure of controlling shareholder	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
		<p>of the company in accordance with the Surviving Company's articles of association. The company undertakes to perform its obligation to abstain from voting when voting on related party transactions involving the company and other companies controlled by the company at the shareholders' meeting of the Surviving Company. (IV) The company will faithfully fulfill the above commitments and bear corresponding legal liabilities. If the breach of the above commitments causes losses to the Surviving Company and other shareholders, all losses will be borne by the company. (V) The undertaking party guarantees the right to sign this letter of commitment, and once this letter of commitment is formally signed, it constitutes an effective, legal and binding responsibility to the undertaking party.</p> <p>The company understands that the Surviving Company may rely on the confirmations and commitments made in this commitment. The company undertakes that if the company becomes aware of any information that would cause people to doubt the authenticity, accuracy and completeness of the information provided in this confirmation letter, the company will immediately notify the Surviving Company in writing of such information.</p>			

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Initial public offering	Central Huijin Investment Ltd.	<p>Letter of Commitment on Avoiding Horizontal Competition</p> <p>1. As long as the company is being treated as the actual controller of Shenyin & Wanguo or an affiliate of the actual controller of Shenyin & Wanguo in accordance with the laws or listing rules of China or the place where Shenyin & Wanguo's shares are listed (if the shares of Shenyin & Wanguo are listed for trading), the company undertakes that it will not engage in or participate in any competitive securities business within or outside China. If the company participates in or conducts competitive securities business or any business or activity that has evolved into a competitive securities business within or outside China, the company undertakes that it will immediately terminate the participation, management or operation of such competitive securities business. 2. If the company has obtained any government approval, authorization or license to directly operate securities business, or other opportunities to operate securities business, the company undertakes that it will immediately waive such approval, authorization or license and not engage in any securities business. 3. Notwithstanding the commitments under clauses 1 and 2 above, in view of the fact that the company is a state-owned investment company engaged in investment in the financial industry established by the Chinese government, the company may, through other subsidiaries, engage in or participate in any competitive securities business within or outside China in any form (including but not limited to sole proprietorship, joint venture or cooperative cooperation and directly or indirectly holding shares or other interests of other companies or enterprises).</p>	2015-01-26	During the tenure of actual controller	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
		<p>4. As a state-owned investment company engaged in investment in the financial industry established by the Chinese government, the company will treat the securities companies it invests in fairly. The company will not grant or provide the approval, authorization, permit or business opportunity for operation of securities business obtained or likely to be obtained by it to any securities company, and it will not use the status of Shenyin & Wanguo's actual controller or the information obtained from that status to make decisions or judgments that are not favorable to Shenyin & Wanguo and other securities companies invested by the company, and will avoid such objective results. When the company exercises its rights as the actual controller of Shenyin & Wanguo, the company will exercise its actual controller's rights in the most or best interests of Shenyin & Wanguo as if the only securities company invested by it is Shenyin & Wanguo. The company's investment in other securities companies will not affect its commercial judgments made as the actual controller of Shenyin & Wanguo to seek the most or best interests for Shenyin & Wanguo.</p>			

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Initial public offering	China Jiayin Investment Ltd.	<p>Letter of Commitment on Separation of Business, Asset, Personnel, Finance and Organisation</p> <p>The company, China Jiayin Investment Ltd., may be deemed as the related party of the controlling shareholder or its actual controller of the surviving company after the completion of the material asset restructuring of Hongyuan Securities and Shenyin & Wanguo Securities Co. Ltd. ("Shenyin & Wanguo"). The company makes the following irrevocable commitments to Shenyin & Wanguo: The company undertakes that after Shenyin & Wanguo completes the material asset restructuring with Hongyuan Securities and after the listing, the surviving company will be independent from the company and other companies controlled by the company in terms of asset, personnel, finance, organisation and business. Details are as follows:</p> <p>① The assets of the surviving company are independent. The surviving company independently and completely owns the business system and relevant assets related to the operation, and is independent from the company and other companies controlled by the company.</p> <p>② The personnel of the surviving company are independent. The senior management of the surviving company including the general manager, deputy general manager, chief financial officer and secretary of the board of directors do not hold any positions other than directors and supervisors in or receive salaries from the company and other companies controlled by the company; the financial personnel of the surviving company do not concurrently take other positions in the company and other companies controlled by the company.</p> <p>③ The surviving company is financially independent. The surviving company has established an independent financial accounting system, which can make regular business decisions independently, has a standardized financial accounting system and a financial management system for branches and subsidiaries; the surviving company does not share bank accounts with the company and other companies controlled by the company.</p>	2015-01-26	During the tenure of controlling shareholder	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
		<p>④ The organisation of the surviving company is independent. The surviving company has established a sound internal operation and management organisation, which independently exercises its operation and management functions, and there is no organisation mixed up with the company and other companies controlled by the company.</p>			
		<p>⑤ The business of the surviving company is independent. The business of the surviving company is independent from the company and other companies controlled by the company, and there is no obviously unfair related party transaction with the company and other companies controlled by the company. The company understands that Shenyin & Wanguo may rely on the confirmations and commitments made in this commitment. The company undertakes that if the company becomes aware of any information that would cause people to doubt the authenticity, accuracy and completeness of the information provided in this confirmation letter, the company will immediately notify Shenyin & Wanguo in writing of such information.</p>			

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
Initial public offering	Central Huijin Investment Ltd.	<p>Letter of Commitment on Separation of Business, Asset, Personnel, Finance and Organisation</p> <p>The issuer has a complete business system and the ability to operate independently in the market. It is independent from the company and other companies controlled by the company in terms of asset, personnel, finance, organisation, and business. The company undertakes that after completion of the material asset restructuring with Hongyuan Securities Co., Ltd. and after the listing, it will be independent from the company and other companies controlled by the company in terms of asset, personnel, finance, organisation and business. Details are as follows:</p> <ol style="list-style-type: none"> 1. The assets of the issuer are independent. The issuer independently and completely owns the business system and relevant assets related to the operation, and is independent from the company and other companies controlled by the company. 2. The personnel of the issuer are independent. The senior management of the issuer including the general manager, deputy general manager, chief financial officer and secretary of the board of directors do not hold any positions other than directors and supervisors in or receive salaries from the company and other companies controlled by the company; the financial personnel of the issuer do not concurrently take other positions in the company and other companies controlled by the company. 3. The issuer is financially independent. The issuer has established an independent financial accounting system, which can make regular business decisions independently, has a standardized financial accounting system and a financial management system for branches and subsidiaries; the issuer does not share bank accounts with the company and other companies controlled by the company. 	2015-01-26	During the tenure of actual controller	Ongoing performance

Section VI Significant Events (continued)

Cause of Commitment	Name of undertaking party	Details of Commitment	Start Date of Commitment	End Date of Commitment	Performance
		<p>4. The organisation of the issuer is independent. The issuer has established a sound internal operation and management organisation, which independently exercises its management functions, and there is no organisation mixed up with the company and other companies controlled by the company.</p> <p>5. The business of the issuer is independent. The business of the issuer is independent from the company and other companies controlled by the company, and there is no obviously unfair related party transaction with the company and other companies controlled by the company.</p>			

(II) If there are profit forecasts for the assets or projects of the Company and the Reporting Period is within the period of the profit forecasts, particulars of the Company's assets or projects reaching the original profit forecasts and the reasons

N/A

II. APPROPRIATION OF NON-OPERATING CAPITAL OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES

The controlling shareholder and its related parties did not have any appropriation of non-operating capital of the Company.

III. ILLEGAL EXTERNAL GUARANTEES

The Company did not provided any illegal external guarantees.

IV. EXPLANATION OF THE BOARD OF DIRECTORS ON THE LATEST "NON-STANDARD AUDIT REPORT"

N/A

V. EXPLANATION OF THE BOARD OF DIRECTORS, THE BOARD OF SUPERVISORS AND INDEPENDENT DIRECTORS ON THE "NON-STANDARD AUDIT REPORT" ISSUED BY THE ACCOUNTING FIRM FOR THE REPORTING PERIOD

N/A

VI. EXPLANATION ON CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS COMPARED TO THE FINANCIAL REPORT FOR THE LAST YEAR

During the Reporting Period, the Company had no changes in accounting policies and accounting estimates or correction of significant accounting errors.

VII. CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS COMPARED TO THE FINANCIAL REPORT FOR THE LAST YEAR

During the Reporting Period, there was no change in the scope of consolidated statements.

VIII. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Pursuant to the requirements of the Administrative Measures for State-owned Financial Enterprises to Select and Engage Accounting Firms (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020]6號)) issued by the Ministry of Finance, the consecutive terms of office of KPMG Huazhen LLP, previously engaged by the Company as its auditor, reached the longest consecutive terms of office upon completion of the audit for 2020. According to relevant requirements, the Company entrusted Guoxin Tendering Group Co., Ltd. to conduct the public bidding for the selection and engagement of the accounting firms responsible for annual audit of the Company for 2021. Upon consideration and approval at the 2020 annual general meeting of the Company on May 28, 2021, engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company for 2021 to provide relevant domestic and overseas audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively, with an audit fee, including the fee for internal control, for 2021 amounting to RMB5.68 million. As a transitional arrangement, the Company continued to engage KPMG Huazhen LLP to provide services for the agreed procedures for the Company's financial statements for the first quarter of 2021.

During the Reporting Period, the Company paid PricewaterhouseCoopers Zhong Tian LLP a total of RMB1.9288 million for the 2021 annual audit of financial report, internal control, other special audits and the implementation of agreed procedures. The Company paid RMB300,000 to KPMG Huazhen LLP for the agreed procedures for the 2021 first quarterly financial statements.

The Company pays attention to the regulatory requirements on regular rotation of the signing certified public accountants, and reminds rotation of the signing certified public accountants whose consecutive audit years have expired. During the Reporting Period, PricewaterhouseCoopers Zhong Tian LLP provided audit services for the Company for the first year, and it was the first time for Ms. Yip Siu Foon, Linda and Mr. Shan Feng to perform annual audit as the signing accountants for the Company.

IX. BANKRUPTCY OR REORGANIZATION, MERGER OR SEPARATION

During the Reporting Period, the Company did not conduct any bankruptcy or reorganization, merger or separation, material disposal, acquisition, replacement or divestment of assets, or restructuring of other companies.

During the Reporting Period, there was no material acquisition and disposal of subsidiaries, associates or joint ventures.

Save as disclosed above, the Company had no other material investment, acquisition, disposal and future plan for material investments or acquisition of capital assets during the period.

Section VI Significant Events (continued)

X. ACQUISITION AND DISPOSAL OF SUBSIDIARIES, BRANCH COMPANIES AND SECURITIES BRANCHES DURING THE REPORTING PERIOD

(I) Acquisition and disposal of subsidiaries and branch companies during the Reporting Period

During the Reporting Period, the Company did not acquire or dispose of any first-level subsidiaries or branch companies.

During the Reporting Period, in order to sort out and standardize the management levels of subsidiaries, Hongyuan HuiFu completed the liquidation and cancellation of Beijing Hongtong Investment Management Co., Ltd. After the disposal, there was no significant impact on the operation and business of the Company.

(II) The establishment and cancellation of the securities branch companies and securities branches by Shenwan Hongyuan Securities, a subsidiary of the Company, are as follows:

1. Acquisition and disposal of subsidiaries by Shenwan Hongyuan Securities during the Reporting Period

- (1) During the Reporting Period, Shenwan Hongyuan Securities did not establish or dispose of first-level subsidiaries.
- (2) During the Reporting Period, Shenwan Hongyuan (International) Holdings Limited, a subsidiary of Shenwan Hongyuan Securities, completed the establishment of Shenwan Hongyuan International Finance Limited as a SPV subsidiary.
- (3) During the Reporting Period, Shenwan Hongyuan (H.K.) Limited, a subsidiary of the Company, completed the liquidation and cancellation of its 10 subsidiaries including Shenwan Hongyuan Global Fund Management Limited, Shenwan Hongyuan Investments (Overseas) Limited, Shenwan Hongyuan Korea Consulting Company Limited, Crux Assets Limited, Shenwan Hongyuan Investment Advisory (Japan) Co. Ltd., Winner Golden Limited, Venture-some Investments Limited, Shenwan Hongyuan Consultant Limited, Shenwan Hongyuan (Asia) Limited, and Shenyin Wanguo Online Broker (H.K.) Limited.

2. During the Reporting Period, Shenwan Hongyuan Securities established 11 branch companies, i.e. Shenwan Hongyuan Securities Yantai Branch, Shenwan Hongyuan Securities Zhuhai Branch, Shenwan Hongyuan Securities Dongguan Branch, Shenwan Hongyuan Securities Foshan Branch, Shenwan Hongyuan Securities Nantong Branch, Shenwan Hongyuan Securities Yangzhou Branch, Shenwan Hongyuan Securities Wuxi Branch, Shenwan Hongyuan Securities Wuhu Branch, Shenwan Hongyuan Securities Taizhou Branch, Shenwan Hongyuan Securities Jiaxing Branch, and Shenwan Hongyuan Securities Quanzhou Branch. In particular, 1 was newly established and 10 were established based on securities branches.

Section VI Significant Events (continued)

3. During the Reporting Period, Shenwan Hongyuan Securities established 5 securities branches, i.e. Hangzhou Xixi Road Securities Branch in Zhejiang, Lishui Chengda Street Securities Branch in Zhejiang, Chongqing Jinshamen Road Securities Branch, Xuzhou Heping Avenue Securities Branch in Jiangsu, and Hetian Urumchi North Road Securities Branch in Xinjiang. Besides, Yangpu Economic Development Zone Yingbin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd. has obtained a business license. In addition, the establishment of 5 securities branches, including 2 in Shenzhen City, Guangdong Province, 1 in Jinghu New District, Shaoxing City, Zhejiang Province, 1 in Jiangnan District, Wuhan City, Hubei Province and 1 in Pingtan City, Fuzhou City, Fujian Province, is in preparation.
4. During the Reporting Period, Shenwan Hongyuan Securities closed down 5 securities branches, i.e. Fuyang Jiangbin West Avenue Securities Branch in Zhejiang, Sanmen Zhaohui Road Securities Branch in Zhejiang, Tongxiang Puyuan Town Gongmao Avenue Securities Branch in Zhejiang, Alashankou Youhao Road Securities Branch in Xinjiang, and Shenyang Xinlong Street Securities Branch in Liaoning. In addition, 3 securities branches including Xinxiang Pingyuan Road Securities Branch in Henan, Pinghu Xinhua South Road Securities Branch in Jiaxing, Zhejiang, and Yicheng Zhonghua Avenue Securities Branch in Xiangyang, Hubei are in the progress of cancellation.

(For details of branch companies and securities branches, please refer to “XXV. Organisation of the Company” in “Section VI Significant Events” in this annual report.)

XI. MATERIAL LITIGATION AND ARBITRATION

(I) Overall Situation

During the Reporting Period, the Company had no material litigation or arbitration of which the respective amount exceeds 10% of the absolute value of the latest audited net assets of the Company and the absolute amount exceeds RMB10 million, and the aggregated amount of the litigation and arbitration in the past twelve months does not exceed 10% of the absolute value of the latest audited net assets of the Company.

(II) Relevant litigation and arbitration of Shenwan Hongyuan Securities (a subsidiary of the Company which is referred to as the “company” in this sub-section for the purpose of being clear and concise) and its subsidiaries during the Reporting Period

1. The case of the dispute over the margin financing and securities lending transaction raised by the company against Liu Xiangdai

In December 2019, the company and Liu Xiangdai entered into the Contract on Margin Financing and Securities Lending. During Liu Xiangdai’s financing for purchase of shares, the guarantee ratio of the credit account was lower than the close-out level and Liu Xiangdai did not take effective measures to raise and maintain the guarantee ratio. Later, the company conducted a forced liquidation. The financing principal of RMB107.6324 million owned to the company has not been repaid. After the demand repayment failed, in order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Xiangdai to perform the repayment obligations. In January 2021, the Shanghai Financial Court accepted the lawsuit. In October 2021, the company received the first-instance judgment issued by the Shanghai Financial Court in favour of the claims of the company. As of now, the judgment of this case has come into effect and the company has applied to the court for enforcement.

Section VI Significant Events (continued)

2. The case of the dispute over the margin financing and securities lending transaction raised by the company against Zhang Liuyang

In June 2020, the company and Zhang Liuyang entered into the Contract on Shenwan Hongyuan Securities Margin Financing and Securities Lending. During Zhang Liuyang's financing for purchase of shares, the guarantee ratio of the credit account was lower than the close-out level and Zhang Liuyang did not take effective measures to raise and maintain the guarantee ratio. Later, the company conducted a forced liquidation for Zhang Liuyang's account. The financing principal of RMB85.4008 million owned to the company has not been repaid. After the demand repayment failed, in order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zhang Liuyang to perform the repayment obligations. In January 2021, the Shanghai Financial Court accepted the lawsuit. In September 2021, the company received a first-instance judgment issued by the Shanghai Financial Court in favour of the claims of the company. Zhang Liuyang appealed later. In November 2021, as Zhang Liuyang did not pay the appeal fee, the court ruled that the first-instance judgment came into effect. As of now, the company has not received any judgment.

3. The arbitration case of the dispute over the fund contract raised by Jolywood (Suzhou) Sunwatt Co., Ltd. against the company

In October 2019, the company entered into the Fund Contract in relation to Hongsheng Tenglong No. 4 Private Securities Investment Fund with Jolywood (Suzhou) Sunwatt Co., Ltd. ("Jolywood") and Hongsheng Asset Management (Shenzhen) Co., Ltd. ("Hongsheng Assets"), pursuant to which Jolywood was the fund trustor, Hongsheng Assets was the fund manager, and the company was the fund trustee. Jolywood believed that Hongsheng Assets failed to perform its trustee obligations in the principles of good faith and diligence; and that the company failed to fulfill the corresponding obligations of the custodian. Therefore, it applied to the Shanghai Arbitration Commission for arbitration, requiring (1) Hongsheng Assets to compensate the investment principal loss of RMB50 million and related interest losses; (2) the company, as the custodian, to assume joint and several liability. In January 2021, the Shanghai Arbitration Commission accepted the case. As of now, the case has not yet been arbitrated.

4. The case of the dispute over pledged securities repurchase agreement raised by the company against RAAS CHINA LIMITED, Shenzhen RAAS Kaiji Investment Consulting Co., Ltd. and Kerui Tiancheng Investment Holdings Co., Ltd.

In October 2017, the company and RAAS CHINA LIMITED entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, RAAS CHINA LIMITED was financed by the company and Kerui Tiancheng shall bear joint and several liability. In March 2018, the company, RAAS CHINA LIMITED, Shenzhen RAAS, and Kerui Tiancheng entered into the Supplemental Agreement. In September 2018, Shenzhen RAAS failed to fulfill obligations according to the agreement. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring RAAS CHINA LIMITED to pay the outstanding principal of RMB200 million and related interests and liquidated damages to the company, Shenzhen RAAS to pay the relevant interests to the company, and Kerui Tiancheng to assume joint and several liability. In April 2021, the Shanghai Financial Court accepted the lawsuit. In November 2021, the company received a first-instance judgment issued by the Shanghai Financial Court in favour of the company's claims. As of now, the judgment of this case has come into effect and the company proposed to apply to the court for enforcement.

5. The case of the dispute over the contract between Shenyin & Wanguo Alternative Investment and Shanghai Worldunion Equity Investment Management Co., Ltd.

In November 2015, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion Equity Investment Management Co., Ltd. (“Shanghai Worldunion”), etc. entered into the Partnership Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). In November 2016, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion entered into the Supplemental Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). Later, Shanghai Worldunion failed to perform the relevant obligations according to the agreement. In order to protect its legitimate rights and interests, Shenyin & Wanguo Alternative Investment applied to the Shanghai International Economic and Trade Arbitration Commission for arbitration, requiring Shanghai Worldunion to perform its acquisition obligations, pay the investment funds and the agreed repurchase interests in a total amount of RMB61.7854 million. In April 2021, the Shanghai International Economic and Trade Arbitration Commission accepted the case. As of now, this case has not yet been arbitrated.

6. The case of the dispute over the pledged securities repurchase agreement raised by the company against Zou Yong and Li Yali

In March 2017, the company and Zou Yong entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Zou Yong was financed by the company with a total amount of RMB136 million and Li Yali, as the spouse of Zou Yong shall assume joint and several liability. During the performance of the agreements, Zou Yong failed to pay interest in accordance with the Agreements, failed to take measures to restore the performance guarantee ratio to be above the agreed warning value when the performance ratio was lower than the warning line. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zou Yong to repay the principal of RMB73.68 million and pay related interests and liquidated damages and Li Yali to bear joint repayment responsibilities. In June 2021, the Shanghai Financial Court accepted the case. As of now, this case has not yet been judged.

7. The cases of the dispute over pledged securities repurchase raised by the company (on behalf of asset scheme manager) against Anji Julong Enterprise Management Consulting Partnership (Limited Partnership), Liu Yongquan, Zhang Nai and Liu Changqing

(1) In December, 2019, the company, on behalf of Shenwan Hongyuan Julong No. 1 Collective Asset Management Scheme, and Anji Julong Enterprise Management Consulting Partnership (Limited Partnership) (“Anji Julong”) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Anji Julong was financed by the asset management scheme with an aggregate amount of RMB122.60 million. Liu Yongquan and Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability. Liu Changqing shall provide guarantee for the pledge. During the performance of the agreements, Anji Julong repaid part of the principal. Anji Julong failed to take measures to maintain the performance guarantee ratio and failed to conduct repurchase in advance in accordance with the company’s requirements, constituting a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Anji Julong to pay the outstanding principal of RMB106.8250 million and the interests and liquidated damages, and Liu Yongquan, Zhang Nai, and Liu Changqing to bear the corresponding guarantee responsibilities, etc.

Section VI Significant Events (continued)

- (2) In December, 2019, the company, on behalf of Shenwan Hongyuan Julong No. 1 Collective Asset Management Scheme, and Liu Yongquan entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Liu Yongquan was financed by the asset management scheme with an aggregate amount of RMB375.40 million. Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability; Anji Julong provided joint guarantee, and Liu Changqing shall provide for the pledge. During the performance of the agreements, Liu Yongquan failed to take measures to maintain the performance guarantee ratio and failed to conduct repurchase in advance in accordance with the company's requirements, constituting a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Yongquan and Zhang Nai to jointly pay the outstanding principal of RMB375.40 million and related interests and liquidated damages, and Anji Julong and Liu Changqing to bear the corresponding guarantee responsibilities, etc.
- (3) In April, 2020, the company, on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme, and Liu Yongquan entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Liu Yongquan was financed by the asset management scheme with an aggregate amount of RMB158.2076 million. Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability and provide guarantee for the pledge. Liu Changqing shall provide guarantee for the pledge. During the performance of the agreements, Liu Yongquan failed to take measures to maintain the performance guarantee ratio, failed to conduct repurchase in advance in accordance with the company's requirements, and failed to perform the repurchase obligation when the agreements expired. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Yongquan and Zhang Nai to pay the outstanding principal of RMB158.2076 million and related interests and liquidated damages, and Liu Changqing to bear the corresponding guarantee responsibilities, etc.
- (4) In April, 2020, the company, on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme, and Zhou Suqin entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Zhou Suqin was financed by the asset management scheme with an aggregate amount of RMB160.7652 million. Liu Changqing, the spouse of Zhou Suqin, shall bear joint and several liability and provide guarantee for the pledge. Zhang Nai shall provide guarantee for the pledge. During the performance of the agreements, Zhou Suqin failed to take measures to maintain the performance guarantee ratio, failed to conduct repurchase in advance in accordance with the company's requirements, and failed to perform the repurchase obligation when the agreements expired. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zhou Suqin and Liu Changqing to pay the outstanding principal of RMB160.7652 million and related interests and liquidated damages, and Zhang Nai to bear the corresponding guarantee responsibilities, etc.

The company has received the notice of acceptance for the abovementioned cases from the Shanghai Financial Court in July 2021. As of now, the above cases have not yet been judged.

8. The case of the dispute over the agreement on pledged bonds repurchase raised by the company against Kaiyuan Securities Co., Ltd.

In October 2018, Shenyin Wanguo Tiantianzeng No. 1 Collective Asset Management Plan under the management of the company and Zhenyi No. 7 Targeted Asset Management Plan under the management of Kaiyuan Securities Co., Ltd. carried out five bond-pledged repurchases with the principal in a total amount of RMB105.96 million. Subsequently, Kaiyuan Securities failed to perform the repayment obligations of the repurchasing party on the agreed due date, which constituted a substantial breach of contract. In order to protect the legal rights and interests of the company and its client, in August 2021, the company filed an arbitration with Shanghai International Arbitration Center. In November 2021, the company received ruling issued by the Shanghai International Arbitration Center ruling in favour of the company's claims. As of now, the company has applied to Beijing Financial Court for enforcement.

(III) The latest development of the historical cases of Shenwan Hongyuan Securities, a subsidiary of the Company (referred to as the “company” in this sub-section for the purpose of being clear and concise) during the Reporting Period

1. The case of the dispute over pledged securities repurchase raised by the company against Weng Wuyou, Lin Yongfei and Weng Yayun

In June 2016 and February 2018, the company and Weng Wuyou entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, respectively, pursuant to which Weng Wuyou was financed by the company with an aggregate amount of RMB99 million, and Lin Yongfei shall bear joint and several liability with “Modern avenue” held by Lin Yongfei as the subject of the pledge. which was confirmed by Weng Yayun, Lin Yongfei's spouse. In December 2018, Weng Wuyou failed to pay the corresponding interests as stipulated in the contract, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In March 2021, the company received the first-instance judgment issued by the Shanghai Financial Court which supported the company's claims. As of now, the above judgment has come into effect and the Company has applied to the court for enforcement.

2. The case of the dispute over the pledged securities repurchase raised by the company against Shen Peijin and Zhu Lijing

In April 2017, the company and Shen Peijin entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Shen Peijin was financed by the company with an amount of RMB700 million, and Zhu Lijing, the spouse of Shen Peijin, shall assume joint and several liability. In October 2018, the performance guarantee ratio of Shen Peijin fell below the agreed minimum performance guarantee ratio. Shen Peijin failed to lift the performance guarantee ratio to above the threshold value or take other performance guarantee measures, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requesting Shen Peijin and Zhu Lijing to repay the principal of RMB695 million and the corresponding interests, liquidated damages, etc. In January 2021, the company received the first instance judgment made by the Shanghai Financial Court which supported the company's claims. As of now, the judgment of this case has come into effect and the Company has applied to the court for enforcement.

Section VI Significant Events (continued)

3. The cases of the dispute over the pledged securities repurchase raised by the company against Ke Zonggui and Chen Seqin

- (1) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB83 million, Chen Seqin, as the spouse of Ke Zonggui, shall bear joint and several liability, and China Express Co., Ltd.* (中經匯通有限責任公司) and Ma Meirong shall provide guarantee for the pledge. Ke Zonggui has failed to pay interest in accordance with the Agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court issued a notice of acceptance. In October 2021, the company received the first-instance judgment in favour of the company's claims from the Shanghai Financial Court. Ke Zonggui appealed to the Shanghai High People's Court later. As of now, the case has not yet been judged.
- (2) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB100 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and China Express Co., Ltd. and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid principal in an amount of RMB40 million to the company. Ke Zonggui has failed to pay interest in accordance with the agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court issued a notice of acceptance. In October 2021, the company received the first-instance judgment in favour of the company's claims from the Shanghai Financial Court. Ke Zonggui appealed to the Shanghai High People's Court later. As of now, the case has not yet been judged.
- (3) In July 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB90 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid part of the principal. Subsequently, Ke Zonggui failed to pay interest in accordance with the Agreements, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai, requesting repayment of principal of RMB21.73 million and the corresponding interests, liquidated damages, etc. In August 2020, the People's Court of Xuhui District of Shanghai issued a notice of acceptance. In August 2021, the People's Court of Xuhui District of Shanghai issued the first-instance judgment in favour of the company's claims, and Ke Zonggui appealed later. As of now, the case has not yet been judged.

4. The cases of the dispute over the pledged securities repurchase raised by the company against Ke Zongqing and Tan Aiwu

- (1) In July 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB65 million and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, Ke Zongqing failed to complete the repurchase in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. Pursuant to the paper of civil mediation, Ke Zongqing shall pay RMB36.9642 million as well as the relevant interests and liquidated damages to the company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. As of now, Ke Zongqing failed to perform the repayment obligations in accordance with the mediation paper, and the company has applied to the court for compulsory execution.
- (2) In April 2018, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB69.90 million and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, Ke Zongqing failed to complete the repurchase in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. According to the paper of civil mediation, Ke Zongqing shall pay RMB43.23 million, as well as the relevant interests and liquidated damages to the company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. As of now, Ke Zongqing failed to perform the repayment obligations in accordance with the mediation paper, and the company has applied to the court for compulsory execution.
- (3) In April 2018, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB25.10 million, and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, as the performance guarantee ratio fell below the close-out level, Ke Zongqing failed to repurchase the principal and interests in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. Pursuant to the paper of civil mediation, Ke Zongqing shall pay RMB14.99 million, as well as the relevant interests and liquidated damages to the Company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. As of now, Ke Zongqing failed to perform the repayment obligations in accordance with the effective mediation paper, and the company has applied to the court for compulsory execution.

Section VI Significant Events (continued)

5. The case of the dispute over the agreement on pledged securities repurchase raised by the company against TruValue Asset Management Co., Ltd.

In October 2018, Shenyin Wanguo Tiantianzeng No. 1 Collective Asset Management Plan under the management of the company and the TruValue Linshui Ronfu No. 2 Asset Management Plan (“Linshui Ronfu No. 2”) under the management of TruValue Asset Management Co., Ltd. (the “TruValue”) conducted a pledged securities repurchase at a consideration of RMB70 million. The pledged bonds are 100,000 lots of “17 Guogou 01”. In January 2019, TruValue and Linshui Rongfu No. 2 managed by it failed to perform the repayment obligations of the borrower on the agreed due date, which constituted a breach of contract. TruValue had not fulfilled the obligation of repayment after repeated reminders. In order to protect the legal rights and interests of the company and its client, the company, as the manager, filed arbitration with the Shenzhen Court of International Arbitration. In July 2021, the company received the award that Linshui Ronfu No. 2 shall fulfill the obligation to repay the principal and interests totaling RMB71.0939 million as well as relevant interests and penalty interests. As of now, Linshui Ronfu No. 2 failed to fulfill obligations according to the award, and the Company has applied to the court for enforcement.

6. The case of the dispute over the pledged securities repurchase raised by the company against Cai Xiaoru

In June 2017, the company and Cai Xiaoru entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Cai Xiaoru was financed by the company with an amount of RMB91.50 million. During the performance of the agreements, Cai Xiaoru partially repurchased a total of RMB15.80 million. Subsequently, Cai Xiaoru failed to fully complete the repurchase, which constituted a breach of contract. In August 2019, the company filed a request for arbitration with Guangzhou Arbitration Commission. In October 2019, the Guangzhou Arbitration Commission made a ruling that Cai Xiaoru shall repay the principal of RMB75.70 million as well as the corresponding interests and liquidated damages. Later, the company applied to the court for enforcement. In September 2021, the court terminated the enforcement, and the company received all the principal, interest and liquidated damages enforced by the court. The case was closed.

7. The case of the dispute over the pledged securities repurchase raised by the company against CITIC Guoan Group Corporation

In 2018, the company and CITIC Guoan Group Corporation (CITIC Guoan) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares of Shenwan Hongyuan Securities Co., Ltd., pursuant to which, CITIC Guoan was financed by the company. In October 2018, the performance guarantee ratio fell below the agreed minimum performance guarantee ratio and CITIC Guoan failed to fulfill relevant obligations according to the agreements, which constituted a breach of contract. In December 2019, the company filed a lawsuit with Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB450 million and the corresponding interests, liquidated damages, etc. Later, the case was handed over to the Third Intermediate People’s Court of Beijing for trial. In December 2021, the Third Intermediate People’s Court of Beijing issued a first-instance judgment in favour of the company’s main claims. As of now, the above judgment has come into effect and Company proposed to apply to the court for enforcement.

8. The case of the dispute over the pledged securities repurchase raised by the company against CITIC Guoan Investment Co., Ltd. and CITIC Guoan Group Corporation

In March 2018, the company and CITIC Guoan Investment Co., Ltd. (“Guoan Investment”) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Guoan Investment was financed by the company and CITIC Guoan shall assume joint and several liability. In October 2018, the performance guarantee ratio fell below the agreed minimum performance guarantee ratio, Guoan Investment failed to fulfill relevant obligations according to agreements, and CITIC Guoan also failed to assume corresponding guarantee obligations, which constituted a breach of contract. In December 2019, the company filed a lawsuit with the Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB328.96 million and the corresponding interests, liquidated damages, etc. Later, the case was handed over to the Third Intermediate People’s Court of Beijing for trial. In December 2021, the Third Intermediate People’s Court of Beijing issued a first-instance judgment in favour of the company’s main claims. As of now, the above judgment has come into effect and Company proposed to apply to the court for enforcement.

9. The case of the dispute over trust loan default raised by Shenyin & Wanguo Alternative Investment (申萬創新投) against Zhongke Construction and Development Corporation (中科建設開發總公司) and others

In 2016, Shenyin & Wanguo Alternative Investment entered into a trust contract with China Everbright Xinglong Trust Co., Ltd. (“Everbright Trust”), pursuant to which, Shenyin & Wanguo Alternative Investment agreed to deliver to Everbright Trust the trust capital in the aggregated amount of RMB300 million, Everbright Trust shall grant trust loan to Zhongke Construction and Development Corporation (“Zhongke Construction”), and Zhongke Longxuan Engineering Project Management (Hai’an) Co., Ltd. (中科龍軒工程項目管理海安有限公司) shall provide guarantee for the pledge. Zhongke Construction later failed to pay the relevant interest after being notified repeatedly, constituting an event of default. Subsequently, Everbright Trust and Shenyin & Wanguo Alternative Investment agreed to terminate the trust contract, and Everbright Trust assigned to Shenyin & Wanguo Alternative Investment all of its rights under the creditor’s right and guarantee right. In September 2018, Shenyin & Wanguo Alternative Investment filed a civil complaint to the Gansu High People’s Court requesting the judgment that Zhongke Construction shall repay Shenyin & Wanguo Alternative Investment a loan principal of RMB300 million and the accrued interest, the penalty interest and the attorney fee, and Zhongke Longxuan shall be jointly liable for the aforesaid petition. In November 2020, Shenyin & Wanguo Alternative Investment received the first instance ruling of the case, and the court ruled to reject its prosecution. Later, Shenyin & Wanguo Alternative Investment appealed the ruling. In August 2021, Shenyin & Wanguo Alternative Investment received the ruling from the Supreme Court that the first instance ruling be revoked and the court of first instance shall perform retrial. As of now, the case has not yet been judged.

XII. PUNISHMENT RECTIFICATION

During the Reporting Period, the Company and directors, supervisors and senior management of the Company were not subject to administrative punishments or public censures by securities and futures regulators and relevant self-regulatory organizations, or punishment by finance, taxation, foreign exchange and audit authorities.

Section VI Significant Events (continued)

XIII. THE CREDITWORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

During the Reporting Period, none of the Company, its controlling shareholder or its actual controller failed to perform any effective judgments of a court or repay outstanding debts with relatively material amounts.

XIV. CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

The related/connected transactions of the Group are conducted pursuant to the Shenzhen Stock Exchange Listing Rules and the Hong Kong Listing Rules, the related/connected transactions of the Group observe the fair and reasonable principles, and the agreements on related/connected transactions are entered into under the principles of equality, willingness, pricing equality and compensation with market prices.

The Company has the following continuing connected transactions that shall subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules and the Company has complied with relevant requirements:

As of December 31, 2021, JIC directly held approximately 26.34% of the total issued share capital of the Company. Therefore, JIC is a substantial shareholder of the Company. Therefore, JIC and its associates constitute connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules.

Securities and Financial Products, Transactions and Service Framework Agreement

Reference is made to the prospectus for H Shares dated April 12, 2019, the circular dated June 3, 2020 and the announcement dated June 23, 2020 of the Company and the Securities and Financial Products, Transactions and Services Framework Agreement (the "Framework Agreement") with JIC on March 29, 2019 for a term commencing from April 26, 2019 (i.e. the listing date of H Shares) to December 31, 2021, subject to renewal. Separate contracts will be entered into between members of the Group and JIC and its associates to provide for the terms and conditions of the specific transaction(s) in accordance with the principal terms set out in the Framework Agreement. The shareholders of the Company approved the amendments to the annual caps of continuing connected transactions for 2020 and 2021 under the Framework Agreement at the 2019 annual general meeting.

Pursuant to the Framework Agreement, the Group and JIC and/or their respective associates shall provide securities and financial products and transactions with one another, and the Group shall provide securities and financial services to JIC and/or its associates, in their respective ordinary course of business based on normal commercial terms and market practices at prevailing market prices or rates.

A. Securities and Financial Products and Transactions

According to the Framework Agreement, the securities and financial product and transactions ("Securities and Financial Products and Transactions") between the Group and JIC and/or its associates include (but not limited to) the following:

- equity-related products or transactions, including funds, trust, asset management schemes, convertible bonds, structured products;
- fixed-income products, including funds, trust, bonds, and structured products with fixed income characteristics;

Section VI Significant Events (continued)

- financing transactions among financial institutions with or without guarantees; and
- other related securities and financial products and derivative products

Reasons for the transactions

In the normal course of our business, the Group regularly engages in various kinds of securities and financial products transactions with various counterparties, including JIC and its associates. The Group purchases suitable securities and financial products from different providers (including JIC and its associates, which are our connected persons, and independent third parties) based on our internal evaluation system and procedures with reference to various factors including the cost, market condition and the Group's risk exposure, business needs and development requirements. JIC and/or its associates may also purchase securities and financial products from the Group in their ordinary course of business from time to time, taking into account their business needs and the suitability of the products the Group offered.

Pricing basis

The market rates in respect of each of the Securities and Financial Products and Transactions are generally transparent and standardized across the market. The commission rates and fees charged for these products and transactions shall be determined based on the prevailing market price or based on arm's length negotiation with reference to the prevailing market rates normally applicable to independent third parties for similar types of transactions at the time of the transactions. To ensure that the Securities and Financial Products and Transactions are on normal commercial terms and to safeguard the interests of our shareholders as a whole, the Group has put in place internal approval and monitoring procedures relating to the Group's connected transactions.

Transactions in the year ended December 31, 2021

For the year ended December 31, 2021, the annual caps and actual transaction amounts of the Securities and Financial Products and Transactions are set out below:

Unit: Thousand Yuan Currency: RMB

Securities and Financial Products and Transactions	For the year ended December 31, 2021	
	Annual cap	Actual transaction amount
In ⁽¹⁾	9,718,500	2,879,416.76
Out ⁽²⁾	9,999,800	1,671,350.85

Notes:

- (1) "In" means the total cash inflow to the Group arising from the Securities and Financial Products Transactions, including the sale and redemption of the relevant products, interests received from the relevant products.
- (2) "Out" means the total cash outflow from our Group arising from the Securities and Financial Products Transactions, including the purchase of the relevant products, interests paid for the relevant products and outflow arising from repurchase of relevant products from our counterparties.

Section VI Significant Events (continued)

B. Securities and Financial Services

According to the Framework Agreement, JIC agreed to purchase and the Company agreed to provide securities and financial services to JIC and its associates in its ordinary course of business based on normal commercial terms and market practices at prevailing market prices. The securities and financial services (the “Securities and Financial Services”) provided to JIC and/or its associates include (but not limited to) the following:

- financial products agency sale services. The Group receives service fees and/or other fees for such services;
- leasing of trading units services. The Group leases our trading units to institutional clients and receives trading commission and/or other fees for such services;
- brokerage services, including securities brokerage and related financial products brokerage services. The Group receives brokerage commissions for such services;
- investment banking services, including underwriting and sponsorship services for equity securities and other products, and financial advisory services for other general corporate restructuring, mergers and acquisition. The Group receives underwriting commission, sponsor fee, financial advisory fees and/or other fees for such services;
- asset management services. The Group manages the assets of customers and receive service fees for such services; and
- other miscellaneous securities and financial advisory and consulting services. The Group receives advisory fees and/or other fees for such services.

Reasons for the transactions

In the Group’s ordinary course of business, the Group provides securities and financial services to the Group’s clients, which include JIC and for its associates. Due to their business needs and the Group’s expertise and professional capabilities, the Group had been engaged by JIC and its associates to provide Securities and Financial Services from time to time during the Reporting Period.

Pricing basis

- financial products agency sale services: service fees shall be determined based on factors including market prices, industry practice and the total amount of financial products under the agency sale arrangements with reference to the service fee rate charged by the Group for comparable agency sale service provided to independent third party;
- leasing of trading units: the Group charges a percentage of the trading volume in respect of each trade conducted through the Group’s trading units as the Group’s commission where such percentage shall be determined based on the then prevailing market rates and industry practice. The commission rates charged on the leasing of trading units are generally transparent across the market;
- brokerage services: the commission rates for these services are generally transparent and standardized across the market. The commission rates are determined based on arm’s length negotiation with reference to the prevailing market rates for comparable securities or futures;

Section VI Significant Events (continued)

- investment banking services: financial advisory fees and other service fees shall be determined after taking into account factors including the transaction nature and size, and the then prevailing market conditions. The fees for investment banking services are generally transparent across the market, which enables the Group to adopt a market-based pricing approach;
- asset management services: the fees charged for asset management services are determined based on arm's length negotiations with reference to factors including the prevailing market rates, the size of the assets and the complexity of the particular service provided. The market rates for these services are generally transparent across the market; and
- other miscellaneous securities and financial advisory and consulting services: such services are determined based on arm's length negotiation with reference to the prevailing market rates for transactions of similar type and size.

The terms (including pricing terms) in respect of the Securities and Financial Services the Group provided to JIC and/or its associates shall be comparable to those provided to the Group's other independent institutional clients of similar profile and transaction amount. The Securities and Financial Services shall be subject to the same or stricter internal approval and monitoring procedures and pricing policies applicable to independent clients.

Transactions in the year ended December 31, 2021

For the year ended December 31, 2021, the annual caps and actual transaction amounts of the Securities and Financial Services are set out below:

Unit: Thousand Yuan Currency: RMB

	For the year ended December 31, 2021	
	Annual cap	Actual transaction amount
The Group's revenue generated from providing the Securities and Financial Services to JIC and its associates	135,360	27,259.27

Confirmation of independent non-executive Directors

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that:

- (1) The above continuing connected transactions were entered into in the ordinary course of business of the Group;
- (2) The above continuing connected transactions were entered into on normal commercial terms or better; and
- (3) The above continuing connected transactions were entered into in accordance with the Framework Agreement, the terms of which were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Section VI Significant Events (continued)

Confirmation of independent auditor

The independent auditor of the Company has performed the review procedures and issued its letter of unqualified opinion regarding the abovementioned continuing connected transactions, and confirmed that:

- (1) Nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors;
- (2) For transactions involving the provision of products and services by the Company, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3) Nothing has come to their attention that causes them to believe that such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) With respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap set out by the Company.

The Company has submitted the letter of auditor to the Hong Kong Stock Exchange.

Save as disclosed above, there are no other related party transactions as set out in note 55 to the consolidated financial statements that are connected transactions or continuing connected transactions that are required to be disclosed under the Hong Kong Listing Rules. Save as disclosed in this report, during the Reporting Period, the Company was not required to disclose any connected transactions in accordance with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules.

XV. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Material holding in custody, contracting or leasing

The Company had no material holding in custody, contracting or leasing during the Reporting Period.

(II) Material guarantees of the Company during the Reporting Period

1. Provision of guarantees for Hongyuan Hengli by the Company

On February 26, 2019, March 21, 2019, March 30, 2021, and May 28, 2021, the Company convened the meetings of the Board of Directors and general meetings at which the Resolution Regarding the Provision of Guarantee for Hongyuan Hengli (Shanghai) Industrial Co., Ltd. was considered and approved, pursuant to which, the Company shall provide guarantee for the external financing of Hongyuan Hengli in an amount of no more than RMB1 billion.

On February 19, 2021, the Company entered into the Maximum Guarantee Contract with Bank of China Co., Ltd. Shanghai Xuhui Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On March 12, 2021, the Company entered into the Maximum Guarantee Contract with Ping An Bank Co., Ltd. Shanghai Branch and China Minsheng Bank Co., Ltd. Shanghai Branch, respectively, for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On September 23, 2021, the Company entered into relevant guarantee contracts with Bank of Communications Co., Ltd.

Section VI Significant Events (continued)

Shanghai Putuo Sub-branch and Bank of China Limited Shanghai Xuhui Sub-branch, respectively, for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On October 29, 2021, the Company entered into relevant guarantee contract with China CITIC Bank Corporation Limited Shanghai Branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On November 11, 2021, the Company entered into relevant guarantee contract with Bank of Shanghai Co., Ltd. Luwan Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB120 million. On December 17, 2021, the Company entered into relevant guarantee contract with Industrial Bank Co., Ltd. Shanghai Hongkou Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million.

2. Provision of guarantee for securities by Shenwan Hongyuan Securities, a subsidiary of the Company:

In order to meet the needs of business development, Shenwan Hongyuan Securities approved the issuance of bonds in a total amount of no more than US\$800 million (or foreign currency in an equivalent amount) with a maturity of no more than 5 years (including 5 years) by Shenwan Hongyuan International Finance Limited as the issuer, an overseas special purpose vehicle of its wholly-owned overseas subsidiary Shenwan Hongyuan (International) Holdings Limited, and approved to provide joint and several liability guarantee for the aforementioned issuance of bonds. On July 14, 2021, Shenwan Hongyuan Securities entered into relevant guarantee agreements with China Construction Bank (Asia) Corporation Limited in connection with the issuance of US\$500 million overseas senior fixed-rate bonds with a maturity of 5 years and a coupon rate of 1.800% by the abovementioned issuer.

As of the end of the Reporting Period, the total guarantees of the Company and its controlled subsidiaries amounted to RMB3,907.85 million, accounting for 3.65% of the Company's latest audited net assets. The accumulated amount of overdue guarantees was nil, the amount of guarantees involved in litigations was nil, and the amount of losses that should be borne due to the loss in lawsuits in relation to guarantees was nil.

Independent opinions and special explanations of independent directors on the abovementioned external guarantees of the Company:

As of December 31, 2021, except for the abovementioned approved guarantees for subsidiaries, the Company has not provided guarantees for the actual controller and its subsidiaries, any unincorporated entities or individuals.

(For details, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on February 23, March 18, March 24, July 17, September 28, November 3, November 16 and December 22, 2021 and on the website of HKExnews (www.hkexnews.hk) on February 22, March 17, March 17, March 23, July 16, September 27, November 2, November 15 and December 21, 2021)

Section VI Significant Events (continued)

(III) Entrusting others to conduct cash asset management

1. Entrusted wealth management

N/A

2. Entrusted loan

N/A

(IV) Other material contracts

Pursuant to the requirements on connected transactions under Chapter 14A of the Hong Kong Listing Rules, on March 29, 2019, the Company and JIC entered into the Securities and Financial Products, Transactions and Services Framework Agreement (the “Framework Agreement”) for a term commencing from April 26, 2019 (i.e. the listing date of H Shares) to December 31, 2021. Pursuant to the Framework Agreement, the Company and JIC and/or their respective associates agreed to conduct securities and financial transactions with one another, and provide securities and financial products and services to one another, in their respective ordinary course of business based on normal commercial terms and market practices at prevailing market prices or rates.

On December 6, 2021, the Resolution on Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement with China Jianyin Investment Ltd. was considered and approved at the fifth meeting of the fifth session of the Board of Directors of the Company and was submitted to the general meeting of the Company for consideration. On December 30, 2021, the relevant resolution was considered and approved at the 2021 second extraordinary general meeting of the Company. The Company and JIC renewed the Securities and Financial Products, Transactions and Services Framework Agreement for a term from January 1, 2022 to December 31, 2024, and set the annual caps for securities and financial products and transactions and securities and financial services for 2022 to 2024. For details of the renewal of framework agreement, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on December 7 and December 31, 2021 and on the website of HKExnews (www.hkexnews.hk) on December 6 and December 30, 2021.

XVI. CHANGES IN THE QUALIFICATIONS FOR INDIVIDUAL BUSINESSES OF THE COMPANY IN 2021

During the Reporting Period, Shenwan Hongyuan Securities, a subsidiary of the Company, obtained the following qualifications for individual businesses: the qualification of pilot equity incentive exercising financing business of Shenzhen Stock Exchange, the membership of Beijing Stock Exchange, the qualification of spot bond market maker in the inter-bank bond market, the qualification for special unit customers to participate in physical delivery of the Shanghai Futures Exchange, the qualification for special unit customers to participate in physical delivery of Shanghai International Energy Exchange, Shanghai and Shenzhen 300ETF options of the Shenzhen Stock Exchange, the qualification of market maker of gold option of the Shanghai Futures Exchange, the qualification of market maker of crude oil option of Shanghai International Energy Exchange, the qualification of market maker of soybean meal futures of Dalian Commodity Exchange, the qualification of market maker of soybean oil futures of Dalian Commodity Exchange, the qualification of market maker of polyvinyl chloride futures of Dalian Commodity Exchange, the qualification of market maker of polyethylene futures of Dalian Commodity Exchange, and the

Section VI Significant Events (continued)

qualification of market maker of palm oil futures of Dalian Commodity Exchange. Hongyuan Futures, a subsidiary of the Company, obtained the qualification of share option trading participant of the Shanghai Stock Exchange and the qualification of share option trading participant of the Shenzhen Stock Exchange.

XVII. AGENCY SALES OF FINANCIAL PRODUCTS DURING THE REPORTING PERIOD

Unit: Yuan Currency: RMB

Financial products under agency sales	2021		2020	
	Total sales amount	Total sales income	Total sales amount	Total sales income
Funds	58,697,542,467.49	138,396,006.55	46,330,913,893.79	133,346,990.48
Wealth management products of banks	—	—	—	—
Other financial products	42,465,129,414.96	312,504,200.86	63,982,910,361.72	87,761,654.46
Total	101,162,671,882.45	450,900,207.41	110,313,824,255.51	221,108,644.94

Note: The scope of statistics includes Shenwan Hongyuan Securities and its securities subsidiaries.

XVIII. CAPITAL ADEQUACY OF SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

(I) Satisfaction of capital adequacy standards

Shenwan Hongyuan Securities proactively expands various financing channels to enhance capital strength, guarantee capital needs for business development, and enable the Company's capital level to continue to meet regulatory requirements.

(II) Internal capital adequacy assessment process

Shenwan Hongyuan Securities reasonably assesses internal capital adequacy and determines capital replenishment mechanisms based on a number of factors including macroeconomic operation conditions, the development of the securities market and changes in businesses, as well as capital level and regulatory requirements. In the internal capital assessment process, Shenwan Hongyuan Securities determines the periodical asset allocation scale of each business through the asset allocation and adjustment mechanism within the operating investment budget with the largest annual budget. Shenwan Hongyuan Securities determines the corresponding capital replenishment plan based on the asset allocation results and the existing capital level.

Shenwan Hongyuan Securities regularly conducts stress tests based on changes in market operations and regulatory requirements. By testing the pressure of internal capital level under different risk conditions, it determines its capital replenishment plan to enhance the risk tolerance of capital level and ensure its long-term healthy and stable development. Shenwan Hongyuan Securities regards internal capital assessment as an integral part of management decision to ensure that the board of directors, operating management and senior management can continuously evaluate the risks and changes in risk brought about by operating activities, and evaluate and judge capital adequacy prospectively. Shenwan Hongyuan Securities proactively applies the capital assessment results in the capital allocation of the business sector

Section VI Significant Events (continued)

and exerts the role of capital assessment in capital allocation and internal decision-making to improve the efficiency of capital use. Shenwan Hongyuan Securities also takes the internal capital adequacy assessment results as one of the key factors in strategic planning, and uses the capital assessment results as an important basis for strategic decision-making.

(III) Main internal and external risk factors affecting capital adequacy

1. Capital adequacy ratio

Due to the relatively single channel of capital replenishment and the impact of business expansion, the future capital adequacy ratio of Shenwan Hongyuan Securities may face the risk of decline. The main influencing factors are: (1) the slow increase in the size of Net Capital; (2) the rapid increase in the provision for risk capital for various businesses.

2. Risk factors affecting Net Capital

Due to the relatively single financing channel for securities traders, the slow increase in the size of Net Capital has become one of the important factors leading to the decline in capital adequacy ratio. The replenishment of Net Capital is mainly conducted through the following methods: (1) accumulation of own profits; (2) capital increase through shareholders; (3) financing in the public market including issuance of shares, perpetual bonds and subordinated bonds; (4) issuance of preferred shares, etc.

Shenwan Hongyuan Securities is proactively studying on replenishing capital through various means such as capital increase and issuance of perpetual bonds and subordinated bonds. In addition, Shenwan Hongyuan Securities will accelerate research on innovative capital instruments including preferred shares and convertible bonds, to expand channels for capital replenishment and maintain sufficient capital level.

3. Factors affecting risk capital reserves

(1) Rapid increase in risk capital reserves arising from business expansion

In recent years, Shenwan Hongyuan's securities business has expanded at a rapid rate. The rapid development of financing business, securities proprietary business, and derivative financial products has brought promising development opportunity for the Company but also increasement of risk capital reserves, causing the risk of decrease in capital adequacy ratio.

(2) Acceleration of capital market expansion and internationalization brings unforeseen risks

With the rapid expansion of the capital market, there may be some unexpected risks, leading to losses.

(3) Policy uncertainty risk

In the future, policy changes will bring certain uncertainty to the withdrawal of Shenwan Hongyuan Securities' risk capital reserves. Changes in the calculation standards for risk capital reserves may directly affect the value of risk capital reserves. For certain capital intermediary businesses and emerging businesses, regulators may increase the corresponding standards on provision for risk capital reserves for the sake of prudent regulation, thereby bringing certain risks.

Section VI Significant Events (continued)

(4) *Changes in paid-up capital or ordinary shares and other capital instruments*

On December 28, 2020, the Company convened the 57th meeting of the fourth session of the Board at which the Proposal Regarding Increase in the Registered Capital of Shenwan Hongyuan Securities Co., Ltd. was considered and approved, pursuant to which the Company was approved to increase the registered capital of Shenwan Hongyuan Securities Co., Ltd. with its self-owned funds in an amount of RMB5 billion. On March 4, 2021, Shenwan Hongyuan Securities completed relevant procedures for industrial and commercial registration of changes in registered capital and the registered capital of Shenwan Hongyuan Securities was increased from RMB47 billion to RMB52 billion.

On September 20, 2019, the Company convened the 45th meeting of the fourth session of the Board at which the Proposal Regarding Increase in the Registered Capital of Shenwan Hongyuan Securities Co., Ltd. was considered and approved, pursuant to which the Company was approved to increase the registered capital of Shenwan Hongyuan Securities Co., Ltd. with the proceeds raised overseas in an amount of no more than RMB1.6 billion. In June 2021, the Company conducted capital increase to Shenwan Hongyuan Securities with proceeds in an amount of RMB1.5 billion. The procedures for industrial and commercial registration of changes of Shenwan Hongyuan Securities were completed. The registered capital of Shenwan Hongyuan Securities was increased from RMB52 billion to RMB53.5 billion.

As approved by the Fund Institutions Supervision Department of the CSRC with the Reply on Relevant Opinions on the Public Issuance of Perpetual Subordinated Bonds by Shenwan Hongyuan Securities Co., Ltd. (Ji Gou Bu Han [2020] No. 2836) and as registered with the CSRC (Zheng Jian Xu Ke [2020] No. 3544) on December 21, 2020, Shenwan Hongyuan Securities was approved to proceed with the public issuance of perpetual subordinated bonds in an amount of no more than RMB10 billion. On June 24, 2021, Shen Wanhongyuan Securities completed the Public Issuance of Perpetual Subordinated Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021 with a size of RMB2 billion and a term of 5 + N years; on August 19, 2021, Shen Wanhongyuan Securities completed the Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021 with a size of RMB3.3 billion and a term of 5 + N years; on November 15, 2021, Shen Wanhongyuan Securities completed the Public Issuance of Perpetual Subordinated Bonds (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021 with a size of RMB4.7 billion and a term of 5 + N years.

Section VI Significant Events (continued)

XIX. DECISION OF ADMINISTRATIVE LICENSE ON THE COMPANY BY REGULATORY AUTHORITIES DURING THE REPORTING PERIOD

No.	Date	Regulatory authority	Document name	Document No.
1	2021.01.11	China Securities Regulatory Commission	Approval for Registration of Corporate Bonds Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2021] No. 71
2	2021.01.14	Administration of Market Supervision of Xinjiang Uygur Autonomous Region	Notice of Approval of Change of Registration (Industrial and Commercial Registration of Change of Legal Representative)	(Xin) Zi [2021] No. 10
3	2021.03.04	Shanghai Municipal Administration of Market Supervision	Business License of Shenwan Hongyuan Securities Co., Ltd.	—
4	2021.03.08	China Securities Regulatory Commission	Approval for Registration of Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2021] No. 800
5	2021.05.18	China Securities Regulatory Commission	Reply Letter on Opinions on Provision of Guarantee by Shenwan Hongyuan Securities Co., Ltd. for the Debt Financing of an Overseas Subsidiary	Ji Gou Bu Han [2021] No. 1458
6	2021.07.26	Shanghai Municipal Administration of Market Supervision	Business License of Shenwan Hongyuan Securities Co., Ltd.	—
7	2021.11.30	China Securities Regulatory Commission	Regulatory Opinions on the Application of Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Securities (Western) Co., Ltd. to Launch the Pilot Business of Account Management Function Optimization	Ji Gou Bu Han [2021] No. 3747
8	2021.12.06	China Securities Regulatory Commission	Approval for Registration of Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2021] No. 3852

XX. CLASSIFIED EVALUATION RESULTS

According to the results of classified evaluation of securities companies as published by the CSRC, Shenwan Hongyuan Securities, a subsidiary of the Company, was rated as Class A Grade A, AA and AA in 2019, 2020 and 2021, respectively.

XXI. RISK CONTROL INDICATORS OF SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY

During the Reporting Period, Shenwan Hongyuan Securities performed dynamic monitoring of various risk control indicators in accordance with regulatory requirements and the Company's operation management needs, continuously improved internal risk control standards based on business development, and adopted corresponding risk control measures in a timely manner. The main risk control indicators of the Company with Net Capital and liquidity as the core were in compliance with regulatory requirements.

XXII. OTHER SIGNIFICANT EVENTS

(I) Change of legal representative

On December 18, 2020, the Resolution Regarding the Appointment of the General Manager of the Company was considered and approved at the 56th meeting of the fourth session of the Board of Directors of the Company, pursuant to which Mr. Huang Hao was appointed as the general manager of the Company. According to the Articles of Association, the general manager is the legal representative of the Company. On January 14, 2021, the Company completed the procedures for the industrial and commercial registration of change of the legal representative. After the change, the legal representative is Huang Hao (For details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on December 19, 2020 and January 19, 2021 and on the website of HKExnews (www.hkexnews.hk) on December 18, 2020 and January 18, 2021).

(II) Implementation of the profit distribution plan for 2020

The profit distribution plan of the Company for 2020 is as follows: based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2020, a cash dividend of RMB1.00 (tax inclusive) for every 10 shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date.

For A shareholders, the Company completed the implementation of the 2020 profit distribution plan on July 23, 2021 with July 22, 2021 as the equity registration date and July 23, 2021 as the ex-dividend date. (For details, please refer to the Announcement on Implementation of the 2020 Profit Distribution Plan of the Company published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website (www.cninfo.com.cn) on July 17, 2021).

For H shareholders, the Company distributed cash dividend for 2020 of RMB1.00 (tax inclusive) per 10 Shares to the shareholders whose names appear on the register of members of the Company on June 17, 2021. The 2020 cash dividend was distributed on July 23, 2021. The 2020 cash dividend distributed was denominated and announced in RMB and H shareholders were paid in HK dollars. The actual amount of HK dollars distributed was calculated at the average benchmark exchange rate of RMB against HK dollars (i.e. RMB0.82729 = HK\$1.00) published by the People's Bank of China for the five working days before May 28, 2021 (being the date of the annual general meeting). Accordingly, the cash dividend per 10 H Shares was HK\$1.20877 (tax inclusive). (For details, please refer to the Poll Results of the 2020 Annual General Meeting, Payment of Cash Dividend, Appointment of Members of the Fifth Session of the Board of Directors, Appointment of Members of the Fifth Session of the Board of Supervisors, Roles of Members of the Fifth Session of the Board of Directors, Appointment of the Chairman, Vice Chairman, Chairman of the Board of Supervisors, Chairman and Members of the Executive Committee of the Company and Approval and Effectiveness of the Articles of Association disclosed by the Company on the website of HKExnews (www.hkexnews.hk) on May 28, 2021).

Section VI Significant Events (continued)

XXIII. INDEX OF IMPORTANT INFORMATION DISCLOSED DURING THE REPORTING PERIOD

In 2021, the Company fulfilled its information disclosure obligations in accordance with the regulations. The information regarding A Shares as disclosed by the Company in China Securities Journal, Securities Times, Shanghai Securities News and at the Cninfo website (www.cninfo.com.cn) (excluding announcements of H Shares) is as follows:

No.	Announcements	Date of publication
1	Announcement on the Approval of the CSRC for the Registration of Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	2021-01-05
2	Announcement on the No-objection Letter Regarding the Qualification of Primary Dealers for OTC Options Obtained by Shenwan Hongyuan Securities Co., Ltd.	2021-01-05
3	Announcement on the Current Accumulated New Borrowings Exceeding 40% of the Net Assets at the End of Last Year	2021-01-08
4	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-01-13
5	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding Corporate Bonds	2021-01-13
6	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding Corporate Bonds	2021-01-13
7	Announcement on Change of Legal Representative	2021-01-19
8	Announcement on the Completion of the Repayment of the Eighth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2020	2021-01-19
9	Announcement on the Approval of the CSRC for the Registration of Corporate Bonds Issued Publicly to Professional Investors	2021-01-19
10	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding Corporate Bonds	2021-01-20
11	Announcement on the Material Litigation Involving a Subsidiary	2021-01-20
12	Announcement on the Results of Public Issuance of Subordinated Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-01-23
13	Announcement on the Results of the Issuance of the First Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-01-26
14	Announcement on the Listing of the Subordinated Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-01-29
15	Rules of Procedure of the Board of Directors	2021-01-30
16	Announcement on Resolutions of the 58th Meeting of the Fourth Session of the Board of Directors	2021-01-30
17	Plan on Authorisation to the Board of Directors by General Meeting	2021-01-30

Section VI Significant Events (continued)

No.	Announcements	Date of publication
18	Comparison Table of Amendments to the Plan on Authorisation to the Board of Directors by General Meeting (2020) of Shenwan Hongyuan Group Co., Ltd.	2021-01-30
19	Comparison Table of Amendments to the Articles of Association of Shenwan Hongyuan Group Co., Ltd.	2021-01-30
20	Comparison Table of Amendments to the Rules of Procedure of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.	2021-01-30
21	Announcement on Resolutions of the 35th Meeting of the Fourth Session of the Board of Supervisors	2021-01-30
22	Articles of Association	2021-01-30
23	Comparison Table of Amendments to the Rules of Procedure of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	2021-01-30
24	Rules of Procedure of the Board of Supervisors	2021-01-30
25	Announcement on the Material Arbitration Involving a Subsidiary	2021-02-05
26	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-02-05
27	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-02-23
28	Announcement on the Completion of the Repayment of the Ninth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2020	2021-02-23
29	Announcement on the Results of the Issuance of the Second Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-02-27
30	Prospectus on Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-03
31	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2021-03-03
32	Prospectus on Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-03
33	Announcement on Issuance of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-03
34	Credit Rating Report on the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-03
35	Prospectus on Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-03
36	Announcement on the Results of the Public Issuance of Short-term Corporate Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-03-03

Section VI Significant Events (continued)

No.	Announcements	Date of publication
37	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-04
38	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-04
39	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-04
40	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-05
41	Announcement on the Coupon Rate of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-05
42	Announcement on Payment of Interests for 2021 for the Corporate Bonds (First Tranche) Issued in a Non-public Way by Shenwan Hongyuan Group Co., Ltd. in 2019	2021-03-05
43	Announcement on the Results of the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-03-08
44	Announcement on the Listing of the Short-term Corporate Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-03-09
45	Announcement on Completion of Industrial and Commercial Registration of Changes by the Subsidiary Shenwan Hongyuan Securities Co., Ltd.	2021-03-10
46	Announcement on the Listing of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021 at the Shenzhen Stock Exchange	2021-03-11
47	Announcement on the Results of the Public Issuance of Subordinated Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-03-12
48	Announcement on the Completion of the Repayment of the Tenth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2020	2021-03-16
49	Announcement on Resolutions of the 59th Meeting of the Fourth Session of the Board of Directors	2021-03-16
50	Independent Opinions of Independent Directors	2021-03-16
51	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-03-17

Section VI Significant Events (continued)

No.	Announcements	Date of publication
52	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-03-17
53	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-03-17
54	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-03-18
55	Announcement on the Listing of the Subordinated Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021 at the Shenzhen Stock Exchange	2021-03-23
56	Announcement on the Approval of the CSRC for the Public Issuance of Corporate Bonds by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	2021-03-24
57	Announcement on Provision of Guarantee by Shenwan Hongyuan Securities Co., Ltd. for the Issuance of Bonds by an Overseas Subsidiary	2021-03-24
58	2020 Annual Audit Report	2021-03-31
59	Shareholder Return Plan of Shenwan Hongyuan Group Co., Ltd. for the Next Three Years (2021–2023)	2021-03-31
60	Announcement on Resolutions of the Meeting of the Board of Supervisors	2021-03-31
61	Statement of the Nominator of Independent Director of Shenwan Hongyuan Group Co., Ltd. (Zhao Lei)	2021-03-31
62	Statement of the Nominator of Independent Director of Shenwan Hongyuan Group Co., Ltd. (Yeung Siuman Shirley)	2021-03-31
63	Statement of the Candidate for Independent Director of Shenwan Hongyuan Group Co., Ltd. (Yeung Siuman Shirley)	2021-03-31
64	Internal Control Assurance Report	2021-03-31
65	2020 Work Report of the Board of Supervisors of the Company of Shenwan Hongyuan Group Co., Ltd.	2021-03-31
66	Statement of the Candidate for Independent Director of Shenwan Hongyuan Group Co., Ltd. (Zhao Lei)	2021-03-31
67	Statement of the Candidate for Independent Director of Shenwan Hongyuan Group Co., Ltd. (Chen Hanwen)	2021-03-31
68	Self-Assessment Report on Internal Control	2021-03-31
69	Statement of the Nominator of Independent Director of Shenwan Hongyuan Group Co., Ltd. (Wu Changqi)	2021-03-31
70	Independent Opinions of Independent Directors on External Guarantees, etc.	2021-03-31
71	2020 Work Report of the Board of Directors of the Company of Shenwan Hongyuan Group Co., Ltd.	2021-03-31
72	Announcement on Resolutions of the Meeting of the Board of Directors	2021-03-31
73	Social Responsibility Report	2021-03-31

Section VI Significant Events (continued)

No.	Announcements	Date of publication
74	2020 Annual Report	2021-03-31
75	Annual Work Report of Independent Directors	2021-03-31
76	Annual Special Audit Report on the Appropriation of Funds by Related Parties	2021-03-31
77	Announcement on Provision of Guarantee for a Wholly-owned Subsidiary	2021-03-31
78	Statement of the Nominator of Independent Director of Shenwan Hongyuan Group Co., Ltd. (Chen Hanwen)	2021-03-31
79	Announcement on Estimated Ordinary Related Party Transactions for 2021	2021-03-31
80	Statement of the Candidate for Independent Director of Shenwan Hongyuan Group Co., Ltd. (Wu Changqi)	2021-03-31
81	Announcement on the Provision for the Allowance for Assets Impairment	2021-03-31
82	Summary of 2020 Annual Report	2021-03-31
83	Announcement on Convening 2020 Annual Results Presentation	2021-04-02
84	Announcement on Payment of Interests for 2021 for the Corporate Bonds (Second Tranche) (Type I) Issued in a Non-public Way in 2019	2021-04-09
85	Announcement on Put-back, Repayment of Principal and Payment of Interest and Delisting of the Subordinated Bonds (First Tranche) (Type I) of Shenwan Hongyuan Securities Co., Ltd. in 2018	2021-04-14
86	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-04-20
87	Announcement on Progress of the Material Litigation and Arbitration Involving a Subsidiary	2021-04-20
88	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021 (1)	2021-04-20
89	Independent Opinions of Independent Directors	2021-04-20
90	Announcement on Resolutions of the 61st Meeting of the Fourth Session of the Board of Directors	2021-04-20
91	Announcement on Change of Accounting Firms	2021-04-20
92	Announcement on Repayment of Principal and Payment of Interest and Delisting of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. in 2016	2021-04-22
93	Notice on Convening the 2020 Annual General Meeting	2021-04-28
94	Materials for the 2020 Annual General Meeting	2021-04-28
95	Announcement on the Completion of the Repayment of the First Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-04-28
96	Main Text of the 2021 First Quarterly Report	2021-04-30
97	Full Text of the 2021 First Quarterly Report	2021-04-30

Section VI Significant Events (continued)

No.	Announcements	Date of publication
98	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-04-30
99	Independent Opinions of Independent Directors	2021-04-30
100	Announcement on Election of Employee Representative Supervisors of the Fifth Session of the Board of Supervisors	2021-05-11
101	Announcement on the Listing of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-05-14
102	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-05-25
103	Ongoing Credit Rating Report on the Public Issuance of Corporate Bonds by Shenwan Hongyuan Group Co., Ltd. in 2021	2021-05-26
104	Ongoing Credit Rating Report on Shenwan Hongyuan Group Co., Ltd. and the Bonds Issued Publicly by It	2021-05-27
105	Ongoing Credit Rating Report on the Public Issuance of Corporate Bonds by Shenwan Hongyuan Group Co., Ltd. in 2021	2021-05-27
106	Ongoing Credit Rating Report on Shenwan Hongyuan Group Co., Ltd. and the Bonds Issued Publicly by It	2021-05-27
107	Announcement on the Engagement in Lending Business for Margin and Securities Refinancing by the Shareholder Shanghai Jiushi (Group) Co., Ltd.	2021-05-28
108	Short Form Report on Changes in Equity	2021-05-28
109	Announcement on the Completion of the Repayment of the Second Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-05-28
110	Announcement on the Listing of the Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-05-28
111	Legal Opinion	2021-05-29
112	Announcement on Resolutions of the 2020 Annual General Meeting	2021-05-29
113	Independent Opinions of Independent Directors	2021-05-29
114	Announcement on Resolutions of the First Meeting of the Fifth Session of the Board of Directors	2021-05-29
115	Announcement on Resolutions of the First Meeting of the Fifth Session of the Board of Supervisors	2021-05-29
116	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-06-01

Section VI Significant Events (continued)

No.	Announcements	Date of publication
117	Announcement on the Listing of the Corporate Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-06-08
118	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-06-11
119	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-06-11
120	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-06-11
121	Announcement on the Results of the Issuance of the Third Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-06-11
122	First Indicative Announcement on Adjustment of Coupon Rate and Measures for Implementation of Put-back by Investors for "18 ShenHong 01" Bonds	2021-06-16
123	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-06-16
124	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-06-16
125	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-06-16
126	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-06-16
127	Announcement on Participation in the Online Collective Reception Day for Investors of Listed Companies in Xinjiang in 2021	2021-06-16
128	Second Indicative Announcement on Adjustment of Coupon Rate and Measures for Implementation of Put-back by Investors for "18 ShenHong 01" Bonds	2021-06-17
129	Third Indicative Announcement on Adjustment of Coupon Rate and Measures for Implementation of Put-back by Investors for "18 ShenHong 01" Bonds	2021-06-18
130	Announcement on the Results of the Public Issuance of Perpetual Subordinated Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-06-26
131	Announcement on the Material Litigation Involving a Subsidiary	2021-06-29
132	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-06-29

Section VI Significant Events (continued)

No.	Announcements	Date of publication
133	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-06-29
134	Entrusted Management Report on the Non-public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. in 2019 (2020)	2021-06-30
135	Entrusted Management Report on the Non-public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. in 2019 (2020)	2021-06-30
136	Entrusted Management Report on the Non-public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. in 2019 (2020)	2021-06-30
137	Entrusted Management Report on the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2018 (2020)	2021-06-30
138	Entrusted Management Report on the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2016 (2020)	2021-06-30
139	Announcement on the Listing of the Perpetual Subordinated Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-07-01
140	Announcement on the Material Litigation Involving a Subsidiary	2021-07-09
141	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues Regarding Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-09
142	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-07-09
143	Summary of the Prospectus on Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-12
144	Credit Rating Report on Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-12
145	Prospectus on Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-12
146	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2021-07-12
147	Announcement on Public Issuance of the Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-12
148	Announcement on Coupon Rate of the Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-13

Section VI Significant Events (continued)

No.	Announcements	Date of publication
149	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-13
150	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-13
151	Announcement on the Results of the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-15
152	Announcement on Payment of Interests for 2021 for the Corporate Bonds (First Tranche) (Type I) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2018	2021-07-15
153	Announcement on Payment of Interests for 2021 for the Corporate Bonds (First Tranche) (Type II) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2018	2021-07-15
154	Announcement of Shenwan Hongyuan Group Co., Ltd. on the Put-back Results of "18 ShenHong 01"	2021-07-15
155	Announcement on the Progress of Provision of Guarantee by Shenwan Hongyuan Securities Co., Ltd. for the Issuance of Bonds by an Overseas Subsidiary	2021-07-17
156	Announcement on Implementation of Profit Distribution for A Shares by Shenwan Hongyuan Group Co., Ltd. in 2020	2021-07-17
157	Announcement on the Listing of the Corporate Bonds (Second Tranche) (Type II) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021 at the Shenzhen Stock Exchange	2021-07-20
158	Announcement on the Results of the Issuance of the Fourth Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-07-21
159	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-07-23
160	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-07-23
161	Announcement on Progress of the Material Arbitration Involving a Subsidiary	2021-07-23
162	Prospectus on Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-30
163	Summary of the Prospectus on Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-30
164	Credit Rating Report on Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-30

Section VI Significant Events (continued)

No.	Announcements	Date of publication
165	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2021-07-30
166	Announcement on Issuance of the Corporate Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-07-30
167	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Fifth Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-07-30
168	Announcement on the Results of the Issuance of the Fifth Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-07-30
169	Announcement on the Listing of the Corporate Bonds (Fourth Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-07-31
170	Announcement on Coupon Rate of the Corporate Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-08-02
171	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-08-02
172	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-08-02
173	Announcement on the Results of the Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2021-08-04
174	Announcement on Completion of Industrial and Commercial Registration of Changes by Shenwan Hongyuan Securities Co., Ltd.	2021-08-05
175	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-08-06
176	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-08-06
177	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-08-06
178	Announcement on the Listing of the Corporate Bonds (Fifth Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-08-06
179	Announcement on the Listing of the Corporate Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021 at the Shenzhen Stock Exchange	2021-08-09

Section VI Significant Events (continued)

No.	Announcements	Date of publication
180	Announcement on the Results of the Issuance of the Sixth Tranche of Short-term Financing Bonds (Bond Connect) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-08-14
181	Announcement on the Results of the Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-08-20
182	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-08-26
183	Announcement on the Material Arbitration Involving a Subsidiary	2021-08-26
184	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-08-26
185	Announcement on the Listing of the Perpetual Subordinated Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-08-26
186	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Sixth Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-08-27
187	2021 Interim Report	2021-08-28
188	Financial Statements (Unaudited) of Shenwan Hongyuan Group Co., Ltd. for the Six Months Ended June 30, 2021 and Review Report	2021-08-28
189	Independent Opinions of Independent Directors on the Appropriation of Capital of the Company and External Guarantees of the Company's Controlling Shareholder and Other Related Parties	2021-08-28
190	Summary of 2021 Interim Report	2021-08-28
191	Announcement on the Completion of the Repayment of the Third Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-09-02
192	Announcement on the Listing of the Corporate Bonds (Sixth Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-09-04
193	Announcement on Repayment of Principal and Payment of Interest for 2021 and Delisting of the Corporate Bonds (Second Tranche) (Type II) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. in 2016	2021-09-07
194	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year	2021-09-07
195	Announcement on Abnormal Fluctuations in Share Trading	2021-09-08
196	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-09-10
197	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on the Current Accumulated New Borrowings of Shenwan Hongyuan Group Co., Ltd. Exceeding 20% of the Net Assets at the End of Last Year	2021-09-10

Section VI Significant Events (continued)

No.	Announcements	Date of publication
198	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-09-10
199	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-09-10
200	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-09-10
201	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-09-10
202	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Seventh Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-09-11
203	Announcement on Resolutions of the Third Meeting of the Fifth Session of the Board of Directors	2021-09-17
204	Independent Opinions of Independent Directors	2021-09-17
205	Announcement on the Listing of the Corporate Bonds (Seventh Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-09-18
206	Announcement on the Results of the Public Issuance of Corporate Bonds (to Professional Investors) (Eighth Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-09-24
207	Announcement on Resolutions of the Third Meeting of the Fifth Session of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	2021-09-27
208	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-09-28
209	Announcement on Resignation of Director	2021-09-30
210	Announcement on the Listing of the Corporate Bonds (Eighth Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (to Professional Investors) in 2021 at the Shenzhen Stock Exchange	2021-09-30
211	Materials for the 2021 Extraordinary General Meeting	2021-09-30
212	Notice on Convening the 2021 First Extraordinary General Meeting	2021-09-30
213	Announcement on the Completion of the Repayment of the Fourth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-10-16
214	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-10-20
215	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-10-20
216	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-10-20

Section VI Significant Events (continued)

No.	Announcements	Date of publication
217	Announcement on the Results of the Issuance of the Seventh Tranche of Short-term Financing Bonds by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-10-20
218	Announcement on Resignation of the Chairman of the Board of Supervisors	2021-10-20
219	Announcement on Payment of Interests for 2021 for the Corporate Bonds (Third Tranche) Issued in a Non-public Way by Shenwan Hongyuan Group Co., Ltd. in 2019	2021-10-22
220	Announcement on Resolutions of the Fourth Meeting of the Fifth Session of the Board of Supervisors	2021-10-23
221	Legal Opinion on the 2021 First Extraordinary General Meeting of Shenwan Hongyuan Group Co., Ltd.	2021-10-23
222	Announcement on Resolutions of the 2021 First Extraordinary General Meeting	2021-10-23
223	Announcement on the Results of the Public Issuance of Short-term Corporate Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-10-28
224	Announcement on the Completion of the Repayment of the Fifth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-10-30
225	Announcement on Resolutions of the Meeting of the Board of Directors	2021-10-30
226	2021 Third Quarterly Report	2021-10-30
227	Announcement on the Results of the Issuance of the Eighth Tranche of Short-term Financing Bonds by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-11-03
228	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-11-03
229	Announcement on the Listing of the Short-term Corporate Bonds (Second Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-11-05
230	Announcement on Repayment of Principal and Payment of Interest and Delisting of the Corporate Bonds (Third Tranche) (Type I) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020	2021-11-09
231	Announcement on the Completion of the Repayment of the Sixth Tranche of Short-term Financing Bonds (Bond Connect) of Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-11-12
232	Announcement on the Results of the Public Issuance of Perpetual Subordinated Bonds (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. in 2021	2021-11-16
233	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-11-16
234	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-11-17

Section VI Significant Events (continued)

No.	Announcements	Date of publication
235	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-11-17
236	Announcement on Progress of the Material Litigation Involving a Subsidiary	2021-11-17
237	Announcement on the Listing of the Perpetual Subordinated Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-11-20
238	Announcement on Repayment of Principal and Payment of Interest and Delisting of the Corporate Bonds (First Tranche) (Type II) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. in 2018	2021-11-24
239	Entrusted Management Provisional Report by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2021-11-26
240	Announcement on Progress of the Material Arbitration Involving a Subsidiary	2021-11-26
241	Entrusted Management Provisional Report by Huatai United Securities Co., Ltd. on Major Issues Regarding the Bonds of Shenwan Hongyuan Group Co., Ltd.	2021-11-26
242	Prior Approval and Independent Opinions of Independent Directors	2021-12-07
243	Announcement on Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement with China Jianyin Investment Ltd.	2021-12-07
244	Announcement on Regulatory Opinions from the CSRC on the Application for the Pilot Business of Optimization of Account Management Functions by the Subsidiaries Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Securities (Western) Co., Ltd.	2021-12-07
245	Announcement on Resolutions of the Fifth Meeting of the Fifth Session of the Board of Directors	2021-12-07
246	Notice on Convening the 2021 Second Extraordinary General Meeting	2021-12-10
247	Materials for the General Meeting	2021-12-10
248	Announcement on the Results of the Public Issuance of Short-term Corporate Bonds (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-12-10
249	Announcement on the Approval of the CSRC for the Registration of Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	2021-12-16
250	Announcement on the Listing of the Short-term Corporate Bonds (Third Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 at the Shenzhen Stock Exchange	2021-12-18
251	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2021-12-22

Section VI Significant Events (continued)

No.	Announcements	Date of publication
252	Announcement on the Results of the Public Issuance of Subordinated Bonds (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2021-12-29
253	Legal Opinion of Beijing Alliance J&S Law Firm on the 2021 Second Extraordinary General Meeting of Shenwan Hongyuan Group Co., Ltd.	2021-12-31
254	Announcement on Resolutions of the Sixth Meeting of the Fifth Session of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.	2021-12-31
255	Announcement on the Listing of the Subordinated Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021 at the Shenzhen Stock Exchange	2021-12-31
256	Independent Opinions of Independent Directors	2021-12-31
257	Announcement on Resolutions of the 2021 Second Extraordinary General Meeting of Shenwan Hongyuan Group Co., Ltd.	2021-12-31

The information on H Shares disclosed by the Company on the website of HKEx at www.hkexnews.hk during the Reporting Period (excluding overseas regulatory announcements) is as follows:

No.	Announcements	Date of publication
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2020	2021-01-07
2	Change of Company Secretary and Process Agent	2021-01-29
3	Proposed Amendments to Articles of Association	2021-01-29
4	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2021	2021-02-04
5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2021	2021-03-02
6	Change of Building Name of Principal Place of Business in Hong Kong	2021-03-08
7	Date of Board Meeting	2021-03-18
8	Annual Results Announcement for the Year ended December 31, 2020	2021-03-30
9	Appointment of Joint Company Secretary and Change of Authorized Representative	2021-03-30
10	Nomination of Candidates for Directors of the Fifth Session of the Board of Directors and Nomination of Candidates for Supervisors of the Fifth Session of the Board of Supervisors	2021-03-30
11	2020 Environmental, Social and Governance Report	2021-03-30
12	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2021	2021-04-07
13	2020 Annual Report	2021-04-15
14	Proposed Change of Auditors	2021-04-19
15	Date of Board Meeting	2021-04-19

Section VI Significant Events (continued)

No.	Announcements	Date of publication
16	Circular of the 2020 Annual General Meeting	2021-04-27
17	Form of Proxy of Holders of H Shares for Use at the Annual General Meeting to be Held on 28 May 2021	2021-04-27
18	Notice of the 2020 Annual General Meeting	2021-04-27
19	2021 First Quarterly Report	2021-04-29
20	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2021	2021-05-06
21	Election of Employee Representative Supervisors	2021-05-10
22	Articles of Association	2021-05-28
23	List of Directors and their Role and Function	2021-05-28
24	Poll Results of the 2020 Annual General Meeting, Payment of Cash Dividend, Appointment of Members of the Fifth Session of the Board of Directors, Appointment of Members of the Fifth Session of the Board of Supervisors, Roles of Members of the Fifth Session of the Board of Directors, Appointment of the Chairman, Vice Chairman, Chairman of the Board of Supervisors, Chairman and Members of the Executive Committee of the Company and Approval and Effectiveness of the Articles of Association	2021-05-28
25	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2021	2021-06-03
26	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2021	2021-07-05
27	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2021	2021-08-04
28	Date of Board Meeting	2021-08-13
29	Interim Results Announcement for the Six Months Ended June 30, 2021	2021-08-27
30	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2021	2021-09-02
31	Proposed Appointment of Non-Executive Director and Proposed Adjustment to Remuneration of the Independent Non-Executive Directors	2021-09-16
32	2021 Interim Report	2021-09-16
33	Proposed Appointment of Supervisor	2021-09-26
34	Circular of the 2021 First Extraordinary General Meeting	2021-09-29
35	Form of Proxy of Holders of H Shares for Use at the 2021 First Extraordinary General Meeting or Any Adjournment Thereof to be Held on October 22, 2021	2021-09-29
36	Notice of the 2021 First Extraordinary General Meeting	2021-09-29
37	List of Directors and Their Role and Function	2021-09-29
38	Resignation of Executive Director	2021-09-29
39	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2021	2021-10-07

Section VI Significant Events (continued)

No.	Announcements	Date of publication
40	Supplemental Announcement in Relation to the Annual Report for the Year Ended December 31, 2020	2021-10-11
41	Date of Board Meeting	2021-10-18
42	Resignation of Chairman of the Board of Supervisors	2021-10-19
43	List of Directors and their Role and Function	2021-10-22
44	Poll Results of the 2021 First Extraordinary General Meeting; Appointment of Non-Executive Director; Appointment of Supervisor and Election of the Chairman of the Board of Supervisors at the Meeting of the Board of Supervisors	2021-10-22
45	2021 Third Quarterly Report	2021-10-29
46	Change of Joint Company Secretary and Process Agent	2021-10-29
47	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2021	2021-11-02
48	2020 Corporate Annual Report	2021-11-08
49	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2021	2021-12-02
50	Continuing Connected Transaction — Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement	2021-12-06
51	List of Directors and their Role and Function	2021-12-06
52	Adjustment to the Composition of the Special Committees of the Board	2021-12-06
53	Circular of the 2021 Second Extraordinary General Meeting	2021-12-09
54	Form of Proxy of Holders of H Shares for Use at the 2021 Second Extraordinary General Meeting or Any Adjournment thereof to be Held on December 30, 2021	2021-12-09
55	Notice of the 2021 Second Extraordinary General Meeting	2021-12-09
56	Documents on Display (Multi-Files)	2021-12-09
57	Poll Results of the 2021 Second Extraordinary General Meeting	2021-12-30

Section VI Significant Events (continued)

XXIV. SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

(I) Corporate bonds of Shenwan Hongyuan Securities, a subsidiary of the Company

1. Basic information of corporate bonds

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
2017 Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (First Tranche) (Type II)	17 ShenZheng 02	136981	2017/02/17	2017/02/17	2024/02/17	50,000.00	4.50%		Shanghai Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Securities Co., Ltd. in 2018 (First Tranche) (Type I)	18 ShenZheng 03	112812	2018/12/10	2018/12/10	2023/12/10	150,000.00	4.08%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Securities Co., Ltd. in 2019 (Third Tranche) (Type I)	19 ShenZheng 05	112901	2019/05/09	2019/05/09	2022/05/09	810,000.00	3.88%		Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (First Tranche) (Type II)	20 ShenZheng 06	149173	2020/07/27	2020/07/27	2023/07/27	410,000.00	3.49%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Second Tranche) (Type II)	20 ShenZheng 08	149230	2020/09/10	2020/09/10	2023/09/10	320,000.00	3.76%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Third Tranche) (Type II)	20 ShenZheng 10	149274	2020/10/26	2020/10/26	2023/10/26	570,000.00	3.68%	counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Fourth Tranche) (Type II)	20 ShenZheng 12	149299	2020/11/16	2020/11/16	2022/11/16	170,000.00	3.55%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type I)	21 ShenZheng 01	149425	2021/04/29	2021/04/29	2024/04/29	250,000.00	3.45%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest	
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type II)	21 ShenZheng 02	149431	2021/04/29	2021/04/29	2031/04/29	200,000.00	4.05%	interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng 03	149479	2021/05/24	2021/05/24	2026/05/24	260,000.00	3.63%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng 04	149490	2021/05/28	2021/05/28	2024/05/28	200,000.00	3.27%		
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng 05	149491	2021/05/28	2021/05/28	2031/05/28	250,000.00	4.00%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest	
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type I)	21 ShenZheng 06	149559	2021/07/21	2021/07/21	2024/07/21	200,000.00	3.13%	counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type II)	21 ShenZheng 07	149560	2021/07/21	2021/07/21	2031/07/21	300,000.00	3.77%		
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type I)	21 ShenZheng 08	149574	2021/07/28	2021/07/28	2024/07/28	280,000.00	3.04%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type II)	21 ShenZheng 09	149575	2021/07/28	2021/07/28	2026/07/28	420,000.00	3.38%		
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type I)	21 ShenZheng 10	149614	2021/08/26	2021/08/26	2024/08/26	300,000.00	3.02%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type II)	21 ShenZheng 11	149615	2021/08/26	2021/08/26	2031/08/26	300,000.00	3.75%		
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type I)	21 ShenZheng 12	149626	2021/09/09	2021/09/09	2024/09/09	480,000.00	3.05%		
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type II)	21 ShenZheng 13	149627	2021/09/09	2021/09/09	2026/09/09	100,000.00	3.40%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type I)	21 ShenZheng 14	149595	2021/09/22	2021/09/22	2023/09/22	230,000.00	2.95%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly (to Professional Investors) by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type II)	21 ShenZheng 15	149640	2021/09/22	2021/09/22	2024/09/22	230,000.00	3.10%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type I)	22 ShenZheng 01	149789	2022/01/21	2022/01/21	2025/01/21	500,000.00	2.80%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type II)	22 ShenZheng 02	149790	2022/01/21	2022/01/21	2032/01/21	240,000.00	3.60%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Second Tranche) (Type II)	22 ShenZheng 03	149809	2022/02/23	2022/02/23	2025/02/23	220,000.00	2.95%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type I)	22 ShenZheng 05	149852	2022/3/24	2022/3/24	2025/3/24	350,000.00	3.18%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type II)	22 ShenZheng 06	149853	2022/3/24	2022/3/24	2027/3/24	210,000.00	3.53%		
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche) (Type I)	21 ShenZheng D2	149655	2021/10/27	2021/10/27	2022/04/27	520,000.00	2.74%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted. The principal and interest will be returned upon maturity. The interest will be paid together with the principal.	
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche) (Type II)	21 ShenZheng D3	149681	2021/10/27	2021/10/27	2022/07/27	280,000.00	2.78%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng D4	149735	2021/12/08	2021/12/08	2022/08/08	330,000.00	2.64%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted. The principal will be returned upon maturity. The interest will be paid together with the principal.	
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng D5	149736	2021/12/08	2021/12/08	2022/12/08	470,000.00	2.68%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche)	21 ShenZheng C1	149360	2021/01/21	2021/01/21	2024/01/21	300,000.00	3.93%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng C2	149405	2021/03/11	2021/03/11	2024/03/11	380,000.00	3.94%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng C3	149761	2021/12/27	2021/12/27	2023/12/27	180,000.00	3.08%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng C4	149762	2021/12/27	2021/12/27	2024/12/27	120,000.00	3.20%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche)	21 ShenZheng Y1	149529	2021/06/24	2021/06/24	The issuer is entitled to redeem the current bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds.	200,000.00	4.10%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment.	Shenzhen Stock Exchange
Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng Y2	149605	2021/08/19	2021/08/19	The issuer is entitled to redeem the current bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds.	330,000.00	3.70%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche)	21 ShenZheng Y3	149700	2021/11/15	2021/11/15	The issuer is entitled to redeem the current bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds.	470,000.00	3.88%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment.	Shenzhen Stock Exchange
Corporate Bonds Issued by Shenwan Hongyuan Securities Co., Ltd. in a Nonpublic Way in 2020 (First Tranche) (Type II)	20 ShenZheng 02	114653	2020/01/16	2020/01/16	2023/01/16	200,000.00	3.55%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	
Corporate Bonds Issued by Shenwan Hongyuan Securities Co., Ltd. in a Nonpublic Way in 2020 (Second Tranche) (Type II)	20 ShenZheng 04	114666	2020/02/21	2020/02/21	2023/02/21	300,000.00	3.20%		

Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date (YYYY-MM-DD)	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and payment of interests	Trading place
2020 Subordinated Bonds of Securities Company of Shenwan Hongyuan Securities Co., Ltd. (First Tranche) (Type II)	20 ShenZheng C2	115112	2020/04/23	2020/04/23	2023/04/23	600,000.00	3.18%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	
2020 Subordinated Bonds of Securities Company of Shenwan Hongyuan Securities Co., Ltd. (Second Tranche)	20 ShenZheng C3	115114	2020/05/25	2020/05/25	2023/05/25	600,000.00	3.25%	The interest of these bonds is calculated at simple interest on an annual basis with no compound interest counted, and paid once a year. The principal will be returned upon maturity. The interest of the last tranche will be paid together with the principal.	Shenzhen Stock Exchange

Section VI Significant Events (continued)

Investor eligibility arrangement	<p>17 ShenZheng 02, 18 ShenZheng 03, and 19 ShenZheng 05 were issued to qualified investors.</p> <p>20 ShenZheng 02, 20 ShenZheng 04, 20 ShenZheng C2, and 20 ShenZheng C3 were issued to qualified institutional investors.</p> <p>20 ShenZheng 06, 20 ShenZheng 08, 20 ShenZheng 10, 20 ShenZheng 12, 21 ShenZheng 01, 21 ShenZheng 02, 21 ShenZheng 03, 21 ShenZheng 04, 21 ShenZheng 05, 21 ShenZheng 06, 21 ShenZheng 07, 21 ShenZheng 08, 21 ShenZheng 09, 21 ShenZheng 10, 21 ShenZheng 11, 21 ShenZheng 12, 21 ShenZheng 13, 21 ShenZheng 14, 21 ShenZheng 15, 21 ShenZheng D2, 21 ShenZheng D3, 21 ShenZheng D4, 21 ShenZheng D5, 22 ShenZheng 01, 22 ShenZheng 02, 22 ShenZheng 03, 22 ShenZheng 05 and 22 ShenZheng 06 were issued to professional investors.</p> <p>21 ShenZheng C1, 21 ShenZheng C2, 21 ShenZheng C3, 21 ShenZheng C4, 21 ShenZheng Y1, 21 ShenZheng Y2, and 21 ShenZheng Y3 were issued to professional investors meeting one of the conditions under clauses (I) to (IV) in clause I of Article VIII in the Measures for Management of Eligibility of Securities and Futures Investors.</p>
Applicable trading mechanism	<p>Centralized bidding transaction and block transaction by agreement are applicable to 17 ShenZheng 02, 18 ShenZheng 03, 19 ShenZheng 05, 20 ShenZheng 06, 20 ShenZheng 08, 20 ShenZheng 10, 20 ShenZheng 12, 21 ShenZheng 01, 21 ShenZheng 02, 21 ShenZheng 03, 21 ShenZheng 04, 21 ShenZheng 05, 21 ShenZheng 06, 21 ShenZheng 07, 21 ShenZheng 08, 21 ShenZheng 09, 21 ShenZheng 10, 21 ShenZheng 11, 21 ShenZheng 12, 21 ShenZheng 13, 21 ShenZheng 14, 21 ShenZheng 15, 21 ShenZheng C1, 21 ShenZheng C2, 21 ShenZheng C3, 21 ShenZheng C4, 21 ShenZheng Y1, 21 ShenZheng Y2, 21 ShenZheng Y3, 21 ShenZheng D2, 21 ShenZheng D3, 21 ShenZheng D4, 21 ShenZheng D5, 22 ShenZheng 01, 22 ShenZheng 02, 22 ShenZheng 03, 22 ShenZheng 05 and 22 ShenZheng 06.</p> <p>Only block transaction by agreement is applicable to 20 ShenZheng 02, 20 ShenZheng 04, 20 ShenZheng C2, and 20 ShenZheng C3.</p>
Whether there is risk of delisting (if any) and countermeasures therefor	N/A

Section VI Significant Events (continued)

Payment of interests and repayment of principal of corporate bonds during the Reporting Period

On January 18, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 01 and 20 ShenZheng 02 in an amount of RMB3.40 (tax inclusive) per bond and RMB3.55 (tax inclusive) per bond, respectively.

On January 18, 2021, Shenwan Hongyuan Securities paid interests of 19 ShenZheng 01 in an amount of RMB3.55 (tax inclusive) per bond.

On February 18, 2021, Shenwan Hongyuan Securities paid interests of 17 ShenZheng 01 and 17 ShenZheng 02 in an amount of RMB4.40 (tax inclusive) per bond and RMB4.50 (tax inclusive) per bond, respectively.

On February 22, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 03 and 20 ShenZheng 04 in an amount of RMB3.03 (tax inclusive) per bond and RMB3.20 (tax inclusive) per bond, respectively.

On March 11, 2021, Shenwan Hongyuan Securities paid interests of 19 ShenZheng 03 in an amount of RMB3.68 (tax inclusive) per bond.

On April 12, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 18 ShenZheng C2 which became due in an amount of principal (interest) of RMB105.35 (tax inclusive) per bond.

On April 23, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng C2 in an amount of RMB3.18 (tax inclusive) per bond.

On May 10, 2021, Shenwan Hongyuan Securities paid interests of 19 ShenZheng 05 in an amount of RMB3.88 (tax inclusive) per bond.

On May 25, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng C3 in an amount of RMB3.25 (tax inclusive) per bond.

On June 10, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 20 ShenZheng D7 which became due in an amount of principal (interest) of RMB102.3560273 (tax inclusive) per bond.

On June 15, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 19 ShenZheng 07 which became due in an amount of principal (interest) of RMB103.90 (tax inclusive) per bond.

On July 27, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 06 in an amount of RMB3.49 (tax inclusive) per bond.

On July 27, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 20 ShenZheng D5 which became due in an amount of principal (interest) of RMB102.97 (tax inclusive) per bond.

On August 26, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 21 ShenZheng D1 which became due in an amount of principal (interest) of RMB101.4727945 (tax inclusive) per bond.

On September 10, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 08 in an amount of RMB3.76 (tax inclusive) per bond.

On September 22, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 20 ShenZheng 13 in an amount of principal (interest) of RMB102.3496438 (tax inclusive) per bond.

On October 26, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 10 in an amount of RMB3.68 (tax inclusive) per bond.

On November 5, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 20 ShenZheng 09 which became due in an amount of principal (interest) of RMB103.2465753 (tax inclusive) per bond.

On November 16, 2021, Shenwan Hongyuan Securities paid interests of 20 ShenZheng 12 in an amount of RMB3.55 (tax inclusive) per bond.

Section VI Significant Events (continued)

Performance of relevant special terms during the Reporting Period, such as corporate bonds issuer or investor option and exchangeable terms (if applicable).	<p>On November 19, 2021, Shenwan Hongyuan Securities repaid the principal and paid interests of 18 ShenZheng 02 which became due in an amount of principal (interest) of RMB104.20 (tax inclusive) per bond.</p> <p>On December 10, 2021, Shenwan Hongyuan Securities paid interests of 18 ShenZheng 03 in an amount of RMB4.08 (tax inclusive) per bond.</p> <p>The issuer of 21 ShenZheng Y1, 21 ShenZheng Y2 and 21 ShenZheng Y3 is entitled to redeem the bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the bonds. Such options were not implemented during the Reporting Period.</p>
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During the Reporting Period, Shenwan Hongyuan Securities had no outstanding debts.

2. Issuer or investor option terms and triggering and implementation of investor protection terms

(1) *Implementation of option terms of corporate bonds during the Reporting Period*

During the Reporting Period, the 18 ShenZheng C2 issued by Shenwan Hongyuan Securities was subject to the option to adjust the coupon rate by the issuer and put-back option of investors, and the issuer published an Indicative Announcement of Shenwan Hongyuan Securities Co., Ltd. on Adjustment of Coupon Rate and Measures for Implementation of Put-back by Investors for “18 ShenZheng C2” Bonds on the website of the Shenzhen Stock Exchange on March 9, 2021, March 10, 2021 and March 11, 2021, respectively. The put-back registration period for the bonds is from March 12, 2021 to March 18, 2021 (trading days only), and bondholders can choose to sell back all or part of their bonds to the issuer. During the sell-back registration period, a sell-back application made through the system of the Shenzhen Stock Exchange can be withdrawn on the same day. The sell-back application, once confirmed, cannot be withdrawn, and the trading in the related bonds will be frozen. Bondholders who choose to sell back must proceed with registration in the sell-back registration period. Those who fail to complete the sell-back registration procedures within the time limit will be deemed that they will not sell back bonds and agree to continue to hold the bonds. In the end, all investors of the bonds exercised the put-back option of investors. The effective number of bonds subject to put-back was 46,000,000, the put-back amount was RMB4,846,100,000 (including interests), and the number of remaining unsold bonds was 0. As the “18 ShenZheng C2” bonds have all been sold back, the “18 ShenZheng C2” bonds were delisted from April 12, 2021.

(2) *Triggering and implementation of investor protection terms of corporate bonds during the Reporting Period*

During the Reporting Period, the corporate bond investor protection clauses were not triggered.

Section VI Significant Events (continued)

3. Information of intermediaries

Name of bond	Name	Bond trustee			Credit rating agency(ies)		Signing accountants
		Office address	Contact person of intermediary	Telephone	Name	Office address	Name
17 ShenZheng 02	Huatai United Securities Co., Ltd.	20/F, Block E, Poly Plaza, No. 18 Dongfang Road, Shanghai	Feng Yulan	021-38966558	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14/F, Huasheng Building, No. 398 Hankou Road, Shanghai	Wang Guobei, Ding Qixin
18 ShenZheng 03							Jin Naiwen, Yu Jingjing
19 ShenZheng 05							
20 ShenZheng 02	Industrial Securities Co., Ltd.	32/F, SK Tower, 6A Jianguomenwai Avenue, Chaoyang District, Beijing	Liu Chenxi, Xia Miao, He Bingpeng	010-59655415	N/A	N/A	Jin Naiwen, Yu Jingjing
20 ShenZheng 04							
20 ShenZheng 06							
20 ShenZheng 08	Guotai Junan Securities Co., Ltd.	36/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai	Cai Rui, Ge Xinyue, Xu Jiayu	021-38677556	China Lianhe Credit Rating Co. Ltd.	10/F, PICC Building, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing	Jin Naiwen, Yu Jingjing
20 ShenZheng 10							
20 ShenZheng 12							
20 ShenZheng C2					N/A	N/A	
20 ShenZheng C3							
21 ShenZheng 01							
21 ShenZheng 02							
21 ShenZheng 03							
21 ShenZheng 04	Guotai Junan Securities Co., Ltd.	33/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai	Luo Jing, Gao Xuefeng	021-38677930	China Lianhe Credit Rating Co. Ltd.	10/F, PICC Building, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing	Jin Naiwen, Yu Jingjing, Liu Yejun
21 ShenZheng 05							
21 ShenZheng 06							
21 ShenZheng 07							
21 ShenZheng 08							

Section VI Significant Events (continued)

Name of bond	Name	Bond trustee			Credit rating agency(ies)		Signing accountants
		Office address	Contact person of intermediary	Telephone	Name	Office address	Name
21 ShenZheng 09							
21 ShenZheng 10							
21 ShenZheng 11							
21 ShenZheng 12							
21 ShenZheng 13							
21 ShenZheng 14							
21 ShenZheng 15							Jin Naiwen, Yu Jingjing, Liu Yejun
22 ShenZheng 01							
22 ShenZheng 02							
22 ShenZheng 03	Guotai Junan Securities Co., Ltd.	33/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai	Luo Jing, Gao Xuefeng	021-38677930	China Lianhe Credit Rating Co. Ltd.	10/F, PICC Building, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing	
22 ShenZheng 05							
22 ShenZheng 06							
21 ShenZheng D2							
21 ShenZheng D3							
21 ShenZheng D4							
21 ShenZheng D5							
21 ShenZheng C1							Jin Naiwen, Yu Jingjing
21 ShenZheng C2							
21 ShenZheng C3							Jin Naiwen, Yu Jingjing, Liu Yejun
21 ShenZheng C4							

Section VI Significant Events (continued)

Name of bond	Name	Bond trustee			Credit rating agency(ies)		Signing accountants
		Office address	Contact person of intermediary	Telephone	Name	Office address	Name
21 ShenZheng Y1						10/F, PICC Building, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing	
21 ShenZheng Y2	Haitong Securities Co., Ltd.	35/F, No. 689 Guangdong Road, Shanghai	Huang Shan	021-23212351	China Lianhe Credit Rating Co. Ltd.		Jin Naiwen, Yu Jingjing, Liu Yejun
21 ShenZheng Y3							

4. Use of proceeds

Unit: Yuan Currency: RMB

Name of bond	Total proceeds	Amount used	Outstanding amount	Operation of special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
17 ShenZheng 02	500,000,000	500,000,000	0.00	Standard operation	Nil	Yes
18 ShenZheng 03	1,500,000,000	1,500,000,000	0.00	Standard operation	Nil	Yes
19 ShenZheng 05	8,100,000,000	8,100,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 06	4,100,000,000	4,100,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 08	3,200,000,000	3,200,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 10	5,700,000,000	5,700,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 12	1,700,000,000	1,700,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 01	2,500,000,000	2,500,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 02	2,000,000,000	2,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 03	2,600,000,000	2,600,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 04	2,000,000,000	2,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 05	2,500,000,000	2,500,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 06	2,000,000,000	2,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 07	3,000,000,000	3,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 08	2,800,000,000	2,800,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 09	4,200,000,000	4,200,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 10	3,000,000,000	3,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 11	3,000,000,000	3,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 12	4,800,000,000	4,800,000,000	0.00	Standard operation	Nil	Yes

Section VI Significant Events (continued)

Unit: Yuan Currency: RMB

Name of bond	Total proceeds	Amount used	Outstanding amount	Operation of special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether the use of proceeds is consistent with the use of proceeds committed, the planned use and other agreements in the prospectus
21 ShenZheng 13	1,000,000,000	1,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 14	2,300,000,000	2,300,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng 15	2,300,000,000	2,300,000,000	0.00	Standard operation	Nil	Yes
22 ShenZheng 01	5,000,000,000	N/A	N/A	Standard operation	Nil	Yes
22 ShenZheng 02	2,400,000,000	N/A	N/A	Standard operation	Nil	Yes
22 ShenZheng 03	2,200,000,000	N/A	N/A	Standard operation	Nil	Yes
22 ShenZheng 05	3,500,000,000	N/A	N/A	Standard operation	Nil	Yes
22 ShenZheng 06	2,100,000,000	N/A	N/A	Standard operation	Nil	Yes
21 ShenZheng D2	5,200,000,000	5,200,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng D3	2,800,000,000	2,800,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng D4	3,300,000,000	3,300,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng D5	4,700,000,000	4,700,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng C1	3,000,000,000	3,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng C2	3,800,000,000	3,800,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng C3	1,800,000,000	0.00	1,800,000,000	Standard operation	Nil	Yes
21 ShenZheng C4	1,200,000,000	0.00	1,200,000,000	Standard operation	Nil	Yes
21 ShenZheng Y1	2,000,000,000	2,000,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng Y2	3,300,000,000	3,300,000,000	0.00	Standard operation	Nil	Yes
21 ShenZheng Y3	4,700,000,000	4,700,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 02	2,000,000,000	2,000,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng 04	3,000,000,000	3,000,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng C2	6,000,000,000	6,000,000,000	0.00	Standard operation	Nil	Yes
20 ShenZheng C3	6,000,000,000	6,000,000,000	0.00	Standard operation	Nil	Yes

Change of use of proceeds from the above bonds during the Reporting Period

Applicable Not applicable

5. Adjustments to credit rating results during the Reporting Period

Applicable Not applicable

6. **Guarantee, credit enhancement mechanism, debt repayment plan and other debt repayment safeguard measures for corporate bonds**

There was no guarantee for the issuance of corporate bonds by Shenwan Hongyuan Securities. During the Reporting Period, there was no credit enhancement mechanism for the issued bonds and the repayment plan and other repayment safeguard measures for the issued bonds of Shenwan Hongyuan Securities were consistent with the relevant commitments in the prospectus without major changes. Shenwan Hongyuan Securities was able to implement the debt repayment plan and debt repayment safeguard measures in accordance with relevant agreements, to effectively safeguard the interests of bondholders. Shenwan Hongyuan Securities set up special accounts for the issued bonds. The withdrawal of funds from the special accounts during the Reporting Period was consistent with the relevant commitments in the prospectus.

7. **Other information**

During the Reporting Period, Shenwan Hongyuan Securities did not issue enterprise bonds, non-financial enterprise bond financing instruments, or convertible corporate bonds; did not record loss within the scope of consolidated statements exceeding 10% of the net assets as at the end of last year; and did not have any overdue debts; no interest-bearing bonds other than bonds were overdue; there was no violation of laws and regulations, the articles of association, the provisions of the information disclosure management system, and the stipulations or commitments in the prospectus of bonds.

(II) **Related Regulatory Measures**

1. During the Reporting Period, Shenwan Hongyuan Securities and directors, supervisors and senior management of Shenwan Hongyuan Securities were not subject to administrative punishments or public censures by securities and futures regulators and relevant self-regulatory organizations, or punishment by finance, taxation, foreign exchange and audit authorities.

(1) *In March 2021, Korla Binhe Road Securities Branch of Shenwan Hongyuan Securities (Western) received a warning letter from Xinjiang Branch of CSRC*

On March 30, 2021, Xinjiang Branch of CSRC issued the Decision on the Measure of Issuing a Warning Letter to Korla Binhe Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd. to Shenwan Hongyuan Securities (Western). The main contents are as follows: The securities branch failed to take effective measures to strictly regulate the practice of employees, the supervision over computer usage of the securities branch failed, and the employees of the securities branch used the computers of the securities branch to handle securities transactions for clients.

Upon receipt of the letter, the securities branch conducted risk investigations on various business lines, strengthened compliance training for all employees, management of on-site computers for clients in the securities branch and monitoring of customer-entrusted transactions, to effectively prevent similar incidents from occurrence.

Section VI Significant Events (continued)

- (2) *In April 2021, Shenwan Hongyuan Securities received a warning letter from Chongqing Branch of CSRC*

On April 14, 2021, Chongqing Branch of CSRC issued the Decision on the Measure of Issuing a Warning Letter to Shenwan Hongyuan Securities Co., Ltd. to Shenwan Hongyuan Securities. The main contents are as follows: the head of Chongqing Branch of Shenwan Hongyuan Securities held part-time positions in other for-profit institutions during his tenure. However, Shenwan Hongyuan Securities failed to deal with the part-time job in a timely manner and report to the Chongqing Branch of CSRC, reflecting the imperfect internal control and inadequate compliance management of the company.

Before the letter was officially issued, Shenwan Hongyuan Securities had urged the head of Chongqing Branch of Shenwan Hongyuan Securities to complete the rectification as required. After the letter was issued, the company organized a review of part-time job of the heads of branches once again, and no similar violations of regulatory provisions were found. The company will further refine and improve relevant rules and regulations, strictly implement regulatory requirements, and strengthen part-time management of cadres, to effectively prevent similar incidents from occurrence.

- (3) *In June 2021, Yancheng Jiefang North Road Securities Branch of Shenwan Hongyuan Securities was ordered to make corrections by Jiangsu Branch of CSRC*

On June 17, 2021, Jiangsu Branch of CSRC issued the Decision on Administrative Supervision Measure of Ordering Yancheng Jiefang North Road Securities Branch to Make Corrections to Yancheng Jiefang North Road Securities Branch. The main contents are as follows: firstly it was found that the securities branch did not deliver the margin trading and securities lending contracts to clients, and failed to carry out the margin trading and securities lending business in accordance with relevant regulations; secondly the securities branch failed to regularly conduct follow-up evaluations on clients' risk tolerance, resulting in that certain clients' risk evaluations expired. In addition, the sales department failed to pay attention to changes in clients' risk levels in a timely manner, and failed to proactively adjust investor classification, product or service classification and suitability matching opinions based on changes in information on investors and products, and notify investors.

Upon receipt of the letter, Shenwan Hongyuan Securities further strengthened branch management and training, urged branches to improve internal control systems and procedures, and improved frontend control of system. Differentiated control measures were adopted depending on the actual situation of clients. Shenwan Hongyuan Securities continued to intensify investor suitability management and explored the establishment of a long-term mechanism for the orderly reduction of clients whose risk evaluation expired, to effectively prevent similar incidents from occurrence.

- (4) *In August 2021, SWS MU (Shanghai) Asset Management Co., Ltd. was ordered to make corrections by and received a warning letter from the Shanghai Branch of CSRC*

On August 2, 2021, the Shanghai Branch of CSRC issued the Decision of Taking Measures to Make Corrections to SWS MU (Shanghai) Asset Management Co., Ltd. The main contents are as follows: In the private fund asset management business of SWS MU (Shanghai) Asset

Section VI Significant Events (continued)

Management Co., Ltd., the investment managers specified under certain asset management contracts were inconsistent with the personnel who actually performed the duties of investment managers. As the general manager, Shi Yang was responsible for the above problem.

Upon receipt of the letter, SWS MU (Shanghai) Asset Management Co., Ltd. has carried out rectification in accordance with the requirements of the decision to order corrections, including improvement of relevant systems, completion of the registration of new investment managers, adjustment to the appointment and removal of investment managers, and implementation of supervision and management of the work of investment managers, and submitted a written rectification report to the Shanghai Branch of CSRC on August 24, 2021.

- (5) *In August 2021, Qingdao Haier Road Securities Branch of Shenwan Hongyuan Securities was ordered to make corrections by Qingdao Branch of CSRC*

On August 5, 2021, Qingdao Branch of CSRC issued the Decision on Measure of Ordering Qingdao Haier Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd. to Make Corrections to Qingdao Haier Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd. The main contents are as follows: first, there was a situation where the laptop computer of a former broker of the securities branch conducted securities trading commission through the wireless network of the securities branch. The abovementioned securities trading commission involved multiple clients under the broker's name, and the securities branch failed to detect and effectively control the issue in a timely manner. Second, in the process of handling margin financing and securities lending business for clients, the securities branch failed to fill in the signing date and sign the third-party depository business agreement for clients' credit funds, or failed to use the funds properly.

In response to the aforementioned problems, Qingdao Haier Road Securities Branch of Shenwan Hongyuan Securities removed the wireless network in July 2018. In accordance with the requirements of the Network System Management Measures of the company, it has strengthened the basic data management and maintenance of computer equipment, technical monitoring and disposal of the practices of staff, and compliance training and warning education for practitioners; it further enhanced the business training for handling personnel, strictly standardized the business operation processes, and clarified the requirements on signing and sealing customer agreements; it further intensified contract version management, used the new version of agreement and cancelled the old version of agreement in a timely manner in strict accordance with the notice and business operation manual issued by the company, and submitted a rectification report to Qingdao Branch of CSRC as required.

- (6) *In September 2021, Yunnan Branch of Shenwan Hongyuan Securities received a warning letter from Yunnan Branch of CSRC*

On September 23, 2021, Yunnan Branch of CSRC issued the Decision on the Measure of Issuing a Warning Letter to Yunnan Branch of Shenwan Hongyuan Securities. The main contents are as follows: Yunnan Branch failed to meet requirements in six aspects, i.e. marketing management, personnel management, job setting, IB business publicity, contract management, and customer information.

Section VI Significant Events (continued)

In response to the aforementioned problems, Yunnan Branch of Shenwan Hongyuan Securities comprehensively streamlined and adjusted the job setting and responsibilities in April 2021. It has implemented IB business publicity in strict accordance with requirements, and streamlined and checked relevant contracts and information of customers opening account on site, to further strengthen the management of contracts and customer data; Shenwan Hongyuan Securities conducted a mandatory demission audit of the person in charge of Yunnan Branch in August 2021, and the branch will promptly submit an audit report on mandatory demission audit in accordance with the requirements of Yunnan Branch of CSRC.

(7) *In November 2021, Shenwan Hongyuan Securities received a warning letter from Shanghai Branch of CSRC*

On November 24, 2021, Shanghai Branch of CSRC issued the Decision on the Measure of Issuing a Warning Letter to Shanghai Branch of Shenwan Hongyuan Securities Co., Ltd. The main contents are as follows: First, investment was made in securities underwritten by related parties without the prior consent of investors during the operation of individual private fund asset management schemes. Second, private fund asset management business was not effectively isolated from other businesses. Third, there were situations where different valuation methods were used for similar assets held by different private fund asset management schemes, and individual private fund asset management schemes failed to strictly comply with the principle of fair valuation, and the valuation methods were unreasonable. In addition, the individual private fund asset management schemes of Shenwan Hongyuan Securities did not adjust the valuation in a timely manner in case of material breach of relevant bonds and the valuation procedures were flawed. Relevant personnel was responsible for the aforementioned two problems.

In response to the aforementioned problems, Shenwan Hongyuan Securities sorted out the investment scope and investment restrictions of existing asset management products, further strengthened investment managers' awareness of compliance and risk control, urged investment managers to make investment in strict accordance with product contracts, and improved existing investment management systems to ensure sound front-end control; it strictly implemented the information separation wall management, strengthened professional ethics education and practice behavior management of employees; engaged KPMG to systematically sort out the valuation of asset management products, and made further optimization and improvement.

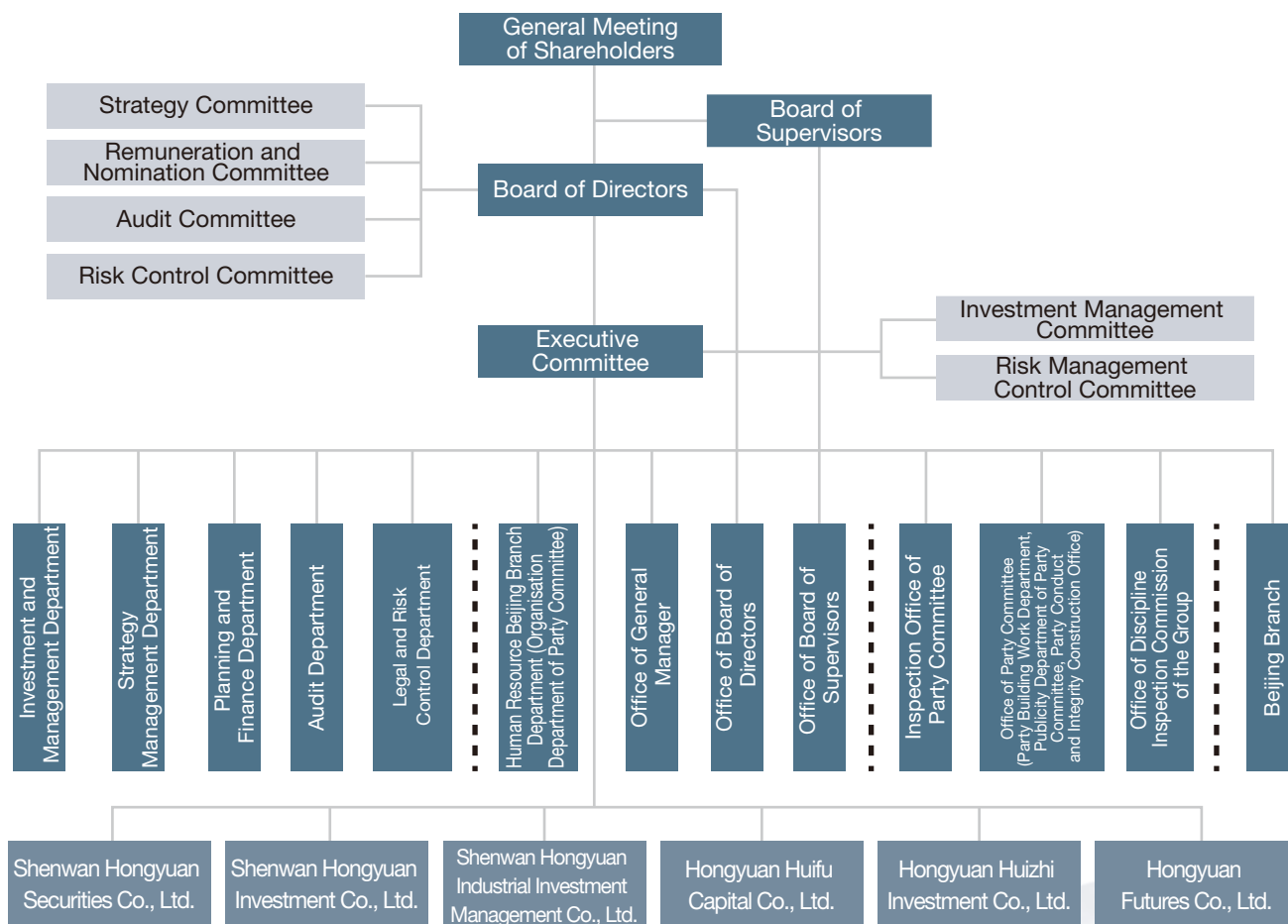
2. On March 17, 2022, the Shanghai Branch of CSRC issued the Prior Notice on Order to Increase the Number of Compliance Inspection to Shenwan Hongyuan Securities, with the main content as follows: when Shenwan Hongyuan Securities and Ant Wealth (Shanghai) Financial Information Services Co., Ltd. cooperated in carrying out the online investment advisory business, it failed to conduct appropriateness management independently, fully understand the information on investors, or obtain the address, occupation, financial status, investment experience, integrity records, etc. of customers, the operation of relevant information system was not under its control, and it failed to save local records of customer information, appropriateness management, relevant service records, etc. Relevant personnel assumed leadership or direct responsibility for the above problems.

Section VI Significant Events (continued)

For the aforementioned problems, Shenwan Hongyuan Securities have contacted Ant Wealth to obtain and store the relevant data of all existing customers, terminated the service agreements with all customers and cooperation with Ant Wealth in respect of online investment advisory business, and proactively cooperated with Ant Wealth in the work in relation to terminating cooperation in respect of online investment advisory business.

XXV. ORGANISATION OF THE COMPANY

(I) Organisation chart of the Company



Section VI Significant Events (continued)

(II) Major subsidiaries of the Company

No.	Name of subsidiary	Registered address	Time of establishment	Registered capital	Share-holding	Principal	Telephone
1	Shenwan Hongyuan Securities Co., Ltd.	45/F, No. 989 Changle Road, Xuhui District, Shanghai	January 16, 2015	RMB53.5 billion	100%	Yang Yucheng	021-33389888
2	Shenwan Hongyuan Industrial Investment Management Company Limited	Room 2003, 20/F, Dacheng International Building, No. 358 Beijing South Road, Urumqi High-tech Industrial Development Zone (New Zone), Xinjiang	January 21, 2015	RMB200 million	100%	Liu Yue	010-88085858
3	Hongyuan Huifu Capital Co., Ltd.	Room 201, 2/F, No. 19 Taipingqiao Street, Xicheng District, Beijing	March 19, 2010	RMB500 million	100%	He Sha	010-88085858
4	Hongyuan Huizhi Investment Co., Ltd.	Room 3-4 (Room 104, Building 3), Balongqiao Yayuan, Qiaozi Town, Huairou District, Beijing	March 27, 2012	RMB2 billion	100%	Xu Liang	010-88013705
5	Hongyuan Futures Co., Ltd.	Room 4B, 4/F, No. 19 Taipingqiao Street, Xicheng District, Beijing	May 2, 1995	RMB1 billion	100%	Wang Huadong	010-82290900
6	Shenwan Hongyuan Investment Co., Ltd.	Room 2002, 20/F, Dacheng International Building, No. 358 Beijing South Road, Urumqi High-tech Industrial Development Zone (New Zone), Xinjiang	January 21, 2015	RMB1 billion	100%	He Sha	010-88085858
7	Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 2005, 20/F, Dacheng International Building, No. 358 Beijing South Road, Urumqi High-tech Industrial Development Zone (New Zone), Xinjiang	January 20, 2015	RMB5.7 billion	100%	Wang Xianjun	0991-2301633

Section VI Significant Events (continued)

No.	Name of subsidiary	Registered address	Time of establishment	Registered capital	Share-holding	Principal	Telephone
8	Shenwan Hongyuan Financing Services Co., Ltd.	Room 2004, 20/F, Dacheng International Building, No. 358 Beijing South Road, Urumqi High-tech Industrial Development Zone (New Zone), Xinjiang	January 20, 2015	RMB1 billion	100%	Zhang Jian	021-33389888
9	Shenwan Hongyuan (International) Holdings Limited	Level 19, 28 Hennessy Road, Hong Kong	October 29, 1992	HK\$4,071 million	100%	Wu Meng	852-25098393
10	Shenwan Futures Co., Ltd.	7, 8 & 10/F, No. 800 Dongfang Road, Shanghai	January 7, 1993	RMB1,442 million	97.8680%	Li Jianzhong	021-50588811
11	Shenyin & Wanguo Alternative Investment Co., Ltd.	Room 201, Building A, No. 1 Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (premises of Shenzhen Qianhai Commercial Secretary Co. Ltd)	May 29, 2013	RMB2 billion	100%	Dai Jiaming	021-61820675
12	Shenyin & Wanguo Investment Co., Ltd.	Room A03, 21/F, Zhangjiang Building, No. 289 Chunxiao Road, China (Shanghai) Pilot Free Trade Zone	April 9, 2009	RMB1 billion	100%	Xia Tao	021-60581102
13	SWS MU Fund Management Co., Ltd.	11/F, No. 100 Zhongshan South Road, Huangpu District, Shanghai	January 15, 2004	RMB150 million	67%	Chen Xiaosheng	021-23261188
14	SWS Research Co., Ltd.	3/F, No. 99 Nanjing East Road, Huangpu District, Shanghai	October 16, 1992	RMB20 million	90%	Zhou Haichen	021-23297446

Note: The information in the above table is the information as of December 31, 2021.

Section VI Significant Events (continued)

(III) Branch company of the Company

Name	Address	Time of establishment	Principal	Telephone
Beijing Branch of Shenwan Hongyuan Group Co., Ltd.	Room 601, 6/F, No. 19 Taipingqiao Street, Xicheng District, Beijing	July 10, 2015	Huang Qi	010-88085858

(IV) Number and distribution of branch companies and securities branches of Shenwan Hongyuan Securities Co., Ltd., a subsidiary of the Company

1. Number and distribution of branch companies and securities branches

As of December 31, 2021, the company and its securities subsidiaries have established 53 branch companies; 300 securities branches, located in 129 cities in 21 provinces, 4 municipalities and 4 autonomous regions, including 61 securities branches in Shanghai, 42 securities branches in Xinjiang, and 197 securities branches in other regions.

Province/ municipality/ autonomous region	Number of branch companies	Number of securities branches	Percentage in total number of securities branches	Distribution of securities branches
Shanghai	4	61	20.33%	Shanghai (61)
Xinjiang Uygur Autonomous Region	/	42	14.00%	Urumqi (12), Aksu (1), Altay (1), Artush (1), Bole (1), Changji (2), Fukang (1), Hami (2), Hutubi (1), Kashi (1), Karamay (2), Kuche (1), Korla (1), Kuitun (1), Manas (1), Qitai (1), Shanshan (1), Shihezi (2), Tacheng (1), Turpan (1), Wusu (1), Wujiacqu (1), Yining (1), Shache (1), Hetian (1), Horgos (1), Alar (1)
Jiangsu Province	5	29	9.67%	Nanjing (4), Yancheng (10), Nantong (2), Haimen (1), Jiangyin (1), Yixing (2), Zhenjiang (1), Jurong (1), Suzhou (1), Yangzhou (1), Jingjiang (1), Taixing (1), Huaian (1), Zhangjiagang (1), Xuzhou (1)
Zhejiang Province	5	28	9.33%	Hangzhou (8), Jinhua (1), Quzhou (1), Tongxiang (2), Jiashan (1), Changshan (1), Huzhou (1), Yiwu (1), Taizhou (2), Shaoxing (1), Pinghu (1), Wenzhou (1), Ruian (1), Yongjia (1), Yueqing (1), Ningbo (3), Lishui (1)
Guangdong Province	7	19	6.33%	Guangzhou (7), Maoming (1), Zhongshan (1), Zhanjiang (1), Shenzhen (9)
Sichuan Province	1	15	5.00%	Chengdu (9), Guanghan (1), Meishan (2), Luzhou (2), Ya'an (1)
Hubei Province	1	14	4.67%	Wuhan (7), Huangshi (1), Huanggang Xishui (1), Xiangyang (3), Yichang (2)

Section VI Significant Events (continued)

Province/ municipality/ autonomous region	Number of branch companies	Number of securities branches	Percentage in total		Distribution of securities branches
			Number of securities branches	Percentage	
Liaoning Province	2	11	3.67%		Shenyang (5), Benxi (1), Anshan (1), Dalian (4)
Guangxi Zhuang Autonomous Region	1	7	2.33%		Nanning (2), Guilin (1), Liuzhou (1), Qinzhou (1), Guigang (1), Hezhou (1)
Jiangxi Province	1	8	2.67%		Nanchang (4), Jiujiang (1), Shangrao (2), Ganzhou (1)
Fujian Province	3	6	2.00%		Fuzhou (2), Putian (1), Shishi (1), Xiamen (2)
Chongqing	1	7	2.33%		Chongqing (7)
Hunan Province	1	7	2.33%		Changsha (4), Xiangtan (1), Zhuzhou (1) Yiyang (1)
Beijing	3	6	2.00%		Beijing (6)
Shandong Province	3	7	2.33%		Jinan (2), Linyi (1), Zibo (1), Weifang (1), Qingdao (1), Laixi (1)
Tianjin	1	4	1.33%		Tianjin (4)
Anhui Province	2	4	1.33%		Hefei (2), Huangshan (1), Huainan (1)
Jilin Province	1	2	0.67%		Changchun (1), Jilin (1)
Henan Province	1	4	1.33%		Zhengzhou (2), Nanyang (1), Xinxiang (1)
Hebei Province	1	3	1.00%		Tangshan (1), Shijiazhuang (1), Baoding (1)
Hainan Province	1	4	1.33%		Haikou (3), Yangpu (1)
Heilongjiang Province	1	2	0.67%		Harbin (2)
Guizhou Province	1	2	0.67%		Guiyang (1), Zunyi (1)
Shaanxi Province	1	2	0.67%		Xi'an (2)
Gansu Province	1	1	0.33%		Lanzhou (1)
Shanxi Province	1	1	0.33%		Taiyuan (1)
Inner Mongolia Autonomous Region	1	1	0.33%		Hohhot (1)
Ningxia Hui Autonomous Region	1	1	0.33%		Yinchuan (1)
Yunnan Province	1	2	0.67%		Kunming (1), Qujing (1)
Total	53	300	100.00%	129	

In addition, as of December 31, 2021, among the non-securities subsidiaries of the company, SWS MU had 1 subsidiary in Shanghai, 1 branch company in Beijing and Guangzhou, respectively; Shenwan Futures had 1 subsidiary in Shanghai, 1 branch company in Beijing, Zhejiang, Shanghai, Jiangsu, Shenzhen and Sichuan, respectively and 22 securities branches in 19 cities.

Section VI Significant Events (continued)

2. Basic information of securities branches

No.	Name	Registered address	Time of establishment	Principal	Telephone
1	Shanghai Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 2701-10, No. 99 Huangpu Road, Hongkou District, Shanghai	August 18, 2009	Liu Jinfu	021-56558525
2	Shanghai Pilot Free Trade Zone Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101, 1/F, No.958 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone	April 22, 2015	Qiu Yizhou	021-68865565
3	Shanghai No. 2 Branch of Shenwan Hongyuan Securities Co., Ltd.	Unit 11, 33/F, No. 989 Changle Road, Xuhui District, Shanghai	September 29, 2013	Zhao Mingwei	021-33388738
4	Jiangsu Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 27 Huaqiao Road, Gulou District, Nanjing	July 10, 2009	Shen Jianfeng	025-84763798
5	Suzhou Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2001, Block 4, Fenglong City Life Plaza, No. 788 Zhongyuan Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	November 18, 2020	Yu Yu	0512-65279517
6	Shenwan Hongyuan Securities Co., Ltd. Nantong Branch	No. 43 Qingnian Middle Road, Chongchuan District, Nantong City, Jiangsu Province	January 6, 2021	Chen Jian	025-84763706
7	Shenwan Hongyuan Securities Co., Ltd. Yangzhou Branch	No. 758, Yangtze River Middle Road, Yangzhou City, Jiangsu Province	July 5, 2021	Jin Xudong	0514-87891800
8	Shenwan Hongyuan Securities Co., Ltd. Wuxi Branch	No. 24 Qingyang Road, Wuxi City, Jiangsu Province	September 15, 2021	Shao Zheng	0510-82856988
9	Zhejiang Branch of Shenwan Hongyuan Securities Co., Ltd.	18/F, No. 1 Huazhe Plaza, Gongshu District, Hangzhou City	June 29, 2009	Zhu Liyan	0571-85060158
10	Shenwan Hongyuan Securities Co., Ltd. Taizhou Branch	Room 1601, Building 1, Kaitou Financial Building, No. 877 Shifu Avenue, Baiyun Sub-district, Jiaojiang District, Taizhou City, Zhejiang Province	December 30, 2020	Cao Yonghui	0576-88500191
11	Shenwan Hongyuan Securities Co., Ltd. Jiaxing Branch	No. 996 Hexing South Road, Nanhu District, Jiaxing City, Zhejiang Province	June 23, 2021	Liu Guoyong	0573-82056778

Section VI Significant Events (continued)

No.	Name	Registered address	Time of establishment	Principal	Telephone
12	Wenzhou Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, Blocks 1 & 2, Jinglong Building, No. 543 Chezhan Avenue, Wenzhou City	December 27, 2017	Qu Bingjian	0577-88250798
13	Ningbo Branch of Shenwan Hongyuan Securities Co., Ltd.	14/F, Building 8, No. 1 Yongjiang Avenue, Jiangdong District, Ningbo	May 29, 1997	Liu Weijia	0574-87295041
14	Beijing Branch of Shenwan Hongyuan Securities Co., Ltd.	6/F, Block B, 20 Financial Street, Xicheng District, Beijing	July 17, 2009	Yang Guibao	010-82290986
15	Beijing Asset Management Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 201-1, 2/F, No. 19 Taipingqiao Street, Xicheng District, Beijing	June 29, 2009	Li Qi	021-33388318
16	Sichuan Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 2 Huaishu Street, Qingyang District, Chengdu, Sichuan Province	June 30, 2009	Tang Jiantao	028-86261519
17	Hubei Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Building 7, Kaile Garden, No. 46, Lane 5, Wuluo Road, Wuchang District, Wuhan	June 29, 2009	Zhao Jiejun	027-88850926
18	Liaoning Branch of Shenwan Hongyuan Securities Co., Ltd.	25/F, Block B, Shenyang Fortune Center, No. 53 North Station Road, Shenhe District, Shenyang	June 29, 2009	Gao Yi	024-22536068
19	Dalian Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1-7 and Spring Layer Room 1-1-7, Xinxing International Center, No. 6 Jingwei Street and Rooms 04/05/06A, 8/F, Xinxing International Center, No. 20 Yide Street, Zhongshan District, Dalian City, Liaoning Province	January 25, 2013	Xia Juan	0411-82802781
20	Heilongjiang Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 93 Zhongshan Road, Harbin City	May 23, 1997	Sheng Junming	0451-82261108
21	Guangdong Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 5803B-5804, No. 15 Zhujiang West Road, Tianhe District, Guangzhou	February 25, 2014	Che Zuobin	020-38998280
22	Shenzhen Branch of Shenwan Hongyuan Securities Co., Ltd.	Units A01, A02, A03 and A04, 19/F, No. 4018 Jintian Road, Fuzhong Community, Lianhua Sub-district, Futian District, Shenzhen	July 2, 2009	Xu Yewei	0755-83206086

Section VI Significant Events (continued)

No.	Name	Registered address	Time of establishment	Principal	Telephone
23	Shenwan Hongyuan Securities Co., Ltd. Zhuhai Branch	Office Building, Rooms A and B, 11/F and 12/F, Guangdong Hotel Phase II, No. 1145 Yuehai East Road, Gongbei, Zhuhai	June 3, 2021	Wang Weiping	0756-8873060
24	Shenwan Hongyuan Securities Co., Ltd. Dongguan Branch	01, Room 2601, Unit 2, Building 4, No. 200 Hongfu Road, Nancheng Sub-district, Dongguan City, Guangdong Province	July 14, 2021	Mao Zengqing	0769-22697699
25	Shenwan Hongyuan Securities Co., Ltd. Foshan Branch	Room P6, Ground Floor, No. 23 Jihua 5th Road, Chancheng District, Foshan City, Guangdong Province	November 2, 2021	Gui Yang	0757-83036501
26	Guangxi Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops A201 and A202, Peninsula Mong Kok, No. 56 Yinghua Road, Nanning, Guangxi	November 7, 2013	Qi Shiqun	0771-5772397
27	Chongqing Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 9-1, 9-2, 9-3, 9-5 and 9-10, No. 2 Qingyun Road, Jiangbei District, Chongqing	June 30, 2009	Wang Jun	023-63508779
28	Tianjin Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 04-05-06, 34/F, Huanqiu Zhidi Plaza, No. 309 Nanjing Road, Nankai District, Tianjin	February 28, 2014	Xu Hongwen	022-87878288
29	Jiangxi Branch of Shenwan Hongyuan Securities Co., Ltd.	4/F, Building B, No. 12 Zhongshan West Road, Xihu District, Nanchang, Jiangxi Province	February 10, 2014	Lu Sanjiang	0791-86210888
30	Hunan Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 2802-2806, 28/F, Block C, Kailin Business Center, No. 53 Binjiang Road, Yuelu District, Changsha City, Hunan Province	March 17, 2014	Ma Rijun	0731-82203680
31	Anhui Branch of Shenwan Hongyuan Securities Co., Ltd.	23/F and East Side of 1/F, Jinding Plaza, No. 287 Suixi Road, Luyang District, Hefei City, Anhui Province	October 28, 1997	Zhou Qi	0551-62659082

Section VI Significant Events (continued)

No.	Name	Registered address	Time of establishment	Principal	Telephone
32	Shenwan Hongyuan Securities Co., Ltd. Wuhu Branch	Building 3# (4/F and part of 1/F, No. 29 Wenhua Road), Renmin Road Group, Jinghu District, Wuhu City, Anhui Province	May 28, 2011	Liu Yang	0553-3800166
33	Jilin Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 439, 441, 443, 445, 446, 447, 448, 449, 450, 451, 452, 453, 455 and 457 on the east side of the fourth floor of Building 3, Northeast Asia International Finance Center, No. 10606 Renmin Street, Nanguan District, Changchun City, Jilin Province	June 7, 2006	Zhang Chunjie	0431-88590168
34	Hainan Branch of Shenwan Hongyuan Securities Co., Ltd.	Huaxin Building, Longkun South Road, Haikou City	August 20, 1993	Niu Jie	0898-66763964
35	Henan Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 2101, 2102, 2103, 2104, 2111, 2112 and 2113, Future Building, No. 69 Future Road, Jinshui District, Zhengzhou City	September 21, 2009	Huang Yuqi	0371-86100888
36	Shanxi Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1001, 1-2/F, Building 3, No. 125 Qinxian North Street, Xiaodian District, Taiyuan City	September 5, 2001	Zhao Bing	0351-4191667
37	Shandong Branch of Shenwan Hongyuan Securities Co., Ltd.	7/F, News Building, No. 6 Luoyuan Street, Lixia District, Jinan City	July 18, 2016	Qin Kaiyu	0531-55639877
38	Shenwan Hongyuan Securities Co., Ltd. Yantai Branch	Rooms 16A01/02/03/05/06/07/08, No. 11 Nanda Street, Zhifu District, Yantai City, Shandong Province	May 31, 2021	Zhang Jun	0535-3390668
39	Qingdao Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms BCDEF, Mezzanine A, No. 2 Shandong Road, Shinan District, Qingdao	March 12, 1994	Zhang Kun	0532-82969949

Section VI Significant Events (continued)

No.	Name	Registered address	Time of establishment	Principal	Telephone
40	Fujian Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 01 and 02-2, 8/F, Hengli Financial Center, No. 6 Guanfengting Street, Gudong Sub-district, Gulou District, Fuzhou City, Fujian Province	August 2, 2016	Li Ziquan	0591-83321501
41	Shenwan Hongyuan Securities Co., Ltd. Quanzhou Branch	F02-04, Storefront 4, Fengsheng Commercial and Residential Building, Tian'an Road, Fengze District, Quanzhou City	September 1, 2021	Shi Yanghao	0595-22255198
42	Xiamen Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, Block A, Jinbang Building, No. 842 Xiahe Road, Siming District, Xiamen City	February 3, 1997	Chen Yuxiao	0592-5852516
43	Yunnan Branch of Shenwan Hongyuan Securities Co., Ltd.	Units OT1-1101, OT1-1102, and OT1-1110, Office Building of Kunming Henglong Plaza, No. 23 Dongfeng East Road, Panlong District, Kunming City, Yunnan Province	May 26, 2004	Tao Jianping	0871-63623268
44	Hebei Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 902, 903 and 907, No. 1 Office Building, Wufang Building, No. 88 Xida Street, Chang'an District, Shijiazhuang City, Hebei Province	September 29, 2009	Li Zhenzi	0311-89250901
45	Guizhou Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 1, 2, 3, 4, 5, 20, 21, 22, 23, 24, 25, 26 and 27, 7/F, Buildings E-03 and F-01, Media-Lincheng Era, No. 8, Changling North Road, Guanshanhu District, Guiyang City, Guizhou Province	September 8, 2009	Yan Chen	0851-86869886
46	Inner Mongolia Branch of Shenwan Hongyuan Securities Co., Ltd.	1/F, Rixin Huachen Building, No. 23 Ruyi West Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	October 9, 2009	Wang Jing	0471-5275899
47	Shaanxi Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	3/F, No. 54, Chang'an North Road, Beilin District, Xi'an City, Shaanxi Province	June 7, 2016	Wang Wei	029-85215989

Section VI Significant Events (continued)

No.	Name	Registered address	Time of establishment	Principal	Telephone
48	Gansu Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	1/F, No. 215 Jinchang Road, Chengguan District, Lanzhou City, Gansu Province	February 25, 2014	Zhang Haiqun	0931-8870422
49	Ningxia Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Business Room 23, Comprehensive Building 25, Golf Garden, Minzu North Street Xingqing District, Yinchuan City	March 2, 2011	Zhang Jiao	0951-5121881
50	Shanghai Branch of Shenwan Hongyuan Financing Services Co., Ltd.	11/F, No. 989 Changle Road, Xuhui District, Shanghai	March 13, 2015	Jin Bixia	021-33389753
51	Beijing Branch of Shenwan Hongyuan Financing Services Co., Ltd.	Room 5B, 5/F, Block B, No. 19 Taipingqiao Street, Xicheng District, Beijing	June 23, 2009	Xi Rui	010-88085870
52	Shenzhen Branch of Shenwan Hongyuan Financing Services Co., Ltd.	Room 02 of 22B01-02, Anlian Mansion, No. 4018 Jintian Road, Fuzhong Community, Lianhua Sub-district, Futian District, Shenzhen	March 20, 2015	Wang Mingxi	010-88085786
53	Guangzhou Branch of Shenwan Hongyuan Financing Services Co., Ltd.	Room 1206, No. 15 Zhujiang West Road, Tianhe District, Guangzhou City	November 19, 2019	Wu Zhihong	010-88085998

3. Basic information of securities branches

No.	Name	Address	Time of establishment	Principal	Telephone
1	Shanghai Baoshan District Changjiang South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1-3/F, No. 681 Changjiang South Road, Baoshan District, Shanghai	August 11, 1992	Zhao Zuojun	021-66181905
2	Shanghai Baoshan District Tongtai Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 88 Tongtai Road, Baoshan District, Shanghai	November 13, 1992	Lin Fei	021-66797358

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
3	Shanghai Changning District Shuangliu Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 15 Shuangliu Road, Changning District, Shanghai	August 19, 1992	Hao Hongyan	021-33608822
4	Shanghai Changning District Songhong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, No. 152 Songhong Road, Changning District, Shanghai	December 30, 1992	Wu Xuwei	021-62735711
5	Shanghai Chongming District Chuanxin Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 1 Chuanxin Street, Chongming District, Shanghai	September 27, 1993	Bi Guoqiang	021-59619905
6	Shanghai Fengxian District Renmin Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 236 Renmin Middle Road, Nanqiao Town, Fengxian District, Shanghai	May 18, 1994	Wang Huanxian	021-57417029
7	Shanghai Hongkou District Dalian Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 301–304, No. 1 and Room 101, No. 859, Lane 839, Dalian Road, Hongkou District, Shanghai	June 2, 1997	Wang Wei	021-61736108
8	Shanghai Hongkou District Fengzhen Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, No. 78 Fengzhen Road, Hongkou District, Shanghai	August 6, 1997	Wang Wenqi	021-65932933
9	Shanghai Hongkou District Huangpu Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 203A, No. 99 Huangpu Road, Hongkou District, Shanghai	December 30, 1992	Bao Hongwei	021-65525901
10	Shanghai Hongkou District Zhongshan North First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room B3F, No. 1230 Zhongshan North First Road, Hongkou District, Shanghai	December 26, 1994	Zhou Hua	021-65445198

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
11	Shanghai Huangpu District Fuzhou Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 102A and Rooms 309-310, No. 318 Fuzhou Road, Huangpu District, Shanghai	February 26, 1993	Zhang Lei	021-63217517
12	Shanghai Huangpu District Guangdong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 729 Guangdong Road, Huangpu District, Shanghai	July 9, 1990	Wang Hua	021-63224288
13	Shanghai Huangpu District Lujiabang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, No. 1297 Lujiabang Road, Huangpu District, Shanghai	July 17, 1992	Han Bin	021-63457788
14	Shanghai Huangpu District Xinchang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 180 Xinchang Road, Huangpu District, Shanghai	February 26, 1993	Zhang Shunjie	021-63272058
15	Shanghai Huangpu District Yandang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 02, 3/F, No. 29 Yandang Road, Huangpu District, Shanghai	June 22, 1992	Ma Jun	021-63863588
16	Shanghai Huangpu District Zhonghua Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Ground Floor, No. 1158 Zhonghua Road, Huangpu District, Shanghai	September 25, 1992	Chen Wei	021-63451506
17	Shanghai Huangpu District Zhongshan South First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 328, 329, 330, 331, 332, 337, 338, 339, 341 and 342, 3/F, Podium, No. 727 Zhongshan South First Road, Huangpu District, Shanghai	December 25, 1992	Gu Xianghui	021-63047861
18	Shanghai Jiading District Tacheng Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2 & 3/F, No. 399 Tacheng Road, Jiading District, Shanghai	May 10, 1994	Zhou Liang	021-39910033

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
19	Shanghai Jinshan District Fengyang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 213 Fengyang Road, Fengjing Town, Jinshan District, Shanghai	January 16, 2014	Ying Hongliang	021-67968178
20	Shanghai Jinshan District Lincang Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	4 & 5/F, No. 180 Lincang Street, Zhujing Town, Jinshan District, Shanghai	December 30, 1992	Chen Jiangwen	021-57320523
21	Shanghai Jinshan District Mengshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101 on 1/F, 2/F and 3/F, No. 279 Mengshan Road, Jinshan District, Shanghai	May 18, 1994	Chu Kaihong	021-57943555
22	Shanghai Jing'an District Changhua Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 33 Changhua Road, Jing'an District, Shanghai	September 22, 1993	Chen Weidong	021-62580049
23	Shanghai Jing'an District Kangding Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, No. 1584 Kangding Road, Jing'an District, Shanghai	July 31, 1997	Yao Wei	021-62308398
24	Shanghai Jing'an District Yuyao Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, No. 169 Yuyao Road, Jing'an District, Shanghai	July 25, 1992	Mao Xiaohong	021-52520439
25	Shanghai Putuo District Jinshajiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Zone B, Room 501, No. 10 Lane 1628, Jinshajiang Road, Putuo District, Shanghai	April 28, 2001	Lv Bocheng	021-60712583
26	Shanghai Putuo District Lanxi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 135 Lanxi Road, Putuo District, Shanghai	August 21, 1992	Chen Bin	021-62862128

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
27	Shanghai Putuo District Wuning Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 301, No. 507 Wuning Road, Putuo District, Shanghai	September 11, 1992	Yang Zuowei	021-62051378
28	Shanghai Pudong New District Zhangyang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 538 Gushan Road and Room 301, Building 1, No. 2399 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	April 28, 2001	Jin Tao	021-50110133
29	Shanghai Pudong New District Jinghai Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 500 & 502 Jinghai Road, Huinan Town, Pudong New District, Shanghai	May 18, 1994	Xu Jingfang	021-36680188
30	Shanghai Pudong New District Chuansha Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 4487 Chuansha Road, Pudong New District Shanghai	December 11, 1996	Guan Xuting	021-68392594
31	Shanghai Pudong New District Dongfang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 1870 Dongfang Road, Pudong New District, Shanghai	October 12, 1993	Huang Xudong	021-58751371
32	Shanghai Pudong New District Guanyue West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1-3/F, No. 103, Lane 151, Guanyue West Road, Pudong New District, Shanghai	May 29, 1995	Zhu Yubin	021-68113113
33	Shanghai Pudong New District Lijin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, 1379 & 1389 Lijin Road, Pudong New District, Shanghai	December 6, 1991	Liu Yin	021-68759463
34	Shanghai Pudong New District Hunan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 160-178 Beizhong Road and Room 504, No. 959-999 Hunan Road, Pudong New District, Shanghai	June 3, 1997	Zhou Jie	021-58899797

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
35	Shanghai Pudong New District Miaoqing Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 399 Chuansha Miaoqing Road, Pudong New District, Shanghai	December 28, 1994	Liu Weimin	021-58988996
36	Shanghai Pudong New District Sanlin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 329, Sanlin Road, Pudong New District, Shanghai	May 5, 1993	Shen Rong	021-58492299
37	Shanghai Pudong New District Shuiyun Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room A102, No. 308 Shuiyun Road, Nanhui Xincheng Town, Pudong New District, Shanghai	May 30, 2014	Zhao Yunfeng	021-58282662
38	Shanghai Pudong New District Century Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Unit 01, 9/F (Nominal Floor, Actual Floor, 8/F), T1, No. 1788 & 1800, Century Avenue, China (Shanghai) Pilot Free Trade Zone	June 11, 2008	Chen Gang	021-50817033
39	Shanghai Pudong New District Chengshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, No. 436 Chengshan Road, Pudong New District, Shanghai	March 3, 1993	Lin Zheng	021-68700018
40	Shanghai Pudong New District Lujiazui Ring Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 958 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone	June 5, 1997	Ge Wenyu	021-68866071
41	Shanghai Qingpu District Gongyuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1-2/F, No. 232, Gongyuan Road, Qingpu District, Shanghai	April 5, 1993	You Lifang	021-69713385
42	Shanghai Songjiang District Renmin North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 3/F, No. 1505 Renmin North Road, Songjiang District, Shanghai	November 19, 1997	Li Wei	021-57833988

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
43	Shanghai Xuhui District Longcao Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, No. 9-6, Lane 1, Longcao Road, Xuhui District, Shanghai	August 28, 1992	Deng Jin	021-64840388
44	Shanghai Xuhui District Yishan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Units 102-106, No. 719 Yishan Road, Xuhui District, Shanghai	December 24, 1996	Chang Songlin	021-64836517
45	Shanghai Xuhui District Shangzhong West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 200 Shangzhong West Road, Xuhui District, Shanghai	April 12, 1995	Miao Qianfang	021-64539753
46	Shanghai Xuhui District Xietu Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 3/F, No. 2669, Xietu Road, Xuhui District, Shanghai	April 12, 1990	Mei Yijie	021-64276621
47	Shanghai Xuhui District Kaixuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 301A, No. 3131 Kaixuan Road, Xuhui District, Shanghai	December 30, 1992	Yu Jiayong	021-64848907
48	Shanghai Yangpu District Huangxing Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101, 3/F, No. 1810 Huangxing Road, Yangpu District, Shanghai	March 16, 1992	Shen Jia	021-55058668
49	Shanghai Yangpu District Longchang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, No. 600 Longchang Road, Yangpu District, Shanghai	November 25, 1992	Pang Bo	021-65663957
50	Shanghai Yangpu District Pingliang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, No. 913, 915, 917, 919, 921, 923, 925, 927 & 929, Pingliang Road, Yangpu District, Shanghai	July 3, 1992	Li Yu	021-65127789

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
51	Shanghai Jing'an District Fenxi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 457 Fenxi Road, Jing'an District, Shanghai	May 17, 2001	Zhu Jiawei	021-56773397
52	Shanghai Jing'an District Haining Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101, No. 719 and 26/ F, No. 717 Haining Road, Jing'an District, Shanghai	December 30, 1992	Zhang Ming	021-63062065
53	Shanghai Jing'an District Hutai Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 549 Hutai Road, Jing'an District, Shanghai	December 2, 1996	Zhang Zheng	021-56557458
54	Shanghai Jing'an District Luochuan East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 303 Luochuan East Road, Jing'an District, Shanghai	August 18, 1993	Chen Wenbo	021-56385612
55	Shanghai Jing'an District Yanchang Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 597 Yanchang Middle Road, Jing'an District, Shanghai	May 4, 1994	Shen Xumin	021-36030948
56	Shanghai Minhang District Bijiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 349 Bijiang Road, Minhang District, Shanghai	February 25, 1993	Ni Peiwen	021-64308222
57	Shanghai Minhang District Dongchuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, No. 2380-2384 (Even Number), Dongchuan Road, Minhang District, Shanghai	June 14, 1994	Shen Yiming	021-34095553
58	Shanghai Minhang District Humin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 705, No. 7876 Humin Road, Minhang District, Shanghai	May 8, 2014	Xu Ming	021-52211621
59	Shanghai Minhang District Longming Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, No. 1847 Longming Road, Minhang District, Shanghai	August 17, 1998	Guo Hao	021-54780088

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
60	Shanghai Minhang District Qishen Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 401A, No. 3088 Qishen Road, Minhang District, Shanghai	June 6, 1994	Lou Jun	021-64787280
61	Shanghai Minhang District Shensong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 235 Shensong Road, Minhang District, Shanghai	December 4, 1992	Chen Jianming	021-64985122
62	Huai'an Shenzhen Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 7-5, Building 7, Dongguan Yixuan Huayuan, Huai'an Economic and Technological Development Zone, Huai'an City, Jiangsu Province	August 8, 2012	Zhu Feng	0517-83800707
63	Jingjiang Renmin Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 136 Renmin Middle Road, Jingjiang City, Jiangsu Province	April 17, 1997	Hua Jiong	0523-84961888
64	Jurong Huarong East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Kaiyuan Commercial Building, No. 18 Huayang East Road, Huayang Town, Jurong City, Jiangsu Province	June 11, 2001	Xiang Guangsheng	0511-85179261
65	Nanjing Hanzhong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	10/F, Sinopharm Building, No. 6 Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province	January 21, 2008	Dong Jun	025-85201127
66	Nanjing Huaqiao Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 29 Huaqiao Road, Gulou District, Nanjing City, Jiangsu Province	November 20, 1997	Jiang Ping	025-84763777
67	Nanjing Pukou Fenghuang Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 16 Fenghuang Street, Jiangpu Sub-district, Pukou District, Nanjing City, Jiangsu Province	May 29, 2001	Wang Guangxin	025-58881133
68	Nanjing Huangshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 2 Huangshan Road, Jianye District, Nanjing City, Jiangsu Province	November 20, 1997	Li Wei	025-83315198

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
69	Nantong Gongnong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	14/F, Huali Building, No. 6 Gongnong Road, Nantong City, Jiangsu Province	April 19, 2012	Feng Baosheng	0513-51001988
70	Nantong Zhaoxia Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1/F, Aojian Building, No. 467 Zhaoxia Road, Hightech Zone, Nantong City, Jiangsu Province	May 24, 2001	Chen Ying	0513-81691258
71	Haimen Xiushan West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 62 Xiushan West Road, Haimen Sub-district, Haimen District, Nantong City, Jiangsu Province	August 11, 2014	Shao Lei	0513-80182108
72	Suzhou Wuzhong West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1, 3, 4, 5, 6/F, No. 175 Wuzhong West Road, Wuzhong District, Suzhou City, Jiangsu Province	October 13, 1997	Xu Zhifeng	0512-65282812
73	Zhangjiagang Renmin East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room F203, No. 11 Renmin East Road (Huachang Oriental Plaza), Yangshe Town, Zhangjiagang City, Jiangsu Province	January 21, 2019	Zhao Guangyu	0512-58912291
74	Taixing Fuqian Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	South Side of Gulou East Road and West Side of Fuqian Street, Taixing City, Jiangsu Province	June 20, 2001	Lu Songnian	0523-87650123
75	Yancheng Binhai Haibin Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 90 Haibin Avenue, Binhai County, Yancheng City, Jiangsu Province	December 18, 2013	Jiang Guanrong	0515-89118128
76	Yancheng Dafeng Jiankang East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 49 Jiankang East Road, Dafeng District, Yancheng City, Jiangsu Province	January 27, 2014	Wang Hongjun	0515-83365518
77	Yancheng Dongtai Wanghai East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 32 Wanghai East Road (formerly Xindong East Road), Dongtai City, Jiangsu Province	December 17, 2013	Tang Xinhua	0515-85320562

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
78	Yancheng Funing Shehe North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops 8 & 9, Employee Residential Building of Yancheng, No. 4 Pharmaceutical Factory, Fucheng Shehe East Road, Funing County, Yancheng City, Jiangsu Province	January 28, 2014	Zou Yu	0515-87220562
79	Yancheng Jianhu Huzhong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 148 Huzhong South Road, Jianhu County, Yancheng City, Jiangsu Province	December 20, 2013	Zhang Tiye	0515-86232366
80	Yancheng Jiefang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 100 Jiefang North Road, Yancheng City, Jiangsu Province	April 14, 1998	Gao Fei	0515-88166898
81	Yancheng Jiefang South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 101 & 201, Building A, Shops in South Zone, Qianjiang Fangzhou Community, Yancheng City, Jiangsu Province	December 24, 1998	Yang Haimin	0515-89080909
82	Yancheng Economic Development Zone Taishan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Building 3, Software Park, Taishan Road, Yancheng Economic and Technological Development Zone, Jiangsu Province	March 14, 2014	Miao Meilin	0515-88310962
83	Yancheng Sheyang Xingyang Plaza Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops 301-304, Zone C, Xingyang Plaza, Sheyang County, Yancheng City, Jiangsu Province	December 5, 2013	Xu Yang	0515-82627666
84	Yancheng Xiangshui Shuangyuan East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	North Side of Shuangyuan East Road, Xiangshui, Yancheng City, Jiangsu Province	January 28, 2014	Wang Daorong	0515-86885858
85	Yangzhou Jiangdu Longchuan South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms S103 & 203, Building 7, Hongyi Qianqiu, No. 299 Longchuan Road, Xiannv Town, Jiangdu District, Yangzhou City, Jiangsu Province	January 8, 2014	Xun Yongxing	0514-86710562

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
86	Yixing Huankeyuan Xincheng Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 201, Comprehensive Building, Xincheng Garden, Huankeyuan, Yixing City, Jiangsu Province	January 7, 2014	Chen Wei	0510-87072030
87	Yixing Yangquan Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 330, 332 and 336, Yangquan Middle Road, Yicheng Street, Yixing City, Jiangsu Province	April 11, 2008	Li Yuerong	0510-87962161
88	Zhenjiang Jiefang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No.26 Jiefang Road, Zhenjiang City, Jiangsu Province	August 13, 1997	Li Chunnian	0511-85023138
89	Jiangyin Chengjiang Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 7-7 Chengjiang Middle Road, Jiangyin City, Jiangsu Province	October 20, 2017	Zhu Laizhang	0510-86995523
90	Xuzhou Heping Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 26#, 27#-106 and 122, Tixiangwan, Yunlong District, Xuzhou City, Jiangsu Province	April 14, 2021	Wang Chunlong	0516-85558508
91	Hangzhou Miduqiao Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 3 Miduqiao Road, Gongshu District, Hangzhou City, Zhejiang Province	March 14, 1997	Yang Ming	0571-85061177
92	Jinhua Bayi North Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 484 Bayi North Street, Wucheng District, Jinhua City, Zhejiang Province	February 26, 1997	Zhan Yingcai	0579-82305900
93	Quzhou Xianxi Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 77 Xianxi Street, Quzhou City, Zhejiang Province	June 30, 1997	Cao Min	0570-3039709
94	Tongxiang Heping Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 95, Heping Road (West), Zhendong New District, Tongxiang City, Zhejiang Province	August 22, 1997	Zhu Hui	0573-88109258

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
95	Changshan Dingyang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Changshan County Supply and Marketing Complex Building, No. 2-16 Dingyang North Road, Tianma Sub-district, Changshan County, Quzhou City, Zhejiang Province	April 8, 2002	Lin Qian	0570-5031768
96	Huzhou Fenghuang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	8/F, Comprehensive Building (1), Meidu Huayuan, Huzhou City, Zhejiang Province	May 8, 2014	Luo Zhaoyang	0572-2761085
97	Yiwu Huangyuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1/F, No. 143 Huangyuan Road, Yiwu City, Zhejiang Province	May 23, 2014	Jiang Xiaorong	0579-85785098
98	Tongxiang Chongfu Town Chongde West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Ground floor, Hualong Building, No. 158 Chongde West Road, Chongfu Town, Tongxiang City, Zhejiang Province	May 19, 2014	Zhao Shengli	0573-88389388
99	Hangzhou Xueyuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 301-303, Delixi Building, No. 28 Xueyuan Road, Xihu District, Hangzhou City, Zhejiang Province	July 1, 2003	Chen Si	0571-87979636
100	Hangzhou Stadium Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 267 Stadium Road, Hangzhou City, Zhejiang Province	July 1, 2003	Yang Hua	0571-85058219
101	Hangzhou Moganshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, Lantian Business Building, No. 18 Moganshan Road, Hangzhou City, Zhejiang Province	July 1, 2003	Lin Zhong	0571-88840686
102	Hangzhou Jinhua Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	South Side of Room 313, Shangpin Business Building, No. 88 Jinhua Road, Hangzhou City, Zhejiang Province	July 1, 2003	Xu Zuo	0571-88010788

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
103	Lin'an Guangdian Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 19 Guangdian Road, Jincheng Sub-district, Lin'an City, Zhejiang Province	January 10, 2014	Fan Zhicheng	0571-61083130
104	Shaoxing Zhongxing South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Foyer on 1/F and 4/F, No. 285 Zhongxing South Road, Yuecheng District, Shaoxing City, Zhejiang Province	December 7, 2015	Hong Jieqiong	0575-85200995
105	Xiaoshan Boxue Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 03, 12/F, Building C# (No. 3), Xiaoshan Science and Technology Innovation Center, No. 618 Boxue Road, Beigan Sub-district, Xiaoshan District, Hangzhou City, Zhejiang Province	May 20, 2016	Ren Huiling	0571-86920157
106	Lishui Chengda Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1/F, No. 3-5, Building 1, No. 181 Chengda Street, Nanmingshan Sub-district, Liandu District, Lishui City, Zhejiang Province	December 18, 2020	Chen Lifeng	0578-2720800
107	Taizhou Tengda Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room A-913, Room A-915, Room A-917, Room A-919, Room A-921, Room A-923, Room A-925, No. 699, Tengda Road, Yangguan Village, Lubei Sub-district, Luqiao District, Taizhou City, Zhejiang Province	August 25, 2010	Xu Weiyan	0576-82599906
108	Wenling Wanchang West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 159 Wanchang West Road, Taiping Sub-district, Wenling City, Taizhou City, Zhejiang Province	January 7, 2014	Wang Guocheng	0576-86267171
109	Jiashan Tiyu South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 91, 91-1 & 91-2, Tiyu South Road, Weitang Sub-district, Jiashan County, Zhejiang Province	August 6, 2001	Xiong Qihui	0573-84266611

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
110	Pinghu Xinhua South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	West side of the ground floor, No. 229, Xinhua South Road, Danghu Sub-district, Pinghu City, Zhejiang Province	January 27, 2016	Zhu Xiaowei	0573-85573669
111	Hangzhou Xixi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1001 and 1101, Gate 2, Building 7, Xixi New Building, Xihu District, Hangzhou City, Zhejiang Province	August 2, 2021	Deng Hanbing	0571-86659196
112	Ningbo Zhongxing Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No.138 Zhongxing Road, Yinzhou District, Ningbo City, Zhejiang Province	May 29, 1997	Zhang Wei	0574-87373662
113	Ningbo Daxie Xintuo Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 111 & 410, Block A, Haihua Building, No. 168 Xintuo Road, Daxie Development Zone, Ningbo, Zhejiang Province	February 18, 2014	Chen Guang	0574-87068813
114	Ningbo Youngor Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 383 Youngor Avenue, Shiqi Sub-district, Yinzhou District, Ningbo City, Zhejiang Province	February 4, 2016	Xin Zhongyu	0574-87731858
115	Wenzhou Chezhan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1&2/F, Jinglong Building, No. 543 Chezhan Avenue, Wenzhou City, Zhejiang Province	May 13, 1993	Qu Bingjian	0577-88250798
116	Yongjia Yangguang Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Business Rooms 111 & 112, Wangfu Building, Longqiao Village, Jiangbei Subdistrict, Yongjia County, Zhejiang Province	September 26, 2001	Jin Qinlong	0577-66991186
117	Ruian Luoyang Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops 2-11 & 2-12, 1/F, Block A, Wanshun Jingyuan, Luoyang Avenue, Anyang Sub-district, Rui'an City, Wenzhou City, Zhejiang Province	August 15, 2001	Lu Youfeng	0577-66882008

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
118	Yueqing Bole East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops on 1/F, No. 58–65 on 2/F, Yueji Building I, New Century Garden, Chengnan Sub-district, Yueqing City, Wenzhou City, Zhejiang Province	January 25, 2018	Huang Lingyun	0577-61555700
119	Guangzhou Jiangnan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 108, Jiangnan Avenue Middle, Haizhu District, Guangzhou City, Guangdong Province	January 13, 1995	Liu Xiangyi	020-84116086
120	Guangzhou Zhujiang West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 5805, No. 15, Zhujiang West Road, Tianhe District, Guangzhou, Guangdong Province	June 25, 1993	Zhang Junjie	020-38735133
121	Guangzhou Dongfeng East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Units 05B, 06 and 07, 08/F, Lifeng Center, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou City, Guangdong Province	March 11, 2008	Zhang Sumei	020-87383009
122	Guangzhou Xingang West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Exhibition Hall A3016, Zone B-3, No. 82 Xingang West Road, Haizhu District, Guangzhou City, Guangdong Province	January 28, 2014	Zhang Dekun	020-89989880
123	Guangzhou Hanxi Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 3204, No. 362 Hanxi Avenue East, Nancun Town, Panyu District, Guangzhou City, Guangdong Province	March 27, 2014	Chen Peng	020-34891001
124	Guangzhou Zhongshan Avenue Middle Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 1313–16, No. 439 Zhongshan Avenue Middle Road, Tianhe District, Guangzhou City, Guangdong Province	January 28, 2014	Xu Huan	020-38887165
125	Maoming Yingbin Third Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 310–316, 3/F, Building 3 & 4, Dayuan Huahai Yaju, No. 126 Yingbin 3rd Road, Maoming City, Guangdong Province	March 16, 2011	Wang Dongwei	0668-3916986

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
126	Zhongshan City Zhongshan Fourth Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Building 86, Shunjing Garden, East District, Zhongshan City, Guangdong Province	April 9, 1998	Xu Ying	0760-88888086
127	Zhanjiang Renmin Avenue Middle Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 1802-1805, Qixiang Building, No. 45 Renmin Avenue Middle, Zhanjiang City, Guangdong Province	May 7, 2012	Han Ren	0759-3388877
128	Guangzhou Zengcheng Xintang Fenghuang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 214 & 215, No. 228 Fenghuang North Heng Road, Yongning Street, Zengcheng District, Guangzhou City, Guangdong Province	December 26, 2018	Wang Yanchao	020-32164170
129	Shenzhen Jintian Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	RoomsA01-A02-B01, 22/F, Anlian Mansion, No. 4018 Jintian Road, Futian District, Shenzhen City, Guangdong Province	May 31, 1995	Luo Xiaoling	0755-88285733
130	Shenzhen Huaqiang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 2801-2805, 28/F, Block B, Changxing Building, Huaqiang North Road, Futian District, Shenzhen City, Guangdong Province	June 16, 1995	Tang Mingjiang	0755-82720927
131	Shenzhen Shangbu Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	8 & 9/F, Shenkan Building, No. 1043, Shangbu Middle Road, Futian District, Shenzhen City, Guangdong Province	June 13, 1995	Gui Ruiyi	0755-23895317
132	Shenzhen Fuhua First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	21/F, Block A, Hangtian Building, No. 4019 Shennan Avenue, Futian Sub-district, Futian District, Shenzhen City, Guangdong Province	January 31, 2008	Guan Fang	0755-82934897
133	Shenzhen Caitian Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room A1701, Xinhao Yidu, No. 7018 Caitian Road, Lianhua First Village Community, Huafu Subdistrict, Futian District, Shenzhen City, Guangdong Province	February 27, 1995	Wang Bo	0755-83642163

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
134	Shenzhen Shennan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 2308 & 2309, Fuchun Oriental Building, No. 7006 Shennan Avenue, Futian District, Shenzhen City, Guangdong Province	October 22, 2013	Zheng Xiaoju	0755-83755953
135	Shenzhen Binhai Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2203, 22/F, BroadenGate Software Building, No. 19 Haitian Second Road, Binhai Community, Yuehai Sub-district, Nanshan District, Shenzhen City, Guangdong Province	January 9, 2020	Liu Danying	0755-26914886
136	Shenzhen Zhongxin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 1309-1310, Tongfang Center Building at the Intersection of Zhongxin Road and Haoxiang Road, Xiner Community, Xinqiao Sub-district, Bao'an District, Shenzhen City, Guangdong Province	January 2, 2020	Gan Bin	0755-32936683
137	Shenzhen Gaoxin South Fifth Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 102, Jinzheng Technology Building, No. 9 Gaoxin South Fifth Avenue, Gaoxin District, Yuehai Sub-district, Nanshan District, Shenzhen City, Guangdong Province	October 31, 2018	Sheng Bin	0755-33004818
138	Chengdu North First Ring Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 4, North Third Section of First Ring Road, Jinniu District, Chengdu City, Sichuan Province	November 16, 1995	Qian Hongbing	028-86421557
139	Chengdu Chongzhou City Shuzhou North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 120-4, Shuzhou North Road, Chongyang Sub-district, Chongzhou City, Sichuan Province	September 21, 2001	Hu Jun	028-82205070

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
140	Chengdu Huaishu Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Building 3, Tailong Building, No. 2 Huaishu Street, Chengdu City, Sichuan Province	April 6, 1999	Yao Xin	028-86277125
141	Chengdu South Railway Station East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1, 2/F, Building 2, No. 5 South Railway Station East Road, Wuhou District, Chengdu City, Sichuan Province	August 11, 1997	Cai Huawei	028-82936866
142	Chengdu Shujin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 701, 7/F, Building 2, No. 1 Shujin Road, Qingyang District, Chengdu City, Sichuan Province	December 3, 2007	Tong Xiaoqian	028-61359310
143	Chengdu Dongda Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 802B, 8/F, Mingyu Financial Plaza, Unit 1, Building 1, No. 35 Zidong Building Section of Dongda Street, Jinjiang District, Chengdu City, Sichuan Province	January 06, 2014	Liang Jing	028-65187666
144	Chengdu Shuangliu Yingchun Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2, 2/F, Building 3, No.200 Third Section of Yingchun Road, Dongsheng Sub-district, Shuangliu District, Chengdu City, Sichuan Province	April 20, 2001	Zhou Yong	028-85733248
145	Chengdu Wenjiang Nanjiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 228-201 Nanjiang Road, Wenjiang District, Chengdu City, Sichuan Province	November 1, 2001	Yang Gang	028-82710718
146	Chengdu West First Ring Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Jiayu Building, Jule Road, West First Section of First Ring Road, Wuhou District, Chengdu City, Sichuan Province	May 13, 1997	Tan Kai	028-85089136
147	Guanghan Zhongshan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	5/F, Commercial Building, No. 8 North First Section, Zhongshan Avenue, Guanghan City, Sichuan Province	August 30, 2010	Li Bo	0838-5357710

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
148	Luzhou Guangfeng Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 4 Guangfeng Road, Jiangyang District, Luzhou City, Sichuan Province	April 18, 1997	Wang Xu	0830-2396588
149	Luzhou Jiucheng Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Zone B, Room 401, 4/F, Building 18, No. 9, First Section of Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province	September 12, 2001	Feng Xiang	0830-2519965
150	Meishan Hubin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Zone C, Attached Building of Yuanjing Building, Hubin Road, Dongpo District, Meishan City, Sichuan Province	August 21, 2000	Zhang Fangjun	028-38102731
151	Meishan Pengshan District Ziwei Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 37 Ziwei Road, Pengshan District, Meishan City, Sichuan Province	September 26, 2001	Li Xiaoxia	028-37633098
152	Ya'an Panda Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 4, 4/F, Block 2, No. 383 Panda Avenue, Yucheng District, Ya'an City, Sichuan Province	May 15, 2014	Jiang Yunli	0835-5181991
153	Wuhan Zhongshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	5/F, Phoenix International Building, No. 272 Zhongshan Road, Wuchang District, Wuhan City, Hubei Province	April 3, 1997	Zhao Qiancheng	027-88855433
154	Wuhan Xinhua Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 901-903, No. 468 Xinhua Road, Jiangnan District, Wuhan City, Hubei Province	April 3, 1997	Yu Shimou	027-83618977
155	Wuhan Sanyang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 8, Sanyang Road, Siwei Street, Jiang'an District, Wuhan City, Hubei Province	February 14, 2001	Zhou Fang	027-83220956

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
156	Wuhan Jing'an Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shop 7 on 1/F and Shops 6 & 7 on 2/F, Unit 1, Building 1, Shangwen • Jing'an Shangcheng (Renhe Jiayuan), No. 8 Jing'an Road, Wuchang District, Wuhan City, Hubei Province	February 14, 2001	Feng Qiuxiang	027-87776138
157	Wuhan Zhongbei Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1, 4/F, Shiji Building, Zone E, Shiji Caicheng, No. 233 (formerly No. 151) Zhongbei Road, Wuchang District, Wuhan City, Hubei Province	April 16, 2002	Liu Chao	027-88231137
158	Wuhan Wudayuan First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 3012, 3/F, Changye Building, Wuhan University Science and Technology Park, Donghu New Technology Development Zone, Wuhan City, Hubei Province	February 12, 2014	Wu Li	027-87981127
159	Wuhan Dongfeng Third Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 608, 6/F, Building D, Phase II, Donghe Center, Wuhan Economic and Technological Development Zone, Hubei Province	January 3, 2014	Li Jinsong	027-84525099
160	Huangshi Hubin Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 7, 8, 9, 10 & 16, Building 1, No. 97 Hubin Avenue, Huangshi City, Hubei Province	May 19, 1997	Hong Weiguo	0714-6233087
161	Huanggang Xishui Liwen Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	(2/F of ICBC) No. 269 Liwen Avenue, Qingquan Town, Xishui County, Hubei Province	December 6, 2001	Ma Xiaoqing	0713-4226194
162	Xiangyang Yanjiang Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 36 Yanjiang Avenue, Fancheng District, Xiangyang City, Hubei Province	December 12, 1997	Jiang Wei	0710-3480967

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
163	Xiangyang Tanxi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 3, 1/F, Building 1 and Room 1, 2/F, Building 1, Jiayuan, Zone G, Shanshui Tanxi, Tanxi Road, Xiangcheng District, Xiangyang City, Hubei Province	March 26, 2001	Li Wenjie	0710-2818255
164	Yicheng Zhonghua Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101/102, Building 24, No. 77 Zhonghua Avenue, Yicheng City, Xiangyang City, Hubei Province	April 9, 2001	Li Yu	0710-4253207
165	Yichang Xiling First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	12/F, Junyao International Plaza, No. 51 Xiling First Road, Xiling District, Yichang City, Hubei Province	December 5, 1997	Cai Wei	0717-6747898
166	Yichang Yixing Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 44 Yixing Avenue, Yiling District, Yichang City, Hubei Province	February 19, 2001	Zhang Li	0717-7200266
167	Shenyang Zhongshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 193 Zhongshan Road, Heping District, Shenyang City, Liaoning Province	May 11, 1993	Du Guangxin	024-22869556
168	Shenyang Ningshan Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	(Door 2) No. 42, Ningshan Middle Road, Huanggu District, Shenyang City, Liaoning Province	April 17, 1997	Ning Xia	024-86223498
169	Shenyang Baishan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 16 Baishan Road, Yuhong District, Shenyang City, Liaoning Province	October 26, 2001	Shui Bin	024-86510899
170	Benxi Digong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 5 and 6, Building 20, Digong Road, Mingshan District, Benxi City, Liaoning Province	September 19, 2001	Men Xiaobing	024-42800458
171	Shenyang Daxi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 46 Daxi Road, Shenhe District, Shenyang City, Liaoning Province	November 17, 2000	Wang Botong	024-22824453

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
172	Anshan Xinhua Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 20-S10, Xinhua Street, Tiedong District, Anshan City, Liaoning Province	April 12, 2012	Yu Zilong	0412-7335736
173	Shenyang Taiyuan South Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 601, 602, 603 & 604, 6/F, No. 180 Taiyuan South Street, Heping District, Shenyang City, Liaoning Province	January 23, 2014	Tang Shuang	024-23292833
174	Dalian Changjiang East Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 01-02, 16/F, Yunda Building, No. 71 Changjiang East Road, Zhongshan District, Dalian City, Liaoning Province	March 24, 1994	Cheng Xianhong	0411-82809292
175	Dalian Zhongshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Units 5-9, 11/F, A1 Office Building, AVIC International Plaza Project, No.468 Zhongshan Road, Shahekou District, Dalian City, Liaoning Province	March 17, 1993	Li Xiongwei	0411-82825257
176	Dalian Jinma Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No.188-1 Jinma Road, Dalian Economic and Technological Development Zone, Liaoning Province	September 12, 2001	Wang Zhiguang	0411-87623223
177	Dalian Jinzhou Dalin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1-2/F, No.260A-4, Stalin Road, Guangming Sub-district, Jinzhou District, Dalian City, Liaoning Province	January 3, 2014	Song Jingwei	0411-39337989
178	Nanning Changhu Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, Haotian Plaza, No. 24 Changhu Road, Qingxiu District, Nanning City, Guangxi Province	September 1, 1997	Li Mengran	0771-5880766
179	Nanning Yinghua Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops A201, A202, A203, A205, A206, A207, B201, B202 & B203, No. 56 Yinghua Road, Qingxiu District, Nanning City, Guangxi Province	June 17, 2003	Li Hongjiang	0771-5309229

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
180	Guilin Lijiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Offices 7-1, 7-2, 7-3, 7-4, 7-5, 7-6, 7-7 and 7-8, Building 4, Zhongruan Modern Town, No. 28 Lijiang Road, Qixing District, Guilin City, Guangxi Province	September 5, 2001	Zheng Nianning	0773-8985071
181	Liuzhou Donghuan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2-1, Building 2, Wode Mengxiang, No. 258 Donghuan Avenue, Liuzhou City, Guangxi Province	August 30, 2001	Wei Yi	0772-2807688
182	Qinzhou Yongfu West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 28 Yongfu West Street, Qinzhou City, Guangxi Province	January 10, 2014	Gu Fanding	0777-2880562
183	Guigang Zhongshan North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, Anju Commercial Building, No. 19 Zhongshan North Road, Guigang City, Guangxi Province	April 28, 2014	Huang Zhe	0775-5963688
184	Hezhou Jiangbei Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 602, Jingcheng Building, No. 200 Jiangbei Middle Road, Hezhou City, Guangxi Province	February 18, 2014	Wang Chengyi	0774-5201292
185	Nanchang Zhongshan West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 10 (Part of 1st floor of Jiangxi Chamber of Commerce Building) & 2-4/F, Building B, No. 12 Zhongshan West Road, Xihu District, Nanchang City, Jiangxi Province	August 10, 1994	Yin Zhongming	0791-86211576
186	Nanchang Nanjing East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 165, Nanjing East Road, Qingshanhu District, Nanchang City, Jiangxi Province	August 10, 2002	He Li	0791-88500198
187	Nanchang County Chenghu North Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shop 301, Building 13, Tianyi Commercial Street, No. 588 Chenghu North Avenue, Liantang Town, Nanchang County, Nanchang City, Jiangxi Province	December 3, 2001	Liu Mingbo	0791-85736520

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
188	Nanchang Xinjiang Changmeng Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 30, 32 & 36 Changmai South Road, Changleng Town, Xinjian County, Nanchang City, Jiangxi Province	May 10, 2012	Li Zhao	0791-83531166
189	Jiujiang Jiurui Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	4/F, RT-Mart, No. 53 Jiurui Avenue, Jiujiang Economic and Technological Development Zone, Jiangxi Province	March 10, 2000	Cai Jie	0792-8118499
190	Shangrao Wusan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 23 Wusan Avenue, Xinzhou District, Shangrao City, Jiangxi Province	November 21, 1997	Xie Fei	0793-8218616
191	Shangrao Wannian Liulingbei Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 8–10, 3/F, M Zone, Fortune Pedestrian Street, Liulingbei Avenue, Chenying Town, Wannian County, Shangrao City, Jiangxi Province	December 11, 2000	Hu Yasong	0793-3857858
192	Ganzhou Changzheng Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops 1-13 & 2-13, 9/F, Tianji Huating, No. 2 Changzheng Avenue, Zhangjiang New Area, Zhanggong District, Ganzhou City, Jiangxi Province	September 7, 2020	Gong Chunfen	0797-5886080
193	Fuzhou Guping Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 192, Guping Road, Fuzhou City, Fujian Province	April 11, 1997	Chen Ming	0591-87811342
194	Fuzhou Gutian Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Units 11–13, 25/F, Fusheng Fortune Center, No. 60 Gutian Road, Gulou District, Fuzhou City, Fujian Province	May 14, 2014	Xiao Liang	0591-38132771
195	Putian Dongyuan West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 1159, 1163 & 1167, Dongyuan West Road, Longqiao Sub-district, Chengxiang District, Putian City, Fujian Province	April 24, 2014	Guo Guimeng	0594-2633299

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
196	Shishi Shilong Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shops 112-113, Building 6, Baide Huifeng Plaza, North Zone of Clothing Mall, Lingxiu Town, Shishi City, Quanzhou City, Fujian Province	May 30, 2014	Yang Changjian	0595-22353188
197	Xiamen Lujiang Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Units 02-04, 19/F, No. 100 Lujiang Avenue, Siming District, Xiamen City, Fujian Province	January 3, 2008	Lin Chunxiang	0592-2969930
198	Xiamen Lianqian East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Unit C, No. 17 Shopping Mall, No. 920-928 Lianqian East Road, Siming District, Xiamen City, Fujian Province	January 14, 2014	Yang Ying	0592-6301068
199	Chongqing Zhongshan First Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Kangjian Building, No.181 Zhongshan First Road, Yuzhong District, Chongqing	June 5, 1997	Jia Xiaoxin	023-63508733
200	Chongqing Xiaoxin Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	4/F, Hengxin Building, No. 85 Xiaoxin Street, Shapingba District, Chongqing	June 5, 1997	Luo Yu	023-65479080
201	Chongqing Yangjiaping Main Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	5/F, No. 11 Yangjiaping Main Street, Jiulongpo District, Chongqing	September 15, 1997	Liu Ping	023-68400341
202	Chongqing Jinkai Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 1106, Jinkai Avenue, North New District, Chongqing	March 17, 2011	Hua Chengzhong	023-88199601
203	Chongqing Huangshan Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	5/F, Building 1, No. 67 Middle Section of Huangshan Avenue, Yubei District, Chongqing	November 14, 2007	Shi Honglin	023-65862279
204	Chongqing Qunhui Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Nos. 13-10, 13-11, 13-12, 13-13 and 13-14, Qunhui Road, Nan'an District, Chongqing	May 9, 2014	Wu Hanyi	023-62622243

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
205	Chongqing Jinshamen Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 6-16-1&16-8, Juxianyan Plaza, Jiangbei District, Chongqing	September 14, 2021	Zhu Liang	023-86791360
206	Changsha Wuyi Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2, 11/F, Taizhen Building, No. 447 Wuyi Avenue, Furong District, Changsha City, Hunan Province	May 7, 1997	Li Pengcheng	0731-84455387
207	Changsha Shaoshan North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	2/F, Water Conservancy Department Building, No. 370 Shaoshan North Road, Yuhua District, Changsha City, Hunan Province	December 25, 2007	Mao Huajun	0731-82259560
208	Changsha Furong Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2318, Building C, D & H, Phase II of Tianjian Furong Shengshi Garden, No. 88 First Section of Furong Middle Road, Kaifu District, Changsha City, Hunan Province	March 1, 2001	Peng Man	0731-85113387
209	Zhuzhou Zhujiang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, Building B, Park Avenue, North of Yandi Square, Tianyuan District, Zhuzhou City, Hunan Province	February 28, 2011	Huang Zhen	0731-22727772
210	Xiangtan Jiantan North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 010113-010120, Unit 1, Baishi Commercial Plaza, No. 8 Jianshe North Road, Yuhu Road Subdistrict, Yuhu District, Xiangtan City, Hunan Province	July 11, 2012	Yang Li	0731-55583205
211	Yiyang Kangfu South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 528, 5/F, Building 6, Fuzhongfu International Town, Kangfu South Road, Yiyang City, Hunan Province	December 20, 2013	Chen Wei	0737-2223865
212	Changsha Xiangjiang New Area Chazishan East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Zone A, 7/F, Pufa Finance Building, No. 102 Chazishan East Road, Guanshaling Sub-district, Yuelu District, Changsha City, Hunan Province	January 10, 2019	Huang Fang	0731-82886677

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
213	Beijing Jinsong Jiuqu Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 909, Jinsong Jiuqu, Chaoyang District, Beijing	September 11, 1995	Gao Feng	010-67736286
214	Beijing Anding Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 39 Anding Road, Chaoyang District, Beijing	April 18, 1994	Zhang Manyi	010-64448210
215	Beijing East Fourth Ring Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2503 in Room 2501, No. 56 East Fourth Ring Middle Road, Chaoyang District, Beijing	March 13, 2008	Wei Qingli	010-65505167
216	Beijing Lize Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1-222, Building 1, Yard 1, Dongguantou, Fengtai District, Beijing	November 11, 2010	Gao Yanjuan	010-63898151
217	Beijing Financial Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 102, 1/F, No. 19 Taipingqiao Street, Xicheng District, Beijing	December 5, 2007	Li Jingtan	010-88085830
218	Beijing Zizhuyuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 01, Block A, 3/F, No. 116 Zizhuyuan Road, Haidian District, Beijing	November 29, 2001	Sun Qian	010-88511208
219	Jinan Lishan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 104, No.177 Lishan Road, Lixia District, Jinan City, Shandong Province	November 23, 2010	Weng Ruiheng	0531-55512866
220	Jinan Luoyuan Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	7/F, Shandong News Building, No. 6 Luoyuan Street, Lixia District, Jinan City, Shandong Province	August 15, 2012	Zhou Juan	0531-55639879
221	Linyi Jinqueshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	4/F, Block B, Weite Tianyuan Plaza, No. 1 Jinqueshan Road, Lanshan District, Linyi City, Shandong Province	September 30, 2013	Xu Yun	0539-7701118
222	Zibo Huaguang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1004, 10/F, Phase 2 of Zhongfang Building, No. 58 Huaguang Road, Zhangdian District, Zibo City, Shandong Province	March 9, 2018	Li Zhe	0533-6053006

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
223	Weifang Shengli East Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 111-01, 1/F, Building 3, Central Business District, No. 4778, Shengli East Street, Kuiwen District, Weifang City, Shandong Province	August 25, 2020	Liu Tao	0536-8898677
224	Qingdao Haier Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 83 Haier Road, Laoshan District, Qingdao City, Shandong Province	August 30, 2013	Yang Xiaoyan	0532-85807333
225	Laixi Yantai Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 95 Yantai Road, Laixi City, Qingdao City, Shandong Province	March 26, 2001	Ma Zhijin	0532-88473456
226	Tianjin Shiyijing Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	(Rooms 401-416), No. 68 Shiyijing Road, Hedong District, Tianjin	March 31, 1997	Wang Xinnan	022-24011162
227	Tianjin Wujiayao Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shop 202, Senmiao Apartment, No. 13 Wujiayao Street, Hexi District, Tianjin	May 4, 1997	Ma Lin	022-23115335
228	Tianjin Binhai New Area Huanghai Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 101-1, Block A, Building 4, No. 18 Huanghai Road, Tianjin Development Zone	June 10, 2008	Xu Ping	022-59859917
229	Tianjin Lingbin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 3-101 and 102, South of Building 3, Phase I of Lingao Creative Industry Park, Nankai District, Tianjin	December 3, 2013	Yang Guangyu	022-58660665
230	Huainan Dongshan Middle Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F (Ground) 2/F, Podium, Caijin Building, Huainan City, No. 8 Dongshan Middle Road, Tianjiaan District, Huainan City, Anhui Province	April 13, 2018	Wang Bo	0554-2691212
231	Hefei Wangjiang West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 105, Wangjiang Comprehensive Building, No. 1 Wangjiang West Road, Shushan District, Hefei City, Anhui Province	June 27, 2017	Fan Yuchun	0551-66026556

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
232	Huangshan Qianyuan South Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 42-8 Qianyuan South Road, Tunxi District, Huangshan City, Anhui Province	April 29, 2014	Sun Baiyu	0559-2532288
233	Hefei Ma'anshan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1701, Century Sunshine Building, Ma'anshan Road, Baohe District, Hefei City, Anhui Province	September 6, 2011	Wang Hongpeng	0551-65288519
234	Jilin City Jilin Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 60, Jilin Street, Jilin High-tech Industrial Development Zone, Jilin City, Jilin Province	June 11, 2001	Yu Jing	0432-65118119
235	Changchun Xi'an Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	South Side of 3/F, Block A, Jifa Plaza, No. 58 Xi'an Road, Chaoyang District, Changchun City, Jilin Province	December 23, 2013	Qiu Yuxi	0431-81815799
236	Zhengzhou Huayuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 53 Huayuan Road, Jinshui District, Zhengzhou City, Henan Province	October 23, 2000	Yang Lin	0371-55623789
237	Zhengji Guoji Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 5, 2-3/F, Windsor Castle Building 1, No. 168 Guoji Road, Jinshui District, Zhengzhou City, Henan Province	April 1, 2016	Chen Wei	0371-61315815
238	Nanyang Xinhua West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No.159 Xinhua West Road, Wolong District, Nanyang City, Henan Province	June 26, 2014	Li Yongliang	0377-61698897
239	Xinxiang Pingyuan Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Shop 103, 1-2/F, Building B, Huixiang Mingdi, No. 489 Pingyuan Road, Hongqi District, Xinxiang City, Henan Province	June 4, 2018	Zhang Lei	0373-5081618
240	Shijiazhuang Yuhua East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 207, Block A, Zhongtie Business Plaza, No. 56 Yuhua East Road, Qiaoxi District, Shijiazhuang City, Hebei Province	January 13, 2014	Yue Qi	0311-66772089

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
241	Tangshan Guangming Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1-2/F, Commercial Building, No. 1810 Lugang District, Guangming Road, Lubei District, Tangshan City, Hebei Province	November 29, 2007	Fan Shibo	0315-2392085
242	Baoding Yuhua West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No. 25 Yuhua West Road, Baoding City, Hebei Province	October 17, 2013	Li Tao	0312-2088711
243	Haikou Hongchenghu Road, Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3/F, Shidai Jiayuan, No. 79 South Side of Hongchenghu Road, Qiongshan District, Haikou City, Hainan Province	April 8, 2002	Li Ting	0898-65877861
244	Haikou Guoxing Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 102-2, 1/F, Huaxia Bank Building, No. 61 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	April 1, 2016	Lin Zhong	0898-66521230
245	Haikou Longkun North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	1 & 2/F, Hongyuan Securities Building, No. 30 Longkun North Road, Haikou City, Hainan Province	June 5, 1996	Deng Xian	0898-66513968
246	Yangpu Economic Development Zone Yingbin Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	"Shopping Mall" Shop No. 1, 1/F, Yangpu Building, No. 1 Konggu Avenue, Yangpu Economic Development Zone, Hainan Province	November 24, 2021	Liu Shiwen	0898-28839608
247	Harbin Minjiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 2, 4/F, Unit 1, Longyue Building at the Southeast Corner of Hongqi Street and Minjiang Road, Nangang Concentration Area, Harbin Economic Development Zone, Heilongjiang Province	October 14, 2011	Wu Xinming	0451-51978033
248	Harbin Changjiang Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	3 & 4/F, No. 10, Building E, Jinyuan Garden, No. 197 Changjiang Road, Nangang Concentration Area, Harbin Economic Development Zone, Heilongjiang Province	September 11, 1997	Li Bin	0451-88378332

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
249	Guiyang Jinyang North Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 10 & 11, 4/F, (1) North Unit, Qilong Guizhou Tower (formerly Xineng Zhejiang Building) at the Intersection of Jinyang Avenue and Liyuan Road, Guanshanhu District, Guiyang City, Guizhou Province	October 21, 2013	Zhang Juanjuan	0851-85973081
250	Zunyi Nanjing Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Rooms 1&2, 1/F, Yangguang Lvdao Garden, Nanjing Road, Huichuan District, Zunyi City, Guizhou Province	June 12, 2014	Gao Tiejun	0851-27569858
251	Taiyuan Jinyang Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Room 1003, 10/F, Block B, Junwei International Financial Center, No. 89 Jinyang Street, Taiyuan Xuefu Park, Shanxi Comprehensive Reform Demonstration Zone	February 26, 2014	Zhang Xiaolei	0351-5608800
252	Hohhot Ruyihe Street Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	No.502, Block B, Wulan Fortune Building, No.56 Ruyihe Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	December 10, 2013	Wang Gang	0471-5275898
253	Kunming Dongfeng East Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	4/F, Building D, Phase II of Huidu International, No. 131 Baita Road, Panlong District, Kunming City, Yunnan Province	October 12, 2012	Huang Jun	0871-63125817
254	Qujing Qilin West Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd.	Baiyuan Commercial Building, No. 52 Qilin West Road, Qujing City, Yunnan Province	June 4, 2018	Deng Rui	0874-3181133
255	Xi'an Gaoxin Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 10103, Unit 1, Building 1, Nanyang International, No. 50 Gaoxin Road, High-tech District, Xi'an City, Shaanxi Province	January 27, 2014	Si Weiping	029-68250008

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
256	Xi'an South Second Ring Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	2/F, Xindi City West Tower, CapitaMall, No. 64 West Section of South Second Ring Road, Yanta District, Xi'an City, Shaanxi Province	February 21, 1997	Tang Jiang'ou	029-85224299
257	Lanzhou Xijin West Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 3316, Lanzhou Center, No. 16 Xijin West Road, Qilihe District, Lanzhou City, Gansu Province	January 9, 2014	Huang Wei	0931-8732375
258	Yinchuan Fenghuang North Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Commercial Building 1, Jintai Garden, No. 580 Fenghuang North Street, Xingqing District, Yinchuan City, Ningxia	April 16, 2012	Chen Meng	0951-5686777
259	Urumqi Renmin Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	4/F, Urumqi Building, No. 2 Renmin Road, Tianshan District, Urumqi City, Xinjiang	October 25, 2001	Jiang Daqing	0991-8808200
260	Urumqi Beijing Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	9/F, Block B, Zhonghe Building, No. 467 Beijing South Road, High-tech Industrial Development Zone (Xinshi District), Urumqi City, Xinjiang	May 12, 2005	Ma Jimin	0991-3817068
261	Urumqi Beijing South Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No.731 Beijing South Road, Xinshi District, Urumqi City, Xinjiang	November 14, 2007	Zhu Jincheng	0991-7671587
262	Urumqi Zhongshan Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 1107, 11/F, Tiancheng Building, No. 222 Jiefang North Road, Tianshan District, Urumqi City, Xinjiang	November 14, 2007	Zhou Qiheng	0991-2332055

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
263	Urumqi Yangziji Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 16 Yangziji Road, Shayibake District, Urumqi City, Xinjiang	August 6, 2008	Hou Caixia	0991-5857539
264	Urumqi Jiefang South Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 18 Jiefang South Road, Tianshan District, Urumqi City, Xinjiang	November 14, 2007	Liao Ying	0991-8870764
265	Urumqi Wenyi Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 233 Wenyi Road, Tianshan District, Urumqi City, Xinjiang	April 9, 1998	Li Xiaofeng	0991-2300355
266	Urumqi Xinhua South Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	1-2/F, Ruijing Building, No. 288 Xinhua South Road, Tianshan District, Urumqi City, Xinjiang	November 14, 2007	Fan Feng	0991-6208615
267	Urumqi Youhao Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 487 Youhao South Road, Shayibake District, Urumqi City, Xinjiang	February 21, 2008	Zhao Li	0991-4532207
268	Urumqi Shenzhen Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	1/F & B1, Urumqi Post Office Building, No. 16, Xiyi Lane, Shenzhen Street, Urumqi Economic and Technological Development Zone, Xinjiang Uygur Autonomous Region	April 24, 2002	Wang Yan	0991-3772810
269	Urumqi Gumudi Middle Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 739, Gumudi Middle Road, Midong District, Urumqi City, Xinjiang	January 31, 2008	Li Xiulei	0991-3381071
270	Chang'an Yan'an Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	(Building 48, Qiu 3, Zone 40) No. 69 Yan'an South Road, Changji City, Changji Prefecture, Xinjiang	November 5, 2008	Chi Xiaojie	0994-2357411

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
271	Kashi Keziduwei Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 272 Keziduwei Road, Kashi City, Kashi Prefecture, Xinjiang	December 11, 2008	Zhang Jiaying	0998-5850703
272	Karamay Tianshan Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 70 Tianshan Road, Karamay City, Xinjiang	October 20, 2008	Liu Yan	0990-6890957
273	Karamay Jungar Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 61 Junggar Road, Karamay City, Xinjiang	September 27, 2011	Qu Jingqiang	0990-6234660
274	Korla Binhe Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	2/F, Zaishuiyifang, No.7 Binhe Road, Korla City, Bayingolin Mongol Autonomous Prefecture, Xinjiang	December 4, 2007	Li Xiaopeng	0996-2033425
275	Kuitun Beijing West Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 12, Building 7, Kalagashi-Beijing West Road, Downtown of Kuitun City, Yili Prefecture, Xinjiang	December 3, 2007	Liu Hu	09923224050
276	Shihezi North Second Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Rooms 22-A3 & 22-7, Chengyu Building, North Second Road, Sanxiao District, Shihezi City, Xinjiang	December 7, 2007	Wei Yuehong	0993-2010287
277	Yining Jiefang Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	2/F, Complex Building of New Times Plaza, No. 115 Jiefang Road, Yining City, Yili Prefecture, Xinjiang	February 6, 2007	Ma Zhaoyuan	0999-8039959
278	Changji Yan'an North Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room W, Building 3, Qiu 3, Zone 3, 5/F, Podium, Oriental Plaza, No. 198 Yan'an North Road, Changji City, Changji Prefecture, Xinjiang	January 21, 2002	Chen Yu	0994-2320994

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
279	Hami Tianshan West Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	5/F, Ruihua Building, No. 1 Tianshan West Road, Yizhou District, Hami City, Xinjiang	January 21, 2001	Xing Yan	0902-2311283
280	Aksu Dongda Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 01, 2/F, Yilong Hotel, Longtai Building, No. 26 Dongda Street, Aksu City, Xinjiang	July 23, 2008	Guo Wei	0997-2151000
281	Bole Beijing Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 148, Beijing Road, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang	July 30, 2008	Xu Yongru	0909-2222426
282	Shihezi Beisi Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 167, Community 22, Beisi Road, Shihezi City, Xinjiang	March 28, 2002	Li Hao	0993-2093889
283	Tacheng Shengchan Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No 3, Shengchan Street, Tacheng City, Tacheng Prefecture, Xinjiang	June 25, 2008	Qin Kaiyu	0901-6239582
284	Urumqi Fenghuangshan Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No.2-2 Toutunhe Highway, Toutunhe District, Urumqi City, Xinjiang	November 14, 2007	Lv Chunyu	0991-3112117
285	Turpan Wenhua Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 1028 Wenhua Road, Gaochang District, Turpan City, Xinjiang	July 21, 2008	Li Jiangping	0995-8628727
286	Wujiaqu Zhenxing Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 261-2 Zhenxing Street, Wujiaqu City, Xinjiang	May 5, 2010	Wei Ze	0994-5800951

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
287	Hutubi Dongfeng Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 96 Dongfeng Road, Hutubi County, Changji Prefecture, Xinjiang	May 4, 2010	Cai Yongjia	0994-6825943
288	Manas Tuanjie Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	5/F, Agricultural Bank of China, No. 295 Tuanjie Road, Manas County, Changji Prefecture, Xinjiang	May 7, 2010	Wei Jingjing	0994-6860038
289	Qitai Dongda Street Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 6 Dongda Street, Qitai County, Changji Prefecture, Xinjiang	May 7, 2010	Zhou Yan	0994-7241068
290	Fukang Fuxin Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	(Section 7, Zone 2), Rooms 4 & 5, 1-2/F, Building 20, Fuxing Huayuan Community, Fuxin Road, Fukang City, Xinjiang	May 6, 2010	Guo Qiang	0994-3233786
291	Hami Tuha Petroleum Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	3/F, Petroleum Sub-branch of Industrial and Commercial Bank of China, Tuha Petroleum Base, Hami City, Xinjiang	May 5, 2010	Cong Long	09026-997831
292	Shache Qinaibage Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 1 Qinaibage Road, Shache County, Kashgar Prefecture, Xinjiang	May 6, 2010	Liu Dongdong	0998-8520066
293	Atushi Guangming Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 27 Guangming Road North, Atushu City, Kizilsu Kirghiz Autonomous Prefecture, Xinjiang	May 5, 2010	Zhu Guangming	0908-4265099
294	Wusu Beijing West Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 92, Beijing West Road, Wusu City, Tacheng Prefecture, Xinjiang	May 4, 2010	Wei Bianjiang	0992-3224521

Section VI Significant Events (continued)

No.	Name	Address	Time of establishment	Principal	Telephone
295	Altay Jiefang Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	4/F, Building 91, Zone 7, Jiefang Road, Altay Prefecture, Xinjiang	May 10, 2010	Chen Feng	0906-2134831
296	Kuche Wenhua East Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Rooms 1001-1004, 10/F, Wuzhou Building, No.11 Wenhua East Road, Kuche City, Aksu Prefecture, Xinjiang	May 4, 2010	Zhu Jiandong	0997-7151198
297	Shanshan Xincheng Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	5/F, Industrial and Commercial Bank of China, No. 96 Xincheng Road, Shanshan County, Turpan City, Xinjiang	September 23, 2008	Li Nan	0995-8314862
298	Horgos Yaou Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 1 Yaou North Road, Horgos City, Ili Prefecture, Xinjiang	May 8, 2017	Zhao Yun	0999-8039959
299	Hetian Urumchi North Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	No. 123, Urumqi North Road, Heping Community, Nuermage Sub-district, Hetian City, Hetian Area, Xinjiang	August 11, 2021	Du Zhenglin	0903-6880099
300	Alar Jinyinchuan Road Securities Branch of Shenwan Hongyuan Securities (Western) Co., Ltd.	Room 12-107, Xinyuan Mingju, Northeast Side of the Intersection of Jinyinchuan Road and Junken Avenue, Alar City, Xinjiang	October 14, 2010	Meng Xiangpeng	0997-4623322

Section VII Changes in Shares and Shareholders

I. CHANGES IN SHARES

(I) Table of changes in shares

Unit: Share

	Before the change		Increase or decrease (+,-) of this change					After the change	
	Number	Percentage	New shares issued	Bonus issue	Reserves capitalized	Others	Sub-total	Number	Percentage
I. Shares subject to selling restrictions	437,244	0.00%	0	0	0	0	0	437,244	0.00%
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. Shares held by state-owned legal entities	0	0	0	0	0	0	0	0	0
3. Other domestic shares	437,244	0.00%	0	0	0	0	0	437,244	0.00%
Including: shares held by domestic legal entities	0	0	0	0	0	0	0	0	0
Shares held by domestic natural persons	437,244	0.00%	0	0	0	0	0	437,244	0.00%
4. Shares held by foreign capital	0	0.00%	0	0	0	0	0	0	0.00%
Including: shares held by overseas legal entities	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%

Section VII Changes in Shares and Shareholders (continued)

Unit: Share

	Before the change		Increase or decrease (+,-) of this change					After the change	
	Number	Percentage	New shares issued	Bonus issue	Reserves capitalized	Others	Sub-total	Number	Percentage
II. Shares without selling restrictions	25,039,507,316	99.99%	0	0	0	0	0	25,039,507,316	99.99%
1. RMB-denominated ordinary shares	22,535,507,316	89.99%	0	0	0	0	0	22,535,507,316	89.99%
2. Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	2,504,000,000	10.00%	0	0	0	0	0	2,504,000,000	10.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	25,039,944,560	100.00%	0	0	0	0	0	25,039,944,560	100.00%

(II) Changes in A Shares subject to selling restrictions

During the Reporting Period, there was no change in the Company's shares subject to selling restrictions.

II. ISSUANCE AND LISTING OF SECURITIES

- (I) The Company had no issuance or listing of shares, convertible corporate bonds, separately traded convertible corporate bonds and other derivative securities during the Reporting Period.

For the issuance of corporate bonds by the Company, please refer to "Section VIII Profile of Bonds" of this report; for the bonds of subsidiaries of the Company, please refer to "XXIV. Significant Matters of Subsidiaries of the Company" under "Section VI Significant Events" in this report.

- (II) During the Reporting Period, there were no changes in the sum of the Company's shares or in the shareholder structure, or changes in the assets or liabilities of the Company caused by bonus shares, conversion of capital reserve into share capital, share allotment, additional issuance of new shares, non-public issuance of shares, warrants exercise, implementation of equity incentive plan, enterprise merger, equity conversion of convertible corporate bonds, capital reduction, listing of internal employee shares, issuance of bonds or other reasons.
- (III) The Company has no internal employee shares.

Section VII Changes in Shares and Shareholders (continued)

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) The total number of shareholders as at the end of the month preceding the disclosure date of the annual report is 307,669 (including 307,604 A shareholders and 65 H shareholders)

(II) Number of shareholders and their shareholdings as of December 31, 2021

Unit: Share

Total number of ordinary shareholders as of the end of the Reporting Period	315,085 (including 315,020 A shareholders and 65 H shareholders)	Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period(if any)	None
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Shareholdings of the top ten ordinary shareholders

Name of shareholders	Nature of shareholder	Shareholding percentage	Number of ordinary shares held at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of ordinary shares subject to selling restrictions	Number of ordinary shares without selling restrictions	Pledged or frozen Status	Number
China Jianyin Investment Ltd.	State-owned legal entity	26.34%	6,596,306,947	0	0	6,596,306,947	—	0
Central Huijin Investment Ltd.	State shares	20.05%	5,020,606,527	0	0	5,020,606,527	—	0
HKSCC Nominees Limited	Overseas legal entity	10.00%	2,503,800,170	37,590	0	2,503,800,170	N/A	N/A
Shanghai Jiushi (Group) Co., Ltd.	State-owned legal entity	4.84%	1,212,810,389	0	0	1,212,810,389	—	0
Sichuan Development Holding Co., Ltd.	State-owned legal entity	4.28%	1,072,043,633	-52,500,000	0	1,072,043,633	—	0
China Everbright Group Ltd.	State-owned legal entity	3.99%	999,000,000	0	0	999,000,000	Pledged	67,500,000
China Securities Finance Corporation Limited	Domestic general legal entity	2.54%	635,215,426	0	0	635,215,426	—	0
Xinjiang Financial Investment Co., Ltd.	State-owned legal entity	1.84%	460,642,216	0	0	460,642,216	Pledged	165,000,000

Section VII Changes in Shares and Shareholders (continued)

Shareholdings of the top ten ordinary shareholders

Name of shareholders	Nature of shareholder	Shareholding percentage	Number of ordinary shares		Number of ordinary shares subject to selling restrictions	Number of ordinary shares without selling restrictions	Pledged or frozen	
			held at the end of the Reporting Period	Increase or decrease during the Reporting Period			Status	Number
Hong Kong Securities Clearing Company Limited	Overseas legal entity	1.39%	347,316,890	81,781,614	0	347,316,890	—	0
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	Funds, wealth management products, etc.	0.88%	220,841,080	35,124,155	0	220,841,080	—	0
Strategic investors or general legal entities becoming the top ten holders of ordinary shares by placing of new shares				None				
Description on the related relationship or parties acting-in-concert arrangements among the shareholders above				Central Huijin holds the entire equity interest in JIC, and holds 63.16% of equity interest in China Everbright Group Ltd.				
Description of the above-mentioned shareholders' delegated/entrusted voting rights and waiver of voting rights				None				
Special description for the existence of special repurchase account among the top 10 shareholders				None				

Section VII Changes in Shares and Shareholders (continued)

Shareholdings of the top ten ordinary shareholders without selling restrictions

Name of shareholder	Number of ordinary shares without selling restrictions at the end of the Reporting Period	Class of share	Number
China Jiayin Investment Ltd.	6,596,306,947	RMB-denominated ordinary shares	6,596,306,947
Central Huijin Investment Ltd.	5,020,606,527	RMB-denominated ordinary shares	5,020,606,527
HKSCC Nominees Limited	2,503,800,170	Overseas listed foreign shares	2,503,800,170
Shanghai Jiushi (Group) Co., Ltd.	1,212,810,389	RMB-denominated ordinary shares	1,212,810,389
Sichuan Development Holding Co., Ltd.	1,072,043,633	RMB-denominated ordinary shares	1,072,043,633
China Everbright Group Ltd.	999,000,000	RMB-denominated ordinary shares	999,000,000
China Securities Finance Corporation Limited	635,215,426	RMB-denominated ordinary shares	635,215,426
Xinjiang Financial Investment Co., Ltd.	460,642,216	RMB-denominated ordinary shares	460,642,216
Hong Kong Securities Clearing Company Limited	347,316,890	RMB-denominated ordinary shares	347,316,890
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	220,841,080	RMB-denominated ordinary shares	220,841,080
Description on the related relationship or parties acting-in-concert among the top ten ordinary shareholders without selling restrictions and between the top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders	Central Huijin holds the entire equity interest in JIC, and holds 63.16% of equity interest in China Everbright Group Ltd.		
Description on any of the top ten ordinary shareholders participating in the margin financing and securities lending business	As Sichuan Development Holding Co., Ltd., a shareholder of the Company, engaged in the margin refinancing business, the number of shares held at the end of the Reporting Period decreased by 52,500,000 shares as compared with the end of December 2020.		

Notes: 1. Among the H shareholders of the Company, HKSCC Nominees Limited holds the H Shares on behalf of the non-registered shareholders;

2. In the above table, the shares held by HKSCC Nominees Limited are overseas listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares).

Section VII Changes in Shares and Shareholders (continued)

(III) Controlling shareholders of the company

JIC has Dong Shi as its legal representative and Huang Jianjun as its president. It is established in September 2004 with a registered capital of RMB20.69225 billion.

1. Principal business

Investment and investment management, management and disposal of asset, corporation management, real estate lease, consulting.

2. Controlled and invested domestic or overseas corporations as of December 31, 2021

No.	Stock Code	Stock Name	Number of shares held (shares)
1	600385.SH	Shandong Jintai Group	4,800,001
2	601229.SH	Bank of Shanghai	687,322,763
3	600369.SH	Southwest Securities	328,427,012
4	601995.SH	China International Capital Corporation	911,600

(IV) Actual controller of the Company

The actual controller of Shenwan Hongyuan Group is Central Huijin. JIC is a wholly-owned subsidiary of Central Huijin.

As of December 31, 2021, the legal representative of Central Huijin was Peng Chun and the registered capital was RMB828,209 million.

- Scope of business: Making equity investment in key state-owned financial institutions as authorised by the State Council; other related business approved by the State Council.
- The information on the enterprises in which Central Huijin directly held shares as of December 31, 2021 is as follows:

No.	Name of institution	Shareholding by Central Huijin
1.	China Development Bank	34.68%
2.	Industrial and Commercial Bank of China Limited ★ ☆	34.71% ^{Note 1}
3.	Agricultural Bank of China Limited ★ ☆	40.03%
4.	Bank of China Limited ★ ☆	64.02%
5.	China Construction Bank Corporation ★ ☆	57.11%
6.	China Everbright Group Ltd.	63.16%
7.	Hengfeng Bank Co., Ltd.	53.95%
8.	China Export & Credit Insurance Corporation	73.63%
9.	China Reinsurance (Group) Corporation ☆	71.56%
10.	New China Life Insurance Company Limited ★ ☆	31.34%
11.	China Jiayin Investment Limited	100.00%
12.	China Galaxy Financial Holding Co., Ltd.	69.07%
13.	Shenwan Hongyuan Group Co., Ltd. ★ ☆	20.05%
14.	China International Capital Corporation Limited ★ ☆	40.11%
15.	China Securities Co., Ltd. ★ ☆	30.76%
16.	China Galaxy Asset Management Co., Ltd.	13.30%
17.	Guotai Junan Investment Management Co., Ltd.	14.54%

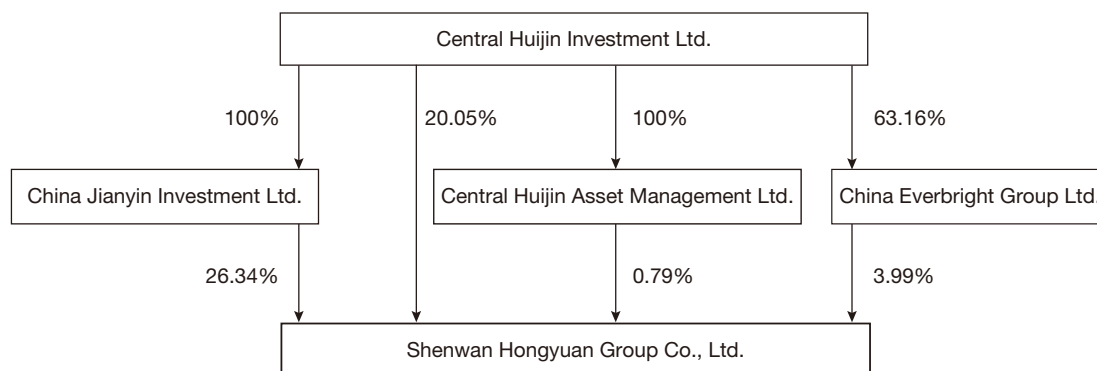
Section VII Changes in Shares and Shareholders (continued)

Note 1: ★ represents A-share listed company; ☆ represents H-share listed company.

Note 2: Other than the above controlled subsidiaries and investees, Central Huijin also wholly owns Central Huijin Asset Management Ltd. Central Huijin Asset Management Ltd. was established in November 2015 and incorporated in Beijing with the registered capital of RMB5 billion, and is engaged in asset management.

3. Property right and control relationship between the Company and the actual controller

The property right and control relationship between the Company and the actual controller as of the end of the Reporting Period is as follows:



(V) The controlling shareholder or the largest shareholder of the company and its persons acting in concert have accumulatively pledged shares that account for more than 80% of the Company's shares held by them

N/A

(VI) Other legal person shareholders holding more than 10% of the shares

N/A

(VII) Description on restrictions on reducing shareholding by the controlling shareholder, actual controller, restructuring party and other undertaking parties

N/A

IV. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

N/A

V. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at December 31, 2021, none of the directors, supervisors or chief executives of the Company had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance which were required, to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance, or were recorded in the register required to be maintained by the Company under Section 352 of the Securities and Futures Ordinance, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Section VII Changes in Shares and Shareholders (continued)

VI. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2021, to the best knowledge of the Company after having made all reasonable enquiries, the following persons (other than directors, supervisors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or which were recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Name of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share) ^{Note 3}	Percentage of the total number of issued shares of the Company ^{Note 4}	Percentage of the total number of issued A Shares of the Company	Long/short positions
1 Central Huijin Investment Ltd. ^{Note 1}	A Shares	Beneficial owner	5,020,606,527	20.05	22.28	Long positions
	A Shares	Interest in controlled corporations	7,792,697,332	31.12	34.58	Long positions
	H Shares	Interest in controlled corporations	756,472,000	3.02	30.21	Long positions
	H Shares	Interest in controlled corporations	64,193,600	0.26	2.56	Short positions
2 China Jiayin Investment Ltd.	A Shares	Beneficial owner	6,596,306,947	26.34	29.27	Long positions
3 Industrial and Commercial Bank of China Limited	H Shares	Beneficial owner	648,404,800	2.59	25.89	Long positions
4 Everbright PGIM Fund Management Co., Ltd. (on behalf of EPF — Huaxia Life SMAOne (光大保德信— 華夏人壽1號單一資產管理計劃	H Shares	Trustee	216,134,400	0.86	8.63	Long positions
5 Huaxia Life Insurance Co., Ltd. ^{Note 2}	H Shares	Beneficial owner	216,134,000	0.86	8.63	Long positions
6 China Life Insurance (Group) Company	H Shares	Beneficial owner	172,907,200	0.69	6.90	Long positions

Note 1: Central Huijin holds the entire equity interest in JIC, the entire equity interest in Central Huijin Asset Management Ltd., and 63.16% of equity interest in China Everbright Group Ltd. The total number of A Shares of the Company held by JIC, Central Huijin Asset Management Ltd. and China Everbright Group Ltd. is 7,792,697,332. Central Huijin indirectly held 756,472,000 H Shares of the Company through its controlled corporations including Industrial and Commercial Bank of China Limited, and China Reinsurance (Group) Corporation. In particular, Central Huijin held 648,404,800 shares through Industrial and Commercial Bank of China Limited and 108,067,200 shares through China Reinsurance (Group) Corporation.

Section VII Changes in Shares and Shareholders (continued)

Note 2: Huaxia Life Insurance Co., Ltd. has engaged Everbright PGIM Fund Management Co., Ltd. (光大保德信基金管理有限公司), a qualified domestic institutional investor as approved by the relevant PRC authority, as the asset manager, in the name of EPF – HuaXia Life SMA One (光大保德信 — 華夏人壽1號單一資產管理計劃), to subscribe and hold the H Shares of the Company on behalf Huaxia Life Insurance Co., Ltd.

Note 3: According to Part XV of the Securities and Futures Ordinance, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. If the shareholders have not filed disclosure of interests forms as required under the Securities and Futures Ordinance, the actual shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Stock Exchange as of the end of the Reporting Period. When the shareholdings of shareholders in the Company change, it is not necessary for such shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the actual shareholdings of substantial shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange as of the end of the Reporting Period.

Note 4: As at December 31, 2021, the Company has issued a total of 22,535,944,560 A Shares and 2,504,000,000 H Shares, totaling 25,039,944,560 shares.

Save as disclosed above, as December 31, 2021, the Company was not aware of any other person (other than directors, supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance and were required to be recorded, in the register that is required to be kept by the Company under Section 336 of the Securities and Futures Ordinance.

VII. SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the directors of the Company, during the Reporting Period and as of the date of this report, no less than 10% of the Company's total issued shares were held by the public, which meets the requirements as set out in the waiver letter on the public float obtained by the Company upon listing. For details, please refer to the H Shares prospectus of the Company dated April 12, 2019 and the announcement dated May 20, 2019 in relation to stabilizing actions, end of stabilization period and lapse of over-allotment option.

VIII. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, there was no repurchase, sale or redemption by the Company and any of its subsidiaries of the Company's listed securities.

IX. ARRANGEMENT OF PRE-EMPTIVE RIGHT

Under the PRC laws and Articles of Association, shareholders of the Company did not have pre-emptive right.

Section VIII Profile of Bonds

I. CORPORATE BONDS

(I) Basic Information of the Corporate Bonds

1. Public Offering of Corporate Bonds in 2018

Name of bond	Abbreviation of bond	Code of bond	Offering date (YYYY-MM-DD)	Value date (YYYY-MM-DD)	Maturity date (YYYY-MM-DD)	Balance of bond (RMB'0,000)	Coupon rate	Payment of principal and interest	Trading place
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Qualified Investors in 2018 (First Tranche) (Type I)	18 ShenHong 01	112728	2018-07-13	2018-07-17	2023-07-17	3,250	July 17, 2018–July 16, 2021: 4.4%; July 17, 2021–July 16, 2023: 3.2%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Qualified Investors in 2018 (First Tranche) (Type II)	18 ShenHong 02	112729	2018-07-13	2018-07-17	2023-07-17	650,000	4.80%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Suitability arrangement of investors (if any)	Targeted to qualified investors who have maintained A share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the "Administrative Measures on Corporate Bonds Offering and Trading" (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of CSRC and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Centralized bidding transaction, block transaction by agreement								
Whether there is risk of delisting (if any) and countermeasures therefor	Nil								

Section VIII Profile of Bonds (continued)

2. Non-public Offering of Corporate Bonds in 2019

Name of bond	Abbreviation of bond	Code of bond	Offering date (YYYY-MM-DD)	Value date (YYYY-MM-DD)	Maturity date (YYYY-MM-DD)	Balance of bond (RMB'0,000)	Coupon rate (%)	Payment of principal and interest	Trading place
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (First Tranche) ^{Note}	19 ShenHong 01	114443	2019-03-06	2019-03-08	2022-03-08	100,000	4.18		Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (Second tranche) (Type I)	19 ShenHong 02	114461	2019-04-09	2019-04-12	2022-04-12	320,000	4.27	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (Third Tranche)	19 ShenHong 04	114590	2019-10-23	2019-10-25	2024-10-25	580,000	3.94		Shenzhen Stock Exchange
Suitability arrangement of investors (if any)	Targeted to qualified investors who have maintained A share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the "Administrative Measures on Corporate Bonds Offering and Trading" (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Block transaction by agreement								
Whether there is risk of delisting (if any) and countermeasures therefor	Nil								

Note: Repayment of principal and payment of interest were completed for the Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (First Tranche) on March 8, 2022 and such bonds were delisted.

Section VIII Profile of Bonds (continued)

3. Public Offering of Corporate Bonds in 2021

Name of bond	Abbreviation of bond	Code of bond	Offering date (YYYY-MM-DD)	Value date (YYYY-MM-DD)	Maturity date (YYYY-MM-DD)	Balance of bond (RMB'0,000)	Coupon rate (%)	Payment of principal and interest	Trading place
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (First Tranche) (Type I)	21 ShenHong	01 149393	2021-03-04	2021-03-08	2026-03-08	150,000	3.68		Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (First Tranche) (Type II)	21 ShenHong	02 149394	2021-03-04	2021-03-08	2028-03-08	50,000	3.95		Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (Second Tranche) (Type II)	21 ShenHong	04 149553	2021-07-13	2021-07-15	2028-07-15	300,000	3.65	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (Third Tranche) (Type I)	21 ShenHong	05 149578	2021-08-02	2021-08-04	2024-08-04	50,000	2.99		Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (Third Tranche) (Type II)	21 ShenHong	06 149579	2021-08-02	2021-08-04	2026-08-04	250,000	3.38		Shenzhen Stock Exchange

Suitability arrangement of investors (if any)

Targeted to professional investors who have maintained A share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the "Administrative Measures on Corporate Bonds Offering and Trading" (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.

Applicable trading mechanism

Centralized bidding transaction, block transaction by agreement

Whether there is risk of delisting (if any) and countermeasures therefor

Nil

Section VIII Profile of Bonds (continued)

4. Public Offering of Corporate Bonds in 2022

Name of bond	Abbreviation of bond	Code of bond	Offering date (YYYY-MM-DD)	Value date (YYYY-MM-DD)	Maturity date (YYYY-MM-DD)	Balance of bond (RMB'0,000)	Coupon rate (%)	Payment of principal and interest	Trading place
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2022 (First Tranche) (Type I)	22 ShenHong 01	149825	2022-03-04	2022-03-08	2025-03-08	180,000	3.11	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2022 (First Tranche) (Type II)	22 ShenHong 02	149826	2022-03-04	2022-03-08	2027-03-08	120,000	3.50	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Suitability arrangement of investors (if any)	Targeted to professional investors who have maintained A share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the "Administrative Measures on Corporate Bonds Offering and Trading" (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Centralized bidding transaction, block transaction by agreement								
Whether there is risk of delisting (if any) and countermeasures therefor	Nil								

During the Reporting Period, the corporate bonds were not overdue.

Section VIII Profile of Bonds (continued)

(II) Issuer or investor option terms and triggering and implementation of investor protection terms

1. Issuer or investor option terms

The term of corporate bonds of Shenwan Hongyuan Group publicly offered to qualified investors in 2018 (first tranche) (type I) (“18 ShenHong 01”) is five years, and the issuer shall have the option to adjust the coupon rate and the investors shall have the option to sell back the bonds at the end of the third interest-bearing year. On June 16, 2021, June 17, 2021, and June 18, 2021, the issuer disclosed the first, second and third Indicative Announcement on Adjustment of Coupon Rate and Measures for Implementation of Put-back by Investors for “18 ShenHong 01” bonds, respectively, pursuant to which the issuer determined to lower the coupon rate by 120 basis points at the end of the third interest-bearing year of “18 ShenHong 01”, i.e. the coupon rate for the fourth and fifth interest-bearing years of the term of the bonds (that is, from July 17, 2021 to July 16, 2023) is 3.20% and is fixed in the fourth and fifth years of the term of the bonds. Meanwhile, it was announced that the put-back registration period of “18 ShenHong 01” is from June 21, 2021 to June 25, 2021.

The number of “18 ShenHong 01” bonds subject to put-back is 4,674,980, the put-back amount is RMB467,498,000.00, and the remaining number of bonds under custody is 325,020. The principal and interest for the “18 ShenHong 01” bonds subject to put-back was transferred by the company to the designated bank account of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on July 15, 2021, and were transferred to the accounts of investors on the date of receipt of put-back funds which is July 19, 2021 (as July 17, 2021 is day off, it is postponed to the first trading day thereafter).

2. Triggering and implementation of investor protection terms

During the Reporting Period, no investor protection terms were triggered for the corporate bonds.

Section VIII Profile of Bonds (continued)

(III) Intermediaries

Underwriter for Corporate Bonds Publicly Offered in 2018 and Corporate Bonds Non-publicly Offered in 2019:							
Name of lead underwriter: Shenwan Hongyuan Securities Co., Ltd.	Office address	No. 19, Taipingqiao Street, Xicheng District, Beijing	Contact person	Yu Shan	Telephone	010-88083931	
Name of joint underwriter: Huatai United Securities Co., Ltd.	Office address	6/F, Block A, Fengming International Building, No. 22 Fengsheng Alley, Xicheng District, Beijing	Contact person	Li Xiang, Cui Yue	Telephone	010-56839300	
Signing accountants for Corporate Bonds Publicly Offered in 2018 and Corporate Bonds Non-publicly Offered in 2019:							
Name of accounting firm	KPMG Huazhen LLP	Office address	8/F, East Tower 2, East Square, 1 East Chang'an avenue, Beijing, China	Name of signing accountants	Jin Naiwen, Yu Jingjing		
Bond trustee for Corporate Bonds Publicly Offered in 2018 and Corporate Bonds Non-publicly Offered in 2019:							
Name	Huatai United Securities Co., Ltd.	Office address	6/F, Block A, Fengming International Building, No. 22 Fengsheng Alley, Xicheng District, Beijing	Contact person	Li Xiang, Cui Yue	Telephone of contact person	010-56839300
Credit rating agency(ies) which conducted rating on corporate bonds during the Reporting Period:							
Name	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	Office address	K-22, Room 103, Tower A, 1555 Kong Jiang Road, Yang Pu District, Shanghai	Contact person	Xu Xincun	Telephone of contact person	021-63501349
Reason of change, procedures to be conducted and impacts on benefits of bond investors, etc. in case the relevant intermediaries hired by the company during the Reporting Period have changed (if applicable)				There were no changes in the intermediaries.			

Section VIII Profile of Bonds (continued)

Underwriter for Corporate Bonds Publicly Offered in 2021:							
Name of lead underwriter: Shenwan Hongyuan Securities Co., Ltd.	Office address	No. 19, Taipingqiao Street, Xicheng District, Beijing	Contact person	Yu Shan	Telephone	010-88083931	
Name of joint underwriter: Chasing Securities Co., Ltd.	Office address	26/F, Shuntian International Fortune Center, No. 80 Section 2 of Furong Middle Road, Changsha City	Contact person	Liu Yongqiang, Chen Yanbing	Telephone	0731-84779547	
Signing accountants for Corporate Bonds Publicly Offered in 2021:							
Name of accounting firm	KPMG Huazhen LLP	Office address	8/F, East Tower 2, East Square, 1 East Chang'an avenue, Beijing, China	Name of signing accountants	Jin Naiwen, Yu Jingjing		
Bond trustee for Corporate Bonds Publicly Offered in 2021:							
Name	Chasing Securities Co., Ltd.	Office address	T3, T4 and podium 718, Binjiang Financial Center, No 112 Chazishan East Road, Yuelu District, Changsha, Hunan Province	Contact person	Liu Yongqiang, Chen Yanbing	Telephone of contact person	0731-84779547
Credit rating agency(ies) which conducted rating on corporate bonds during the Reporting Period:							
Name	China Lianhe Credit Rating Co. Ltd.	Office address	17/F, Building 2, Courtyard 2, Jianwai Street, Chaoyang District, Beijing	Contact person	Li Fujian	Telephone	010-85171271
Reason of change, procedures to be conducted and impacts on benefits of bond investors, etc. in case the relevant intermediaries hired by the company during the Reporting Period have changed (if applicable)				There were no changes in the intermediaries.			

Section VIII Profile of Bonds (continued)

Underwriter for Corporate Bonds Publicly Offered in 2022:							
Name of lead underwriter: Shenwan Hongyuan Securities Co., Ltd.	Office address	No. 19, Taipingqiao Street, Xicheng District, Beijing	Contact person	Yu Shan	Telephone	010-88083931	
Name of joint underwriter: Chasing Securities Co., Ltd.	Office address	26/F, Shuntian International Fortune Center, No. 80 Section 2 of Furong Middle Road, Changsha City	Contact person	Liu Yongqiang, Chen Yanbing	Telephone	0731-84779547	
Signing accountants for Corporate Bonds Publicly Offered in 2022:							
Name of accounting firm	KPMG Huazhen LLP	Office address	8/F, East Tower 2, East Square, 1 East Chang'an avenue, Beijing, China	Name of signing accountants	Jin Naiwen, Yu Jingjing		
Bond trustee for Corporate Bonds Publicly Offered in 2022:							
Name	Chasing Securities Co., Ltd.	Office address	26/F, Shuntian International Fortune Center, No. 80, Section 2 of Furong Middle Road, Changsha City	Contact person	Liu Yongqiang, Chen Yanbing	Telephone of contact person	0731-84779547
Credit rating agency(ies) which conducted rating on corporate bonds during the Reporting Period:							
Name	China Lianhe Credit Rating Co. Ltd.	Office address	17/F, Building 2, Courtyard 2, Jianwai Street, Chaoyang District, Beijing	Contact person	Li Fujian	Telephone	010-85171271
Reason of change, procedures to be conducted and impacts on benefits of bond investors, etc. in case the relevant intermediaries hired by the company during the Reporting Period have changed (if applicable)				There were no changes in the intermediaries.			

Section VIII Profile of Bonds (continued)

(IV) Use of proceeds

Bond	Total proceeds	Amount used	Balance	Operation of special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Unit: Yuan	Currency: RMB
						Whether it is consistent with the purpose, use plan and other agreements under the prospectus	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Qualified Investors in 2018 (First Tranche)	7,000,000,000	7,000,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (First Tranche)	1,000,000,000	1,000,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (Second Tranche)	3,200,000,000	3,200,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Non-publicly Offered in 2019 (Third Tranche)	5,800,000,000	5,800,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (First Tranche)	2,000,000,000	2,000,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (Second Tranche)	3,000,000,000	3,000,000,000	0	Use according to regulations	Nil	Yes	

Section VIII Profile of Bonds (continued)

Bond	Total proceeds	Amount used	Balance	Operation of special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Unit: Yuan	Currency: RMB
						Whether it is consistent with the purpose, use plan and other agreements under the prospectus	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2021 (Third Tranche)	3,000,000,000	3,000,000,000	0	Use according to regulations	Nil	Yes	
Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. Publicly Offered to Professional Investors in 2022 (First Tranche)	3,000,000,000	3,000,000,000	3,000,000,000	Nil	Nil	Yes	

Use of proceeds for construction projects

N/A

Change of the use of proceeds from the above bonds during the Reporting Period

N/A

(V) Credit rating adjustment for corporate bonds

During the Reporting Period, there was no change in the credit rating of corporate bonds.

During the Reporting Period, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. and China Lianhe Credit Rating Co. Ltd. conducted ongoing credit rating on the corporate bonds issued publicly by the company. There was no change in relevant credit rating level, rating outlook and credit rating results. The credit rating agencies maintained the AAA credit rating for the Company as an issuer, and the AAA credit rating for the corporate bonds, with a stable rating outlook.

Section VIII Profile of Bonds (continued)

(VI) Implementation of and changes in guarantees, debt repayment plan and other debt repayment safeguard measures for corporate bonds during the Reporting Period and the effects thereof on the interests of bond investors

1. Public Offering of Corporate Bonds in 2018

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2018 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the “Rules for Meeting of Bondholders”, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

The Company paid out of the special debt repayment account the interest payable for “18 ShenHong 01” and “18 ShenHong 02”. In July 2021, the Company paid out of the special debt repayment account the interest payable for “18 ShenHong 01” and “18 ShenHong 02” for the period from July 17, 2020 to July 16, 2021 and part of the principal of “18 ShenHong 01”.

2. Public Offering of Corporate Bonds in 2019

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2019 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the “Rules for Meeting of Bondholders”, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

The Company has set up a special debt repayment account and paid out of it the interest payable for “19 ShenHong 01”, “19 ShenHong 02” and “19 ShenHong 04”. In March 2021, the Company paid out of the special debt repayment account the interest payable for “19 ShenHong 01” for the period from March 8, 2020 to March 7, 2021. In April 2021, the Company paid out of the special debt repayment account the interest payable for “19 ShenHong 02” for the period from April 12, 2020 to April 11, 2021. In October 2021, the Company paid out of the special debt repayment account the interest payable for “19 ShenHong 04” for the period from October 25, 2020 to October 24, 2021.

3. Public Offering of Corporate Bonds in 2021

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2021 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the “Rules for Meeting of Bondholders”, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

4. Public Offering of Corporate Bonds in 2022

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2022 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the “Rules for Meeting of Bondholders”, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

No guarantee is provided for the corporate bonds issued by the Company.

During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

II. OTHER INFORMATION ON BONDS

During the Reporting Period, the Company did not have enterprise bonds, non-financial enterprise bond financing instruments, or convertible corporate bonds; the Company did not record loss within the scope of consolidated statements exceeding 10% of the net assets as at the end of last year; the Company did not have any overdue debts; no interest-bearing bonds other than bonds were overdue; there was no violation of laws and regulations, the Articles of Association, the provisions of the information disclosure management system, and the stipulations or commitments in the prospectus of bonds.

For the bonds of subsidiaries of the Company, please refer to “XXIV. Significant Matters of Subsidiaries of the Company” under “Section VI Significant Events” in this report.

Section VIII Profile of Bonds (continued)

III. THE MAIN ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY FOR THE RECENT TWO YEARS AS OF THE END OF THE REPORTING PERIOD

Items	As of the end of the Reporting Period	As of the end of last year	Increase/decrease as compared with the end of last year
Current ratio	1.57	1.68	Decreased by 0.11
Gearing ratio ^{Note}	78.43%	77.08%	Increased by 1.35 percentage points
Quick ratio	1.56	1.67	Decreased by 0.11

Items	For the Reporting Period	For the same period of the previous year	Year-on-year change
Profit for the year after deducting non-recurring profit or loss (RMB'000)	9,308,742	7,730,512	20.42%
Total debt to EBITDA ratio	0.11	0.11	—
Interest coverage multiple	2.14	2.18	-1.83%
Cash interest coverage multiple	-3.02	-1.19	N/A
EBITDA interest coverage multiple	2.21	2.25	-1.78%
Loan repayment ratio	100.00%	100.00%	—
Interest repayment ratio	100.00%	100.00%	—

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients – Proceeds from underwriting securities received on behalf of customers / (Total assets – Accounts payable to brokerage clients – Proceeds from underwriting securities received on behalf of customers)*100%

Section IX Financial Statements

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd.

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

Opinion

What we have audited

The consolidated financial statements of Shenwan Hongyuan Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 331 to 472, which comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Consolidation of structured entities
- Expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income
- Valuation of financial instruments held at fair value classified under Level 3 Financial Instruments

Key Audit Matter	How our audit addressed the Key Audit Matter
Consolidation of structured entities	
<p><i>Refer to Notes 3(3) and 53 to the consolidated financial statements.</i></p> <p>As at 31 December 2021, net assets of the consolidated structured entities and the carrying amount of unconsolidated structured entities invested by the Group included in the consolidated statement of financial position amounted to RMB30,792 million and RMB97,358 million, respectively.</p> <p>The Group acted as asset manager for, or invested in, a number of investment funds and asset management plans which were structured entities.</p>	<p>We obtained an understanding of the management's internal control and assessment process of the consolidation assessment of structured entities, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We evaluated and tested the design and operating effectiveness of the Group's relevant controls over consolidation assessment of structured entities.</p> <p>We selected samples to examine supporting documents of structured entities managed or invested by the Group, by performing the procedures below to conclude on whether the Group controlled these structured entities:</p> <p>(1) assessed the Group's contractual rights and obligations in light of the transaction structures, and evaluated the Group's power over the structured entities;</p>

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Consolidation of structured entities (continued)

Management made significant judgements when concluding on whether the Group controlled, and therefore should consolidate, these structured entities.

Management's decision on whether or not to consolidate structured entities was based on an assessment of the Group's power, its variable returns and the ability to exercise its power to influence the variable returns from these structured entities.

The significant judgements exercised by management in assessing whether the Group had control over the structured entities and the amount of the structured entities managed or invested by the Group resulted in this matter being identified as a key audit matter.

(2) examined the contract terms related to the variable returns from the structured entities, including but not limited to commission income and asset management fees earned by the Group as the asset manager, the underlying asset, the return for investor, and checked with the information used by management.

(3) We recalculated the variable returns from the structured entities and the variabilities on a sample basis.

(4) We also assessed whether the Group acted as a principal or an agent, through analysing the scope of the Group's decision-making authority over the sampled structured entities, the remuneration to which the Group was entitled to for asset management services and the Group's exposure to variability of returns from its other interests in the structured entities.

Based on the procedures performed, we found management's consolidation judgment of these structured entities were acceptable.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income</p> <p>Refer to Notes 3(7), 3(8), 3(11), 3(12), 14, 24, 25, 26, 33 and 58(1) to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group recognized the following financial assets in its consolidated statement of financial position:</p> <ul style="list-style-type: none"> • margin accounts amounted to RMB76,297 million with a credit loss allowance of RMB379 million; • financial assets held under resale agreements amounted to RMB25,398 million with a credit loss allowance of RMB1,132 million; • financial assets measured at amortized cost amounted to RMB5,022 million with a credit loss allowance of RMB577 million; • debt instruments measured at fair value through other comprehensive income amounted to RMB37,125 million with a credit loss allowance of RMB499 million. <p>The credit impairment losses for the aforesaid financial assets recognized in the Group's consolidated income statement for the year ended 31 December 2021 amounted to RMB431 million.</p> <p>The credit loss allowances as at 31 December 2021 for financial assets represented management's best estimates of the expected credit losses ("ECL") in accordance with International Financial Reporting Standard 9: "Financial Instruments".</p>	<p>We obtained an understanding of the management's internal control and assessment process of expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We evaluated and tested the design and operating effectiveness of the Group's relevant controls over expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, including:</p> <ol style="list-style-type: none"> (1) Governance over ECL models, including the selection and approval of modelling methodology; and the ongoing monitoring and optimization of such models; (2) Review and approval of significant management judgements and assumptions, including: i) the criteria for SICR; ii) the definition of default and credit-impairment; and iii) the use of economic variables and relative weighting for forward-looking scenarios; (3) Internal controls over the accuracy and completeness of key inputs used by the models. (4) Internal controls relating to estimated future cash flows for the financial assets classified under Stage 3.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income (continued)

Management applied a three-stage impairment model to calculate their ECL. For such financial assets classified under stages 1 and 2, management assessed credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including probability of default, loss given default and exposure at default. For credit-impaired financial assets classified under stage 3, management assessed the credit loss allowances by estimating the cash flows expected to arise from the financial assets.

Management assesses whether objective evidence of impairment existed for financial assets at each reporting date. The measurement model for ECL involves significant management judgments and assumptions, primarily including:

- (1) Selection of the appropriate ECL models and assumptions;
- (2) Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- (3) Determination of forward-looking measurements and weightings; and
- (4) The estimated future cash flows for financial assets classified under stage 3.

In addition, we also performed the following procedures:

- (1) We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with the industry practice. We also examined the coding for model measurement on a sample basis, to test whether or not the models reflect the modelling methodologies documented by the management.
- (2) By comparing with current industry practice, we assessed the reasonableness of the management's application of the SICR criteria and credit impairment definition. For margin accounts and financial assets held under resale agreements, we examined the numbers and market value of collateral on a sample basis. In addition, we tested the collateral to financial assets ratio and the backstop past due days defined by management. For debt securities, we examined appropriateness of the management's application of SICR, defaults and credit impairment criteria on a sample basis, based on the financial information and non-financial information of the borrowers, collateral types, or credit analysis of guarantors.
- (3) We examined the accuracy of data inputs for the ECL models, and evaluated the reasonableness of relevant parameters, including exposure at default, loss rate after taking into consideration forward looking factors, loss given default and loss ratio.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements, financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income (continued)

The Group has established governance processes and controls over the measurement of ECL.

ECL assessment of financial assets was considered to be a key area of audit focus due to the materiality of the balances and the significant management judgements involved.

(4) For forward-looking measurements, we assessed management's selection of economic indicators and the reasonableness of the prediction of economic indicators by comparing with data provided by third parties. In addition, we performed sensitivity analysis of economic scenarios and weightings.

(5) For credit-impaired assets classified under stage 3, we examined, on a sample basis, forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of loss allowance.

Based on the procedures performed, we considered the models, key parameters, significant judgements and assumptions adopted by management in the ECL measurement and the measurement results to be acceptable.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of financial instruments held at fair value classified under Level 3 Financial Instruments

Refer to Notes 3(10) and 57 to the consolidated financial statements.

As at 31 December 2021, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy ("Level 3 Financial Instruments"), which were measured using valuation techniques that involve significant inputs that were not based on observable market data. Such inputs included liquidity discounts, volatility, risk adjusted discount rate and price to book ratios, etc. The amounts of Level 3 financial assets and financial liabilities as at 31 December 2021 were RMB17,185 million and RMB6,664 million, respectively.

Valuation of the Level 3 financial instruments was a key area of audit focus due to the significance of their amounts and the selection of unobservable inputs used in the valuation process which involved significant judgement.

We obtained an understanding of the management's internal control and assessment process of the valuation of financial instruments held at fair value classified under Level 3 Financial Instruments, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested the design and operating effectiveness of the Group's relevant controls over the valuation of financial instruments held at fair value classified under Level 3 Financial Instruments.

We evaluated the appropriateness of the models used by management for the valuation of Level 3 Financial Instruments by using our knowledge of those used in current industry practice.

We evaluated on a sample basis the reasonableness and appropriateness of the unobservable inputs used for measuring the fair value of Level 3 Financial Instruments with reference to relevant market data, related contracts, other supporting documents, and checked the accuracy of the inputs.

We performed an independent valuation and sensitivity analysis of the Level 3 Financial Instruments on a sample basis, and compared the result of independent valuation and sensitivity analysis with management's result.

Based on the results of our procedures performed above, we found the models used and inputs adopted by management acceptable.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- Obtain an understanding of 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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, among other matters, the planned scope and timing of the audit and significant audit findings, 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 all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent auditor's report to the shareholders of Shenwan Hongyuan Group Co., Ltd. (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Yip Siu Foon, Linda.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2022

Consolidated income statement

For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)

		For the year ended 31 December	
	Note	2021	2020
Revenue			
Fee and commission income	5	12,391,668	10,055,734
Interest income	6	11,140,948	11,905,870
Net investment gains	7	10,354,605	6,566,716
Total revenue		33,887,221	28,528,320
Other income and gains	8	12,284,249	10,628,053
Total revenue and other income		46,171,470	39,156,373
Total expenses			
Fee and commission expenses	9	2,469,687	1,633,366
Interest expenses	10	10,136,131	8,299,675
Staff costs	11	8,241,507	6,896,980
Depreciation and amortization expenses	12	654,958	605,547
Tax and surcharges		182,986	162,749
Other operating expenses	13	13,549,099	11,686,187
Credit impairment losses	14	521,971	798,302
Impairment losses on other assets		117,007	16,605
Total expenses		35,873,346	30,099,411
Operating profit		10,298,124	9,056,962
Share of profit of associates and joint ventures		780,998	291,505
Profit before income tax		11,079,122	9,348,467
Income tax expense	15	1,544,535	1,472,129
Profit for the year		9,534,587	7,876,338
Attributable to:			
Shareholders of the Company		9,398,369	7,766,175
Non-controlling interests		136,218	110,163
Total		9,534,587	7,876,338
Basic and diluted earnings per share (expressed in RMB yuan per share)	18	0.38	0.31

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

Consolidated statement of comprehensive income

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2021	2020
Profit for the year	9,534,587	7,876,338
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
— Net changes in fair value	(88,856)	(293,201)
— Reclassified to profit or loss	379,497	(213,663)
Share of other comprehensive income of associates and joint ventures	(2,189)	(11,396)
Exchange differences on translation of financial statements in foreign currencies	(122,531)	(243,968)
Income tax impact	(72,671)	123,738
Items that will not be reclassified to profit or loss:		
Equity investment at fair value through other comprehensive income		
— Net change in fair value	(350,590)	73,007
Income tax impact	87,648	(18,252)
Total other comprehensive income for the year, net of tax	(169,692)	(583,735)
Total comprehensive income for the year	9,364,895	7,292,603
Attributable to:		
Shareholders of the Company	9,261,825	7,261,623
Non-controlling interests	103,070	30,980
Total	9,364,895	7,292,603

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

Consolidated statement of financial position

As at 31 December 2021

(In RMB thousands, unless otherwise stated)

		As at 31 December	
	Note	2021	2020
Non-current assets			
Property and equipment	19	1,353,552	1,295,289
Right-of-use assets	20	948,606	864,682
Investment properties		52,466	56,951
Other intangible assets	21	250,181	187,903
Interest in associates and joint ventures	23	4,512,058	4,706,514
Financial assets measured at amortized cost	24	3,045,522	2,478,236
Financial assets at fair value through other comprehensive income	25	6,429,530	9,071,823
Financial assets held under resale agreements	26	5,465,423	3,412,480
Financial assets at fair value through profit or loss	27	25,439,618	11,951,891
Refundable deposits	28	29,113,660	18,347,661
Deferred tax assets	29	2,570,403	2,206,892
Other non-current assets	30	106,700	106,012
Total non-current assets		79,287,719	54,686,334
Current assets			
Accounts receivable	31	4,093,737	3,088,616
Other receivables and prepayments	32	3,244,016	3,333,395
Margin accounts receivable	33	76,296,755	74,212,401
Financial assets measured at amortized cost	24	1,976,042	3,973,967
Financial assets at fair value through other comprehensive income	25	33,319,677	57,282,609
Financial assets held under resale agreements	26	19,932,761	23,247,258
Financial assets at fair value through profit or loss	27	247,136,841	152,615,966
Derivative financial assets	34	2,800,300	1,650,558
Clearing settlement funds	35	15,261,942	5,974,014
Cash held on behalf of brokerage clients	36	86,622,841	88,136,292
Cash and bank balances	37	31,038,836	22,922,867
Total current assets		521,723,748	436,437,943
Total assets		601,011,467	491,124,277

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

Consolidated statement of financial position (continued)

As at 31 December 2021

(In RMB thousands, unless otherwise stated)

	Note	As at 31 December	
		2021	2020
Current liabilities			
Loans and borrowings	39	3,229,798	4,346,935
Short-term debt instruments issued	40	29,586,843	40,505,069
Placements from other financial institutions	41	4,366,725	4,430,000
Accounts payable to brokerage clients	42	104,738,359	97,535,040
Employee benefits payable	43	2,388,044	2,134,241
Other payables and accruals	44	31,448,358	19,899,974
Contract liabilities		140,220	141,791
Current tax liabilities		851,040	676,286
Financial assets sold under repurchase agreements	45	137,977,520	103,314,547
Lease liabilities	46	305,436	368,729
Financial liabilities at fair value through profit or loss	47	5,873,514	2,876,775
Derivative financial liabilities	34	7,309,855	2,221,291
Long-term bonds due within one year	48	42,947,167	20,634,609
Total current liabilities		371,162,879	299,085,287
Net current assets		150,560,869	137,352,656
Total assets less current liabilities		229,848,588	192,038,990
Non-current liabilities			
Long-term bonds	48	117,539,557	97,533,336
Non-current employee benefits payable	43	3,838,905	3,044,380
Deferred tax liabilities	29	27,298	2,148
Lease liabilities	46	663,779	494,091
Financial liabilities at fair value through profit or loss	47	293,481	575,162
Other non-current liabilities		430,974	299,283
Total non-current liabilities		122,793,994	101,948,400
Net assets		107,054,594	90,090,590

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

Consolidated statement of financial position (continued)

As at 31 December 2021
(In RMB thousands, unless otherwise stated)

	Note	As at 31 December	
		2021	2020
Equity			
Share capital	49	25,039,945	25,039,945
Reserves	50	38,823,922	36,240,691
Retained profits	51	31,358,141	27,183,981
Total equity attributable to shareholders of the Company		95,222,008	88,464,617
Non-controlling interests		11,832,586	1,625,973
Total equity		107,054,594	90,090,590

Approved and authorised for issue by the Board of Directors on 30 March 2022.

Chu Xiaoming

Executive Director, Chairman

Huang Hao

Executive Director, President

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

Consolidated statement of changes in equity

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Attributable to shareholders of the Company										Total equity
	Reserves							Non-controlling interests			
	Share capital (Note 49)	Capital reserve (Note 50)	Surplus reserves (Note 50)	General reserves (Note 50)	Fair value reserve (Note 50)	Translation reserve (Note 50)	Retained profits (Note 51)	Subtotal	Ordinary shareholders	Other equity instrument investors	
As at 1 January 2021	25,039,945	19,367,146	3,563,552	14,240,705	(822,287)	(108,425)	27,183,981	88,464,617	1,625,973	–	90,090,590
Profit for the year	–	–	–	–	–	–	9,398,369	9,398,369	24,666	111,552	9,534,587
Other comprehensive income	–	–	–	–	(47,464)	(89,080)	–	(136,544)	(33,148)	–	(169,692)
Total comprehensive income for the year	–	–	–	–	(47,464)	(89,080)	9,398,369	9,261,825	(8,482)	111,552	9,364,895
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	135,250	–	135,250
Issurance of perpetual debt	–	–	–	–	–	–	–	–	–	9,987,816	9,987,816
Others	–	–	–	–	–	–	(440)	(440)	(5,269)	–	(5,709)
Appropriation to surplus reserve	–	–	296,788	–	–	–	(296,788)	–	–	–	–
Appropriation to general reserve	–	–	–	1,996,036	–	–	(1,996,036)	–	–	–	–
Dividends approved in respect of the previous year	–	–	–	–	–	–	(2,503,994)	(2,503,994)	(14,254)	–	(2,518,248)
Other comprehensive income that has been reclassified to retained profits	–	–	–	–	426,951	–	(426,951)	–	–	–	–
As at 31 December 2021	25,039,945	19,367,146	3,860,340	16,236,741	(442,800)	(197,505)	31,358,141	95,222,008	1,733,218	10,099,368	107,054,594

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

Consolidated statement of changes in equity (continued)

*For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)*

	Attributable to shareholders of the Company									
	Reserves							Subtotal	Non-controlling interests	Total equity
	Share capital (Note 49)	Capital reserve (Note 50)	Surplus reserves (Note 50)	General reserves (Note 50)	Fair value reserve (Note 50)	Translation reserve (Note 50)	Retained profits (Note 51)			
As at 1 January 2020	25,039,945	19,367,146	3,390,427	12,276,011	(392,056)	60,542	23,464,175	83,206,190	1,625,217	84,831,407
Profit for the year	—	—	—	—	—	—	7,766,175	7,766,175	110,163	7,876,338
Other comprehensive income	—	—	—	—	(335,585)	(168,967)	—	(504,552)	(79,183)	(583,735)
Total comprehensive income	—	—	—	—	(335,585)	(168,967)	7,766,175	7,261,623	30,980	7,292,603
Capital reduction by non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(11,029)	(11,029)
Appropriation to surplus reserve	—	—	173,125	—	—	—	(173,125)	—	—	—
Appropriation to general reserve	—	—	—	1,964,694	—	—	(1,964,694)	—	—	—
Dividends approved in respect of the previous year	—	—	—	—	—	—	(2,003,196)	(2,003,196)	(19,195)	(2,022,391)
Other comprehensive income that has been reclassified to retained profits	—	—	—	—	(94,646)	—	94,646	—	—	—
As at 31 December 2020	25,039,945	19,367,146	3,563,552	14,240,705	(822,287)	(108,425)	27,183,981	88,464,617	1,625,973	90,090,590

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

Consolidated statement of cash flows

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	For the year ended 31 December	
	2021	2020
Cash flows from operating activities:		
Profit before income tax	11,079,122	9,348,467
Adjustments for:		
Interest expenses	10,136,131	8,299,675
Share of profit of associates and joint ventures	(780,998)	(291,505)
Depreciation and amortization expenses	654,958	605,547
Net provision for impairment losses	638,978	814,907
Gains on disposal of property and equipment and other intangible assets	(7,599)	(6,831)
Foreign exchange losses	23,014	99,015
Net investment gains and interest income from financial assets at fair value through other comprehensive income	(2,466,363)	(3,091,767)
Net investment gains and interest income from financial assets measured at amortized cost	(320,309)	(490,574)
Unrealised fair value changes of financial instruments at fair value through profit or loss	360,423	(930,558)
Unrealised fair value changes of derivative financial instruments	425,697	(41,162)
Operating cash flows before movements in working capital	19,743,054	14,315,214
Cash flows from operating activities:		
Increase in refundable deposits	(10,765,999)	(9,469,420)
Increase in margin accounts receivable	(2,122,902)	(21,324,918)
Increase/(Decrease) in accounts receivable, other receivables and prepayments	19,617,704	(2,271,737)
Decrease in financial assets held under resale agreements	7,544,428	10,984,295
Increase in financial instruments at fair value through profit or loss	(105,373,541)	(45,453,865)
Decrease in derivative financial instruments	14,656,945	482,130
Decrease in cash held on behalf of brokerage clients	(151,235)	(16,994,680)
Increase/(Decrease) in accounts payable to brokerage clients	(7,203,318)	20,481,705
Increase in other payables and accruals and other non-current liabilities	5,948,027	5,149,032
(Decrease)/Increase in employee benefits payable	(7,193,178)	1,501,832
Increase in financial assets sold under repurchase agreements	34,656,159	19,370,713
Decrease in placements from other financial institutions	(79,984)	(6,521,074)
Cash generated from operations	(30,723,840)	(29,750,773)
Income taxes paid	(1,647,431)	(1,759,986)
Interest paid for operating activities	(6,090,977)	(3,230,440)
Net cash used in operating activities	(38,462,248)	(34,741,199)

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

Consolidated statement of cash flows (continued)

*For the year ended 31 December 2021
(In RMB thousands, unless otherwise stated)*

	Note	For the year ended 31 December	
		2021	2020
Cash flows from investing activities:			
Proceeds from disposal of property and equipment and other intangible assets		32,476	15,129
Dividends received from associates and joint ventures		253,151	183,521
Interest income from financial assets measured at amortized cost		370,186	498,739
Net investment gains and interest income from financial assets at fair value through other comprehensive income		3,520,014	2,915,957
Proceeds on disposal of financial assets measured at amortized cost		1,355,728	762,732
Purchases of property and equipment, other intangible assets and other non-current assets		(461,827)	(287,551)
Purchases of associates and joint ventures		(194,456)	(2,120,675)
Disposals/(Purchases) of financial assets at fair value through other comprehensive income		26,124,093	(13,146,439)
Decrease/(Increase) in restricted bank deposits		1,041,364	(668,156)
Net cash generated from/(used in) investing activities		32,040,729	(11,846,743)
Cash flows from financing activities:			
Proceeds from issuance of long-term bonds		90,994,530	48,423,498
Proceeds from issuance of short-term debt instruments		75,899,327	103,736,766
Proceeds from loans and borrowings		10,973,500	4,346,431
Proceeds from issuance of other equity instruments		9,987,816	—
Capital injection from non-controlling shareholders of subsidiaries		129,542	—
Long-term bonds repaid		(48,906,437)	(22,065,952)
Short-term debt instruments repaid		(86,606,622)	(80,475,172)
Loans and borrowings repaid		(12,097,356)	(1,460,307)
Loans, bonds and debt instruments interest paid		(5,832,744)	(4,802,441)
Dividends paid		(2,518,097)	(2,022,391)
Payment of lease liabilities		(360,704)	(348,357)
Cash used in other financing activities		—	(31,233)
Net cash generated from financing activities		31,662,755	45,300,842
Net increase/(decrease) in cash and cash equivalents		25,241,236	(1,287,100)
Cash and cash equivalents at the beginning of the year		37,562,687	38,948,802
Effect of foreign exchange rate changes		(23,014)	(99,015)
Cash and cash equivalents at the end of the year	38	62,780,909	37,562,687

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

Notes to the consolidated financial statements

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

1 General information

Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司) (the “Company”), formerly known as Shenyin Wanguo Securities Co., Ltd., had its origin in a merger of Shanghai Shenyin Securities Co., Ltd. and Shanghai Wanguo Securities Co., Ltd. in 1996 with the approval of the People’s Bank of China. On 16 January 2015, the Company changed its name to Shenwan Hongyuan Group Co., Ltd., when Shenyin Wanguo Securities Co., Ltd. and Hongyuan Securities Co., Ltd. merged through share issuance and swap as approved by the China Securities Regulatory Commission (“CSRC”) (CSRC Xu Ke [2014] No. 1279).

On 26 January 2015, the common shares issued by the Company were listed on the Shenzhen Stock Exchange. The stock name was “Shenwan Hongyuan” and the stock code was “000166”.

On 6 July 2016, on the basis of the total outstanding shares of 14,856,744,977 shares as at 31 December 2015, the Company distributed 3.50 shares per 10 shares as stock dividends to shareholders, thus increasing its registered capital by RMB5,199,860,741 and increasing its total outstanding shares to 20,056,605,718 shares as at 31 December 2016 and 31 December 2017.

On 16 January 2018, the Company raised a total of RMB11,972,900,760 from the non-public offering of shares, of which paid-in capital was RMB2,479,338,842 and share premium totaled RMB9,493,561,918, thus increasing the accumulated total outstanding shares of the Company to 22,535,944,560 shares as at 31 December 2018.

On 26 April 2019, the Company issued 2,504,000,000 H shares on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), thus increasing the accumulated total outstanding shares of the Company to 25,039,944,560 shares as at 31 December 2021.

The Company’s registered address moved to the Xinjiang Uygur Autonomous Region on 20 January 2015 and obtained a business license renewed by the Xinjiang Uygur Autonomous Region Administration for Industry and Commerce. The Company and its subsidiaries (hereinafter the “Group”) are principally engaged in securities brokerage, margin financing and securities lending, securities-backed lending, proprietary securities business, securities underwriting and sponsoring, securities asset management, fund management, stock option market making, futures brokerage, direct investment and innovative investment etc.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622) for this financial year and the comparative period.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 Basis of accounting (continued)

(1) Standards and amendments effective in 2021 adopted by the Group

For the year ended 31 December 2021, the Group has adopted the following IFRS amendments issued by IASB, which were mandatorily effective or early adopted for the current year.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments-Interest Rate Benchmark Reform — Phase 2

The IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — Phase 2 amendments provide a practical expedient to account for these changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

Amendment to IFRS 16 'Leases' — COVID-19 related rent concessions-Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. The Group has early adopted this amendment for the current year.

The adoption of the above standards and amendments does not have any significant impact on the operating results, comprehensive income and financial position of the Group for the current year.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

2 Basis of accounting (continued)

(2) Standards and amendments relevant to the Group that are not yet effective in the current year and have not been adopted before their effective dates by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

		Effective for annual periods beginning on or after
IFRS 3 Amendments	Reference to the Conceptual Framework	1 January 2022
IAS 16 Amendments	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
IAS 37 Amendments	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018–2020 Cycle (issued in May 2020)		1 January 2022
IAS 1 Amendments	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 and Amendments	Insurance Contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

The adoption of the above standards and amendments is expected not to have material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies

(1) Functional and presentation currency

These consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company and its subsidiaries established in the PRC. All consolidated financial statements presented in RMB has been rounded to the nearest thousands, except when otherwise indicated. The Group translates the financial statements of subsidiaries from their respective presentation currencies into the Group’s presentation currency if the subsidiaries’ presentation currencies are not the same as that of the Group.

(2) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements are included in the following notes:

Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayment of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

Note 3(3) — consolidation: whether the Group has control over a structured entity.

The Group acted as asset manager for, or invested in, a number of investment funds and asset management plans which were structured entities. Management’s decision on whether or not to consolidate structured entities was based on an assessment of the Group’s power, its variable returns and the ability to exercise its power to influence the variable returns from these structured entities. The Group controls the structured entity where the group is exposed to, or has rights to, variable returns from its involvement with the structured entity and has the ability to affect those returns through its power to direct the activities of the structured entity. The structured entity is consolidated from the date on which control is transferred .

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(2) Use of judgements and estimates (continued)

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3(8)(i) — measurement of 'expected credit loss' (ECL) allowance for financial assets;

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), and FVOCI is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations.

- Selection of the appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Determination of forward-looking measurements and weightings; and
- The estimated future cash flows for the financial assets classified under Stage 3

Note 3(10) — measurement of fair value;

As at the end of the reporting period, the Group's valuation methods for specific investments are as follows:

- For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at the reporting date within bid-ask spread. For those which has no quoted market price or those with lock-up periods as at the reporting date, valuation techniques are used to determine the fair value.
- For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at the reporting date or the most recent trading date. For unlisted open-end funds and wealth management products, fair value is determined by quoted price which is based on the net asset value as at the reporting date.
- For debt securities listed through exchanges, fair values are determined based on the closing price within bid-ask spread of the debt securities as at the date of statements of financial position.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(2) Use of judgements and estimates (continued)

(ii) Assumptions and estimation uncertainties (continued)

- For debt securities traded through the inter-bank bond market and the OTC market, fair values are determined by valuation techniques.
- For unlisted equity securities, wealth management products without quoted bid price in an active market and derivative financial instruments, fair value is determined using valuation techniques.

Note 3(18) — recognition of deferred tax assets;

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be recognized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(3) Basis of consolidation

- (i) The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 3(8)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(3) Basis of consolidation (continued)

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(7)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 3(3)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3(13)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(3) Basis of consolidation (continued)

(iii) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Notes 3(3) and 3(8)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated income statement and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(7)).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(3) Basis of consolidation (continued)

(iii) Associates and joint ventures (continued)

In the Company's statement of financial position, investments in associates and joint venture of the Company are accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(4) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 3(8(ii))).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(5) Foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China, the State Administrative of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognized in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognized in profit or loss, except for the differences arising from the translation of fair value in other comprehensive income, which are recognized as other comprehensive income in capital reserve.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(5) Foreign currency (continued)

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of the reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operations are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognized in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(7) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI — debt investment; FVOCI — equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(7) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets — Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(7) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets — Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(7) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets — Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments not held for trading at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities — Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk is recognized in OCI (without reclassification to profit or loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate and other price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vi) Equity instruments

An equity instrument is a contract that proves the ownership interest of the residual assets after deducting all liabilities of the Group. Considerations received from issuance of equity instruments net of transaction costs are recognised in equity. Considerations and transaction costs paid by the Group for repurchasing its own equity instruments are deducted from equity.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(7) Financial instruments (continued)

(vii) Asset-backed securities

The Group securitises the financial assets, which generally results in the sale of these financial assets to structured entities. The structured entities in turn issue asset-backed securities to investors. Interests in the securitised financial assets may be retained in the form of senior or subordinated tranches, or other residual interests. For asset securitization business, the Group has applied the accounting policies set out in Note 3(3) when assessing consolidation of the structured entities and applied the accounting policies described in Note 3(7)(iii) when assessing whether or not to derecognise the transferred financial assets.

(8) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(8) Impairment (continued)

(i) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(8) Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets (continued)

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(8) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(9) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(9) Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(9) Leases (continued)

(ii) As a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 3(8)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

(10) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(10) Fair value measurement (continued)

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(11) Margin financing and securities lending

Margin financing and securities lending refers 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 classification, subsequent measurement and impairment of margin financing receivables is based on policies in Note 3(7) and 3(8(i)). Securities lent are not derecognized when the risks and rewards are not transferred, and interest income from margin financing receivables and securities lent is recognized using the effective interest rate method.

The collateral is not recognized on the statement of financial position, the transfer of the collateral from counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

Securities trading on behalf of margin financing or securities lending customers is accounted for as securities brokerage business.

(12) Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a pre-determined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognized as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognized in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortized over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(13) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 3(3).

In the Company's statements of financial position, investments in subsidiaries are accounted for using the cost method. The investment is stated at cost less impairment loss (Note 3(8)) in the statement of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognizes its share of the cash dividends or profit distribution declared by the investees as investment income.

(14) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 3(8(ii))). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

The estimated useful lives for the current and comparative years of significant items of investment properties are as follows:

Types of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Buildings	20–35 years	5%	2.71%–4.75%

(15) Property and equipment and construction in progress

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(15) Property and equipment and construction in progress (continued)

(i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Types of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Buildings	20–35 years	5%	2.71%–4.75%
Motor vehicles	6 years	5%	15.83%
Machinery	10–11 years	5%	8.64%–9.50%
Electronic equipment	3–5 years	5%	19.00%–31.67%
Furniture and fixtures	5 years	5%	19.00%
Renovation	5 years	0%	20.00%

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(15) Property and equipment and construction in progress (continued)

(iii) Depreciation (continued)

No depreciation is provided in respect of construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(16) Other intangible assets

Intangible assets are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment loss (see Note 3(8)). For an intangible asset with finite useful life, its cost less impairment loss is amortized on the straight-line method over its estimated useful life.

The respective amortization periods for major intangible assets during the reporting period are as follows:

Types of assets	Estimated useful lives
Software	3 years
Others	10–40 years

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

(17) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(17) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting period, then they are discounted to their present value.

(18) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(18) Income tax (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(19) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(20) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

(21) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(21) Revenue recognition (continued)

Where the contract contains a variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Commission income from brokerage business

Brokerage commission income is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business is recognized when the related services are rendered.

(ii) Underwriting and sponsoring fees

Underwriting fee is recognized when the Group has fulfilled its obligations under the underwriting contract.

Depending on contract terms, sponsoring fees are recognized progressively over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(iii) Advisory fees

Depending on the nature of the advisory services and the contract terms, advisory fees are recognized progressively over time using a method that depicts the Group's performance, or at a point in time when the advisory service is completed.

(iv) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognized progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(21) Revenue recognition (continued)

(v) Other business income

Other business revenue mainly comes from the bulk commodities sales of the Group's commodities trading subsidiaries.

The Group recognizes sales revenue from bulk commodity goods when fulfills the Group's performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant bulk commodity goods.

In the process of selling goods, the Group, as the primary obligor, has the primary responsibility of providing goods and performing orders to customers. The Group exposure inventory risk before or after the bulk commodity goods have been ordered by a customer; the Group has discretion in establishing prices of bulk commodity goods and exposed to credit risk for the amount receivable from customers in exchange for the other party's goods and commodity risk for inventory. The Group satisfies the performance obligation above and recognized revenue in the gross amount. When the group acts as an agent, the net amount of the consideration received or receivable after deducting the price payable to other related parties shall be recognized and listed as income.

(vi) Interest income

Interest income is recognized as it accrues using the effective interest method. For financial assets measured at amortized cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

(vii) Dividend income

- Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(viii) Other income

Other income is recognized on an accrual basis

(22) Expenses recognition

(i) Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

(ii) Interest expenses

Interest expenses are recognized based on the principal outstanding and at the effective interest rate applicable.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(22) Expenses recognition (continued)

(iii) Other expenses

Other expenses are recognized on an accrual basis.

(23) Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognized as a liability at the end of the reporting period but disclosed in the notes to the consolidated financial statements separately.

(24) Government grants

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable.

(25) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group;
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

3 Significant accounting policies (continued)

(25) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies: (continued)
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(26) Perpetual bonds

A perpetual bond issued by the Group is classified as equity if, and only if, both of the following conditions are met,

- (a) The perpetual bond includes no contractual obligation:
- (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.
- (b) If the perpetual bond will or may be settled in the Group's own equity instruments, it is:
- (i) a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or
 - (ii) a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Dividends for the perpetual bonds, which are classified as equity instruments, are accounted for as profit distribution.

(27) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the Consolidated financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

4 Taxation

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Value added tax ("VAT") ⁽¹⁾	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3%–13%
City maintenance and construction	Based on business tax and value added tax paid	5%–7%
Education surcharge	Based on business tax and value added tax paid	3%–5%
Income tax ⁽²⁾	Based on taxable profits	16.5%–25%

(1) According to Notice on Clarifying VAT Policies for Financial Services, Real Estate Development, and Educational Ancillary Services (Cai Shui [2016] No.140), Supplementary Notice on Issues concerning VAT Policies for Asset Management Products (Cai Shui [2017] No.2) and Notice on Issues Relating to VAT on Fund Management Products (Cai Shui [2017] No.56) issued by the Ministry of Finance and State Administration of Taxation, effective from 1 January 2018, the simple tax computation method shall apply to VAT taxable acts arising in the course of operation of fund management products by managers of fund management products (hereinafter referred to as the "managers"), and VAT shall be payable in accordance with the 3% levy rate.

(2) The income tax rate applicable to the Company and its domestic subsidiaries is 25%. Taxes of other overseas subsidiaries are charged at the relevant local rates.

5 Fee and commission income

(1) Revenue streams

	For the year ended 31 December	
	2021	2020
Income from securities brokerage business	7,545,854	6,668,523
Income from underwriting and sponsorship business	1,658,999	1,293,327
Income from futures brokerage business	1,638,439	582,368
Income from asset management business	1,383,021	1,273,347
Income from financial advisory business	165,355	238,169
Total	12,391,668	10,055,734

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

5 Fee and commission income (continued)

(2) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	2021		2020	
	At a point in time	Over time	At a point in time	Over time
Income from securities brokerage business	7,545,854	—	6,668,523	—
Income from underwriting and sponsorship business	1,578,124	80,875	1,212,638	80,689
Income from futures brokerage business	1,638,439	—	582,368	—
Income from asset management business	—	1,383,021	—	1,273,347
Income from financial advisory business	128,394	36,961	192,012	46,157
Total	10,890,811	1,500,857	8,655,541	1,400,193

6 Interest income

For the year ended 31 December

	2021	2020
Interest income from margin financing and securities lending	5,538,635	4,600,702
Interest income from financial institutions	2,666,969	2,448,782
Interest income from financial instruments at fair value through other comprehensive income	1,904,232	2,810,966
Interest income from securities-backed lending	529,008	995,422
Interest income from financial assets measured at amortized cost	320,309	492,289
Interest income from other financial assets held under resale agreements	181,795	557,709
Total	11,140,948	11,905,870

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

7 Net investment gains

	For the year ended 31 December	
	2021	2020
Dividend income and interest income from financial instruments at fair value through profit or loss	8,811,275	5,478,125
Net realised gains from disposal of financial instruments at fair value through profit or loss	1,046,284	267,580
Net realised (losses)/gains from disposal of derivative financial instruments	728,576	(429,795)
Dividend income from financial instruments at fair value through other comprehensive income	478,468	56,034
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	83,663	224,766
Net realised losses from disposal of financial assets measured at amortized cost	(7,541)	(1,714)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(360,423)	930,558
Unrealised fair value changes of derivative financial instruments	(425,697)	41,162
Total	10,354,605	6,566,716

8 Other income and gains

	For the year ended 31 December	
	2021	2020
Income from commodity trading business	11,801,099	10,281,294
Government grants(1)	315,156	195,754
Income from tax authorities for individual income tax withheld	30,020	29,263
Rental income	11,251	13,351
Compensation received	7,276	1,316
Income from disposal of property and equipment	1,206	6,923
Income from futures market-making	—	23,880
Miscellaneous(2)	118,241	76,272
Total	12,284,249	10,628,053

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(2) Miscellaneous comprise a number of items with small amounts and various natures arising from the Group's daily business operation.

(3) Among the above other income and gains, rental income is recognized over time, and the others are recognized at a point in time.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

9 Fee and commission expenses

	For the year ended 31 December	
	2021	2020
Expenses for securities brokerage business	1,530,955	1,416,786
Expenses for futures brokerage business	903,748	100,613
Expenses for underwriting and sponsorship business	32,122	107,086
Expenses for asset management business	2,822	8,789
Expenses for financial advisory business	40	92
Total	2,469,687	1,633,366

10 Interest expenses

	For the year ended 31 December	
	2021	2020
Interest expenses for		
– Long-term bonds	4,972,175	4,182,552
– Financial assets sold under repurchase agreements	2,842,221	2,340,395
– Short-term debt instruments issued	797,520	720,913
– Placements from other financial institutions	466,488	348,898
– Other structured entities' holders	450,457	141,964
– Accounts payable to brokerage clients	410,714	350,911
– Loans and borrowings	89,523	151,571
– Lease liabilities	33,991	35,622
– Others	73,042	26,849
Total	10,136,131	8,299,675

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

11 Staff costs

	For the year ended 31 December	
	2021	2020
Salaries, bonuses and allowances	6,725,768	5,745,854
Contribution to pension schemes	344,653	145,154
Other social welfare	1,171,086	1,005,972
Total	8,241,507	6,896,980

The domestic employees of the Group in the PRC participate in social welfare plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on regular basis and paid to the labour and social welfare authorities. These social welfare plans are defined contribution plans and contributions to the plans are expensed as incurred.

The Group has provided full-time employees in Mainland China and certain countries or jurisdictions outside Mainland China with corresponding pension plans required by government or local labour laws, including basic pension plan in Mainland China, Mandatory Provident Fund in Hong Kong and other mandatory schemes in certain countries outside Mainland China. The Group has not forfeited any contributions under such pension plans. The Group has also established an enterprise annuity plan for its employees in Mainland China. According to the provisions of the enterprise annuity plan, when an employee resigns, part of the amounts of the Company's contributions shall be transferred back to the enterprise account based on such employee's actual serving period, and the amounts transferred back will not reduce the contribution levels of existing employees.

The Group has also established certain contribution plans (including the Mandatory Provident Fund Scheme in Hong Kong) for some of its employees outside Mainland China. According to the provisions of the contribution plans, forfeited contributions in respect of employees who had left the Group before their contributions fully vested are available for the Group to offset its future voluntary contributions. For the year ended 31 December 2021 and 31 December 2020, the Group has not utilised any such forfeited contributions to reduce the current level of contributions.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

12 Depreciation and amortization expenses

	For the year ended 31 December	
	2021	2020
Depreciation of right-of-use assets	349,184	324,967
Depreciation of property and equipment	165,120	156,247
Amortization of other intangible assets	99,722	80,593
Amortization of long-term deferred expenses	36,446	39,198
Depreciation of investment properties	4,486	4,542
Total	654,958	605,547

13 Other operating expenses

	For the year ended 31 December	
	2021	2020
Cost of commodity trading business	11,607,760	10,074,842
Postal and communication expenses	231,995	166,256
IT expenses	210,622	161,501
Administrative and office operating expenses	196,128	207,820
Consulting and professional services	169,132	79,269
Promotion and entertainment expenses	157,545	174,669
Rental expenses and utilities	146,397	120,565
Stock exchanges management fees	139,081	105,743
Investor protection funds and risk reserves for futures business	135,889	118,491
Business travel expenses	96,106	65,129
Donation and sponsorship	52,893	39,942
Foreign exchange losses	23,014	99,015
Auditors' remuneration	17,056	9,542
Transaction cost of structured entities	12,085	14,990
Losses on disposal of property and equipment	8,805	3,500
Labor protection fee	7,963	2,309
Compensation paid	1,721	652
Funds and asset management plans distribution expenses	—	188,528
Miscellaneous(1)	334,907	53,424
Total	13,549,099	11,686,187

(1) Miscellaneous comprise a number of items with small amounts and various nature arising from the Group's daily business operation.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

14 Credit impairment losses

	For the year ended 31 December	
	2021	2020
Provision for impairment losses against financial assets at fair value through other comprehensive income	211,302	11,104
Provision for impairment losses against financial assets held under resale agreements	143,255	185,946
Provision for impairment losses against accounts receivable	63,017	295,087
Provision for impairment losses against margin accounts receivable	38,630	160,931
Provision for impairment losses against financial assets measured at amortized cost	38,249	89,626
Provision for impairment losses against other receivables and prepayments	29,948	54,784
Reversal of impairment losses/(income) against cash and bank balances	(2,430)	824
Total	521,971	798,302

15 Income tax expense

(1) Taxation in the consolidated income statement represents:

	For the year ended 31 December	
	2021	2020
Current tax		
– PRC income tax	1,963,443	1,679,418
– Hong Kong profits tax	63,543	30,733
Total	2,026,986	1,710,151
Adjustment in respect of prior years		
– PRC income tax	22,063	(1,150)
Deferred tax		
– Origination and reversal of temporary differences	(504,514)	(236,872)
Total	1,544,535	1,472,129

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

15 Income tax expense (continued)

(2) Reconciliation between income tax expense and accounting profit at applicable tax rate:

	For the year ended 31 December	
	2021	2020
Profit before income tax	11,079,122	9,348,467
Notional tax calculated using the PRC statutory tax rate	2,769,781	2,337,117
Tax effect of non-deductible expenses	57,949	47,976
Tax effect of non-taxable income	(1,421,347)	(879,228)
Effect of different tax rates of subsidiaries	7,850	(16,056)
Temporary differences in deferred income tax not recognized in the current period	114,729	4,193
Tax effect of recognition of previously unrecognized temporary differences	(3,273)	(2,270)
Adjustment for prior years	22,063	(1,150)
Others	(3,217)	(18,453)
Actual income tax expense	1,544,535	1,472,129

16 Directors' and supervisors' remuneration

The remuneration of directors and supervisors paid by the Group who held office during the year ended 31 December 2021 is as follows:

Name	2021				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contribution to pension	Discretionary bonuses	
Directors					
Chu Xiaoming ⁽¹⁾	—	1,416	69	2,031	3,516
Yang Wenqing ⁽²⁾	—	1,019	47	—	1,066
Huang Hao ⁽³⁾	—	1,441	49	71	1,561
Chen Jianmin ⁽⁴⁾	—	—	—	—	—
Wang Honggang ⁽⁵⁾	—	—	—	—	—
Ge Rongrong ⁽⁶⁾	—	—	—	—	—
Ren Xiaotao ⁽⁷⁾	—	—	—	—	—
Zhang Yigang ⁽⁸⁾	—	—	—	—	—
Zhu Zhilong ⁽⁹⁾	—	—	—	—	—
Zhang Ying ⁽¹⁰⁾	—	—	—	—	—

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

16 Directors' and supervisors' remuneration (continued)

The remuneration of directors and supervisors paid by the Group who held office during the year ended 31 December 2021 is as follows (continued):

Name	2021				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contribution to pension	Discretionary bonuses	
Independent directors					
Ye Mei ⁽¹¹⁾	75	—	—	—	75
Xie Rong ⁽¹²⁾	75	—	—	—	75
Huang Danhan ⁽¹³⁾	63	—	—	—	63
Yang Xiaowen ⁽¹⁴⁾	173	—	—	—	173
Wu Changqi ⁽¹⁵⁾	143	—	—	—	143
Chen Hanwen ⁽¹⁶⁾	143	—	—	—	143
Zhao Lei ⁽¹⁷⁾	123	—	—	—	123
Supervisors					
Xu Yiyang ⁽¹⁸⁾	—	1,204	39	—	1,243
Wen Feng ⁽¹⁹⁾	—	—	—	—	—
Gong Bo ⁽²⁰⁾	—	—	—	—	—
Wei Yong ⁽²¹⁾	—	—	—	—	—
Huang Qi ⁽²²⁾	—	363	28	118	509
Wang Yanyang ⁽²³⁾	—	339	28	111	478
Xie Kun ⁽²⁴⁾	—	398	28	130	556
An Gejun ⁽²⁵⁾	—	228	25	75	328
Fang Rongyi ⁽²⁶⁾	—	217	26	1,856	2,099
Chen Yan ⁽²⁷⁾	—	—	—	—	—
Jiang Yang ⁽²⁸⁾	—	—	—	—	—
Li Yan ⁽²⁹⁾	—	396	35	1,251	1,682
Zhou Jie ⁽³⁰⁾	—	409	35	732	1,176
Total	795	7,430	409	6,375	15,009

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

16 Directors' and supervisors' remuneration (continued)

The remuneration of directors and supervisors paid by the Group who held office during the year ended 31 December 2020 is as follows:

Name	2020					Total
	Directors' fees	Salaries, allowances, and benefits in kind	Contribution to pension	Discretionary bonuses		
Directors						
Chu Xiaoming ⁽¹⁾	—	1,447	44	2,299		3,790
Yang Wenqing ⁽²⁾	—	1,374	51	551		1,976
Xu Zhibing	—	1,368	26	1,661		3,055
Chen Jianmin ⁽⁴⁾	—	—	—	—		—
Wang Honggang ⁽⁵⁾	—	—	—	—		—
Ge Rongrong ⁽⁶⁾	—	—	—	—		—
Ren Xiaotao ⁽⁷⁾	—	—	—	—		—
Zhang Yigang ⁽⁸⁾	—	—	—	—		—
Wang Fengchao	—	—	—	—		—
Independent directors						
Ye Mei ⁽¹¹⁾	180	—	—	—		180
Xie Rong ⁽¹²⁾	180	—	—	—		180
Huang Danhan ⁽¹³⁾	150	—	—	—		150
Yang Xiaowen ⁽¹⁴⁾	25	—	—	—		25
Yang Qiumei	125	—	—	—		125
Supervisors						
Xu Yiyang ⁽¹⁸⁾	—	1,447	44	2,028		3,519
Wen Feng ⁽¹⁹⁾	—	—	—	—		—
Gong Bo ⁽²⁰⁾	—	—	—	—		—
Wei Yong ⁽²¹⁾	—	—	—	—		—
Huang Qi ⁽²²⁾	—	898	48	871		1,817
Wang Yanyang ⁽²³⁾	—	841	48	849		1,738
Xie Kun ⁽²⁴⁾	—	996	36	1,041		2,073
An Gejun ⁽²⁵⁾	—	599	43	520		1,162
Total	660	8,970	340	9,820		19,790

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

16 Directors' and supervisors' remuneration (continued)

- (1) Appointed as director in December 2010.
- (2) Appointed as director in March 2019 and resigned as director in September 2021.
- (3) Appointed as director in May 2021.
- (4) Appointed as director in February 2017 and resigned as director in May 2021.
- (5) Appointed as director in September 2016 and resigned as director in May 2021.
- (6) Appointed as director in March 2019.
- (7) Appointed as director in March 2019.
- (8) Appointed as director in June 2020.
- (9) Appointed as director in May 2021.
- (10) Appointed as director in October 2021.
- (11) Appointed as independent director in December 2012 and resigned as independent director in May 2021.
- (12) Appointed as independent director in December 2012 and resigned as independent director in May 2021.
- (13) Appointed as independent director in December 2012 and resigned as independent director in May 2021.
- (14) Appointed as independent director in November 2020.
- (15) Appointed as independent director in May 2021.
- (16) Appointed as independent director in May 2021.
- (17) Appointed as independent director in May 2021.
- (18) Appointed as supervisor in October 2019 and resigned as supervisor in October 2021.
- (19) Appointed as supervisor in February 2015 and resigned as supervisor in May 2021.
- (20) Appointed as supervisor in December 2012 and resigned as supervisor in May 2021.
- (21) Appointed as supervisor in September 2016 and resigned as supervisor in May 2021.
- (22) Appointed as supervisor in May 2015 and resigned as supervisor in May 2021.
- (23) Appointed as supervisor in May 2016 and resigned as supervisor in May 2021.
- (24) Appointed as supervisor in May 2015 and resigned as supervisor in May 2021.
- (25) Appointed as supervisor in May 2015 and resigned as supervisor in May 2021.
- (26) Appointed as supervisor in October 2021.
- (27) Appointed as supervisor in May 2021.
- (28) Appointed as supervisor in May 2021.
- (29) Appointed as supervisor in May 2021.
- (30) Appointed as supervisor in May 2021.

There were no amounts paid during the year ended 31 December 2021 to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year ended 31 December 2021.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

17 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none of them are directors or supervisors whose emoluments are disclosed in Note 16. The aggregate of the emoluments are as follows:

	For the year ended 31 December	
	2021	2020
Salaries and allowances	6,798	6,139
Discretionary bonuses	27,817	37,476
Employer's contribution to pension schemes	776	467
Total	35,391	44,082

The emoluments with the highest emoluments are within the following bands:

	2021	2020
	Number of individuals	Number of individuals
HKD7,500,001 to HKD8,000,000	3	—
HKD8,000,001 to HKD8,500,000	1	—
HKD8,500,001 to HKD9,000,000	—	2
HKD9,000,001 to HKD9,500,000	—	—
HKD9,500,001 to HKD10,000,000	—	1
HKD10,000,001 to HKD10,500,000	—	—
HKD10,500,001 to HKD11,000,000	—	1
HKD11,000,001 to HKD11,500,000	1	—
HKD11,500,001 to HKD12,000,000	—	—
HKD12,000,001 to HKD12,500,000	—	1

No emoluments are paid or payable to these individuals as retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the year ended 31 December 2021.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

18 Basic and diluted earnings per share

	Note	For the year ended 31 December	
		2021	2020
Weighted average number of ordinary shares (in thousands)	(1)	25,039,945	25,039,945
Net profit attributable to equity shareholders of the Company (in RMB thousands)		9,398,369	7,766,175
Basic and diluted earnings per share attributable to equity shareholders of the Company (expressed in RMB yuan per share)		0.38	0.31

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year.

(1) Weighted average number of ordinary shares (in thousands)

	For the year ended 31 December	
	2021	2020
Number of ordinary shares as at 1 January	25,039,945	25,039,945
Increase in weighted average number of ordinary shares	—	—
Weighted average number of ordinary shares	25,039,945	25,039,945

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

19 Property and equipment

	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
Cost								
As at 1 January 2021	1,708,217	54,961	19,548	1,136,441	86,176	85,283	158,153	3,248,779
Additions	2,295	1,545	197	127,607	5,225	32,933	246,338	416,140
Transfer during the year	3,369	—	—	13,554	1,555	5,495	(23,973)	—
Disposals	(42,542)	(7,208)	(1,895)	(158,816)	(11,067)	(1,855)	(153,450)	(376,833)
As at 31 December 2021	1,671,339	49,298	17,850	1,118,786	81,889	121,856	227,068	3,288,086
Accumulated depreciation								
As at 1 January 2021	(811,857)	(46,858)	(16,696)	(909,358)	(73,500)	(77,068)	—	(1,935,337)
Charge for the year	(61,981)	(1,936)	(561)	(86,644)	(4,595)	(9,403)	—	(165,120)
Disposals	25,650	6,792	1,712	137,396	9,937	1,824	—	183,311
As at 31 December 2021	(848,188)	(42,002)	(15,545)	(858,606)	(68,158)	(84,647)	—	(1,917,146)
Impairment								
As at 1 January 2021	(18,153)	—	—	—	—	—	—	(18,153)
Decreases	765	—	—	—	—	—	—	765
As at 31 December 2021	(17,388)	—	—	—	—	—	—	(17,388)
Carrying amount								
As at 31 December 2021	805,763	7,296	2,305	260,180	13,731	37,209	227,068	1,353,552

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

19 Property and equipment (continued)

	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
Cost								
As at 1 January 2020	1,669,083	97,738	20,836	1,106,009	77,717	88,671	144,166	3,204,220
Additions	903	3,456	104	59,996	12,369	—	184,385	261,213
Transfer during the year	38,231	—	—	55,725	—	—	(170,398)	(76,442)
Disposals	—	(46,233)	(1,392)	(85,289)	(3,910)	(3,388)	—	(140,212)
As at 31 December 2020	1,708,217	54,961	19,548	1,136,441	86,176	85,283	158,153	3,248,779
Accumulated depreciation								
As at 1 January 2020	(758,462)	(85,739)	(16,963)	(902,825)	(70,740)	(71,921)	—	(1,906,650)
Transfer during the year	(53,395)	(2,390)	(768)	(84,815)	(6,386)	(8,493)	—	(156,247)
Decreases	—	41,271	1,035	78,282	3,626	3,346	—	127,560
As at 31 December 2020	(811,857)	(46,858)	(16,696)	(909,358)	(73,500)	(77,068)	—	(1,935,337)
Impairment								
As at 1 January 2020	(18,153)	—	—	—	—	—	—	(18,153)
As at 31 December 2020	(18,153)	—	—	—	—	—	—	(18,153)
Carrying amount								
As at 31 December 2020	878,207	8,103	2,852	227,083	12,676	8,215	158,153	1,295,289

As at 31 December 2021 and 31 December 2020, included in buildings, a carrying amount of RMB26,784 thousand and RMB19,979 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

20 Right-of-use assets

	Right-of-use assets
Cost	
As at 1 January 2021	1,335,344
Increases	450,578
Decreases	(300,387)
As at 31 December 2021	1,485,535
Accumulated depreciation	
As at 1 January 2021	(470,662)
Charge for the year	(349,184)
Decreases	282,917
As at 31 December 2021	(536,929)
Carrying amount	
As at 31 December 2021	948,606

	Right-of-use assets
Cost	
As at 1 January 2020	1,054,504
Increases	395,824
Decreases	(114,984)
As at 31 December 2020	1,335,344
Accumulated depreciation	
As at 1 January 2020	(260,679)
Charge for the year	(324,967)
Decreases	114,984
As at 31 December 2020	(470,662)
Carrying amount	
As at 31 December 2020	864,682

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

21 Other intangible assets

	Software	Others(1)	Total
Cost			
As at 1 January 2021	648,041	331,964	980,005
Additions	160,593	1,408	162,001
Disposals	—	(58)	(58)
As at 31 December 2021	808,634	333,314	1,141,948
Accumulated amortization			
As at 1 January 2021	(479,279)	(312,147)	(791,426)
Charge for the year	(98,289)	(1,434)	(99,723)
Decreases	—	58	58
As at 31 December 2021	(577,568)	(313,523)	(891,091)
Impairment			
As at 1 January 2021	—	(676)	(676)
As at 31 December 2021	—	(676)	(676)
Carrying amount			
As at 31 December 2021	231,066	19,115	250,181
	Software	Others(1)	Total
Cost			
As at 1 January 2020	524,839	330,385	855,224
Additions	123,202	1,579	124,781
As at 31 December 2020	648,041	331,964	980,005
Accumulated amortization			
As at 1 January 2020	(401,237)	(309,596)	(710,833)
Charge for the year	(78,042)	(2,551)	(80,593)
As at 31 December 2020	(479,279)	(312,147)	(791,426)
Impairment			
As at 1 January 2020	—	(676)	(676)
As at 31 December 2020	—	(676)	(676)
Carrying amount			
As at 31 December 2020	168,762	19,141	187,903

(1) The carrying amount of others includes trading seats rights, which have indefinite useful lives and are not amortized.

(2) As at 31 December 2021 and 31 December 2020, the Group has no material intangible assets used as collateral or mortgage.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place of incorporation and operation and date of incorporation	Type of legal entity	Issued and fully paid-up capital (in thousands)	Effective equity interest held		Principal activities	Auditor ⁽²⁾ and GAAP	
				As at 31 December			As at 31 December	
				2021	2020		2021	2020
Shenwan Hongyuan Securities Co., Ltd.* 申萬宏源證券有限公司(1)	PRC 16 January 2015	Limited Liability Company	RMB53,500,000	100%	100%	Securities brokerage and investment advisory, margin trading and securities lending, proprietary trading, securities asset management and others	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Shenwan Hongyuan Securities (Western) Co., Ltd.* 申萬宏源西部證券有限公司	PRC 20 January 2015	Limited Liability Company	RMB5,700,000	100%	100%	Securities brokerage and margin financing	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Shenwan Hongyuan Financing Services Co., Ltd.* 申萬宏源證券承銷保薦有限責任公司	PRC 20 January 2015	Limited Liability Company	RMB1,000,000	100%	100%	Securities underwriting and sponsoring business	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Shenwan Hongyuan (International) Holdings Limited 申萬宏源(國際)集團有限公司	Hong Kong 29 October 1992	Private company limited by shares	HKD4,070,920	100%	100%	Investment holding	KPMG HKFRS	KPMG HKFRS
Shenwan Hongyuan (H.K.) Limited 申萬宏源(香港)有限公司	Hong Kong 18 August 1972	Public company limited by shares	HKD2,782,477	64.90%(3)	64.90%(3)	Securities brokerage, corporate finance, asset management, financing and loan investment and other businesses	KPMG HKFRS	KPMG HKFRS
Shenyin & Wanguo Investment Co., Ltd.* 申銀萬國投資有限公司	PRC 9 April 2009	Limited Liability Company	RMB1,000,000	100%	100%	Investment advisory and wealth management	PwC ZT PRC GAAP	SCPA PRC GAAP

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries (continued)

Name of company	Place of incorporation and operation and date of incorporation	Type of legal entity	Issued and fully paid-up capital (in thousands)	Effective equity interest held			Auditor ⁽²⁾ and GAAP	
				As at 31 December		Principal activities	As at 31 December	
				2021	2020			2021
SWS Research Co., Ltd.* 上海申銀萬國證券研究所有限公司	PRC 16 October 1992	Limited Liability Company	RMB20,000	90%	90%	Investment research	PwC ZT PRC GAAP	SCPA PRC GAAP
Shenyin & Wanguo Alternative Investment Co., Ltd.* 申銀萬國創新證券投資有限公司	PRC 29 May 2013	Limited Liability Company	RMB2,000,000	100%	100%	Investment management and investment advisory services	PwC ZT PRC GAAP	SCPA PRC GAAP
SWS MU Fund Management Co., Ltd.* 申萬菱信基金管理有限公司	PRC 15 January 2004	Limited Liability Company	RMB150,000	67%	67%	Fund management	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Shenwan Hongyuan Investment Co., LTD.* 申萬宏源投資有限公司(1)	PRC 21 January 2015	Limited Liability Company	RMB—	100%	100%	Investment management	NA	NA
Shenyin & Wanguo Futures Company Limited.* 申銀萬國期貨有限公司	PRC 7 January 1993	Limited Liability Company	RMB1,441,588	97.87%	97.25%	Futures brokerage	PwC ZT PRC GAAP	SCPA PRC GAAP
Shenwan Hongyuan Investment Management 申萬宏源產業投資管理 有限責任公司(1)	PRC 21 January 2015	Limited Liability Company	RMB200,000	100%	100%	Investment advisory	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Hongyuan Futures Co., Ltd.* 宏源期貨有限公司(1)	PRC 2 May 1995	Limited Liability Company	RMB1,000,000	100%	100%	Futures brokerage	PwC ZT PRC GAAP	KPMG PRC PRC GAAP

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries (continued)

Name of company	Place of incorporation and operation and date of incorporation	Type of legal entity	Issued and fully paid-up capital (in thousands)	Effective equity interest held			Auditor ⁽²⁾ and GAAP	
				As at 31 December		Principal activities	As at 31 December	
				2021	2020		2021	2020
Hongyuan Hengli (Shanghai) Co., Ltd.* 宏源恒利(上海)實業有限公司	PRC 18 June 2013	Limited Liability Company	RMB500,000	100%	100%	Risk management service	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Hongyuan Huizhi Investment Co., Ltd.* 宏源匯智投資有限公司(1)	PRC 27 March 2012	Limited Liability Company	RMB2,000,000	100%	100%	Investment management	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Hongyuan Huifu Venture Investment Co., Ltd.* 宏源匯富創業投資有限公司(1)	PRC 19 March 2010	Limited Liability Company	RMB500,000	100%	100%	Venture capital	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Hongyuan Cycle Energy Investment management (Beijing) Co., Ltd.* 宏源循環能源投資管理(北京)有限公司	PRC 1 July 2013	Limited Liability Company	RMB10,000	100%	100%	Investment management	PwC ZT PRC GAAP	KPMG PRC PRC GAAP
Hunan Xianghui Private Equity Fund Management Co., Ltd.* 湖南湘匯私募股權基金管理有限公司	PRC 7 December 2017	Limited Liability Company	RMB6,120	100%	100%	Investment management	PwC ZT PRC GAAP	NA
Sichuan Shenwan Hongyuan Changhong Equity Investment Management Co., Ltd.* 四川申萬宏源長虹股權投資管理有限公司	PRC 19 January 2016	Limited Liability Company	RMB20,000	60%	60%	Investment management	PwC ZT PRC GAAP	APAGCPA PRC GAAP

Notes to the consolidated financial statements (continued)

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(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries (continued)

Name of company	Place of incorporation and operation and date of incorporation	Type of legal entity	Issued and fully paid-up capital (in thousands)	Effective equity interest held		Principal activities	Auditor ⁽²⁾ and GAAP	
				As at 31 December 2021	2020		As at 31 December 2021	2020
Shenwan Hongyuan Development Chengdu Equity Investment Management Co., Ltd.* 申萬宏源發展成都股權投資管理有限公司	PRC 13 December 2016	Limited Liability Company	RMB30,000	51%	51%	Investment management	PwC ZT PRC GAAP	APAGCPA PRC GAAP
Shenyin & Wanguo Jiaotou Integration of Industry (Shanghai) Investment Management Co., Ltd.* 申銀萬國交投產融(上海)投資管理有限公司	PRC 25 July 2014	Limited Liability Company	RMB10,000	51%	51%	Investment management	PwC ZT PRC GAAP	APAGCPA PRC GAAP
Sichuan Chuantou Information Industry Shenwan Hongyuan Equity Investment Management Co., Ltd.* 四川川投信產申萬宏源股權投資管理有限公司	PRC 17 July 2019	Limited Liability Company	RMB10,000	51%	51%	Investment management	PwC ZT PRC GAAP	APAGCPA PRC GAAP
Chengdu Shenhong Eying Equity Investment Fund Management Co., Ltd.* 成都申宏峽影股權投資基金管理有限公司	PRC 27 March 2019	Limited Liability Company	RMB2,000	51%	51%	Investment management	PwC ZT PRC GAAP	NA

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

The Group acts as principal of certain structured entities during the year ended 31 December 2021, according to relevant accounting policies of the Group, these structured entities were included in the consolidated financial statements. More detailed information of consolidated structured entities is disclosed in Note 53.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries (continued)

- (1) These subsidiaries are directly held by the Company.
- (2) Auditors of the respective subsidiaries of the Group are as follows:
- PwC ZT represents PricewaterhouseCoopers Zhong Tian LLP, a firm of certified public accountants registered in the PRC ;
 - KPMG PRC represents KPMG Huazhen LLP, a firm of certified public accountants registered in the PRC;
 - KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong;
 - SCPA represents SCPA LLP, a firm of certified public accountants registered in the PRC;
 - JONTENCPA represents Jonten Certified Public Accountants LLP, a firm of certified public accountants registered in the PRC;
 - APAGCPA represents Asia Pacific (Group) CPAs (special general partnership), a firm of certified public accountants registered in the PRC;
- (3) During the year ended 31 December 2021, Shenwan Hongyuan Holdings (B.V.I.) Limited (“SWHYHBVI”) directly owns 25.78% of the interests of Shenwan Hongyuan (H.K.) Limited. SWHYHBVI is held directly as to 60.82% by Venture-Some Investments Limited (“VSI”). VSI is wholly-owned by Shenwan Hongyuan (International) Holdings Limited which is in turn a wholly-owned subsidiary of Shenwan Hongyuan Securities Co., Ltd. Shenwan Hongyuan Securities Co., Ltd. is wholly-owned by Shenwan Hongyuan Group Co., Ltd. In addition, Shenwan Hongyuan (International) Holdings Limited also holds directly 49.22% of the interests of Shenwan Hongyuan (H.K.) Limited. Therefore Shenwan Hongyuan (H.K.) Limited is controlled by the Group.

The following table lists out the information related to major subsidiaries of the Group which have material non-controlling interest (“NCI”). The summarised financial information presented below represents the amounts before any inter-company elimination.

Shenwan Hongyuan (H.K.) Limited

	As at 31 December	
	2021	2020
NCI percentage	35.10%	35.10%
Assets	21,180,872	13,709,115
Liabilities	(18,075,389)	(10,310,013)
Net assets	3,105,483	3,399,102
Carrying amount of NCI	1,090,024	1,193,085
Revenue	412,547	742,864
Profit for the year	(98,079)	156,188
Other comprehensive income	(68,210)	(8,398)
Total comprehensive income	(147,682)	147,790
Total comprehensive income attributable to NCI	(51,836)	51,874
Dividend paid to NCI	12,848	19,493
Cash flows used in operating activities	(595,166)	(3,621,973)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

22 Investments in subsidiaries (continued)

SWS MU Fund Management Co., Ltd.

	As at 31 December	
	2021	2020
NCI percentage	33.00%	33.00%
Assets	1,455,089	1,303,146
Liabilities	(345,993)	(319,405)
Net assets	1,109,096	983,741
Carrying amount of NCI	366,002	324,635
Revenue	662,326	538,778
Profit for the year	125,355	103,810
Total comprehensive income	125,355	103,810
Total comprehensive income attributable to NCI	41,367	34,257
Cash flows used in operating activities	100,911	125,103

23 Interest in associates and joint ventures

	As at 31 December	
	2021	2020
Share of net assets	4,690,343	4,884,799
Less: Impairment losses	(178,285)	(178,285)
Total	4,512,058	4,706,514

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

23 Interest in associates and joint ventures (continued)

The following list contains the particulars of associates and joint ventures, all of which are unlisted enterprises whose quoted market prices are not available:

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			31 December 2021	2020	
Fullgoal Fund Management Co., Ltd.* 富國基金管理有限公司	Shanghai	RMB520,000	27.775%	27.775%	Fund management
Beijing Urban Construction (Wuhu) Equity Investment management Co., Ltd.* 北京城建（蕪湖）股權投資管理有限公司	Wuhu, Anhui	RMB100,000	30.00%	30.00%	Investment management
Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd.* 新疆天山產業投資基金管理有限公司	Urumqi, Xinjiang	RMB50,000	30.00%	30.00%	Investment management
Horgos Tianshan No. 1 Industrial Investment Fund Limited Partnership* 霍爾果斯天山一號產業投資基金有限合夥企業	Horgos, Xinjiang	RMB1,510,000	33.11%	33.11%	Equity management
Xinjiang Financial Investment Asset Management Co., Ltd.*(1) 新疆金投資產管理股份有限公司	Urumqi, Xinjiang	RMB1,000,000	18.00%	18.00%	Asset management
Guizhou Advantage Industry Development Equity Investment Fund Partnership (Limited Partnership) 貴州優勢產業發展股權投資基金合夥企業（有限合夥）	Guiyang, Guizhou	RMB300,000	0.33%	—	Equity management
Henan Guochuang Mixed Reform Fund Management Co., Ltd.* 河南省國創混改基金管理有限公司	Zhengzhou, Henan	RMB5,000	30.00%	30.00%	Investment management
Jiaxing Mingmao Investment Partnership (Limited Partnership)* 嘉興明茂投資合夥企業（有限合夥）	Jiaxing, Zhejiang	RMB720,000	49.93%	49.93%	Investment management
Shenzhen Shenwan Jiaotou West Growth No. 1 Equity Investment Fund Partnership (Limited Partnership)*(1) 深圳申萬交投西部成長一號股權投資基金合夥企業（有限合夥）	Shenzhen, Guangdong	RMB57,923	17.54%	17.54%	Equity management

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

23 Interest in associates and joint ventures (continued)

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			31 December		
			2021	2020	
Shanghai Shenwan & Hongyuan Jiashi Equity Investment Partnership (Limited partnership)* 上海申萬宏源嘉實股權投資合夥企業 (有限合夥)	Shanghai	RMB100,000	31.00%	31.00%	Equity management
Xiamen Xiangyu Hongding Modern Logistics Partnership (Limited Partnership)* 廈門市象嶼泓鼎現代物流合夥企業 (有限合夥)	Xiamen, Fujian	RMB20,951	50.00%	50.00%	Equity management
Sichuan Shenwan & Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership)*(2) 四川申萬宏源長虹股權投資基金合夥企業 (有限合夥)	Mianyang, Sichuan	RMB310,000	51.61%	51.61%	Equity management
Sichuan Development Shenwan & Hongyuan Equity Investment Fund Partnership (Limited Partnership)* 四川發展申萬宏源股權投資基金合夥企業 (有限合夥)	Chengdu, Sichuan	RMB300,000	34.00%	34.00%	Equity management
Liaoning Guoxin Industrial Investment Fund Management Co., Ltd.* 遼寧國鑫產業投資基金管理有限公司	Shenyang, Liaoning	RMB10,000	26.00%	26.00%	Investment management
Sichuan Development Securities Investment Fund Management Co., Ltd.* 四川發展證券投資基金管理有限公司	Chengdu, Sichuan	RMB20,000	40.00%	40.00%	Fund management
Tongxiang Shenwan Hongding Growth No. 2 Equity Investment Fund Partnership (Limited Partnership)*(1) 桐鄉申萬泓鼎成長二號股權投資基金合夥企業 (有限合夥)	Jiaxing, Zhejiang	RMB163,000	13.16%	13.16%	Equity management
Zhuhai Shenhong Gejin Healthcare Investment Fund Partnership (Limited Partnership)* 珠海申宏格金醫療健康產業投資基金合夥企業 (有限合夥)	Zhuhai, Guangdong	RMB250,500	25.00%	25.00%	Equity management

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

23 Interest in associates and joint ventures (continued)

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			31 December		
			2021	2020	
Aerospace Equity Investment Fund I (Shanghai) Partnership (Limited Partnership) 宇航一期股權投資基金（上海）合夥企業（有限合夥）	Shanghai	RMB705,000	30.00%	30.00%	Equity management
Jinmao Investment Consulting (Shenzhen) Co., Ltd. 金茂投資諮詢（深圳）有限公司	Shenzhen, Guangdong	RMB13,517	50.00%	50.00%	Investment advisory
Jiaxing Linmao No. 1 Investment Partnership (Limited Partnership) 嘉興麟茂壹號投資合夥企業（有限合夥）	Jiaxing, Zhejiang	RMB472,000	49.79%	50.00%	Investment management
Nanjing Shenhong Zhongyu No.1 Equity Investment Partnership (Limited Partnership) 南京申宏中裕一號股權投資合夥企業（有限合夥）	Nanjing, Jiangsu	RMB700,000	24.99%	25.05%	Equity management
Gongqing City Shenhong Huichuang Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創物流產業股權投資合夥企業（有限合夥）	Jiujiang, Jiangxi	RMB41,000	37.51%	37.51%	Equity management
Chongqing Furong Equity Investment Fund Partnership (Limited Partnership) ⁽¹⁾ 重慶市富榮股權投資基金合夥企業（有限合夥）	Chongqing	RMB50,000	1.00%	1.00%	Equity management
Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) 申宏匯創發展（佛山）股權投資合夥企業（有限合夥）	Foshan, Guangdong	RMB80,000	31.00%	31.00%	Equity management
Hengxi (Jiaxing) Equity Investment Partnership (Limited Partnership) 恆禧（嘉興）股權投資合夥企業（有限合夥）	Jiaxing, Zhejiang	RMB2,050,000	20.44%	20.44%	Equity management
Hongyuan Equity Investment Management (Shandong) Co., Ltd. 泓源股權投資管理（山東）有限公司	Yantai, Shandong	RMB20,000	20.00%	20.00%	Investment management

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

23 Interest in associates and joint ventures (continued)

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			31 December		
			2021	2020	
Guangzhou Mingyue Real Estate Co., Ltd. 廣州銘悅置業有限公司	Guangzhou, Guangdong	RMB100,000	30.00%	30.00%	Real estate development
Nanjing Rhode Huizhi Equity Investment Partnership (Limited Partnership) 南京洛德匯智股權投資合夥企業(有限合夥)	Nanjing, Jiangsu	RMB1,202,000	20.00%	20.00%	Equity management
Shanghai Eastern Airlines Shenhong Equity Investment Fund Management Co., Ltd.* 上海東航申宏股權投資基金管理有限公司	Shanghai	RMB3,000	40.00%	40.00%	Equity management
Yibin State Assets Industry Investment Partnership (Limited Partnership)*(1) 宜賓市國資產業投資合夥企業(有限合夥)	Yibin, Sichuan	RMB2,020,000	1.00%	1.00%	Equity management
Jiaxing Hongchuang Jianye Investment Partnership (Limited Partnership) 嘉興宏創建業投資合夥企業(有限合夥)	Jiaxing, Zhejiang	RMB1,001,000	49.95%	—	Equity investment
Hanya Chuanghui No.1 (Shenzhen) Private Equity Investment Partnership (Limited Partnership) 韓亞匯創一號(深圳)私募股權投資基金合夥企業(有限合夥)	Shenzhen, Guangdong	RMB200,000	40.00%	—	Equity investment
Gongqing City Shenhong Huichuang Second Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創二期物流產業股權投資合夥企業(有限合夥)	Jiujiang, Jiangxi	RMB132,560	0.01%	—	Equity management

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

(1) The Group's shareholding of this investee is lower than 20%, however the Group has significant influence or joint control over this investee as a result of relevant arrangements stipulated in the Articles of Association, the Limited Partnership Agreement and other corporate governance documents.

(2) The Group's shareholding of this investee is higher than 50%, however the Group only has significant influence or joint control over this investee as a result of relevant arrangements stipulated in the Limited Partnership Agreement and other corporate governance documents.

All of the above associates and joint ventures are accounted for using equity method in the financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

23 Interest in associates and joint ventures (continued)

Summarised financial information of the Group's significant associates and joint ventures, and reconciliation to the carrying amounts at the end of the year, are disclosed below:

Fullgoal Fund Management Co., Ltd.

	As at 31 December	
	2021	2020
Gross amounts of the associate:		
Assets	12,646,262	8,745,650
Liabilities	(5,597,222)	(3,530,641)
Net assets	7,049,040	5,215,009
Revenue	8,306,072	5,317,245
Profit for the year	2,564,075	1,651,623
Other comprehensive loss	(7,956)	(12,439)
Other adjustments	(1,413)	(8,213)
Total comprehensive income	2,554,706	1,630,971
Dividend received from the associate	200,536	100,268
Reconciled to the Group's interest in the associate:		
Net assets	7,049,040	5,215,009
The Group's effective interest	27.775%	27.775%
The Group's share of net assets of the associate	1,957,871	1,448,469
Other adjustments	(1,373)	368
Carrying amount	1,956,498	1,448,837

As at 31 December 2021 and 31 December 2020, the Group's significant associates and joint ventures are all unlisted companies and there are no public market prices.

Aggregated information of associates and joint ventures that are not individually material:

	As at 31 December	
	2021	2020
Aggregate carrying amount of individually immaterial associates and joint ventures in the financial report	2,555,560	3,167,416
Aggregate amounts of the Group's share of those associates and joint ventures' profits	70,612	98,527
Aggregate amounts of the Group's share of total comprehensive income	70,612	98,527

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

24 Financial assets measured at amortized cost

(1) Analysed by nature:

Non-current

	As at 31 December	
	2021	2020
Asset management products and others	3,587,711	2,509,175
Debt securities	—	501,571
Less: provision for impairment losses	(542,189)	(532,510)
Total	3,045,522	2,478,236

Current

	As at 31 December	
	2021	2020
Asset management products and others	1,511,642	3,147,155
Debt securities	499,328	833,963
Less: provision for impairment losses	(34,928)	(7,151)
Total	1,976,042	3,973,967

(2) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	539,661	450,035
Charge for the year	38,249	89,626
Other movements	(793)	—
At the end of the year	577,117	539,661

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

25 Financial assets at fair value through other comprehensive income

Non-current

	As at 31 December	
	2021	2020
Designated at FVOCI		
— Equity securities not held for trading(1)	2,623,808	9,071,823
Debt securities	3,805,722	—
Total	6,429,530	9,071,823
Analysed as:		
Listed outside Hong Kong	2,629,757	2,109,816
Listed inside Hong Kong	111,198	—
Unlisted	3,688,575	6,962,007
Total	6,429,530	9,071,823

Current

	As at 31 December	
	2021	2020
Debt securities	33,319,677	57,282,609
Analysed as:		
Listed outside Hong Kong	10,083,977	30,297,910
Listed inside Hong Kong	138,247	1,066
Unlisted	23,097,453	26,983,633
Total	33,319,677	57,282,609

(1) Financial assets at fair value through other comprehensive income has included securities lending. The collateral for securities lending is analysed in Note 33(3).

For the year ended 31 December 2021, the Group disposed some of the equity instruments at fair value through other comprehensive income resulting from adjustment in its investment strategy. The accumulated net realized loss of the equity instrument disposed of were RMB569,269 thousand (For the year ended 31 December 2020, the accumulated net realized gain of the equity instrument disposed of were RMB126,194 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

25 Financial assets at fair value through other comprehensive income (continued)

(1) (continued)

As at 31 December 2021, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB19,395,257 thousand for the purpose of repurchase agreement business detailed in Note 45(1) (As at 31 December 2020: RMB22,664,965 thousand).

As at 31 December 2021, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB3,821,391 thousand for the purpose of bond lending business (As at 31 December 2020: RMB11,817,442 thousand).

As at 31 December 2021, the Group has no pledged equity securities not held for trading to CSF for the purpose of placement (As at 31 December 2020: RMB334,962 thousand).

(2) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	289,448	278,345
Charge for the year	211,302	11,103
Other movements	(1,537)	—
At the end of the year	499,213	289,448

26 Financial assets held under resale agreements

(1) **Analysed by collateral type:**

Non-current

	As at 31 December	
	2021	2020
Equity securities	6,592,024	4,329,720
Less: Impairment losses	(1,126,601)	(917,240)
Total	5,465,423	3,412,480

Current

	As at 31 December	
	2021	2020
Debt securities	18,060,697	11,592,367
Equity securities	1,877,697	11,726,630
Less: Impairment losses	(5,633)	(71,739)
Total	19,932,761	23,247,258

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

26 Financial assets held under resale agreements (continued)

(2) Analysed by market:

Non-current

	As at 31 December	
	2021	2020
Shanghai Stock Exchange	2,045,813	1,652,789
Shenzhen Stock Exchange	4,546,211	2,676,931
Less: Impairment losses	(1,126,601)	(917,240)
Total	5,465,423	3,412,480

Current

	As at 31 December	
	2021	2020
Inter-bank market	6,552,190	9,218,503
Shanghai Stock Exchange	11,770,819	6,398,516
Shenzhen Stock Exchange	953,706	7,627,051
Singapore Stock Exchange	661,679	74,927
Less: Impairment losses	(5,633)	(71,739)
Total	19,932,761	23,247,258

(3) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	988,979	803,033
Increases	278,006	265,710
Reversals	(134,751)	(79,764)
At the end of the year	1,132,234	988,979

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

27 Financial assets at fair value through profit or loss

Non-current

	As at 31 December	
	2021	2020
Equity securities	1,035,706	1,398,776
Funds	544,978	870,275
Debt securities	71,557	2,233,475
Asset management products and others	23,787,377	7,449,365
Total	25,439,618	11,951,891
Analysed as:		
Listed outside Hong Kong	283,080	708,582
Listed in Hong Kong	—	1,653,271
Unlisted	25,156,538	9,590,038
Total	25,439,618	11,951,891

Current

	As at 31 December	
	2021	2020
Debt securities	146,232,561	88,914,732
Funds	41,897,275	28,412,947
Equity securities	28,715,740	9,519,145
Asset management products and others	26,875,347	19,608,515
Hybrid instruments	3,415,918	6,160,627
Total	247,136,841	152,615,966
Analysed as:		
Listed outside Hong Kong	82,611,839	68,823,357
Listed inside Hong Kong	4,537,969	467,389
Unlisted	159,987,033	83,325,220
Total	247,136,841	152,615,966

Financial assets at fair value through profit or loss has included securities lending. The collateral for securities lending is analysed in Note 33(3).

As at 31 December 2021, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB108,969,981 thousand for the purpose of repurchase agreement business detailed in Note 45 (As at 31 December 2020: RMB54,735,672 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

27 Financial assets at fair value through profit or loss (continued)

As at 31 December 2021, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB7,756,397 thousand for the purpose of bond lending business (As at 31 December 2020: RMB2,272,026 thousand).

As at 31 December 2021, the equity securities in financial assets at fair value through profit or loss with lock-up periods held by the Group were RMB5,085,851 (As at 31 December 2020: RMB1,893,865 thousand).

28 Refundable deposits

	As at 31 December	
	2021	2020
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	3,286,453	2,327,943
– Hong Kong Securities Clearing Company Limited	8,015	15,856
– The Stock Exchange of Hong Kong Limited	1,368	421
subtotal	3,295,836	2,344,220
Deposits with futures and commodity exchanges		
– China Financial Futures Exchange	9,769,213	6,100,778
– Shanghai Futures Exchange	4,137,798	2,876,384
– Dalian Commodity Exchange	3,537,819	2,792,573
– Zhengzhou Commodity Exchange	2,004,990	1,534,885
– Shanghai International Energy Exchange	369,249	224,948
– Hong Kong Futures Exchange	1,822	1,262
subtotal	19,820,891	13,530,830
Deposits with other institutions		
– Shanghai Clearing House	6,820	540,974
– Shanghai Gold Exchange	20	20
– China Securities Finance Corporation Limited	–	1,608,622
– The SEHK Options Clearing House Limited	–	935
– Other financial institutions	5,990,093	322,060
subtotal	5,996,933	2,472,611
Total	29,113,660	18,347,661

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

29 Deferred taxation

- (1) The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements are as follows:

Deferred tax arising from:	Provision for impairment losses	Employee benefits payable	Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative financial instruments	Changes in fair value of financial assets at fair value through other comprehensive income	Business combination	Others	Total
As at 1 January 2020	446,372	568,971	32,905	83,484	205,527	464,164	29,414	1,830,837
Recognized in profit or loss	182,387	273,480	(340,287)	(32,024)	3,886	—	149,430	236,872
Recognized in reserves	—	—	—	—	105,486	—	—	105,486
Reclassified from other comprehensive income to retained profits	—	—	—	—	31,549	—	—	31,549
As at 31 December 2020	628,759	842,451	(307,382)	51,460	346,448	464,164	178,844	2,204,744
As at 1 January 2021	628,759	842,451	(307,382)	51,460	346,448	464,164	178,844	2,204,744
Recognized in profit or loss	76,170	195,280	4,589	137,007	43,757	—	8,884	465,688
Recognized in reserves	—	—	—	—	14,991	—	—	14,991
Reclassified from other comprehensive income to retained profits	—	—	—	—	(142,317)	—	—	(142,317)
As at 31 December 2021	704,929	1,037,731	(302,793)	188,467	262,879	464,164	187,728	2,543,105

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

29 Deferred taxation (continued)

(2) Reconciliation to the consolidated statement of financial position

	As at 31 December	
	2021	2020
Net deferred tax assets recognized in the consolidated statement of financial position	2,570,403	2,206,892
Net deferred tax liabilities recognized in the consolidated statement of financial position	(27,298)	(2,148)
Total	2,543,105	2,204,744

(3) Recognized in other comprehensive income

	As at 31 December 2021		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
— Net changes in fair value	(88,856)	(13,145)	(102,001)
— Reclassified to profit or loss	379,497	(59,525)	319,972
Share of other comprehensive income of associates	(2,189)	—	(2,189)
Exchange differences on translation of financial statements in foreign currencies	(122,531)	—	(122,531)
Equity investment at fair value through other comprehensive income			
— Net changes in fair value	(350,590)	87,648	(262,942)
Total	(184,669)	14,978	(169,691)

	As at 31 December 2020		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
— Net changes in fair value	(293,201)	70,835	(222,366)
— Reclassified to profit or loss	(213,663)	52,903	(160,760)
Share of other comprehensive income of associates	(11,396)	—	(11,396)
Exchange differences on translation of financial statements in foreign currencies	(243,968)	—	(243,968)
Equity investment at fair value through other comprehensive income			
— Net changes in fair value	73,007	(18,252)	54,755
Total	(689,221)	105,486	(583,735)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

29 Deferred taxation (continued)

(4) Deferred tax assets not recognized

As at 31 December 2021 and 31 December 2020, in accordance with the relevant accounting policy, the Group has not recognized deferred tax assets in respect of cumulative tax losses, and provision for bad debts with timing difference amounting to RMB472,043 thousand and RMB26,219 thousand respectively, mainly as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

30 Other non-current assets

(1) Analysed by nature:

	As at 31 December	
	2021	2020
Long-term deferred expenses	87,046	86,358
Other(a)	19,654	19,654
Total	106,700	106,012

(a) As at 31 December 2021, the other non-current assets include goodwill amounted to RMB19,654 thousand, which is resulted from the acquisition of Hongyuan Futures Co., Ltd. and Shenyin & Wanguo Futures Company Limited.

(2) The movements of long-term deferred expenses are as below:

	As at 31 December	
	2021	2020
At the beginning of the year	86,358	104,997
Additions	14,762	4,356
Transfer in from property and equipment	22,372	16,203
Amortization	(36,446)	(39,198)
At the end of the year	87,046	86,358

31 Accounts receivable

(1) Analysed by nature:

	As at 31 December	
	2021	2020
Accounts receivable of:		
— Settlement	2,840,755	1,507,972
— Asset management plans	1,520,015	1,355,701
— Fee and commission	336,700	726,157
— Overdue	16,921	56,423
Less: Provision for impairment losses	(620,654)	(557,637)
Total	4,093,737	3,088,616

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

31 Accounts receivable (continued)

(2) Analysed by ageing:

As at 31 December 2021 and 31 December 2020, the ageing analysis of accounts receivable, based on the trade date, is as follows:

	As at 31 December	
	2021	2020
Within 1 year	3,195,393	2,699,753
1 to 2 years	647,391	322,453
2 to 3 years	212,347	43,416
Over 3 years	38,606	22,994
Total	4,093,737	3,088,616

For trade receivables result from transactions that are within the scope of IFRS 15, the Group applies the simplified approach for the recognition of expected credit losses. The Group applies the general approach for the recognition of expected credit losses of other receivables. As at 31 December 2021, except for the receivables from asset management business which are classified into stage 3, other receivables applies the general approach are classified into the stage 1 (as at 31 December 2020: stage 1).

(3) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	557,637	262,600
Charge for the year	63,017	295,087
Amounts written off	—	(50)
At the end of the year	620,654	557,637

(4) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

32 Other receivables and prepayments

(1) Analysed by nature:

	As at 31 December	
	2021	2020
Inventory	2,164,581	2,016,658
Receivables from bond issuers	299,726	160,104
Overdue and impaired receivables	124,945	193,797
Prepayments(a)	122,106	162,395
Deposits	107,182	354,628
Current tax assets	104,473	327,467
VAT due from asset management plans	102,858	193,001
Receivables from commodity business customers	53,125	2,469
Interest receivables	49,962	53,311
Others(a)	422,614	148,876
Less: Provision for impairment losses	(307,556)	(279,311)
Total	3,244,016	3,333,395

(a) The balance of prepayments and others mainly represents receivables from sundry receivables and prepayments arising from the Group's daily business operation.

(2) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	279,311	207,923
Charge for the year	29,948	71,388
Other movements	(1,703)	—
At the end of the year	307,556	279,311

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

33 Margin accounts receivable

(1) Analysed by nature:

	As at 31 December	
	2021	2020
Individuals	66,151,638	60,997,589
Institutions	10,523,903	13,555,051
Less: Provision for impairment losses	(378,786)	(340,239)
Total	76,296,755	74,212,401

(2) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	340,239	179,888
Charge for the year	170,675	206,602
Reversal	(132,045)	(45,671)
Amounts written off	(83)	(580)
At the end of the year	378,786	340,239

(3) The fair value of collaterals for margin financing and securities lending business is analysed as the followings:

	As at 31 December	
	2021	2020
Fair value of collaterals:		
— Stocks	256,954,345	238,328,418
— Funds	8,793,434	12,477,746
— Cash	8,412,721	11,756,312
— Bonds	224,322	303,024
Total	274,384,822	262,865,500

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

34 Derivative financial instruments

	As at 31 December 2021		
	Nominal Value	Fair value	
		Assets	Liabilities
Equity derivatives	218,871,769	1,516,247	(6,346,266)
Interest rate derivatives	190,193,212	1,136,211	(823,572)
Commodity derivatives	67,891,949	144,970	(136,013)
Credit derivatives	820,000	2,872	(4,004)
Total	477,776,930	2,800,300	(7,309,855)

	As at 31 December 2020		
	Nominal Value	Fair value	
		Assets	Liabilities
Equity derivatives	140,743,662	1,634,796	(2,151,474)
Interest rate derivatives	135,297,261	54	—
Commodity derivatives	41,836,954	15,708	(69,037)
Credit derivatives	280,000	—	(780)
Total	318,157,877	1,650,558	(2,221,291)

Under the daily mark-to-market and settlement arrangement, clearing settlement funds included the changes in fair value of treasury bond futures, stock index futures, precious metal futures, AUTD and other commodity futures held by the Company, and were not reflected in the above derivative financial instruments. As at 31 December 2021, the fair value of those unexpired derivative financial instruments contracts was RMB648,176 thousand (31 December 2020: RMB38,585 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

35 Clearing settlement funds

	As at 31 December	
	2021	2020
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	6,258,297	5,555,450
– Shanghai Gold Exchange	26,361	105,931
– Other institutions	8,977,284	306,518
Interest receivables	–	6,115
Total	15,261,942	5,974,014

36 Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognized the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the Mainland China, the use of cash held on behalf of brokerage clients is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the use of cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

37 Cash and bank balances

(1) Analysed by nature:

	As at 31 December	
	2021	2020
Cash on hand	39	331
Bank balances	31,040,066	22,926,235
Less: Provision for impairment losses	(1,269)	(3,699)
Total	31,038,836	22,922,867

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

37 Cash and bank balances (continued)

(2) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2021	2020
At the beginning of the year	3,699	2,875
(Reversal of)/Provision for impairment	(2,430)	824
At the end of the year	1,269	3,699

38 Cash and cash equivalents

	As at 31 December	
	2021	2020
Cash on hand	39	331
Bank balances	30,994,100	22,885,986
Clearing settlement funds	15,261,942	5,967,900
Bond investment within 3 months original maturity	235,313	79,998
Financial assets held under resale agreements within 3 months original maturity	18,041,701	11,584,466
Less: restricted bank deposits	(1,752,186)	(2,955,994)
Total	62,780,909	37,562,687

The restricted bank deposits include bank deposits with original maturity of more than three months held by the Group and risk reserve deposits.

39 Loans and borrowings

Current

	As at 31 December	
	2021	2020
Unsecured bank loans	3,229,798	3,738,166
Secured borrowing from commodity exchanges	—	608,769
Total	3,229,798	4,346,935

Notes to the consolidated financial statements (continued)

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40 Short-term debt instruments issued

	Book value as at 1 January 2021	Issuance	Redemption	Book value as at 31 December 2021
Short-term corporate bonds	24,076,940	47,501,728	(50,600,000)	20,978,668
Structured notes	16,159,700	27,767,256	(35,418,944)	8,508,012
Interest payables	268,429	630,343	(798,609)	100,163
Total	40,505,069	75,899,327	(86,817,553)	29,586,843

	Book value as at 1 January 2020	Issuance	Redemption	Book value as at 31 December 2020
Short-term corporate bonds	9,999,435	50,054,564	(35,977,059)	24,076,940
Structured notes	6,998,106	53,636,766	(44,475,172)	16,159,700
Interest payables	67,612	609,856	(409,039)	268,429
Total	17,065,153	104,301,186	(80,861,270)	40,505,069

In 2021, the Group has issued 1,461 tranches of structured notes, and repaid 1,374 tranches of structured notes during the year. As at 31 December 2021, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.65%–6.80%.

In 2020, the Group has issued 1,407 tranches of structured notes, and repaid 1,078 tranches of structured notes during the year. As at 31 December 2020, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.85%–6.80%.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

41 Placements from other financial institutions

Current

	As at 31 December	
	2021	2020
Placements from margin refinancing	2,000,778	—
Placements from banks	1,550,000	4,430,000
Other	815,947	—
Total	4,366,725	4,430,000

As at 31 December 2021, the placements from banks are unsecured and bear interest rates ranging from 2.25% to 3.11% per annum, with maturities of 6–8 days. As at 31 December 2020, the placements from banks were unsecured and bears interest rates ranging from 2.35% to 3.30% per annum, with maturities of 7 days.

42 Accounts payable to brokerage clients

	As at 31 December	
	2021	2020
Clients' deposits for other brokerage trading	94,324,354	85,771,349
Clients' deposits for margin financing and securities lending	10,401,022	11,756,312
Interest payable	12,983	7,379
Total	104,738,359	97,535,040

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

Notes to the consolidated financial statements (continued)

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43 Employee benefits payable

Current and Non-current

	2021			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Salaries, bonuses and allowance	4,936,568	6,725,768	(5,821,784)	5,840,552
Contribution to pension schemes	2,317	344,653	(344,314)	2,656
Other social welfare	239,736	1,171,086	(1,027,081)	383,741
Total	5,178,621	8,241,507	(7,193,179)	6,226,949

	2020			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Salaries, bonuses and allowance	3,526,778	5,745,854	(4,336,064)	4,936,568
Contribution to pension schemes	2,417	145,154	(145,254)	2,317
Other social welfare	147,593	1,005,972	(913,829)	239,736
Total	3,676,788	6,896,980	(5,395,147)	5,178,621

44 Other payables and accruals

	As at 31 December	
	2021	2020
Deposits	14,851,437	4,165,936
Payables to interest holders of consolidated structured entities	10,798,293	10,924,727
Settlement payables	1,578,231	1,482,632
Payables on behalf of staff	1,436,618	430,951
Fee and commission payable	741,595	542,933
Trade payables	458,163	349,560
Risk reserve for futures brokerage business	248,626	207,009
Dividend payables	135,731	135,580
Long-term payables	134,594	134,229
Accrued expenses	89,630	34,859
Distribution expenses payables	84,013	144,151
Business tax and other tax payables	65,066	576,613
Payables to the securities and futures investor protection fund	54,428	49,041
Interest and dividend received on behalf of brokerage clients	24,092	54,144
Interest payables	13,575	53,444
Account executive commission payables	9,944	13,776
Sponsoring fee payables	—	1,852
Proceeds from underwriting securities received on behalf of customers	—	473,250
Others(1)	724,322	125,287
Total	31,448,358	19,899,974

(1) The balance of others mainly represents sundry payables arising from the Group's daily business operation.

Notes to the consolidated financial statements (continued)

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(In RMB thousands, unless otherwise stated)

45 Financial assets sold under repurchase agreements

(1) Analysed by collateral type:

Current

	As at 31 December	
	2021	2020
Debt securities	115,614,900	86,798,556
Fund	13,377,644	5,863,776
Others	8,984,976	10,652,215
Total	137,977,520	103,314,547

(2) Analysed by market:

Current

	As at 31 December	
	2021	2020
Stock exchanges	44,900,212	48,113,781
Inter-bank market	77,779,638	43,472,075
OTC market	8,984,976	10,652,215
Futures exchanges	6,312,694	1,076,476
Total	137,977,520	103,314,547

46 Lease liabilities

Non-current

	As at 31 December	
	2021	2020
Lease liabilities	663,779	494,091

Current

	As at 31 December	
	2021	2020
Lease liabilities	305,436	368,729

Notes to the consolidated financial statements (continued)

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(In RMB thousands, unless otherwise stated)

47 Financial liabilities at fair value through profit or loss

Non-current

	As at 31 December	
	2021	2020
Financial liabilities designated at fair value through profit or loss		
— Structured notes	293,481	574,213
— Others	—	949
Total	293,481	575,162

Current

	As at 31 December	
	2021	2020
Financial liabilities held for trading		
— Debt securities	2,149,719	1,925,900
— Equities	41,473	94,872
— Gold	279,525	301,979
Financial liabilities designated at fair value through profit or loss		
— Structured notes	3,337,308	446,714
— Others	65,489	107,310
Total	5,873,514	2,876,775

Notes to the consolidated financial statements (continued)

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(In RMB thousands, unless otherwise stated)

48 Long-term bonds

As at 31 December 2021

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
16ShenHong01 ⁽¹⁾	2,020,800	2016/04/26	2021/04/26	5,000,000	3.70%
16ShenHong03 ⁽²⁾	5,500,000	2016/09/09	2021/09/09	5,500,000	3.20%
17ShenZheng01 ⁽³⁾	7,500,000	2017/02/17	2022/02/17	7,500,000	4.40%
17ShenZheng02 ⁽⁴⁾	500,000	2017/02/17	2024/02/17	500,000	4.50%
18ShenHong01 ⁽⁵⁾	500,000	2018/07/13	2023/07/17	500,000	3.20%
18ShenHong02 ⁽⁶⁾	6,500,000	2018/07/13	2023/07/17	6,500,000	4.80%
18ShenZheng02 ⁽⁷⁾	3,000,000	2018/11/19	2021/11/19	3,000,000	4.20%
18ShenZheng03 ⁽⁸⁾	1,500,000	2018/12/10	2023/12/10	1,500,000	4.08%
18ShenZhengC2 ⁽⁹⁾	4,600,000	2018/04/12	2023/04/12	4,600,000	5.35%
19ShenHong01 ⁽¹⁰⁾	1,000,000	2019/03/06	2022/03/08	1,000,000	4.18%
19ShenHong02 ⁽¹¹⁾	3,200,000	2019/04/09	2022/04/12	3,200,000	4.27%
19ShenHong04 ⁽¹²⁾	5,800,000	2019/10/23	2024/10/25	5,800,000	3.94%
19ShenZheng01 ⁽¹³⁾	2,200,000	2019/01/16	2022/01/16	2,200,000	3.55%
19ShenZheng03 ⁽¹⁴⁾	6,200,000	2019/03/11	2022/03/11	6,200,000	3.68%
19ShenZheng05 ⁽¹⁵⁾	8,100,000	2019/05/09	2022/05/09	8,100,000	3.88%
19ShenZheng07 ⁽¹⁶⁾	1,000,000	2019/06/14	2021/06/14	1,000,000	3.90%
19Shenwan Hongyuan financial bond01 ⁽¹⁷⁾	6,000,000	2019/09/18	2022/09/18	5,996,156	3.43%
20ShenZheng01 ⁽¹⁸⁾	4,000,000	2020/01/16	2022/01/16	4,000,000	3.40%
20ShenZheng02 ⁽¹⁹⁾	2,000,000	2020/01/16	2023/01/16	2,000,000	3.55%
20ShenZheng03 ⁽²⁰⁾	1,000,000	2020/02/21	2022/02/21	1,000,000	3.03%
20ShenZheng04 ⁽²¹⁾	3,000,000	2020/02/21	2023/02/21	3,000,000	3.20%
20ShenZheng06 ⁽²²⁾	4,100,000	2020/07/27	2023/07/27	4,100,000	3.49%
20ShenZheng08 ⁽²³⁾	3,200,000	2020/09/10	2023/09/10	3,200,000	3.76%
20ShenZheng09 ⁽²⁴⁾	2,200,000	2020/10/26	2021/11/05	2,200,000	3.16%
20ShenZheng10 ⁽²⁵⁾	5,700,000	2020/10/26	2023/10/26	5,700,000	3.68%
20ShenZheng12 ⁽²⁶⁾	1,700,000	2020/11/16	2022/11/16	1,700,000	3.55%
20ShenZhengC2 ⁽²⁷⁾	6,000,000	2020/04/23	2023/04/23	6,000,000	3.18%
20ShenZhengC3 ⁽²⁸⁾	6,000,000	2020/05/25	2023/05/25	6,000,000	3.25%
21ShenHong01 ⁽²⁹⁾	1,500,000	2021/03/04	2026/03/08	1,500,000	3.68%
21ShenHong02 ⁽³⁰⁾	500,000	2021/03/04	2028/03/08	500,000	3.95%
21ShenHong04 ⁽³¹⁾	3,000,000	2021/07/13	2028/07/15	3,000,000	3.65%
21ShenHong05 ⁽³²⁾	500,000	2021/08/02	2024/08/04	500,000	2.99%
21ShenHong06 ⁽³³⁾	2,500,000	2021/08/02	2026/08/04	2,500,000	3.38%
21ShenZheng01 ⁽³⁴⁾	2,500,000	2021/04/29	2024/04/29	2,500,000	3.45%

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
21ShenZheng02 ⁽³⁵⁾	2,000,000	2021/04/29	2031/04/29	2,000,000	4.05%
21ShenZheng03 ⁽³⁶⁾	2,600,000	2021/05/24	2026/05/24	2,600,000	3.63%
21ShenZheng04 ⁽³⁷⁾	2,000,000	2021/05/28	2024/05/28	2,000,000	3.27%
21ShenZheng05 ⁽³⁸⁾	2,500,000	2021/05/28	2031/05/28	2,500,000	4.00%
21ShenZheng06 ⁽³⁹⁾	2,000,000	2021/07/21	2024/07/21	2,000,000	3.13%
21ShenZheng07 ⁽⁴⁰⁾	3,000,000	2021/07/21	2031/07/21	3,000,000	3.77%
21ShenZheng08 ⁽⁴¹⁾	2,800,000	2021/07/28	2024/07/28	2,800,000	3.04%
21ShenZheng09 ⁽⁴²⁾	4,200,000	2021/07/28	2026/07/28	4,200,000	3.38%
21ShenZheng10 ⁽⁴³⁾	3,000,000	2021/08/26	2024/08/26	3,000,000	3.02%
21ShenZheng11 ⁽⁴⁴⁾	3,000,000	2021/08/26	2031/08/26	3,000,000	3.75%
21ShenZheng12 ⁽⁴⁵⁾	4,800,000	2021/09/09	2024/09/09	4,800,000	3.05%
21ShenZheng13 ⁽⁴⁶⁾	1,000,000	2021/09/09	2026/09/09	1,000,000	3.40%
21ShenZheng14 ⁽⁴⁷⁾	2,300,000	2021/09/22	2023/09/22	2,300,000	2.95%
21ShenZheng15 ⁽⁴⁸⁾	2,300,000	2021/09/22	2024/09/22	2,300,000	3.10%
21ShenZhengC1 ⁽⁴⁹⁾	3,000,000	2021/01/21	2024/01/21	3,000,000	3.93%
21ShenZhengC2 ⁽⁵⁰⁾	3,800,000	2021/03/11	2024/03/11	3,800,000	3.94%
21ShenZhengC3 ⁽⁵¹⁾	1,800,000	2021/12/27	2023/12/27	1,800,000	3.08%
21ShenZhengC4 ⁽⁵²⁾	1,200,000	2021/12/27	2024/12/27	1,200,000	3.20%
21Shenwan Hongyuan (International) dollar bond ⁽⁵³⁾	3,187,000	2021/07/14	2026/07/14	500,000	1.80%
Structured notes ⁽⁵⁴⁾	11,386,179	Note 48(54)	Note 48(54)	10,517,834	3.25%–3.65%

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

Name	Book value as at 1 January 2021	Increase	Amount of amortization	Decrease	Book value as at 31 December 2021
16ShenHong01 ⁽¹⁾	2,020,800	—	—	(2,020,800)	—
16ShenHong03 ⁽²⁾	5,500,000	—	—	(5,500,000)	—
17ShenZheng01 ⁽³⁾	7,500,000	—	—	—	7,500,000
17ShenZheng02 ⁽⁴⁾	500,000	—	—	—	500,000
18ShenHong01 ⁽⁵⁾	499,998	—	—	(467,497)	32,501
18ShenHong02 ⁽⁶⁾	6,499,969	—	8	—	6,499,977
18ShenZheng02 ⁽⁷⁾	3,000,000	—	—	(3,000,000)	—
18ShenZheng03 ⁽⁸⁾	1,500,000	—	—	—	1,500,000
18ShenZhengC2 ⁽⁹⁾	4,600,000	—	—	(4,600,000)	—
19ShenHong01 ⁽¹⁰⁾	999,968	—	17	—	999,985
19ShenHong02 ⁽¹¹⁾	3,200,000	—	—	—	3,200,000
19ShenHong04 ⁽¹²⁾	5,800,000	—	—	—	5,800,000
19ShenZheng01 ⁽¹³⁾	2,200,000	—	—	—	2,200,000
19ShenZheng03 ⁽¹⁴⁾	6,200,000	—	—	—	6,200,000
19ShenZheng05 ⁽¹⁵⁾	8,100,000	—	—	—	8,100,000
19ShenZheng07 ⁽¹⁶⁾	1,000,000	—	—	(1,000,000)	—
19 Shenwan Hongyuan financial bond01 ⁽¹⁷⁾	5,997,576	—	1,416	—	5,998,992
20ShenZheng01 ⁽¹⁸⁾	3,999,019	—	942	—	3,999,961
20ShenZheng02 ⁽¹⁹⁾	1,999,359	—	314	—	1,999,673
20ShenZheng03 ⁽²⁰⁾	1,000,000	—	—	—	1,000,000
20ShenZheng04 ⁽²¹⁾	3,000,000	—	—	—	3,000,000
20ShenZheng06 ⁽²²⁾	4,100,000	—	—	—	4,100,000
20ShenZheng08 ⁽²³⁾	3,187,817	—	4,528	—	3,192,345
20ShenZheng09 ⁽²⁴⁾	2,194,886	—	—	(2,194,886)	—
20ShenZheng10 ⁽²⁵⁾	5,677,283	—	8,066	—	5,685,349
20ShenZheng12 ⁽²⁶⁾	1,693,238	—	3,608	—	1,696,846
20ShenZhengC2 ⁽²⁷⁾	5,993,471	—	2,830	—	5,996,301
20ShenZhengC3 ⁽²⁸⁾	5,996,612	—	1,415	—	5,998,027
21ShenHong01 ⁽²⁹⁾	—	1,500,000	—	—	1,500,000
21ShenHong02 ⁽³⁰⁾	—	500,000	—	—	500,000
21ShenHong04 ⁽³¹⁾	—	3,000,000	—	—	3,000,000

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

Name	Book value as at 1 January 2021	Increase	Amount of amortization	Decrease	Book value as at 31 December 2021
21ShenHong05 ⁽³²⁾	—	500,000	—	—	500,000
21ShenHong06 ⁽³³⁾	—	2,500,000	—	—	2,500,000
21ShenZheng01 ⁽³⁴⁾	—	2,495,329	—	—	2,495,329
21ShenZheng02 ⁽³⁵⁾	—	1,995,533	—	—	1,995,533
21ShenZheng03 ⁽³⁶⁾	—	2,594,677	—	—	2,594,677
21ShenZheng04 ⁽³⁷⁾	—	1,996,136	—	—	1,996,136
21ShenZheng05 ⁽³⁸⁾	—	2,494,369	—	—	2,494,369
21ShenZheng06 ⁽³⁹⁾	—	1,995,508	—	—	1,995,508
21ShenZheng07 ⁽⁴⁰⁾	—	2,992,431	—	—	2,992,431
21ShenZheng08 ⁽⁴¹⁾	—	2,796,654	—	—	2,796,654
21ShenZheng09 ⁽⁴²⁾	—	4,187,221	—	—	4,187,221
21ShenZheng10 ⁽⁴³⁾	—	2,990,168	—	—	2,990,168
21ShenZheng11 ⁽⁴⁴⁾	—	2,989,258	—	—	2,989,258
21ShenZheng12 ⁽⁴⁵⁾	—	4,788,402	—	—	4,788,402
21ShenZheng13 ⁽⁴⁶⁾	—	997,472	—	—	997,472
21ShenZheng14 ⁽⁴⁷⁾	—	2,291,587	—	—	2,291,587
21ShenZheng15 ⁽⁴⁸⁾	—	2,291,136	—	—	2,291,136
21ShenZhengC1 ⁽⁴⁹⁾	—	2,991,277	—	—	2,991,277
21ShenZhengC2 ⁽⁵⁰⁾	—	3,788,225	—	—	3,788,225
21ShenZhengC3 ⁽⁵¹⁾	—	1,792,411	—	—	1,792,411
21ShenZhengC4 ⁽⁵²⁾	—	1,194,929	—	—	1,194,929
21Shenwan Hongyuan (International) dollar bond ⁽⁵³⁾	—	3,171,356	—	—	3,171,356
Structured notes ⁽⁵⁴⁾	11,862,549	25,450,004	—	(25,782,575)	11,529,979
Interest payables	2,345,410	4,682,190	—	(4,104,888)	2,922,712
Total	118,167,956	90,966,270	23,144	(48,670,645)	160,486,724

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

As at 31 December 2020

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
16ShenHong01 ⁽¹⁾	2,020,800	2016/04/26	2021/04/26	5,000,000	3.70%
16ShenHong03 ⁽²⁾	5,500,000	2016/09/08	2021/09/09	5,500,000	3.20%
17ShenZheng01 ⁽³⁾	7,500,000	2017/02/17	2022/02/17	7,500,000	4.40%
17ShenZheng02 ⁽⁴⁾	500,000	2017/02/17	2024/02/17	500,000	4.50%
17ShenZhengC2	4,300,000	2017/11/16	2020/11/16	4,300,000	5.30%
18ShenHong01 ⁽⁵⁾	500,000	2018/07/13	2023/07/17	500,000	4.40%
18ShenHong02 ⁽⁶⁾	6,500,000	2018/07/13	2023/07/17	6,500,000	4.80%
18ShenZheng01	2,000,000	2018/11/19	2020/11/19	2,000,000	4.10%
18ShenZheng02 ⁽⁷⁾	3,000,000	2018/11/19	2021/11/19	3,000,000	4.20%
18ShenZheng03 ⁽⁸⁾	1,500,000	2018/12/10	2023/12/10	1,500,000	4.08%
18ShenZhengC1	1,400,000	2018/04/12	2020/04/12	1,400,000	5.25%
18ShenZhengC2 ⁽⁹⁾	4,600,000	2018/04/12	2023/04/12	4,600,000	5.35%
18ShenZhengC3	4,200,000	2018/05/21	2020/05/21	4,200,000	5.38%
18ShenZhengC5	5,100,000	2018/09/17	2020/09/17	5,100,000	4.69%
19ShenHong01 ⁽¹⁰⁾	1,000,000	2019/03/06	2022/03/08	1,000,000	4.18%
19ShenHong02 ⁽¹¹⁾	3,200,000	2019/04/09	2022/04/12	3,200,000	4.27%
19ShenHong04 ⁽¹²⁾	5,800,000	2019/10/23	2024/10/25	5,800,000	3.94%
19ShenZheng01 ⁽¹³⁾	2,200,000	2019/01/16	2022/01/16	2,200,000	3.55%
19ShenZheng03 ⁽¹⁴⁾	6,200,000	2019/03/11	2022/03/11	6,200,000	3.68%
19ShenZheng05 ⁽¹⁵⁾	8,100,000	2019/05/09	2022/05/09	8,100,000	3.88%
19ShenZheng07 ⁽¹⁶⁾	1,000,000	2019/06/14	2021/06/14	1,000,000	3.90%
19 Shenwan Hongyuan financial bond01 ⁽¹⁷⁾	6,000,000	2019/09/18	2022/09/18	6,000,000	3.43%
20ShenZheng01 ⁽¹⁸⁾	4,000,000	2020/01/16	2022/01/16	4,000,000	3.40%
20ShenZheng02 ⁽¹⁹⁾	2,000,000	2020/01/16	2023/01/16	2,000,000	3.55%
20ShenZheng03 ⁽²⁰⁾	1,000,000	2020/02/21	2022/02/21	1,000,000	3.03%
20ShenZheng04 ⁽²¹⁾	3,000,000	2020/02/21	2023/02/21	3,000,000	3.20%
20ShenZheng06 ⁽²²⁾	4,100,000	2020/07/27	2023/07/27	4,100,000	3.49%
20ShenZheng08 ⁽²³⁾	3,200,000	2020/09/10	2023/09/10	3,200,000	3.76%
20ShenZheng09 ⁽²⁴⁾	2,200,000	2020/10/26	2021/11/05	2,200,000	3.16%
20ShenZheng10 ⁽²⁵⁾	5,700,000	2020/10/26	2023/10/26	5,700,000	3.68%
20ShenZheng12 ⁽²⁶⁾	1,700,000	2020/11/16	2022/11/16	1,700,000	3.55%
20ShenZhengC2 ⁽²⁷⁾	6,000,000	2020/04/23	2023/04/23	6,000,000	3.18%
20ShenZhengC3 ⁽²⁸⁾	6,000,000	2020/05/25	2023/05/25	6,000,000	3.25%
Structured notes ⁽⁵⁴⁾	11,862,549	Note 48(54)	Note 48(54)	11,862,549	Note 48(54)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

Name	Book value as at 1 January 2020	Increase	Amount of amortization	Decrease	Book value as at 30 December 2020
16ShenHong01 ⁽¹⁾	2,020,800	—	—	—	2,020,800
16ShenHong03 ⁽²⁾	5,500,000	—	—	—	5,500,000
17ShenZheng01 ⁽³⁾	7,500,000	—	—	—	7,500,000
17ShenZheng02 ⁽⁴⁾	500,000	—	—	—	500,000
17ShenZhengC2	4,300,000	—	—	(4,300,000)	—
18ShenHong01 ⁽⁵⁾	499,997	—	—	—	499,997
18ShenHong02 ⁽⁶⁾	6,499,960	—	—	—	6,499,960
18ShenZheng01	2,000,000	—	—	(2,000,000)	—
18ShenZheng02 ⁽⁷⁾	3,000,000	—	—	—	3,000,000
18ShenZheng03 ⁽⁸⁾	1,500,000	—	—	—	1,500,000
18ShenZhengC1	1,400,000	—	—	(1,400,000)	—
18ShenZhengC2 ⁽⁹⁾	4,600,000	—	—	—	4,600,000
18ShenZhengC3	4,200,000	—	—	(4,200,000)	—
18ShenZhengC5	5,100,000	—	—	(5,100,000)	—
19ShenHong01 ⁽¹⁰⁾	999,953	—	15	—	999,968
19ShenHong02 ⁽¹¹⁾	3,200,000	—	—	—	3,200,000
19ShenHong04 ⁽¹²⁾	5,800,000	—	—	—	5,800,000
19ShenZheng01 ⁽¹³⁾	2,200,000	—	—	—	2,200,000
19ShenZheng03 ⁽¹⁴⁾	6,200,000	—	—	—	6,200,000
19ShenZheng05 ⁽¹⁵⁾	8,100,000	—	—	—	8,100,000
19ShenZheng07 ⁽¹⁶⁾	1,000,000	—	—	—	1,000,000
19 Shenwan Hongyuan financial bond01 ⁽¹⁷⁾	5,996,156	1,420	—	—	5,997,576
20ShenZheng01 ⁽¹⁸⁾	—	3,997,132	1,887	—	3,999,019
20ShenZheng02 ⁽¹⁹⁾	—	1,998,416	943	—	1,999,359
20ShenZheng03 ⁽²⁰⁾	—	1,000,000	—	—	1,000,000
20ShenZheng04 ⁽²¹⁾	—	3,000,000	—	—	3,000,000
20ShenZheng06 ⁽²²⁾	—	4,100,000	—	—	4,100,000
20ShenZheng08 ⁽²³⁾	—	3,187,817	—	—	3,187,817
20ShenZheng09 ⁽²⁴⁾	—	2,194,886	—	—	2,194,886
20ShenZheng10 ⁽²⁵⁾	—	5,677,283	—	—	5,677,283
20ShenZheng12 ⁽²⁶⁾	—	1,693,238	—	—	1,693,238
20ShenZhengC2 ⁽²⁷⁾	—	5,990,641	2,830	—	5,993,471

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

Name	Book value as at 1 January 2020	Increase	Amount of amortization	Decrease	Book value as at 30 December 2020
20ShenZhengC3 ⁽²⁸⁾	—	5,993,782	2,830	—	5,996,612
Structured notes ⁽⁵⁴⁾	7,405,004	9,758,302	—	(5,300,757)	11,862,549
Interest payables	2,213,334	4,055,527	—	(3,923,451)	2,345,410
Total	91,735,204	52,648,444	8,505	(26,224,208)	118,167,945

	As at 31 December	
	2021	2020
Long-term bonds due within one year	42,947,167	20,634,609
Long-term bonds due after one year	117,539,557	97,533,336
Total	160,486,724	118,167,945

As approved by the Board and related regulatory authorities, the Group has issued the following bonds:

- (1) 5-year corporate bond amounting to RMB5 billion on 26 April 2016 with put option which was exercised on 26 April 2019, and were fully redeemed as at 31 December 2021.
- (2) 5-year corporate bond amounting to RMB5.5 billion on 8 September 2016.
- (3) 5-year corporate bond amounting to RMB7.5 billion on 17 February 2017.
- (4) 7-year corporate bond amounting to RMB0.5 billion on 17 February 2017.
- (5) 5-year corporate bond amounting to RMB0.5 billion on 13 July 2018 with put option on 17 July 2021.
- (6) 5-year corporate bond amounting to RMB6.5 billion on 13 July 2018.
- (7) 3-year corporate bond amounting to RMB3 billion on 19 November 2018.
- (8) 5-year corporate bond amounting to RMB1.5 billion on 10 December 2018.
- (9) 5-year subordinated bond amounting to RMB4.6 billion on 12 April 2018 with put option on 12 April 2021, and were fully redeemed as at 31 December 2021.
- (10) 3-year corporate bond amounting to RMB1 billion on 6 March 2019.
- (11) 3-year corporate bond amounting to RMB3.2 billion on 9 April 2019.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

- (12) 5-year corporate bond amounting to RMB5.8 billion on 23 October 2019.
- (13) 3-year corporate bond amounting to RMB2.2 billion on 16 January 2019.
- (14) 3-year corporate bond amounting to RMB6.2 billion on 11 March 2019.
- (15) 3-year corporate bond amounting to RMB8.1 billion on 9 May 2019.
- (16) 2-year corporate bond amounting to RMB1 billion on 14 June 2019.
- (17) 3-year corporate bond amounting to RMB6 billion on 18 September 2019.
- (18) 2-year corporate bond amounting to RMB4 billion on 16 January 2020.
- (19) 3-year corporate bond amounting to RMB2 billion on 16 January 2020.
- (20) 2-year corporate bond amounting to RMB1 billion on 21 February 2020.
- (21) 3-year corporate bond amounting to RMB3 billion on 21 February 2020.
- (22) 3-year corporate bond amounting to RMB4.1 billion on 27 July 2020.
- (23) 3-year corporate bond amounting to RMB3.2 billion on 10 September 2020.
- (24) 1-year corporate bond amounting to RMB2.2 billion on 26 October 2020.
- (25) 3-year corporate bond amounting to RMB5.7 billion on 26 October 2020.
- (26) 2-year corporate bond amounting to RMB1.7 billion on 16 November 2020.
- (27) 3-year subordinated bond amounting to RMB6 billion on 23 April 2020.
- (28) 3-year subordinated bond amounting to RMB6 billion on 25 May 2020.
- (29) 5-year corporate bond amounting to RMB1.5 billion on 4 March 2021 with early redemption right on 4 March 2024.
- (30) 7-year corporate bond amounting to RMB0.5 billion on 4 March 2021 with early redemption right on 4 March 2026.
- (31) 7-year corporate bond amounting to RMB3 billion on 13 July 2021.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

- (32) 3-year corporate bond amounting to RMB0.5 billion on 2 August 2021.
- (33) 5-year corporate bond amounting to RMB2.5 billion on 2 August 2021.
- (34) 3-year corporate bond amounting to RMB2.5 billion on 29 April 2021.
- (35) 3-year corporate bond amounting to RMB2.0 billion on 29 April 2021.
- (36) 5-year corporate bond amounting to RMB2.6 billion on 24 May 2021.
- (37) 3-year corporate bond amounting to RMB2.0 billion on 28 May 2021.
- (38) 10-year corporate bond amounting to RMB2.5 billion on 28 May 2021.
- (39) 3-year corporate bond amounting to RMB2.0 billion on 21 July 2021.
- (40) 10-year corporate bond amounting to RMB3.0 billion on 21 July 2021.
- (41) 3-year corporate bond amounting to RMB2.8 billion on 28 July 2021.
- (42) 5-year corporate bond amounting to RMB4.2 billion on 28 July 2021.
- (43) 3-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (44) 10-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (45) 3-year corporate bond amounting to RMB4.8 billion on 9 September 2021.
- (46) 5-year corporate bond amounting to RMB1.0 billion on 9 September 2021.
- (47) 2-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (48) 3-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (49) 3-year subordinated bond amounting to RMB3.0 billion on 21 January 2021.
- (50) 3-year subordinated bond amounting to RMB3.8 billion on 11 March 2021.
- (51) 2-year subordinated bond amounting to RMB1.8 billion on 27 December 2021.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

48 Long-term bonds (continued)

(52) 3-year subordinated bond amounting to RMB1.2 billion on 27 December 2021.

(53) 5-year corporate bond amounting to US0.5 billion on 14 July 2021.

(54) In 2021, the Group has issued 208 tranches of structured notes due over one year (For the year ended 31 December 2020: 209). As at 31 December 2021 and 31 December 2020, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 3.25%-3.65% and 3.30%-4.22% respectively.

49 Share capital

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at 31 December 2021 and as at 31 December 2020	
	Number of shares (Thousands)	Nominal value
Registered, issued and fully paid:		
A shares of RMB1 each	22,535,945	22,535,945
H shares of RMB1 each	2,504,000	2,504,000
Total	25,039,945	25,039,945

As at 31 December 2021 and 31 December 2020, the number of non-tradable restricted A shares of the Company was 437,244 shares and 437,244 shares respectively.

50 Reserves

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(2) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate certain percentage of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

50 Reserves (continued)

(3) General reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates certain percentage of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates certain percentage from its annual net profit to the transaction risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(4) Fair value reserve

The fair value reserve comprises:

- the cumulative net changes in the fair value of equity securities designated at FVOCI; and
- the cumulative net changes in fair values of debt securities at FVOCI until the assets are derecognized or impaired. This amount is reduced by the amount of loss allowance.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

50 Reserves (continued)

(5) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

	2021				
	Fair value reserve	Translation reserve	Sub-total	NCI	Total
Items that may be reclassified subsequently to profit or loss:					
Financial assets at fair value through other comprehensive income					
— Net changes in fair value	(71,947)	—	(71,947)	(30,054)	(102,001)
— Reclassified to profit or loss	289,614	—	289,614	30,358	319,972
Share of other comprehensive income of associates	(2,189)	—	(2,189)	—	(2,189)
Exchange differences on translation of financial statements in foreign currencies	—	(89,080)	(89,080)	(33,452)	(122,532)
Items that will not be reclassified to profit or loss:					
Equity investment at fair value through other comprehensive income					
— Net changes in fair value	(262,942)	—	(262,942)	—	(262,942)
Total	(47,464)	(89,080)	(136,544)	(33,148)	(169,692)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

50 Reserves (continued)

(5) Translation reserve (continued)

	2020				
	Fair value reserve	Translation reserve	Sub-total	NCI	Total
Items that may be reclassified subsequently to profit or loss:					
Financial assets at fair value through other comprehensive income					
— Net changes in fair value	(219,743)	—	(219,743)	(2,623)	(222,366)
— Reclassified to profit or loss	(159,201)	—	(159,201)	(1,559)	(160,760)
Share of other comprehensive income of associates	(11,396)	—	(11,396)	—	(11,396)
Exchange differences on translation of financial statements in foreign currencies	—	(168,967)	(168,967)	(75,001)	(243,968)
Items that will not be reclassified to profit or loss:					
Equity investment at fair value through other comprehensive income					
— Net changes in fair value	54,755	—	54,755	—	54,755
Total	(335,585)	(168,967)	(504,552)	(79,183)	(583,735)

51 Retained profits

As at 31 December 2021 and 31 December 2020, the consolidated retained profits attributable to the Company included an appropriation of RMB4,381 million and RMB4,864 million to surplus reserve made by the subsidiaries respectively; and RMB2,185 million and RMB2,185 million enjoyed by shareholders arising from the merger of Hongyuan Securities under common control.

Pursuant to the resolution of the general meeting of the shareholders dated 28 May 2021, the Company was approved to distribute cash dividends of RMB1.00 (tax inclusive) per 10 shares to shareholders based on the total outstanding shares of 25,039,945 thousand shares, with total dividends amounting to RMB2,503,994 thousand.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

52 Transferred financial assets

In the ordinary course of business, the Group transfers recognized financial assets to third parties or clients during some transactions, but retains the risks and rewards of the transferred financial assets. Therefore, the Group does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income to counterparties and has signed agreements to repurchase such assets. According to the agreements, the counterparties have the right to receive contractual cash flows during the term of the agreements and use such securities again as collateral, and is obliged to return such securities to the Group on the due date specified in the agreements. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of the income right of margin financing and securities lending to counterparties and has signed agreements to repurchase such assets. According to the repurchase agreements, the income right transferred to the counterparties by the Group includes any other income that the Group may obtain under the contract of margin financing and securities lending, and the counterparties shall return the income right to the Group after the end of the repurchase period. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

	As at 31 December 2021		As at 31 December 2020	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	1,088,694	1,001,909	529,848	520,000
Securities lending	2,614,148	—	3,735,467	—

53 Interests in structured entities

(1) Interests in structured entities consolidated by the Group

The Group had consolidated certain structured entities, mainly asset management products. For those structured entities where the Group is involved as manager or as investor, the Group assesses the controlling power according to its accounting policies.

As at 31 December 2021 and 31 December 2020, the net assets of the consolidated asset management products are RMB30,791,999 thousand and RMB31,594,350 thousand respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB19,888,388 thousand and RMB20,022,637 thousand respectively.

Interests held by other investors in these consolidated structured entities were classified as net investment gains or interest expenses of the consolidated statement of profit or loss, financial liabilities at fair value through profit or loss, other payables and accruals or other non-current liabilities of the consolidated statement of financial position.

As at 31 December 2021 and 31 December 2020, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

53 Interests in structured entities (continued)

(2) Structured entities sponsored by third party institutions which the Group does not consolidate but holds an interest in

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2021 and 31 December 2020, which are listed as below:

	As at 31 December	
	2021	2020
Financial assets at fair value through fair value	89,336,268	49,931,211
Financial assets at fair value through other comprehensive income	—	6,702,007
Financial assets measured at amortized cost	4,556,683	5,134,170
Total	93,892,951	61,767,388

(3) Structured entities sponsored by the Group which the Group does not consolidate

The types of structured entities sponsored by the Group which the Group does not consolidate but in which it holds an interest include funds and asset management products.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by the Group as at 31 December 2021 and 31 December 2020, which are listed as below:

	As at 31 December 2021		
	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Funds	1,532,211	—	1,532,211
Asset management products and others	1,932,349	—	1,933,349
Total	3,464,560	—	3,465,560

	As at 31 December 2020		
	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Funds	2,076,115	—	2,076,115
Asset management products and others	3,490,857	—	3,490,857
Total	5,566,972	—	5,566,972

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

53 Interests in structured entities (continued)

(3) Structured entities sponsored by the Group which the Group does not consolidate (continued)

During the years ended 31 December 2021 and 2020, the Group recognized net income from asset management business of RMB1,380,199 thousand and RMB1,264,558 thousand, respectively. Net income is analysed in Note 5.

54 Contingencies

As at 31 December 2021 and 31 December 2020, the Group was not involved in any material lawsuits, arbitration or administrative proceedings that if adversely determined, the Group expects would materially and adversely affect its financial position or results of operations.

55 Related party relationships and transactions

(1) Relationship of related parties

(a) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership. Share percentage in the Company:

	Place of incorporation	Place of operating	As at 31 December 2021	As at 31 December 2020
China Jianyin Investment Ltd.	PRC	Beijing	26.34%	26.34%
Central Huijin Investment Ltd.	PRC	Beijing	20.05%	20.05%

(b) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 23.

(c) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

(2) Related parties transactions and balances

(a) Transactions between the Group and major shareholders:

	For the year ended 31 December	
	2021	2020
Transactions during the year:		
Fee and commission income	368	3,434
Net investment gains	1,600	(2,597)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

55 Related party relationships and transactions (continued)

(2) Related parties transactions and balances (continued)

(b) Transactions between the Group with associates, joint ventures and other related parties:

	As at 31 December	
	2021	2020
Balances at the end of the year:		
Cash and bank balances	51,090,398	53,855,630
Financial assets sold under repurchase agreements	20,108,448	4,807,845
Financial assets at fair value through profit or loss	9,507,143	565,965
Derivative financial assets	117,984	—
Financial assets measured at amortized cost	191,035	—
Financial assets at fair value through other comprehensive income	323,864	145,497
Financial assets held under resale agreements	640,973	—
Accounts receivable	78,564	86,112
Right-of-use assets	17,129	11,803
Other receivables and prepayments	6,143	—
Loans and borrowings	670,621	—
Other payables and accruals	25,993	34,170
Derivative financial liabilities	62,872	—
Lease liabilities	18,042	11,230
Accounts payable to brokerage clients	1,072,198	—
	For the year ended 31 December	
	2021	2020
Transactions during the year:		
Interest income	960,269	1,245,997
Net investment gains	790,168	423,038
Fee and commission income	431,947	277,740
Interest expenses	73,986	147,373
Fee and commission expenses	71,876	96,087
Other operating expenses	17,715	7,605
Other income and gains	9,103	11,987
Depreciation and amortization expense	6,337	5,428

For the years ended 31 December 2021 and 31 December 2020, capital injection made by the Group into the associates and joint ventures are RMB343,405 thousand and RMB11,200 thousand, respectively.

For the years ended 31 December 2021 and 31 December 2020, dividend received from associates and joint ventures are RMB200,536 thousand and RMB115,501 thousand, respectively.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

55 Related party relationships and transactions (continued)

(3) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as, is as follows:

	As at 31 December	
	2021	2020
Short-term employee benefits		
— Fees, salaries, allowances and bonuses	22,757	26,109
Post-employment benefits		
— Contributions to pension scheme	424	486
Total	23,181	26,595

Total remuneration is included in “staff costs” (see Note 11).

The emoluments paid or payable to 4 (2020: 5) senior managements were with the following bands:

	2021 Number of individuals	2020 Number of individuals
HKDnil to HKD1,000,000	—	1
HKD1,000,001 to HKD2,000,000	1	1
HKD2,000,001 to HKD3,000,000	—	1
HKD3,000,001 to HKD4,000,000	3	2

56 Segment reporting

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- Enterprise finance segment includes investment banking and principal investment services to the corporate clients: investment banking business primarily includes equity underwriting and sponsorship, debt underwriting and financial advisory services; principal investment business primarily includes the Group's equity investment in unlisted companies and debt investment primarily through various financial instruments;
- Personal finance segment primarily includes securities and futures brokerage, margin financing and securities lending, stock-backed lending, sales of financial products and investment advisory provided to individuals and non-professional institutional investors;
- Institutional services and trading segment primarily includes prime brokerage and research services for professional institutional clients, as well as equity and Fixed Income Currencies and Commodities (FICC) proprietary trading to provide sales, market-making, hedging and over-the counter derivatives services to institutional clients;
- Investment management segment primarily includes asset management, mutual fund management, private equity fund management services to clients.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

56 Segment reporting (continued)

Business segments

For the year ended 31 December 2021

	Enterprise finance		Personal finance	Institutional services and trading	Investment management	Segment total
	Investment banking	Principal investment				
Fee and commission income	1,860,504	17,379	6,938,640	2,172,465	1,402,680	12,391,668
Interest income	58,980	383,165	6,826,627	3,494,377	377,799	11,140,948
Net investment gains	315,283	1,050,120	306,763	8,222,661	459,778	10,354,605
Other income and gains	3,572	309,091	112,205	11,841,984	17,397	12,284,249
Total revenue and other income	2,238,339	1,759,755	14,184,235	25,731,487	2,257,654	46,171,470
Segment expenses	1,359,816	1,800,158	9,975,135	20,724,122	2,014,115	35,873,346
Including: Interest expenses	1,851	1,100,799	2,548,267	5,706,400	778,814	10,136,131
Provision for impairment losses	511	78,538	27,716	287,366	244,847	638,978
Share of profit of associates and joint ventures	—	780,998	—	—	—	780,998
Profit before income tax	878,523	740,595	4,209,100	5,007,365	243,539	11,079,122
Other segment information:						
Depreciation and amortization expenses	47,778	9,723	402,381	162,216	32,860	654,958
Capital expenditure paid	9,022	236,785	154,151	42,625	19,244	461,827
As at 31 December 2021						
Segment assets	3,266,222	39,078,753	173,192,125	357,756,803	25,147,161	598,441,064
Deferred tax assets						2,570,403
Segment total assets						601,011,467
Segment liabilities	650,560	32,070,863	143,663,716	294,674,489	22,869,947	493,929,575
Deferred tax liabilities						27,298
Segment total liabilities						493,956,873

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

56 Segment reporting (continued)

Business segments (continued)

For the year ended 31 December 2020

	Enterprise finance		Personal finance	Institutional services and trading	Investment management	Segment total
	Investment banking	Principal investment				
Fee and commission income	1,533,831	10,870	5,967,711	1,237,854	1,305,468	10,055,734
Interest income	23,957	510,501	6,761,700	4,028,006	581,706	11,905,870
Net investment gains	40,889	674,104	63,621	5,326,708	461,394	6,566,716
Other income and gains	3,910	198,485	56,987	10,328,590	40,081	10,628,053
Total revenue and other income	1,602,587	1,393,960	12,850,019	20,921,158	2,388,649	39,156,373
Segment expenses	906,887	1,394,528	8,658,352	17,274,452	1,865,192	30,099,411
Including: Interest expenses	835	807,726	2,506,062	4,539,647	445,405	8,299,675
Provision for impairment losses	187	25,247	326,020	46,647	416,806	814,907
Share of profit of associates and joint ventures	—	291,505	—	—	—	291,505
Profit before income tax	695,700	290,937	4,191,667	3,646,706	523,457	9,348,467
Other segment information:						
Depreciation and amortization expenses	16,749	47,807	350,142	151,131	39,718	605,547
Capital expenditure paid	3,882	127,731	107,951	31,557	16,430	287,551
As at 31 December 2020						
Segment assets	2,819,694	32,875,477	167,400,566	257,606,945	28,214,703	488,917,385
Deferred tax assets						2,206,892
Segment total assets						491,124,277
Segment liabilities	900,311	20,948,144	152,244,226	205,430,603	21,508,255	401,031,539
Deferred tax liabilities						2,148
Segment total liabilities						401,033,687

The Group's non-current assets are mainly located in mainland China. The Group's revenue is substantially derived from its operations in mainland China.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information

(1) Fair value of financial instruments

The Group adopts the following methods and assumptions when evaluating fair value:

- (a) Financial assets including cash and bank balances, cash held for brokerage clients, clearing settlement funds, financial assets held under resale agreements, and financial liabilities including placements from other financial institutions, short-term debt instruments issued, loans and borrowings under current liabilities and financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts approximate the fair values.
- (b) Financial assets and liabilities at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income are stated at fair value. For the financial instruments traded in active open markets, the Group uses market prices or market rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.
- (c) The fair value of non-current debt investment at amortized cost and long-term bonds are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as credit risk and maturity, to estimate the fair value using pricing models or discounted cash flow.
- (d) Accounts receivable, other receivables and prepayments, margin accounts receivable, and accounts payable to brokerage clients are mainly within one year. Accordingly, the carrying amounts approximate the fair values.

(2) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

The table below analyses financial instruments, measured at fair value at 31 December 2021 and 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31 December 2021			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit or loss				
— Debt securities	31,549,695	114,049,033	705,388	146,304,116
— Equity securities	60,123,823	5,981,408	6,066,107	72,171,338
— Hybrid instruments	—	1,432,895	1,983,023	3,415,918
— Asset management products and others	212,826	44,725,681	5,746,580	50,685,087
Financial assets at fair value through other comprehensive income				
— Debt securities	4,621,584	32,072,356	431,459	37,125,399
— Equity securities	2,362,808	—	261,000	2,623,808
Derivative financial assets	148,181	660,234	1,991,885	2,800,300
Total	99,018,917	198,921,607	17,185,442	315,125,966
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	(320,998)	(5,845,997)	—	(6,166,995)
Derivative financial liabilities	(120,393)	(525,495)	(6,663,967)	(7,309,855)
Total	(441,391)	(6,371,492)	(6,663,967)	(13,476,850)

Notes to the consolidated financial statements (continued)

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(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

	As at 31 December 2020			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	45,652,696	45,495,511	–	91,148,207
– Equity securities	33,670,109	5,315,957	1,215,077	40,201,143
– Hybrid instruments	1,222,789	–	4,937,838	6,160,627
– Asset management products and others	4,520,092	19,661,050	2,876,738	27,057,880
Financial assets at fair value through other comprehensive income				
– Debt securities	30,298,975	26,983,634	–	57,282,609
– Equity securities	2,109,816	6,702,007	260,000	9,071,823
Derivative financial assets	87,018	1,563,540	–	1,650,558
Total	117,561,495	105,721,699	9,289,653	232,572,847
Liabilities				
Financial liabilities at fair value through profit or loss	–	(3,451,937)	–	(3,451,937)
Derivative financial liabilities	(135,508)	(2,085,783)	–	(2,221,291)
Total	(135,508)	(5,537,720)	–	(5,673,228)

For the years ended 31 December 2021 and 31 December 2020, there was no significant transfer between Level 1 and Level 2.

For the years ended 31 December 2021 and 31 December 2020, there were transfers into and out of Level 3 due to the delisting of equity securities and the lifting of restricted stocks respectively. The Group's policy is to recognize transfer between levels of fair value hierarchy at the end of the year in which they occur.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at 31 December 2021 and 31 December 2020. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily securities traded on exchanges and fund investments traded through exchanges or fund management companies.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(c) Valuation methods for specific investments

As at 31 December 2021 and 31 December 2020, the Group's valuation methods for specific investments are as follows:

- (i) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at 31 December 2021 and 31 December 2020 within bid-ask spread. If there is no quoted market price as at 31 December 2021 and 31 December 2020, valuation techniques are used to determine the fair value.
- (ii) For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at 31 December 2021 and 31 December 2020 or the most recent trading date. For unlisted open-end funds and asset management products, fair value is determined by quoted price which is based on the net asset value as at 31 December 2021 and 31 December 2020.
- (iii) For debt securities listed through exchanges, fair values are determined based on the closing price within bid-ask spread of the debt securities as at 31 December 2021 and 31 December 2020.
- (iv) For debt securities traded through the inter-bank bond market and the OTC market, fair values are determined by valuation techniques.
- (v) For futures traded through exchanges, fair value is determined based on the closing price of the futures as at 31 December 2021 and 31 December 2020.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

(d) Financial instruments in Level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	For the year ended 31 December 2021					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – debt instruments	Financial assets at fair value through other comprehensive income – equity instruments	Derivative financial assets	Derivative financial liabilities	Total
As at 1 January 2021	9,029,653	–	260,000	–	–	9,289,653
Gains or losses for the year	463,349	(5,456)	–	1,366,316	2,501,067	4,325,276
Changes in fair value recognized in other comprehensive income	–	(104,957)	–	–	–	(104,957)
Purchases	9,632,222	227,709	1,000	32,948	2,118,413	12,012,292
Sales and settlements	(5,769,864)	(1,154)	–	(1,027,230)	(67,530)	(6,865,778)
Transfer in	1,236,406	315,317	–	1,619,851	2,112,017	5,283,591
Transfer out	(90,668)	–	–	–	–	(90,668)
As at 31 December 2021	14,501,098	431,459	261,000	1,991,885	6,663,967	23,849,409
Realized gains or losses included in profit or loss for the year						
— investment gains	725,693	(5,456)	–	184,251	(67,321)	837,167
Unrealized gains or losses included in profit or loss for the year						
— gain or losses on the fair value change	(262,344)	–	–	1,182,065	(2,433,746)	(1,514,025)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

(d) Financial instruments in Level 3 (continued)

	For the the year ended 31 December 2020		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – equity instruments	Total
As at 1 January 2020	5,577,082	260,000	5,837,082
Gains for the year	522,390	—	522,390
Changes in fair value recognized in other comprehensive income	—	—	—
Purchases	3,944,036	—	3,944,036
Sales and settlements	(1,013,855)	—	(1,013,855)
As at 31 December 2020	9,029,653	260,000	9,289,653
Realized gains or losses included in profit or loss for the year – investment gains	11,590	—	11,590
Unrealized gains or losses included in profit or loss for the year— gain or losses on the fair value change	510,800	—	510,800

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

57 Fair value information (continued)

(2) Fair value hierarchy (continued)

(d) Financial instruments in Level 3 (continued)

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the related valuation techniques and inputs of the major financial instruments in Level 3.

Financial assets and liabilities	Fair value hierarchy	Key valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stock with disposal restriction within a specific period and hybrid instrument	Level 3	Option pricing model	Volatility	The higher the volatility, the greater the impact on the fair value
Asset management products, structured entities, and preferred shares	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Unlisted equity investment with limited marketability	Level 3	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs during the years ended 31 December 2021 and 31 December 2020.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management

Risk analysis and control

The risks faced by the Group in its daily operation and management mainly include market risk, credit risk and liquidity risk.

The Group aims to strike an appropriate balance between the risks and benefits of its financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and assess the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk refers to the risk that the Group may face when its financiers, counterparties or bond issuers fail to perform the agreed financial obligations. The Group's credit risk exposures mainly exist in its personal finance, proprietary trading, and principal investment businesses.

The Group has mainly adopted the following measures to detect, report and manage credit risk:

- Established an internal rating system for credit risk, and conducted concentration risk management of the clients;
- Optimised risk assessment and analysis of clients and collateral, and reinforced continuous supervision. The Group has also been improving credit risk management system, and set up company-level negative lists of counterparties so as to collect and manage the list of clients with bad credit, and unified the management of negative information of clients;
- Set up strict entry criteria such as bond and issuer ratings for the proprietary trading business, and carried out pre-transaction review, post-transaction monitoring, and follow up on trading behaviours, credit ratings and types of securities, as well as scale and concentration of bonds;
- Enhanced measures and policies of derivatives trading, set up rating and entry criteria for its counterparties, and improved the risk limit indicators system and pre-transaction review standard; and
- Tightened the review and management of certain businesses, such as stock-backed lending and principal investment business, on the assessment of client, concentration control, and scale of the businesses, and closely monitor project status on a continual basis.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Measurement of expected credit loss

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), and FVOCI is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Group has applied a ‘three-stage’ impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as “Stage 1” and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to “Stage 3”.

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For financial instruments under Stages 1 and Stage 2, including investments in financial assets measured at amortized cost (including margin accounts, stock-pledged repo), and FVOCI, the ECL is measured using the risk parameter modelling approach that incorporated key parameters, including Probability of Default (“PD”), Loss Given Default (“LGD”), Loss Ratio (“LR”) and Exposure at Default (“EAD”) taking into consideration of forward looking factors. For credit-impaired financial assets classified under Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk (“SICR”), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios;
- Forecasts of the discounted cash flow of financial instruments under Stage 3.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Measuring ECL – Inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For financing assets, ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the Group determines the PD by the appropriate external credit ratings.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on the type of securities
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Group's expectation of the likelihood of default and extent of loss on exposure. The Group uses historical loss rates and assesses their appropriateness. The Group determines LR of financing assets based on factors including: the coverage ratio of related loan to underlying collateral value, the volatility of such collateral's valuation and the realized value of collateral upon forced liquidation over the realization period.

The criteria of Significant increase in credit risk (SICR)

The Group evaluates financial instruments to identify whether a SICR has occurred since initial recognition at each financial statement date. An ECL allowance of financial assets is recognized according to the stage in which the assets are classified. This took into account of what reasonable information, including forward looking information, is available to identify whether a SICR had arisen. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For financing assets, the Group sets differentiated collateral to loan ratios as triggering margin calls and force liquidation thresholds (force liquidation thresholds generally no less than 130%) against different exposures related to these transactions, based on the obligors' credit quality, operation situation, contract maturity date, the volatility and liquidity of related collateral securities, and related performance information.

For securities financing business, the Group considered securities financing business to have experienced a SICR if collateral to loan ratios is lower than the force liquidation thresholds, which means collateral valuation has declined or the quality of the third-party collateral is significantly reduced. As at 31 December 2021 and 31 December 2020, over 90% of the securities financing balances of the Group were covered by collateral value of over the force liquidation thresholds of related loan or repo amounts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

The criteria of Significant increase in credit risk (SICR) (continued)

For debt securities investments, the Group makes use of open market credit ratings. The Group considers debt securities investments to have experienced a SICR if the following scenarios occurs: the debt securities with an initial rating above AA level (inclusive) downgraded below AA (exclusive); the debt securities with an initial rating below AA level (exclusive) been downgraded; or the debt security is on the warning list. As at 31 December 2021 and 31 December 2020, all the debt securities investments of the Group have been rated as investment grade or above and there was no SICR.

Relevant financial assets are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements collateralized by debt securities.

Definition of default and credit impairment

The Group assesses whether a financial instrument has been credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes qualitative criteria, quantitative criteria and upper limit. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For securities financing business, forced liquidation of a client’s position is triggered based on a predetermined threshold of loan to collateral ratios; whereby the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of debtor’s financial difficulties;
- Concessions have been made by the Group relating to the debtor, issuer, borrower or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring, etc.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

The Group has performed historical data analysis and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. Key economic variables mainly include the growth rate of Domestic GDP, the fixed asset investment growth, Producer Price Index (PPI) and the growth rate of fixed assets investment index. The impact of these economic variables on the PD, LGD and EAD has been determined by performing historical statistical regression analysis to forecast the expected changes in these variables on default rates and on the components of ECL.

For financial assets, based on the analysis of the characteristics of these products, the Group has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolios include Volatility of Shanghai Composite Index and Shenzhen Composite Index. The Group makes forward looking adjustments to the ECL of financial assets by analysing the impacts of these economic variables.

In addition to the base economic scenario, the Group's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

At 31 December 2021 and 31 December 2020, for all portfolios the Group concluded that three scenarios appropriately captured non-linearities of key economic variables. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The number of scenarios and their attributes are reassessed at each financial statement date.

The assessment of SICR is performed using the Lifetime PD under each of the base and other scenarios multiplied by the associated scenario weighting, as well as qualitative criteria, quantitative criteria and upper limit. The Group measures ECL as either a probability weighted 12-month ECL or a probability weighted lifetime ECL. These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

At 31 December 2021 and 31 December 2020, comprehensively considering of the current economic situation, the impact of COVID-19, and various supporting policies adopted by the government, the Group updated relevant economic indicators for forward-looking measurement based on the latest economic forecasts. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the measurement of ECLs.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned use in forward-looking measurement. When increasing the weighting applied to the optimistic scenario by 10% and a corresponding reduction of 10% weighting applied to the base scenario, or shifting 10% of the weighting from the base case scenario to the pessimistic scenario, the impact on ECL recognized is not significant.

Meanwhile, the Group also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 31 December 2021 and 31 December 2020, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL to be recognized in financial statements is not significant.

Collateral and other credit enhancements

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantee. The Group determined the type and amount of collateral according to the credit risk evaluation of counterparties. The collateral under margin financing and reverse repurchase agreements is primarily stocks, debt securities, funds etc. The management would test the market value of collateral periodically, and send margin calls according to related agreements, also monitor the market value fluctuation of collaterals when reviewing the measurement of the loss allowance.

Loss Ratio and impairment provision of securities financing business

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Group sets differentiated collateral to loan ratios (generally no less than 140%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For financing assets exposures with collateral to loan ratios above the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- For financing assets exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days but no more than 90 days are considered to be with significant increase in credit risks and are classified under Stage 2.
- For financing assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are classified under Stage 3.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Loss Ratio and impairment provision of securities financing business (continued)

Loss ratio applied by the Group on its Financing Assets under the 3 stages were as follows:

Stage 1: 0.2% to 0.5% according to the different collateral ratios;

Stage 2: No less than 0.5%;

Stage 3: Discounted cash flow on individual exposure.

Credit risk exposure analysis

The Group considered the credit risk of the financial assets was relatively low. As at 31 December 2021 and 31 December 2020, majority most of the financial assets' ratio to underlying collateral value was over force liquidation level. As at 31 December 2021 and 31 December 2020, most of the debt securities investments of the Group were rated at investment grade or above.

The maximum credit risk exposure on the balance sheet date, without taking into account any collateral and other credit enhancements, refers to the carrying value of the relevant financial assets after the deduction of impairment provisions. The Group's maximum credit risk exposure is disclosed as follows:

	31 December	
	2021	2020
Refundable deposits	29,113,660	18,347,661
Accounts receivable	4,093,737	3,088,616
Other receivables and prepayments	954,645	812,227
Margin accounts receivable	76,296,755	74,212,401
Financial assets held under resale agreements	25,398,184	26,659,737
Financial assets at fair value through profit or loss	152,418,406	100,934,101
Derivative financial assets	2,800,300	1,650,558
Financial assets measured at amortized cost	5,021,564	6,452,203
Financial assets at fair value through other comprehensive income	37,125,399	57,282,609
Clearing settlement funds	15,261,942	5,974,014
Cash held on behalf of brokerage clients	86,622,841	88,136,292
Bank balances	31,038,797	22,922,536
Total maximum credit risk exposure	466,146,230	406,472,955

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

Credit risk exposure analysis (continued)

The movements of loss allowance are mainly affected by:

- Increases are primarily attributable to new financial instruments recognized, changes in PD, LGD and expected cash flow recovery rate affected by market changes, the resulted movements amongst Stage 1, Stage 2 and Stage 3, and updates of parameters and assumptions in the ECL model;
- Reversals include the reversals caused by the redemption or disposal of financial assets, the impact of changes in model parameters and assumption;
- Transfers between stages due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding measurement basis changes between the 12-month (12M) or the Lifetime basis; and
- Foreign exchange and other movements include changes in foreign exchange translations for assets denominated in foreign currencies and other movements.

	As at					As at
	1 January 2021	Increases	Reversals	Write-offs	Others	31 December 2021
Provision for impairment losses on cash and bank balances	3,699	166	(2,596)	—	—	1,269
Provision for impairment losses on margin accounts receivable (a)	340,239	170,675	(132,045)	—	(83)	378,786
Provision for impairment losses on accounts receivable	557,637	63,017	—	—	—	620,654
Provision for impairment losses on financial assets held under resale agreements (b)	988,979	278,006	(134,751)	—	—	1,132,234
Provision for impairment losses on financial assets measured at amortized cost (c)	539,661	51,081	(12,832)	—	(793)	577,117
Provision for impairment losses on financial assets at fair value through other comprehensive income (d)	289,448	276,000	(64,698)	—	(1,537)	499,213
Provision for impairment losses on other receivables and prepayments	279,311	29,948	—	—	(1,703)	307,556
Total	2,998,974	868,893	(346,922)	—	(4,116)	3,516,829

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

	As at 1 January 2020	Increases	Reversals	Write-offs	Others	As at 31 December 2020
Provision for impairment losses on cash and bank balances	2,874	825	—	—	—	3,699
Provision for impairment losses on margin accounts receivable (a)	179,888	206,602	(45,671)	(580)	—	340,239
Provision for impairment losses on accounts receivable	262,601	295,087	—	(51)	—	557,637
Provision for impairment losses on financial assets held under resale agreements (b)	803,033	265,710	(79,764)	—	—	988,979
Provision for impairment losses on financial assets measured at amortized cost (c)	450,035	91,084	(1,458)	—	—	539,661
Provision for impairment losses on financial assets at fair value through other comprehensive income (d)	278,345	38,210	(27,107)	—	—	289,448
Provision for impairment losses on other receivables and prepayments	207,923	71,600	(212)	—	—	279,311
Total	2,184,699	969,118	(154,212)	(631)	—	2,998,974

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

(a) Margin accounts receivable

	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	140,408	—	199,831	340,239
Increases	60,683	6,494	103,498	170,675
Reversals	(83,189)	(39)	(48,817)	(132,045)
Write-offs	—	—	—	—
Transfer:				
Stage 1 to stage 3	(1,332)	—	1,332	—
Stage 1 to stage 2	(2,266)	2,266	—	—
Stage 3 to stage 1	294	—	(294)	—
Foreign exchange and other movements	—	—	(83)	(83)
As at 31 December 2021	114,598	8,721	255,467	378,786
As at 1 January 2020	102,550	—	77,338	179,888
Increases	73,487	—	133,115	206,602
Reversals	(35,869)	—	(9,802)	(45,671)
Write-offs	—	—	(580)	(580)
Transfer:				
Stage 1 to stage 3	(534)	—	534	—
Stage 3 to stage 1	774	—	(774)	—
As at 31 December 2020	140,408	—	199,831	340,239

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

(b) Financial assets held under resale agreements

	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	47,177	7,845	933,957	988,979
Increases	601	—	277,405	278,006
Reversals	(33,264)	(5,562)	(95,925)	(134,751)
Transfer:				
Stage 1 to stage 3	(3,582)	—	3,582	—
Stage 2 to stage 3	—	(5,316)	5,316	—
Stage 1 to stage 2	(5,298)	5,298	—	—
As at 31 December 2021	5,634	2,265	1,124,335	1,132,234
As at 1 January 2020	93,848	10,458	698,728	803,034
Increases	22,656	3,210	239,843	265,709
Reversals	(64,409)	(320)	(15,035)	(79,764)
Transfer:				
Stage 1 to stage 3	(4,918)	—	4,918	—
Stage 2 to stage 3	—	(5,503)	5,503	—
As at 31 December 2020	47,177	7,845	933,957	988,979

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

(c) Financial assets measured at amortized cost

	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	19,210	—	520,451	539,661
Increases	1,445	—	49,636	51,081
Reversals	(12,669)	—	(163)	(12,832)
Transfer:				
Stage 1 to stage 3	(1,103)	—	1,103	—
Stage 2 to stage 3	—	—	—	—
Foreign exchange and other movements	(323)	—	(470)	(793)
As at 31 December 2021	6,560	—	570,557	577,117
As at 1 January 2020	5,112	163	444,760	450,035
Increases	15,748	—	75,336	91,084
Reversals	(1,458)	—	—	(1,458)
Write-offs	—	—	—	—
Transfer:				
Stage 1 to stage 3	(192)	—	192	—
Stage 2 to stage 3	—	(163)	163	—
As at 31 December 2020	19,210	—	520,451	539,661

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

(d) Financial assets at fair value through other comprehensive income

	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	56,053	23,818	209,577	289,448
Increases	61,189	81,518	133,293	276,000
Reversals	(48,549)	(16,149)	—	(64,698)
Transfer:				
Stage 1 to stage 2	(2,237)	2,237	—	—
Stage 1 to stage 3	(252)	—	252	—
Stage 2 to stage 1	6,133	(6,133)	—	—
Foreign exchange and other movements	(611)	(428)	(498)	(1,537)
As at 31 December 2021	71,726	84,863	342,624	499,213
As at 1 January 2020	47,423	29,791	201,131	278,345
Increases	9,491	16,851	11,868	38,210
Reversals	(11,744)	(11,940)	(3,423)	(27,107)
Transfer:				
Stage 1 to stage 3	(3,230)	3,230	—	—
Stage 2 to stage 1	14,114	(14,114)	—	—
As at 31 December 2020	56,054	23,818	209,576	289,448

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(1) Credit risk (continued)

(e) significant credit risk exposure

	As at 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
Margin accounts receivable	75,170,212	1,126,544	—	76,296,756
Financial assets at fair value through other comprehensive income	32,763,419	4,076,498	285,482	37,125,399

	As at 31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
Margin accounts receivable	74,059,409	—	152,992	74,212,401
Financial assets at fair value through other comprehensive income	51,291,698	5,990,911	—	57,282,609

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(2) Liquidity risk

Liquidity risk is the risk that the Group may face if the Group fails to acquire sufficient funds in time with reasonable cost to repay its debts due, perform other payment obligations and satisfy capital requirements in normal business operations.

In managing its liquidity risks, the Group considers its short, medium and long-term funding needs and liquidity management requirements, and reinforces the management of both the total amount and the structure of high-quality liquid assets through continuously improving the management system of its liquidity reserve, so as to maintain a sufficient liquidity reserve. The Group maintains adequate cash and cash equivalents and continuously monitors and compares cash flow forecast and actual cash flows. The Group also adopts a risk indicator analysis method to manage its overall liquidity risk. Through the analysis of key risk indicators, such as liquidity coverage ratio, net stable funding ratio, liquidity gap, and asset and liability concentration, the Group assesses and measures its overall liquidity risk status.

For liquidity risks, the Group has primarily adopted the following measures:

- Formulated a comprehensive capital plan to maintain a sufficient liquidity reserve;
- Expanded the scope of cooperation of financial institutions, improved debt financing management capabilities and diversified liquidity management tools;
- Enhanced the dynamic monitoring of liquidity risk, maintained the tracking and assessment of information such as liquidity monitoring indicators, cash flow gap, liquidity reserve and its short-term financing capabilities;
- Carried out stress testing of liquidity risk, improved the ability to measure liquidity shock and put forward effective measures; and
- Improved the capability of reporting and dealing with liquidity risk contingencies through conducting emergency drills for liquidity risk to enhance the ability to respond to liquidity crisis.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(2) Liquidity risk (continued)

The following tables show the details of the Group's contractual cash flow from its undiscounted financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates as of 31 December) for the remainder of the contract as well as the earliest date the Group may be required to pay:

	31 December 2021						Total
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Financial liabilities							
Loans and borrowings	—	790,599	1,031,095	1,426,559	—	—	3,248,253
Short-term debt instruments issued	—	827,933	5,013,961	24,161,382	—	—	30,003,276
Placements from other financial institutions	—	1,551,054	2,186,240	654,895	—	—	4,392,189
Accounts payable to brokerage clients	104,738,359	—	—	—	—	—	104,738,359
Other payables and accruals	29,402,808	53,410	72,428	55,814	—	—	29,584,460
Financial assets sold under repurchase agreements	—	124,245,689	2,591,950	11,164,404	—	—	138,002,043
Lease liabilities	—	38,578	59,112	267,919	643,648	29,928	1,039,185
Financial liabilities at fair value through profit or loss	—	2,979,864	11,877	2,881,773	293,481	—	6,166,995
Derivative financial liabilities	—	1,761,789	1,307,332	2,778,922	1,390,858	70,955	7,309,856
Long-term bonds	—	6,629,746	16,809,943	23,711,481	110,397,131	15,987,543	173,535,844
Other non-current liabilities	—	—	—	—	321,427	—	321,427
Total	134,141,167	138,878,662	29,083,938	67,103,149	113,046,545	16,088,426	498,341,887
Cash flows from derivative financial liabilities settled on a net basis:	—	1,761,789	1,307,332	2,778,921	1,390,858	70,955	7,309,855
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(2) Liquidity risk (continued)

	31 December 2020						Total
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Financial liabilities							
Loans and borrowings	—	4,251,486	—	104,250	—	—	4,355,736
Short-term debt instruments issued	—	8,215,952	13,467,418	19,631,270	—	—	41,314,640
Placements from other financial institutions	—	4,432,785	—	—	—	—	4,432,785
Accounts payable to brokerage clients	97,535,040	—	—	—	—	—	97,535,040
Other payables and accruals	18,658,506	49,041	—	45,343	—	—	18,752,890
Financial assets sold under repurchase agreements	—	91,535,407	2,635,981	9,143,159	—	—	103,314,547
Lease liabilities	—	44,320	48,798	275,609	455,898	38,195	862,820
Financial liabilities at fair value through profit or loss	—	2,357,040	—	519,735	575,162	—	3,451,937
Derivative financial liabilities	—	831,096	940,059	428,046	22,090	—	2,221,291
Long-term bonds	—	257,908	1,079,781	20,680,739	119,663,379	—	141,681,807
Other non-current liabilities	—	—	—	—	222,575	—	222,575
Total	116,193,546	111,975,035	18,172,037	50,828,151	120,939,104	38,195	418,146,068
Cash flows from derivative financial liabilities settled on a net basis:	—	831,096	940,059	428,046	22,090	—	2,221,291
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk

(a) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Group's operation performance, financial position and cash flows. The Group's interest-bearing assets mainly include cash and bank balances, clearing settlement funds, margin accounts receivable, financial assets at fair value through profit or loss, financial assets held under resale agreements, refundable deposits and financial assets at fair value through other comprehensive income; interest-bearing liabilities mainly include loans and borrowings, short-term debt instruments issued, placements from other financial institutions, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, accounts payable to brokerage clients and long-term bonds.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group applies interest rate repricing exposure analysis and sensitivity analysis as the primary approach for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and possible changes in the interest rate on the net profits and shareholders' equity with all other variables held constant.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(a) Interest rate risk (continued)

The following tables indicate the interest rate risk of the Group as at 31 December 2021. In the tables, financial assets and liabilities as at 31 December 2021 are presented by the expected next repricing date or maturity date, whichever is earlier:

	31 December 2021					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Financial assets						
Financial assets measured at amortized cost	203,907	225,204	—	—	4,592,453	5,021,564
Financial assets at fair value through other comprehensive income	669,171	2,760,558	26,463,585	6,586,324	3,269,569	39,749,207
Financial assets held under resale agreements	18,594,465	1,322,897	—	—	5,480,822	25,398,184
Refundable deposits	19,223,672	—	—	—	9,889,988	29,113,660
Accounts receivable	—	—	—	—	4,093,737	4,093,737
Other receivables and prepayments	—	—	—	—	954,645	954,645
Margin accounts receivable	24,410,060	49,888,574	—	—	1,998,121	76,296,755
Financial assets at fair value through profit or loss	4,839,196	44,323,080	92,349,534	8,515,973	122,548,676	272,576,459
Derivative financial assets	—	—	—	—	2,800,300	2,800,300
Clearing settlement funds	15,261,896	—	—	—	46	15,261,942
Cash held on behalf of brokerage clients	84,640,524	1,900,000	—	—	82,317	86,622,841
Cash and bank balances	29,707,281	1,065,867	100,000	—	165,688	31,038,836
Total	197,550,172	101,486,180	118,913,119	15,102,297	155,876,362	588,928,130

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(a) Interest rate risk (continued)

	31 December 2021					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Financial liabilities						
Loans and borrowings	(1,814,446)	(1,407,928)	—	—	(7,424)	(3,229,798)
Short-term debt instruments issued	(5,830,167)	(23,656,512)	—	—	(100,164)	(29,586,843)
Placements from other financial institutions	(3,716,200)	(633,817)	—	—	(16,708)	(4,366,725)
Accounts payable to brokerage clients	(103,337,193)	—	—	—	(1,401,166)	(104,738,359)
Other payables and accruals	(134,594)	—	—	—	(29,449,866)	(29,584,460)
Financial liabilities at fair value through profit or loss	(6,093,115)	—	—	—	(73,880)	(6,166,995)
Financial assets sold under repurchase agreements	(125,266,711)	(12,448,483)	—	—	(262,326)	(137,977,520)
Derivative financial liabilities	—	—	—	—	(7,309,855)	(7,309,855)
Long-term bonds	(22,057,347)	(19,766,249)	(101,717,502)	(14,022,914)	(2,922,712)	(160,486,724)
Lease liabilities	(81,804)	(228,167)	(630,657)	(28,587)	—	(969,215)
Other non-current liabilities	—	—	—	—	(321,427)	(321,427)
Total	(268,331,577)	(58,141,156)	(102,348,159)	(14,051,501)	(41,865,528)	(484,737,921)
Net interest rate risk exposure	(70,781,405)	43,345,024	16,564,960	1,050,796	114,010,834	104,190,209

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(a) Interest rate risk (continued)

	31 December 2020					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Financial assets						
Financial assets measured at amortized cost	575,116	2,831,112	811,245	—	2,234,730	6,452,203
Financial assets at fair value through other comprehensive income	1,030,654	5,216,136	40,474,296	9,194,727	10,438,619	66,354,432
Financial assets held under resale agreements	19,089,010	6,374,466	1,144,351	—	51,911	26,659,738
Refundable deposits	4,245,195	—	—	—	14,102,466	18,347,661
Accounts receivable	—	—	—	—	3,088,616	3,088,616
Other receivables and prepayments	—	—	—	—	812,227	812,227
Margin accounts receivable	31,555,772	40,934,324	—	—	1,722,305	74,212,401
Financial assets at fair value through profit or loss	8,040,493	14,204,834	74,509,108	2,665,767	65,147,655	164,567,857
Derivative financial assets	—	—	—	—	1,650,558	1,650,558
Clearing settlement funds	5,967,900	—	—	—	6,114	5,974,014
Cash held on behalf of brokerage clients	85,636,292	2,500,000	—	—	—	88,136,292
Cash and bank balances	20,360,023	2,257,231	—	—	305,613	22,922,867
Total	176,500,455	74,318,103	116,939,000	11,860,494	99,560,814	479,178,866
Financial liabilities						
Loans and borrowings	(4,246,431)	(100,000)	—	—	(504)	(4,346,935)
Short-term debt instruments issued	(27,469,013)	(12,767,627)	—	—	(268,429)	(40,505,069)
Placements from other financial institutions	(4,430,000)	—	—	—	—	(4,430,000)
Accounts payable to brokerage clients	(66,276,712)	—	—	—	(31,258,328)	(97,535,040)
Other payables and accruals	(134,229)	—	—	—	(18,618,661)	(18,752,890)
Financial liabilities at fair value through profit or loss	(1,953,615)	(401,056)	(574,213)	—	(523,053)	(3,451,937)
Financial assets sold under repurchase agreements	(94,054,241)	(9,058,364)	—	—	(201,942)	(103,314,547)
Derivative financial liabilities	—	—	—	—	(2,221,291)	(2,221,291)
Long-term bonds	(497,578)	(19,894,991)	(95,429,975)	—	(2,345,401)	(118,167,945)
Lease liabilities	(93,119)	(275,609)	(455,896)	(38,196)	—	(862,820)
Other non-current liabilities	—	—	—	—	(222,575)	(222,575)
Total	(199,154,938)	(42,497,647)	(96,460,084)	(38,196)	(55,660,184)	(393,811,049)
Net interest rate risk exposure	(22,654,483)	31,820,456	20,478,916	11,822,298	43,900,630	85,367,817

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(a) Interest rate risk (continued)

Sensitivity analysis

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's and the Company's profit after tax and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of profit after tax 31 December	
	2021	2020
Move in yield curve		
Up 25 basis points	(564,295)	(214,766)
Down 25 basis points	572,576	219,866

	Sensitivity of equity 31 December	
	2021	2020
Move in yield curve		
Up 25 basis points	(713,806)	(406,757)
Down 25 basis points	724,203	415,481

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-instruments held by the Group, the impact on the Group's profit after tax and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(b) Foreign currency rate risk

Foreign currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation and monitor of foreign exchange rates. The Group adopts sensitivity analysis to measure and monitor currency risk.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against the US dollar, HKD and other currencies at the end of the reporting period, under the assumption of the foreign exchange rate changes within the period from the end of the reporting period to next whole year, would have increased/(decreased) the Group's equity and profit after tax by the amount shown below, whose effect is in RMB and translated using the spot rate at the end of the reporting year:

	Sensitivity of profit after tax	
	2021	2020
Currency		
USD	(106,881)	115,162
HKD	602,244	(557,056)
Other currencies	21,619	10,801

	Sensitivity of equity	
	2021	2020
Currency		
USD	(106,881)	115,162
HKD	945,993	(578,848)
Other currencies	21,619	10,801

A 10% weakening of the RMB against the USD, HKD and other currencies at the end of the reporting year would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting year. The analysis excludes translation differences arising from translation of foreign currency financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(3) Market risk (continued)

(c) Other price risks

Other price risks refer to the risk that the fair value or future cash flows of any equity securities and funds held by the Group will be affected by changes in market price factors (other than interest rates and foreign exchange rates). The Group mainly invests in stocks listed on stock exchanges and funds and the maximum market price risk is determined by fair value of financial instruments held by the Group.

Assuming that the market price of the financial instruments mentioned above increases or decreases by 10%, with all other variables held constant, the effect of these balance sheet assets on the Group shareholders' equity and net profit is listed as follows:

	Sensitivity of profit after tax	
	31 December 2021	2020
Increase by 10%	5,362,014	2,926,408
Decrease by 10%	(5,362,014)	(2,926,408)

	Sensitivity of equity	
	31 December 2021	2020
Increase by 10%	5,539,224	3,084,644
Decrease by 10%	(5,539,224)	(3,084,644)

(4) Capital management

The Group's primary objectives when managing capital are to safeguard its continued operations, so that it can continue to provide returns for shareholders, by pricing products and services according to the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditure and risk level. Adjustments are made to the capital structure in light of changes in the factors mentioned above affecting the Group.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

58 Financial instruments risk management (continued)

Risk analysis and control (continued)

(4) Capital management (continued)

On 16 June 2016, the CSRC issued the Measures for the Administration of Risk Control Indicators of Securities Companies (2016 revision) and the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies, which came into effect on 1 October 2016 to revise the risk control indicators and criteria that securities companies must continue monitoring. Therefore, the Group is required to continuously meet the following key criteria for risk control indicators:

- (i) Risk Coverage Ratio (Net capital/Total risk capital reserves \times 100%) shall be no less than 100%;
- (ii) Capital Leverage Ratio (Core net capital/Total balance sheet & off-balance sheet assets \times 100%) shall be no less than 8%;
- (iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days \times 100%) shall be no less than 100%;
- (iv) Net Stable Funding Ratio (Available amount of stable funding/Required amount of stable funding \times 100%) shall be no less than 100%.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

59 Company-level statement of financial position

	As at 31 December	
	2021	2020
Non-current assets		
Property and equipment	339,288	337,002
Investment properties	140,847	149,666
Other intangible assets	1,108	1,187
Interest in associates and joint ventures	63,316,666	56,684,785
Financial assets measured at amortized cost	1,932,294	461,510
Financial assets at fair value through profit or loss	3,470,285	4,695,466
Deferred tax assets	171,856	218,017
Other non-current assets	1,705	4,077
Total non-current assets	69,374,049	62,551,710
Current assets		
Other receivables and prepayments	6,027,191	9,508,525
Financial assets measured at amortized cost	—	1,953,761
Financial assets at fair value through profit or loss	8,325,540	7,627,414
Cash and bank balances	344,130	1,883,960
Total current assets	14,696,861	20,973,660
Total assets	84,070,910	83,525,370

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

59 Company-level statement of financial position (continued)

	As at 31 December	
	2021	2020
Current liabilities		
Employee benefits payable	130,453	44,435
Other payables and accruals	17,088	19,390
Long-term bonds due within one year	4,332,645	7,625,580
Total current liabilities	4,480,186	7,689,405
Net current assets	10,216,675	13,284,255
Total assets less current liabilities	79,590,724	75,835,965
Non-current liabilities		
Long-term bonds	20,659,632	17,320,105
Non-current employee benefits payable	14,784	66,057
Other non-current liabilities	2,620	—
Total non-current liabilities	20,677,036	17,386,162
Net assets	58,913,688	58,449,803
Equity		
Share capital	25,039,945	25,039,945
Reserves	30,931,176	30,634,388
Retained profits	2,942,567	2,775,470
Total equity	58,913,688	58,449,803

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

60 Events after the reporting date

(1) Profit distribution

Pursuant to the resolution of the Board of Directors dated 30 March 2022, the Board of Directors proposed to distribute cash dividends of RMB1 (tax inclusive) per 10 shares to shareholders based on the total outstanding shares of 25,039,945 thousand shares, with total dividends amounting to RMB2,503,994 thousand. The proposal is subject to the approval of the shareholders in the forthcoming annual general meeting.

(2) Issuance of long-term bonds, short-term bonds and structured notes

From 31 December 2021 to the reporting date, the Group issued long-term bonds, short-term bonds and a number of structured notes, with coupon rates range from 2.30% to 6.80%. The issuance amount was approximately RMB13.42 billion in total.

(3) Repayment of long-term bonds, short-term bonds and structured notes

From 31 December 2021 to the reporting date, the Group repaid long-term bonds, short-term bonds and a number of structured notes, with coupon rates range from 2.40% to 6.80%. The repayment amount was approximately RMB30.06 billion in total.

61 Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.



申萬宏源集團股份有限公司
SHENWAN HONGYUAN GROUP CO., LTD.

