

CICC
中金公司

China International Capital Corporation Limited

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

Stock code : 3908



ANNUAL
REPORT

2021

BY THE PEOPLE AND FOR THE NATION

People are our most valuable assets. We strive to attract, cultivate and retain the best people. Since inception, CICC has positioned itself as “a China-based investment bank with international perspectives”. It is our mission to serve the nation by promoting economic reform and long-term development of the capital markets.

PROFESSIONALISM AND DILIGENCE

We develop our businesses up to the highest professional standards, and nurture a high-caliber team of financial professionals, who boast international visions, diligently perform their duties and share our corporate values.

INNOVATION AND ENTREPRENEURSHIP

Innovation is the lasting force that drives CICC forward. Blessed with deep industry knowhow, visionary leadership, close relationship with clients, and abundant execution experiences, CICC is always prepared to embrace change and continue to deliver innovative products and quality services to our clients.

• • • CORE VALUES • • •

CLIENT FIRST

We always put our clients first.
We develop and maintain long-term relationships of trust with our clients by truly safeguarding their interests and satisfying their needs.

INTEGRITY

We build our franchise upon the utmost professional integrity and highest ethical standards. We value our franchise and never compromise on integrity.

CHINESE ROOTS AND INTERNATIONAL REACH

As a China-based global investment bank, we are proud of our Chinese roots and of our international DNA.
We bridge China and the world by providing best-in-class services to clients at home and abroad.



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DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

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| “Company”, “our Company”, or “CICC” | China International Capital Corporation Limited (中國國際金融股份有限公司), a joint stock company incorporated in the PRC with limited liability converted from China International Capital Corporation Limited (中國國際金融有限公司), a Chinese-foreign equity joint venture, on June 1, 2015, whose H Shares are listed on Hong Kong Stock Exchange (Stock Code: 03908) and A Shares are listed on the Shanghai Stock Exchange (Stock Code: 601995) |
| “Group”, “our Group” or “we” | our Company and its subsidiaries (or with reference to the context, our Company and anyone or more of its subsidiaries) |
| “Articles of Association” | the articles of association of China International Capital Corporation Limited (as amended) |
| “Ministry of Finance” or “MOF” | the Ministry of Finance of the PRC* (中華人民共和國財政部) |
| “CSRC” | the China Securities Regulatory Commission* (中國證券監督管理委員會) |
| “SSE” | the Shanghai Stock Exchange* (上海證券交易所) |
| “Hong Kong Stock Exchange” or “HKEx” | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| “Central Bank” or “PBOC” | the People’s Bank of China* (中國人民銀行), the central bank of the PRC |
| “CICC Capital” | CICC Capital Management Co., Ltd.* (中金資本運營有限公司), a company incorporated in the PRC in March 2017 and a wholly-owned subsidiary of our Company |
| “CICC Fund Management” | CICC Fund Management Co., Ltd.* (中金基金管理有限公司), a company incorporated in the PRC in February 2014 and a wholly-owned subsidiary of our Company |
| “CICC Private Equity” | CICC Private Equity Management Co., Ltd.* (中金私募股權投資管理有限公司), a company incorporated in the PRC in October 2020 and a wholly-owned subsidiary of our Company |
| “CICC Futures” | CICC Futures Co., Ltd.* (中金期貨有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company |
| “CICC Wealth Management” or “CICC Wealth Management Securities” | China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司), formerly known as China Investment Securities Company Limited (中國中投證券有限責任公司), a company incorporated in the PRC in September 2005, which was renamed as China CICC Wealth Management Securities Company Limited in August 2019, and a wholly-owned subsidiary of our Company |

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| “CISC Luckystone” | CISC Luckystone Investment Management Co., Ltd.* (中投瑞石投資管理有限責任公司), a company incorporated in the PRC in September 2009, which was renamed as China Investment LuckyStone Management Co. Ltd. in 2021 |
| “CICC Pucheng” | CICC Pucheng Investment Co., Ltd.* (中金浦成投資有限公司), a company incorporated in the PRC in April 2012 and a wholly-owned subsidiary of our Company |
| “CICC Hong Kong” | China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司), a company incorporated in Hong Kong in April 1997 and a wholly-owned subsidiary of our Company |
| “CICC HK Securities” | China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), a company incorporated in Hong Kong in March 1998 and a wholly-owned subsidiary of CICC Hong Kong |
| “CICC HK AM” | China International Capital Corporation Hong Kong Asset Management Limited (中國國際金融香港資產管理有限公司), a company incorporated in Hong Kong in December 2005 and a wholly-owned subsidiary of CICC Hong Kong |
| “CICC HK Futures” | China International Capital Corporation Hong Kong Futures Limited (中國國際金融香港期貨有限公司), a company incorporated in Hong Kong in August 2010 and a wholly-owned subsidiary of CICC Hong Kong |
| “CICC (Singapore)” | China International Capital Corporation (Singapore) Pte. Limited, a company incorporated in Singapore in July 2008 and a wholly-owned subsidiary of CICC Hong Kong |
| “A Share(s)” | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in RMB and listed on the Shanghai Stock Exchange |
| “H Share(s)” | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange |
| “A Share Offering and Listing” | the initial public offering of RMB ordinary shares (A Shares) and listing on the SSE of the Company |
| “Growth Enterprise Market” or “ChiNext board” | the ChiNext board of the Shenzhen Stock Exchange |
| “Science and technology innovation board” or “STAR Market” | Sci-Tech innovation board of Shanghai Stock Exchange |

Definitions

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| “NEEQ” | The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) |
| “Securities Law” | the Securities Law of the PRC* (中華人民共和國證券法) as amended, supplemented or otherwise modified from time to time |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| “Company Law” | the Company Law of the PRC* (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time |
| “IFRSs” | the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC) |
| “CASs” | Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and other relevant requirements |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules of the Stock Exchange |
| “Corporate Governance Code” | Corporate Governance Code and Corporate Governance Report, up to December 31, 2021, it has been revised, and the title of which has been changed to “Corporate Governance Code” on January 1, 2022, detail of which sets out in Appendix 14 to the Listing Rules of the Stock Exchange |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share(s)” | ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules of the Stock Exchange |
| “Listing Rules of the Stock Exchange” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time |
| “Listing Rules of the SSE” | the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange as amended from time to time, together with the Listing Rules of the Stock Exchange, are referred to as the “Listing Rules” |
| “Acquisition” | the acquisition by our Company of 100% of the equity interest of Former CISC (now renamed as CICC Wealth Management) from Huijin pursuant to the Equity Transfer Agreement |

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| “Equity Transfer Agreement” | the equity transfer agreement entered into between our Company and Huijin dated November 4, 2016, pursuant to which our Company has agreed to purchase and Huijin has agreed to sell 100% of the equity interest of Former CISC (now renamed as CICC Wealth Management) |
| “Net capital” | net capital refers to net assets after risk adjustments on certain types of assets as defined in the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies |
| “FICC” | fixed income, commodities and currencies |
| “ETF(s)” | exchange-traded fund(s) |
| “FoF” | Fund of Fund |
| “REITs” | real estate investment trusts |
| “NSSF” | the National Council for Social Security Fund of the PRC* (全國社會保障基金理事會) |
| “Huijin”, “Huijin Company” or “Central Huijin” | Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a wholly state-owned company ultimately owned by the PRC Government |
| “Jianyin Investment” | China Jianyin Investment Limited* (中國建銀投資有限責任公司), a company incorporated in the PRC in June 1986 and a wholly-owned subsidiary of Huijin and a Shareholder of our Company |
| “JIC Investment” | JIC Investment Co., Ltd.* (建投投資有限責任公司), a company incorporated in the PRC in October 2012 and a wholly-owned subsidiary of Jianyin Investment and a Shareholder of our Company |
| “China Investment Consulting” | China Investment Consulting Co., Ltd.* (中國投資諮詢有限責任公司), a company incorporated in the PRC in March 1986 and a wholly-owned subsidiary of Jianyin Investment and a Shareholder of our Company |
| “Haier Jinying” | Haier Group (Qingdao) Jinying Holdings Co., Ltd., formerly known as Haier Group (Qingdao) Financial Holdings Ltd., a company incorporated in the PRC in February 2014 and a Shareholder of our Company |
| “I&G” | China National Investment and Guaranty Corporation* (中國投融資擔保股份有限公司), a company incorporated in the PRC in 1993 and a Shareholder of our Company |
| “Tencent” | Tencent Holdings and its subsidiaries |

Definitions

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| “Tencent Holdings” | Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 00700) |
| “Jinteng Technology” | Jinteng Technology Information (Shenzhen) Co., Ltd. (金騰科技信息(深圳)有限公司), a company incorporated in the PRC in June 2020 and a joint venture of the Company and Tencent Technology (Shenzhen) Co., Ltd.* (騰訊數碼(深圳)有限公司) |
| “Tencent Mobility Limited” | Tencent Mobility Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Tencent Holdings and a Shareholder of our Company |
| “PRC” or “China” | the People’s Republic of China |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “HK\$, “HKD” or “HK dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” or “USD” | United States dollars, the lawful currency of the United States |
| “Latest Practicable Date” | March 30, 2022 |
| “Reporting Period” | the period from January 1, 2021 to December 31, 2021 |

Notes:

Certain amounts and percentage figures included in this report have been subject to rounding. Accordingly, the arithmetic sum shown in certain tables may not be the total of the figures preceding them. Any discrepancies in any table or chart between the arithmetic sum shown and the total of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “*” and are provided for identification purposes only.

SIGNIFICANT RISK WARNINGS

The business operations of our Company are closely related to the macro economy, monetary policy and market conditions in China and other jurisdictions where our businesses are operated. Any fluctuation in domestic and international capital markets will affect the Company's business operations.

The risks faced by our Company mainly include: strategic risk arising from the adjustment of the strategic plan of our Company under the changes in domestic and overseas capital markets; business management risk arising from changes of business models, development of innovative businesses and application of new technologies; market risk caused by changes in the fair value of the financial assets held by the Company resulting from fluctuations in equity prices, interest rates, exchange rates and commodity prices, etc; credit risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers; liquidity risk arising from our Company's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations; operational risk arising from losses resulting from inadequate or problematic internal procedures, personnel, IT systems, and external events; the operational, legal and reputational risks arising from natural factors, human factors, technology vulnerabilities and management deficiencies in the course of the Company's use of information technology; compliance risk arising from being investigated for legal responsibilities, regulatory measures, disciplinary actions, loss of property or damage to our business reputation, which our Company is to be subject to, imposed on or suffered from as a result of violation of laws, regulations, industrial self-regulatory rules or our internal policies arising from our operations and management activities or employee behavior; legal risk for which our Company may suffer from economic loss or loss of reputation arising from breach of contracts, disputes in respect of infringement, litigations or other legal disputes; the money laundering risk of being used by illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management of the Company, which may bring regulatory penalties, legal disputes, financial loss or reputation loss to the Company; reputational risk of negative comments of investors, issuers, regulators, disciplinary organizations, the public and the media on our Company caused by our Company's actions or external events and our employees' violation of integrity rules, professional ethics, business norms, and rules and regulations of the industry, which may damage the brand value of the Company, hinder the normal operation of the Company, and even undermine the market and social stability.

Our Company will work on its organizational structure, management mechanism, IT system, risk indicator framework, talents cultivation and risks response mechanism to prevent and manage the above-mentioned risks. For detailed analysis and measures taken by our Company in respect of the risks, please refer to the content in "Management Discussion and Analysis – Risk Management".

MESSAGE FROM OUR CHAIRMAN

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DEAR SHAREHOLDERS,

2021 is a year of milestone significance in the history of the Party and the country, in which the Communist Party of China celebrated its centennial birthday, and the “14th Five-Year Plan” and the second Centenary Goal have set sail. Our Company has fully understood and executed the requirements of “Understanding the new development stage, applying the new development philosophy, creating a new development dynamic, and promoting the high-quality development”, and seized the opportunities of the times. With the deepening of the financial supply side reform and the accelerated opening-up and expansion of the capital market, the securities industry has ushered in a period of strategic opportunities. Bearing the original aspiration of “For the Nation” in mind, CICC has steadily improved our comprehensive strengths and market competitiveness, taking firm steps on the way to the goal of becoming a world-class investment bank.

Over the past year, our Company has served national strategies benchmarking against the highest quality and standard, and motivating ourselves to serve the “Top Priorities of the Nation” with the original aspiration of “For the Nation” in mind. Our Company has closely followed the forefront of the times, and integrated our own development into the overall context of the country. In specific, we have comprehensively strengthened the top-level design to meet the requirements of various national policies; fully leveraged our expertise, earnestly implemented the “three major tasks” of the financial industry, profoundly engaged in the strategic restructuring and professional integration projects of large-scale central enterprises, innovated and drove the development strategies with all-round investment and financing services, and actively offered advices and suggestions for the governments and regulatory authorities. We have been committed to the grand blueprint of national development, promoted the construction of the “dual-circulation” development pattern, and rendered assistance for green development and rural revitalization.

Over the past year, our Company's professional capabilities have been continuously enhanced, with consolidated market leading position, and solid momentum across all business lines. Our investment banking business maintained leadership across all product lines; our equities business registered high-quality growth in the domestic and overseas as well as on-exchange and OTC businesses; our FICC business has achieved all-round breakthroughs; the AUM of our asset management business grew rapidly, with industry ranking hitting a new high; our private equity business further solidified its leading position; and our wealth management business has completed full integration, and the transformation of the buy-side investment advisory business achieved remarkable results. In addition, our research business continued to give full play to CICC's research strengths and the role of think tanks; and our information technology development integrated closer with and provided stronger support to business development.

In 2021, our Company has identified clear objectives for strategic development and achieved steady improvement in management. Adhering to high-quality development and emphasizing strategy execution, we have been advancing corporate strategies of internationalization, regionalization and digitization with effective initiatives and steady steps. Our "Six Pillars and Two Foundations" departments have achieved all-round advancement building upon the solid foundation of "One CICC", delivering more premium services to our customers with enhanced professionalism and comprehensive capabilities. Our Company has always attached great importance to integrating Party building into business operation for mutual enhancement, so as to strengthen our competitiveness in an all-round way, and firmly safeguard the bottom line of risk compliance. CICC has continued to enhance our cultural soft power, expand the market influence and actively promote positive publicity in line with national strategies to showcase our brand as a "China Expert".

Over the past year, our Company has continued to improve and consolidate the comprehensive risk management system, safeguarding high-quality development with high-quality risk control. Our Company firmly sticks to the concept of standardized operation for stable development. While maintaining rapid business development, our Company has been attaching greater importance to compliance and risk control. Our Company continues to strengthen the risk compliance management in all respects by improving the level of risk management technology, consolidating the responsibility of all employees, and fostering a risk control compliance culture, to ensure that no major risk events occur, the overall risk is under control, and the bottom line for risk control compliance is always abided by.

Over the past year, our Company has positively fulfilled our corporate social responsibilities and thoroughly implemented the Environmental, Social and Governance ("ESG") development concept. CICC firmly upheld the green office concept and contributed to achieving the carbon peak and carbon neutrality targets; we carried out CICC public welfare activities, and went deep into the grassroots through visits and investigations to provide intellectual support for local economic and social development; in response to the national strategy of common prosperity, we have provided cash and in-kind support toward social responsibility efforts of more than RMB40 million to the poverty-stricken areas throughout the year.

In the face of the fierce competition, we shall surmount all difficulties and forge ahead courageously. In the post-pandemic era, we are still facing numerous challenges, yet the future is bright with the huge opportunities arising from the development and reform of the capital market. Our Company will forge ahead bravely, strive to be the number one, enhance our core strengths to make up for the weaknesses, constantly opens up new chapters with a clear mind, be down-to-earth and achieve excellence with a sense of urgency and responsibility. Our CICC crew will join hands and keep advancing ahead with the great determination to realize the "China Dream" with "CICC Dream".

Shen Rujun

Chairman

March 30, 2022

MESSAGE FROM OUR CEO

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China International Capital Corporation Limited • 2021 Annual Report



DEAR SHAREHOLDERS,

In 2021, the world experienced drastic changes rarely seen in a century, the COVID-19 pandemic recurred around the globe, and the supply constraints faced by the global economy continued. The inflation pressure arising from the emergency monetary easing has been on the rise, causing the world economy to “return to endogenous fluctuations”. The world’s major assets hiked, and the stock market showed “asynchrony at home and abroad, with virtual and real restraints”. The reform of China’s capital market has been implemented in an orderly manner, and the official opening of the Beijing Stock Exchange marked a new stage in the construction of a multi-tier capital market. Benefiting from continued industrial upgrading and policy dividends, domestic and overseas capital market activities and businesses relating to China have achieved robust growth.

Facing the complex economic and financial situation, we remained determined and continued to “grow steadily and fast” along the beacon of our dreams. As at the end of 2021, total assets of our Group amounted to RMB649,795.5 million, increasing by 24.6% year on year; net assets^(note) amounted to RMB84,422.1 million, increasing by 17.9% year on year. Our Group recorded total revenue and other income of RMB40,964.4 million, increasing by 26.4% year on year; and profit^(note) of RMB10,777.7 million, increasing by 49.5% year on year, with a weighted average return on net assets of 14.6%. We further consolidated our market position and continued to create sound values and returns for shareholders.

For the Nation

Born with the original aspiration of “For the Nation”, we follow and serve the priorities in national policies. Looking back into 2021, we have always made efforts to better integrate the needs of the country, the society and the people with our operations. Over the past year, CICC has completed direct financing totaling to RMB4.2 trillion, assisted high-tech enterprises in equity financing of nearly RMB410 billion, assisted PRC-based enterprises in overseas financing of nearly US\$120 billion, completed green bond issuance of nearly RMB120 billion, and participated in resolving risky debts of nearly RMB2 trillion.

Note: Net assets refer to total equity attributable to shareholders of the parent company. Profit refers to profit attributable to shareholders of the parent company.

We are devoted to key areas following important national strategies.

In terms of carbon neutrality, we have conducted forward-looking and systematic research, shared the results of *Carbon Neutrality Economics* with the whole society, and promoted the establishment of “Shandong Green Development Fund”, the first provincial-level green fund in China founded with sovereign loans from international financial organizations; in terms of scientific and technological innovation, we explored the development path of China’s technological and industrial chain from a historical and global perspective, and published *Innovation: The Immortal Torch*; in terms of risk resolution, we set up a special debt restructuring team to focus on properly resolving risks, stabilizing employment and revitalizing the industries. We not only served large-scale centrally-owned enterprises in growing stronger, but also helped “specialized, refined, peculiar and innovative” SMEs make breakthroughs and achieve development; we not only promoted the vigorous growth of high-tech enterprises and green enterprises, but also advanced the transformation and upgrading of traditional industries; we not only enabled scientists to realize greater values through “investing in early, small-sized and hard technology enterprises”, but also helped ordinary people to retain their jobs through debt restructuring. CICC not only adds brilliance to booming enterprises, but also offers timely assistance to enterprises in trouble.

Customers First

We always put our customers first, and observe it in our actions. As a long-term partner, we not only care about what the customers think, but more importantly commit ourselves to thinking more and seeing farther than customers. **We firmly believe that by exporting professional knowhow can we only win deals, and only by exporting professional wisdom can we go farther and win customers’ long-term trust.**

As institutional customers show more and more group-oriented features, we are required to not only provide total solutions, but also accompany and grow with customers, and cover their upstream and downstream industrial chains and provide supply chain financial support. In 2021, we launched a pilot cross-departmental “1+N” service team, which leveraged the professional strength of various business lines to achieve

innovation and synergy, and made key breakthroughs in publicly-offered REITs and other fields; we built platforms such as “cloud investment banking”, “phoenix nest system”, “star cloud system” and “CICC FICC APP”, which realize the upgrading of customer service models through customer acquisition, knowhow transfer and ecological connection on such platforms.

With the acceleration of the NAV-based transformation of the wealth management industry, we hope to better satisfy the long-term needs of retail customers for value preservation and appreciation. In 2021, we optimized the organizational structure, implemented a fully agile organization in the retail business line, and broke the boundary of branches to conduct the “flagship + satellite” matrix management, so as to better satisfy the customer needs by enhancing the organizational efficiency and response speed. With “China 50”, “Mini 50” and “Public Offering 50”, we continued to improve the “win rate” of our customers through our buy-side investment advisory business. Transformation is a tough but correct choice. We make arduous efforts, forge ahead courageously and strive to grow our wealth management business.

Strategies Ahead

In the face of the complicated situation in 2021, we have always maintained our strategic determination, **resolutely invested in new business and made deployment for the future, striving to take the lead in the industry and bravely standing at the forefront of the times.**

We closely followed the general trend of the industry to build the “Digital CICC”, **embracing technology and the future through digitalization.** We invested substantial resources, manpower and time to implement digital transformation. After a year of hard work, we have not only greatly improved our business automation level and organizational operation efficiency, but also achieved the federation of IT professionals, full agile transformation, construction of a digital plant, etc. Digitization has quietly changed CICC’s genes. The integration of business and technology has been significantly enhanced, and the information technology team is no longer solely responsible for back-office support, but moves forward and actively seeks solutions by directly facing customers.

Message from Our CEO

Regionalization enables us to “take root in China” and efficiently connect with the central government’s major regional strategies, **and help more regions to access to financial power to promote economic and social progress, and enable more people to share the dividends of China’s economic growth.**

We have intensified efforts to deepen services in 15 cities and provinces in key regions such as the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt. We’ve also delivered financial products and services to Inner Mongolia, Gansu, Qinghai and Tibet, and completed the “Bidding on the Border Line” in Xinjiang. We not only provide investment and financing services to customers in various regions, but also offer research, advisory and training services, **demonstrating in a professional manner that finance can not only “integrate funds”, but also “integrate wisdom”.**

We actively served the “dual circulation” strategy through internationalization and took the initiative to tell China’s story well. In 2021, we firmly promoted the international setup and formulated the roadmap based on our research and judgment of the international situation and in combination with our own strategic vision. **In order to win more voice and pricing power in the international capital market, we should not only dare to think, but also dare to act.** Revenue of the Company’s international business accounts for approximately one quarter of the total, with international business footprints further expanded. Throughout the year, we assisted PRC-based enterprises in issuing overseas equity and overseas bonds, ranking first in the market, assisted the Ministry of Finance in issuing sovereign bonds, and assisted the Asian Infrastructure Investment Bank in issuing global sustainability bonds, playing a leading role in cross-border capital flows. In 2021, more than 600 mainstream international foreign media reports covered CICC’s macro, market and industry research views, as well as cross-border investment and financing projects, representing a year-on-year increase of 2 times. We tried our best to spread China’s voice to the world.

“One CICC” unites our business lines together as one to form a stronger synergy around customer experience and value proposition. We made efforts to transform from the project-centric strategy to the customer-centric strategy, and significantly enhanced cross-departmental collaboration. Under the concept of “One CICC”, it has become normal for various departments to

recommend business to each other. Through the joint service model for customers, more solutions in line with customer needs have been developed in an innovative manner. **We no longer provide a single product or service, but provide customers with “CICC solutions”.**

Our People and Giving Back

None of our goals can be realized without our people. In response to the challenges brought by the COVID-19 pandemic to our work and life, we have provided more flexible and relaxed working modes for employees around the world, and organized volunteer teams in areas severely affected by the pandemic to do our best to protect the life safety and physical and mental health of our employees. Talent has always been our most valuable asset. We deeply know that **doing investment banking business is not a simple action, but it depends more on people’s creativity.** Therefore, we take the ability to maximize people’s enthusiasm and creativity as an important yardstick for measuring the management efficiency, and require managers to play the role as supporters and enablers. We attempted to organically unify the top-down direction and principle with the bottom-up vitality and innovation. We have been awarded as the “Best Employer” for many consecutive years, which constantly inspires us to do more for our employees.

We are closely related to the society, and determined to be active participants and builders. From precise poverty alleviation to rural revitalization, **we continued to “teach people the skills” and “provide necessary assistance” to underdeveloped areas based on our professional capabilities** in 2021. We cooperated with Tsinghua University to conduct field research on “Rural Revitalization in the Digital Age” in 6 regions across the country; together with ChinaBond Pricing Center, we launched the first rural revitalization bond index in the market; we have realized financial empowerment through the issuance of special bonds for rural revitalization and special financial bonds for “agriculture, rural areas and farmers”, and injected the “water source of vitality” for local areas. **We have been actively involved in social welfare programs.** In 2021, the Group donated a total of more than RMB40 million to help implement 25 new public welfare programs. Our public welfare footprints covered 12 cities and provinces across the country, benefiting more than 10,000 people. “China Reach” allowed children in Guzhang in Hunan, Huining in Gansu and Nimu in Tibet to

enjoy early development and scientific parenting; “Warm Tibet Action” enabled Tibetan compatriots to spend the winter warmly; “China Children’s Development Fund” has been committed to making contributions to ensuring the all-round development of children. **We practiced the “CO2 emissions peak and carbon neutrality” goal with practical actions and contributed to green development.** We have cooperated with China Green Carbon Foundation in carrying out ecological protection and restoration projects, and it is estimated that 500,000 trees will be planted, covering an area of more than 3,600 mu. We strive to reduce carbon emissions by promoting shared office, green travel, low-carbon travel, and the “Zero Plastic Initiative”, adding greenness to the society with our modest efforts.

Outlook for the Future

In 2022, when the Beijing Winter Olympics, which is full of Chinese-style romance and humanity feelings, is still conveying the beauty of life to people, the world situation is already undergoing drastic changes. The changes rarely seen in a century have made us more and more realize that all people take the same boat with a shared destiny. Looking into the future, **when uncertainty becomes the only certainty, we deeply know that confidence is more precious than gold.** We firmly believe that **looking forward to the world’s development trend in the future, “the development potential here is beyond compare”, and the global trend of being optimistic about China and investing in China will remain unchanged.** With the fundamentals of full vitality, strong resilience and long-term growth of China’s economy, the institutional advantages of “a promising government + an efficient market” and the release of vitality from the continual reform in the capital market, **we are always confident in future development, although we must climb over the obstacles and overcome the difficulties.**

Scientific and technological innovation will provide growth impetus and lead China’s high-quality economic development in the long run. Whether for dealing with the aging population, promoting carbon neutrality and green transformation, or restructuring the industrial chain under the pandemic and deepening the supply-side structural reform, we will always rely on scientific and technological innovation to provide the vitality and impetus for economic growth. **The financial industry will enter a new stage of more**

standardized and orderly development. With the in-depth advancement of policies and measures for anti-monopoly, anti-unfair competition and prevention of the disorderly expansion of capital, the financial industry must focus on its main responsibility and main business to serve the real economy, and play its critical role in the modern economy. **With the expansion of the capital market, the securities industry suffers from intensified competition and requires upgrading and reshaping.** The capital market will play a greater role in the future economic growth. The continual expansion of the market scale, the intensified competition and the tightened regulation will urge the securities industry to carry out upgrading and reshaping of its comprehensive service capabilities and differentiated development. In addition to traditional investment banking, brokerage, and proprietary business, the proportion of institutional business, wealth management, asset management will be increased. Securities companies can offer excess returns and enhance profit stability by providing higher-quality products and comprehensive services.

The road is at our feet when there is a dream in our heart. Thanks to the continuous trust and affirmation of our shareholders and customers, as well as the long-term care and support of all sectors of society, our pace of moving forward has been as determined and powerful as ever. In 2022, we will continue to implement the “Three + One” strategies of “digitization, regionalization and internationalization” and “One CICC”, and strive towards the goal of building a first-class international investment bank.

We will act as a good disseminator of the Chinese model and Chinese wisdom through internationalization, connecting the world and achieving a win-win future. On the one hand, we will strengthen the layout in international financial centers, further enhance capacity building of the holding platform in Hong Kong, and steadily expand our influence and customer coverage in major financial centers worldwide. On the other hand, we will expand into emerging markets such as those along the “Belt and Road Initiative”, facilitate cross-border investment of Chinese capital and contribute to the reform and development of the Belt and Road countries and regions, approach the local market and disseminate Chinese experience through “investment banking + investment + research”.

Message from Our CEO

We will deeply serve the major national and regional development strategies through regionalization, take root in China and forge ahead to achieve growth. We will strengthen our business layout in key regions such as the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt, increase efforts to deepen regional penetration and deepen our roots in China. With investment banking and wealth management as the core, we will adapt service models to local conditions, promote regional deployment, achieve all-round coverage and in-depth cultivation of key regions and key customer groups, and effectively support regional economic development.

We will realize the upgrade of service model and customer experience through digitalization, embrace technology, and navigate innovation. We will continue to implement the customer-centric and data-driven business model, promote continual self-innovation of the front, middle and back-office departments and build an agile organization. We will strive to build a world-class technology platform, build an open cutting-edge financial technology ecosystem, and create long-term competitiveness for the Company by focusing on the future.

We will build a comprehensive service platform based on customer needs through “One CICC”, concentrate our efforts to overcome difficulties. We will integrate the resources as a whole, strengthen cross-departmental collaboration and information sharing, and continue to promote the transformation of various business lines from “operating separately” to “providing collaborative services”. We have set up agile service teams based on customer needs, and established a customer-centric joint service model throughout the Company.

Doing business is like running a marathon, and only by keeping upright and innovative can we achieve sustainable development. Talent is the foundation, and culture is the soul. Talent provides productivity, while culture renders the driving force for development. We will continue to regard “people + culture” as the core of building a century-old company, and insist on the deep integration of people and culture, enabling CICC to run fast, operate steadily and reach far. We will stay true to our original aspiration and pursue our dreams. Let us create a bright future together.

Huang Zhaohui

Chief Executive Officer

March 30, 2022

IMPORTANT NOTES

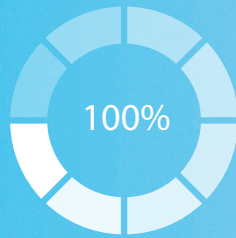
- I. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content contained in this annual report, and that there are no misstatements, misleading representations or material omission in the contents contained herein, and severally and jointly bear legal responsibilities thereof.
- II. This report was considered and approved by the Board of Directors of the Company with the attendance of all Directors apart from the Directors set as below in person. None of the Directors raised any objection to this report.

| Name | Position | Reason of Not Attending in Person | Name of Proxy |
|------------|------------------------|-----------------------------------|---------------|
| Duan Wenwu | Non-executive Director | Other work arrangements | Zhu Hailin |

- III. The financial statements for 2021 were prepared by our Company according to the CASs and the IFRSs, which have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu respectively and they have issued auditors' report with unqualified opinions. Unless otherwise stated, the amounts in this report are presented in RMB.
- IV. Mr. Shen Rujun (Chairman of Board), and Mr. Huang Zhaohui (Chief Executive Officer) guarantee that the financial statements set out in this annual report are true, accurate and complete.
- V. The profit distribution plan or the plan for converting reserve into share capital resolved and approved by the Board of Directors during the Reporting Period

The Company will adopt the method of cash dividend payment for its 2021 profit distribution. The total proposed cash dividends to be distributed is RMB1,448,177,060.40 (tax-inclusive). On the basis of 4,827,256,868 Shares in issuance of the Company as at the Latest Practicable Date, the cash dividends of RMB3.0 (tax-inclusive) per 10 Shares will be distributed. In case of any changes in the total number of issued Shares of the Company on the record date to distribute profit, the amount of cash dividend per Share will be adjusted within the total amount of RMB1,448,177,060.40 (tax-inclusive). The above profit distribution plan shall be submitted to the annual general meeting of the Company for consideration and approval.

- VI. Statement for the risks involved in the forward-looking statement
- The forward-looking statements such as future plans, development strategies contained in this report do not constitute substantive undertakings by our Company to investors who are advised to be cautious about investment risks.
- VII. No appropriation of funds on a non-operating basis by the Company's controlling shareholders or their respective related parties has occurred.
- VIII. The Company did not provide any external guarantee in violation of the decision-making procedures.
- IX. There is no situation where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company.



COMPANY

PROFILE





COMPANY PROFILE

(As of December 31, 2021)

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I. BASIC CORPORATE INFORMATION

| | |
|---|---|
| Chinese name | 中國國際金融股份有限公司 |
| Abbreviation of Chinese name | 中金公司 |
| English name | China International Capital Corporation Limited |
| Abbreviation of English name | CICC |
| Legal representative | Shen Rujun |
| Chairman | Shen Rujun |
| Chief Executive Officer | Huang Zhaohui |
| Authorized Representatives | Huang Zhaohui, Zhou Jiaying |
| Joint Company Secretaries | Sun Nan, Zhou Jiaying |
| Registered and office address | 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC |
| Historical changes in registered address | On March 16, 2015, registered address of the Company was changed from “27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing” to “27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing” |
| Postcode | 100004 |
| Place of business in Hong Kong | 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, China |
| Company website | http://www.cicc.com |
| E-mail | Investorrelations@cicc.com.cn |
| Registered capital | RMB4,827,256,868 |

Each individual business qualification of the Company

The Company's business scope covers: (I) brokerage business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; (II) proprietary business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; (III) underwriting business for RMB-denominated ordinary shares, special RMB-denominated shares, shares issued overseas, domestic and overseas government bonds, debenture and corporate bonds; (IV) promotion and management of funds; (V) advisory services on corporate restructuring and mergers and acquisitions; (VI) advisory services on project financing; (VII) investment consultancy and other consultancy businesses; (VIII) foreign exchange trading; (IX) foreign exchange asset management of overseas enterprises and domestic foreign-invested enterprises; (X) inter-bank lending and borrowings; (XI) asset management for clients; (XII) online agency securities trading; (XIII) securities margin trading; (XIV) sales of financial products on an agency basis; (XV) sales of securities investment fund on an agency basis; (XVI) intermediary business for futures companies; (XVII) securities investment fund custody business; (XVIII) stock options market making business; and (XIX) other businesses as approved by financial regulatory authorities.

Please refer to "Appendix I: Company's Main Business Qualifications" in this report for the main business qualifications of the Company.

Company Profile
(As of December 31, 2021)

II. CONTACT

Contact

Secretary to the Board: Sun Nan

Securities Affairs Representative: Zhou Cen

Address

27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Telephone

+86-10-65051166

Facsimile

+86-10-65051156

E-mail

Investorrelations@cicc.com.cn

III. INFORMATION DISCLOSURE AND PLACE AVAILABLE FOR INSPECTION

Names and websites of the medium where the annual report is disclosed

China Securities Journal (www.cs.com.cn), Shanghai Securities News (www.cnstock.com), Securities Times (www.stcn.com), Securities Daily (www.zqrb.cn)

Websites where the annual report is disclosed

Website of the SSE: <http://www.sse.com.cn>
 Website of the Hong Kong Stock Exchange: <https://www.hkexnews.hk>

Places available for inspection of the annual report

27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, China
 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

IV. OVERVIEW OF COMPANY STOCK

| Class of shares | Stock exchange of listing | Stock abbreviation | Stock code |
|-----------------|---------------------------|--------------------|------------|
| A Shares | SSE | CICC | 601995 |
| H Shares | Hong Kong Stock Exchange | CICC | 03908 |

V. OTHER INFORMATION OF THE COMPANY

(i) History of the Company

Our Company, China's first joint venture investment bank, was established on July 31, 1995, with the name of China International Capital Corporation Limited (中國國際金融有限公司) in the PRC as approved by the PBOC with a registered capital of US\$100 million. The promoters of our Company were the former People's Construction Bank of China (中國人民建設銀行), Morgan Stanley & Co. Incorporated (摩根士丹利國際公司), I&G (then known as China National Investment & Guaranty Corporation (中國經濟技術投資擔保公司)), GIC Private Limited (新加坡政府投資有限公司, then known as Government of Singapore Investment Corporation Pte. Ltd. (新加坡政府投資公司)) and Mingly Corporation (名力集團控股有限公司, then known as The Mingly Corporation Limited (名力集團)).

On June 1, 2015, our Company was converted into a joint-stock company with limited liability with the name of China International Capital Corporation Limited (中國國際金融股份有限公司). Upon the conversion, our Company had a total share capital of RMB1,667,473,000, comprising 1,667,473,000 Shares with a nominal value of RMB1.00 each.

Our Company was successfully listed on the Hong Kong Stock Exchange on November 9, 2015, and initially issued 555,824,000 H Shares, and further issued 83,372,000 H Shares upon the exercise of over-allotment option. After the completion of the global offering and the exercise of the over-allotment option, the total number of issued Shares of our Company increased from 1,667,473,000 Shares to 2,306,669,000 Shares.

On November 4, 2016, our Company and Huijin entered into the Equity Transfer Agreement, pursuant to which, our Company has agreed to acquire, and Huijin has agreed to sell, 100% of the equity interest of Former CISC (now renamed as CICC Wealth Management Securities). CICC Wealth Management Securities is a fully-licensed securities firm in the PRC with an extensive and well-established branch network, a large customer base, and an integrated business platform. Our Company became the sole shareholder of Former CISC (now renamed CICC Wealth Management Securities) on March 21, 2017. 1,678,461,809 domestic shares had been issued as fully paid to Huijin as consideration for the Acquisition on April 12, 2017. Upon completion of the Acquisition, Huijin directly held 58.58% equity interest in our Company, and that the registered capital of our Company increased from RMB2,306,669,000 to RMB3,985,130,809.

Company Profile

(As of December 31, 2021)

On March 23, 2018, the Company completed the issuance of 207,537,059 new H Shares to Tencent Mobility Limited. Accordingly, the number of the Company's issued H Shares and the total issued Shares increased to 1,727,714,428 H Shares and 4,192,667,868 Shares, respectively.

On October 24, 2019, the Company successfully allotted an aggregate of 176,000,000 new H Shares to no fewer than six professional, institutional and/or individual investors, which are not connected parties or connected persons of the Company. Accordingly, the total issued H Shares and the total issued Shares of the Company increased to 1,903,714,428 H Shares and 4,368,667,868 Shares, respectively.

On November 2, 2020, our Company was successfully listed on the Shanghai Stock Exchange and issued 458,589,000 A Shares in the initial public offering and a total of 2,464,953,440 domestic shares held by the original domestic shareholders of the Company were converted into 2,464,953,440 A Shares. Upon completion of the A Share Offering and Listing, the total number of issued Shares of our Company increased to 4,827,256,868 Shares, including 1,903,714,428 H Shares and 2,923,542,440 A Shares.

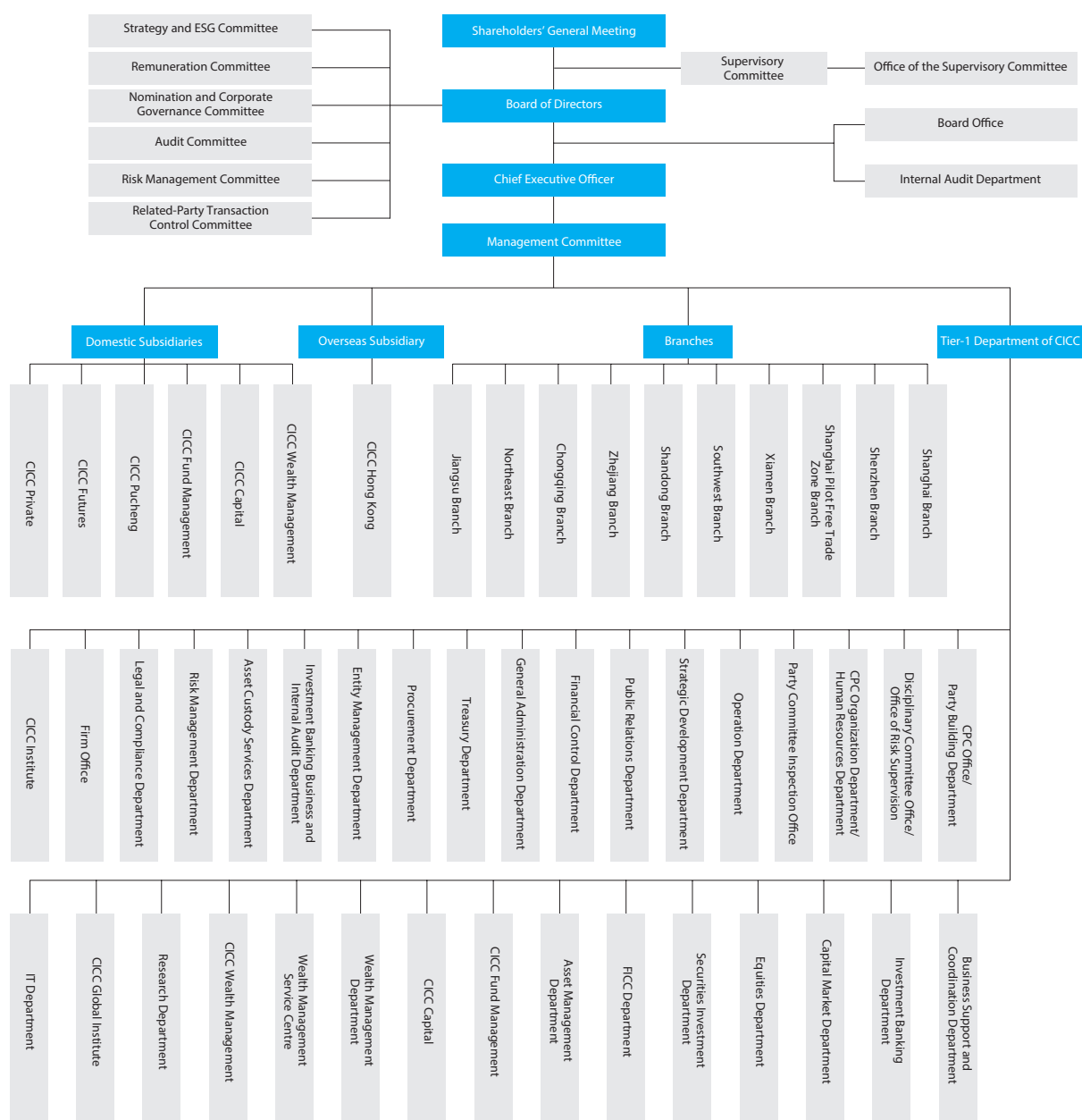
In 2021, the Company completed the integration of 20 domestic business offices engaged in wealth management business with CICC Wealth Management, further realizing the business integration of both parties. After the integration, the Company, as the parent company, conducted investment banking business, equities business, FICC business, asset management business and private equity business; CICC Wealth Management, as a wholly-owned subsidiary, conducted wealth management business.

The Headquarters of our Group is in Beijing and as of December 31, 2021, our Group has a number of subsidiaries in the PRC, including CICC Wealth Management Securities, CICC Capital, CICC Fund Management, CICC Pucheng, CICC Futures and CICC Private Equity. Moreover, our Group has established branch companies in Shanghai, Shenzhen, Xiamen, Chengdu, Hangzhou, Jinan, Chongqing, Shenyang and Nanjing. The Group and its subsidiaries with over 200 securities branches are located in 30 provinces and municipalities of the PRC. As the scope of business continues to expand, our Group has also actively ventured into overseas markets and has established offices in seven international financial centres, namely Hong Kong, New York, London, Singapore, San Francisco, Frankfurt and Tokyo, with our international presence further strengthened, laying a solid foundation for our Company to become a world-class investment bank in China.

In recent years, our Group has been committed to enhancing our core competitiveness by speeding up efforts to invest in innovative business and developing offshore business to build a balanced business structure. Our Group strives to become a world-renowned financial institution featuring our balanced structure and full services.

(ii) Organizational structure of the Company

Pursuant to the Company Law, the Securities Law, the Guidance for the Internal Control of Securities Companies 《證券公司內部控制指引》, relevant rules and regulations of CSRC, the Listing Rules of the Stock Exchange, the Listing Rules of the SSE and the Articles of Association, the Company regulates its operation and continuously improves the operation mechanism and system construction of the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the management of the Company, and has established a standardized and scientific corporate governance structure and an organizational structure to meet its development needs. The organizational chart of the Company is as follows:



Company Profile

(As of December 31, 2021)

Notes:

1. According to the resolution of the Board meeting of our Company held on March 30, 2022, the Strategy Committee under the Board of Directors was renamed the "Strategy and ESG Committee".
2. The Internal Audit Department is independent of the business departments of our Company and will report directly to the Audit Committee under the Board.
3. The Risk Management Department and the Legal and Compliance Department will report to the Management Committee in their daily work, and will report to the Risk Management Committee under the Board.
4. The tier-one departments, including CICC Fund Management, CICC Capital and CICC Wealth Management, are all subsidiaries, which are presented as domestic institutions.
5. The above secondary institutions of CICC present the controlled and consolidated subsidiaries, excluding joint ventures and associates.

(iii) Number and Distribution of Securities Business Offices and Other Branches of the Company

1. Basic information of Securities Business Offices

As of the end of the Reporting Period, the Company has a total of 221 securities business offices (including 217 securities business offices of CICC Wealth Management Securities). For details of securities business offices, please refer to "Appendix II: Information on Securities Business Offices of the Company" in this report.

| Number of Securities Business Offices | | Number of Securities Business Offices | | Number of Securities Business Offices | |
|---------------------------------------|------------------|---------------------------------------|------------------|---------------------------------------|------------------|
| Location | Business Offices | Location | Business Offices | Location | Business Offices |
| Guangdong | 43 | Jiangsu | 28 | Sichuan | 24 |
| Beijing | 15 | Zhejiang | 13 | Shanghai | 12 |
| Hubei | 8 | Anhui | 9 | Shandong | 8 |
| Fujian | 7 | Tianjin | 7 | Liaoning | 7 |
| Henan | 6 | Heilongjiang | 4 | Hunan | 5 |
| Shaanxi | 4 | Jilin | 3 | Qinghai | 3 |
| Hebei | 2 | Chongqing | 2 | Shanxi | 2 |
| Inner Mongolia | 1 | Ningxia | 1 | Jiangxi | 1 |
| Gansu | 1 | Yunnan | 1 | Hainan | 1 |
| Guizhou | 1 | Tibet | 1 | Guangxi | 1 |

Please refer to "Appendix III: Establishment, Change and Disposal of Securities Business Offices" in this report for the establishment and disposal of the Company's securities business offices during the Reporting Period.

2. Basic information of Branches

As of the end of the Reporting Period, the Company owns 10 branches, and the basic information is as follows:

| No. | Name | Address | Time of establishment | Person-in-charge | Contact number |
|-----|-----------------------|--|-----------------------|------------------|-----------------|
| 1 | CICC Shanghai Branch | Units 1107-1108, 11/F; Units 2901-2903, 2904B and 2905-2908, 29/F; Units 3103A, 3104B and 3105-3106, 31/F; 32/F; and Units 3301-3304A, 33/F, No. 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone | 2000/12/14 | Shen Li | (021) 58796226 |
| 2 | CICC Shenzhen Branch | Unit 01, 72/F, Ping An Finance Center, No. 5033 Yitian Road, Fu'an Community, Futian Street, Futian District, Shenzhen | 2011/07/05 | Long Liang | (0755) 83195000 |
| 3 | CICC SFTZ Branch | Unit 3104A, 31/F, AZIA center, No. 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone | 2014/07/21 | Zhang Yiming | (021) 58796226 |
| 4 | CICC Xiamen Branch | Rooms 0402-0406, Office Building, Paragon Center; and Shop 401, 4/F, Shopping Center, No. 1 Lianyue Road, Siming District, Xiamen | 2018/09/17 | Lin Ting | (0592) 5157000 |
| 5 | CICC Southwest Branch | Room 3603, 36/F, Building 3, No. 1199, North Section of Tianfu Avenue, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone | 2018/10/10 | Du Yingxia | (028) 82080222 |
| 6 | CICC Shandong Branch | Room 704, 7/F, Block D, Yinfeng Fortune Plaza, No. 1 Long'ao West Road, Lixia District, Jinan | 2019/04/16 | Guo Yun | (0531) 55832323 |
| 7 | CICC Zhejiang Branch | Room 1901, Building 2, Raffles Center, Jianggan District, Hangzhou, Zhejiang | 2019/05/24 | Wang Jing | (0571) 86010188 |
| 8 | CICC Chongqing Branch | 10/F, Building 1 (Star Fest Fortune), No. 8 Fortune East Road, Liangjiang New District, Chongqing | 2021/08/18 | Wang Yan | (010) 65051166 |
| 9 | CICC Northeast Branch | Unit 03, 15/F, CR Building, No. 286 Qingnian Avenue, Heping District, Shenyang, Liaoning | 2021/09/15 | Wang Zilong | (024) 26205555 |
| 10 | CICC Jiangsu Branch | Unit 301, 3/F, Building 4, No. 5 Wangjiang Road, Nanjing Area, China (Jiangsu) Pilot Free Trade Zone | 2021/12/28 | Chen Ye | (010) 65051166 |

During the Reporting Period, the Company established 3 new branches (CICC Chongqing Branch, CICC Northeast Branch and CICC Jiangsu Branch), with no branches being disposed.

Company Profile

(As of December 31, 2021)

3. Basic information on major domestic and overseas subsidiaries

As of the end of the Reporting Period, the Company directly controlled one overseas subsidiary (i.e. CICC Hong Kong) and 6 domestic subsidiaries (i.e. CICC Wealth Management Securities, CICC Capital, CICC Fund Management, CICC Pucheng, CICC Futures, and CICC Private Equity). Please refer to "Major controlled and participating companies" in this report for details.

VI. OTHER RELEVANT INFORMATION

(i) Accounting firm

Domestic accounting firm
appointed by the Company

| | |
|-----------------------------|--|
| Name | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| Office address | 30/F, No. 222 East Yan'an Road, Huangpu District, Shanghai |
| Name of signing accountants | Mr. Man Kai Sze and Han Yunfei |

Overseas accounting firm
appointed by the Company

| | |
|-----------------------------|---|
| Name | Deloitte Touche Tohmatsu Registered Public Interest Entity Auditor |
| Office address | 35/F, One Pacific Place, No. 88 Queensway, Hong Kong |
| Name of signing accountants | Mr. Man Kai Sze |

(ii) Legal Advisor

Domestic legal advisor appointed
by the Company

| | |
|----------------|---|
| Name | King & Wood Mallesons |
| Office address | 18th Floor, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing, PRC |

Overseas legal advisor appointed
by the Company

| | |
|----------------|---|
| Name | Clifford Chance |
| Office address | 27/F, Jardine House, One Connaught Place, Central, Hong Kong |

(iii) Sponsors for on-going supervision

Sponsors performing on-going supervision duties during the Reporting Period

| | |
|---|---|
| Name | Orient Securities Investment Banking Co., Ltd. |
| Office address | 24/F, No. 318 South Zhongshan Road, Huangpu District, Shanghai |
| Name of signing representative of sponsor | Cui Hongjun and Zhang Zhengping |
| On-going supervision period | November 2, 2020 to December 31, 2022 |
| Name | China Galaxy Securities Co., Ltd. |
| Office address | No. 101, 7/F-18/F, Building No. 1, No. 8 Xiyi Street, Fengtai District, Beijing |
| Name of signing representative of sponsor | Wang Dayong and Ma Feng |
| On-going supervision period | November 2, 2020 to December 31, 2022 |

Major Honors Awarded in 2021

Since its incorporation in 1995, CICC has won honors and awards in events organized by domestic and foreign media and organizations: such as Best Investment Bank in China, Best Sales Service Team and Most Influential Research Institution by leveraging on its profound and professional knowledge in economies, industries, laws and regulations, and quality customer services. Below is a list of awards that we obtained in 2021:

Awards Sponsor: Finance Asia

Country Awards 2021

- Mainland, China
 - Best Investment Bank
 - Best ECM House
 - Best Broker
- Hong Kong, China (Chinese Financial Institutions)
 - Best Investment Bank

Awards Sponsor: IFR Asia

IFR Asia Awards 2021

- China Equity House
- Best Renminbi Bond:
Shenzhen's RMB5 Billion Three-tranche Dim Sum Bond Transaction

Awards Sponsor: The Asset

Country Awards 2021

- Best Corporate and Institutional Adviser in China (Domestic)
- Best M&A Adviser in China

- Best Deals (China Onshore)
 - Best Carbon Neutral Green Bond – Policy Bank:
China Development Bank RMB20 Billion Green Financial Bond
 - Best Carbon Neutral Green Bond – Corporate:
China Energy Investment Group Company RMB5 Billion Green Bond
 - Best Carbon Neutral Green Bond – Railway:
Beijing Infrastructure Investment Company RMB700 Million Carbon Neutral Green Bond
 - Best IPO:
China Telecom Corporation RMB54.16 Billion A-Share IPO
 - Best Convertible Corporate Bond:
East Money Information Company RMB15.8 Billion Convertible Bond
 - Best Privatization:
China Energy Engineering Corporation US\$12.4 Billion Privatization of China Gezhouba Group

- Best Deals (China Offshore)
 - Best Sustainability Bond – NBF:
 - Bank of Communications Financial Leasing Company US\$500 Million Senior Unsecured Sustainability Notes
 - Best Green Bond – Technology:
 - Xiaomi Corporation US\$400 Million Senior Unsecured Green Bond
 - Best IPO:
 - China Resources Mixc Lifestyle Services US\$1.82 Billion IPO
 - Best New Bond:
 - China Modern Dairy Holdings US\$500 Million Senior Fixed Rate Bond
 - Best Deals (Hong Kong, China)
 - Best M&A Deal:
 - Prenetics De-Spac Merger with Artisan
- Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2021
- Asset Management Company of the Year in China (Offshore):
 - CICC Hong Kong Asset Management
 - Most Innovative ETF in Hong Kong, China:
 - CICC HKD Money Market ETF

Awards Sponsor: Global Finance

Stars of China 2021

- Best Bank for Green Bonds
- Best SME Services Bank
- Best Wealth Management Provider

Awards Sponsor: Institutional Investor

2021 All-Asia Executive Team

- All-Asia Banks Sector
 - Most Honored Companies (Rank 2)
 - Best CEOs (Combined & Buy-Side):
 - Huang Zhaohui (Rank 3)
 - Best CFOs (Combined & Buy-Side):
 - Wong King Fung (Rank 1)
 - Best IR Program (Combined Rank 2 & Buy-Side Rank 3)
 - Best ESG (Combined & Buy-Side Rank 2)

- Chinese Mainland Banks Sector
 - Most Honored Companies (Rank 2)
 - Best CEOs (Combined & Buy-Side):
 - Huang Zhaohui (Rank 2)
 - Best CFOs (Combined & Buy-Side):
 - Wong King Fung (Rank 1)
 - Best IR Professionals (Combined & Buy-Side):
 - Sun Nan (Rank 3)
 - Best IR Program (Combined & Buy-Side Rank 2)
 - Best ESG (Combined & Buy-Side Rank 2)

Awards Sponsor: Institutional Investor & Caixin

2021 All-China Research & Sales Team

- The All-China Best Research Team
 - Firm Leaders: Overall (Rank 1)
 - Analyst Leaders: Overall (Rank 1)
 - The Leaders: Mainland (Rank 1)
 - The Leaders: Overseas (Rank 3)
- The All-China Best Sales Team
 - The Leaders: Overall (Rank 1)
 - The Leaders: Mainland (Rank 1)
 - The Leaders: Overseas (Rank 2)
- China's Top Corporate Access Providers
 - The Leaders: Overall (Rank 1)

Awards Sponsor: Asiamoney

China Corporate and Investment Banking Awards 2021

- Best Securities House in China
- Best for Cross Border Debt Capital Markets in China
- Best for Cross Border M&A in China

China Securitization Awards 2021

- Most Innovative Securities House

China Best Wealth Managers 2021

- Best Securities House in Wealth Management

Brokers Poll 2021

- China (A&B Share)
 - Best Domestic Brokerages
 - Best Brokerages for Research
 - Best Brokerages for Sales
 - Best Brokerages for Corporate Access

Company Profile

- Best Brokerages for Execution
- Best Brokerages for Stock Connect Northbound Trading
 - Hong Kong, China
- Best Domestic Brokerages
- Best Brokerages for Research
- Best Brokerages for Sales
- Best Brokerages for Corporate Access
- Best Brokerages for Execution
- Best Brokerages for Stock Connect Northbound Trading

Awards Sponsor: Asian Private Banker

China Wealth Awards 2020

- Best Wealth Manager in China (Services for Entrepreneurs)

Awards Sponsor: Mergermarket

China M&A Awards 2021

- M&A Financial Adviser of the Year
- Cross-border M&A Financial Adviser of the Year
- Energy, Mining and Utilities M&A Financial Adviser of the Year
- Financial Services M&A Financial Adviser of the Year
- Pharmaceuticals, Medical and Biotech M&A Financial Adviser of the Year
- M&A Deal of the Year & Technology, Media, and Telecom M&A Deal of the Year: Peking University Founder Group (Ping An Insurance (Group) Company of China)
- Energy, Mining and Utilities M&A Deal of the Year: China Gezhouba Group (China Energy Engineering Corporation)
- Financial Services M&A Deal of the Year: China Post Life Insurance (AIA Group Limited)

Awards Sponsor: HKEX

Stock Connect Awards 2020

- Top Broker of the Year

Awards Sponsor: HK Takung Wenwei

Guangdong-Hong Kong-Macao Greater Bay Area Awards 2021

- Best Financial Services Institution for Guangdong-Hong Kong-Macao Greater Bay Area

Awards Sponsor: Forbes China

2021 Best Employer Selection

- China's Best Employers
- China's Most Innovative Employers for HR Management

Awards Sponsor: Universum

2021 China's Most Attractive Employers Rankings

- Top 1 of Investment Banks

Awards Sponsor: Securities Times

Best Institutions of Securities Industry in China Awards 2021

- Best Full-Service Investment Bank
- Best Investment Bank for SSE STAR Market
- Best Cross Border Investment Bank
- Best Inter Bank Bond Financing Team
- Best Deals of SSE STAR Market: SMIC's IPO
- Best M&A Deals: PipeChina's Asset Acquisition and Strategic Private Offerings
- Best Wealth Management Brand: CICC Wealth Management
- Best Investment Team of Equity Assets
- Best Asset Management Quantitative Team
- Best Mutual Collective Asset Management Plan Team
- Best Quantitative Asset Management Product: CICC All Weather Diversified Risk Premia Strategy Portfolio
- Best CTA Product: CICC Vista CTA Strategy Portfolio

Securities Times Awards 2021

- 2021 Best PE Institutions:
CICC Capital
- Best Institutions on Semiconductor Investment:
CICC Capital

Awards Sponsor: China Securities Journal

Best Securities Company Awards 2021

- Best Securities Companies
- Best Securities Companies for CSR
- Best Wealth Management Team
- Best Investment Banking Team

Best Asset Management Products Awards 2021

- Best Asset Management Institution of the Year
- Best 3-year Equity Asset Management Plan:
CICC Xinrui A
- Best 1-year Equity Asset Management Plan:
CICC Jingxuan
- Best 1-year Bond Asset Management Plan:
CICC Hengrui A
- Best 1-year Hybrid Asset Management Plan:
CICC Xingshi
- Best 1-year FOF Asset Management Plan:
CICC Wealth Management Hongyuan 1

Awards Sponsor: China Fund

Best Asset Management Awards 2021

- Best Asset Management Institution
- Best Asset Management for ABS

Awards Sponsor: Shenzhen Stock Exchange

Outstanding Institutions and Individuals in Bond Market Awards 2020

- Best ABS Manager
- Best Interest Rate Bond Underwriter
- Best Contribution for Bond Trading Mechanism

Awards Sponsor: Wind

Wind Best Investment Bank Award 2021

- Best Investment Bank
- Best Equity Underwriter for A Share
- Best IPO Underwriter for A Share
- Best Refinancing Underwriter for A Share
- Best Equity Underwriter for STAR Market
- Best Equity Underwriter for ChiNext Board
- Best IPO Underwriter for H Share
- Best IPO Sponsor for H Share
- Best IPO Global Coordinator for H Share
- Best IPO Bookrunner for H Share
- Best Bond Underwriter (Investment Bank Category)
- Best Credit Bond Underwriter (Investment Bank Category)
- Best Medium and Long Term Bond Underwriter
- Best ABS Underwriter
- Best Credit ABS Underwriter
- Best Corporate ABS Underwriter
- Best ABN Underwriter
- Best Financial Bond Underwriter (Investment Bank Category)
- Best Corporate Bond Underwriter
- Best Convertible Bond Underwriter

Awards Sponsor: New Fortune

Best Investment Bank in China Awards 2021

- Best Investment Bank for Overseas Market (Rank 1)
- Best Investment Bank for Technology (Rank 2)
- Best Investment Bank for Pharmaceutical and Biological Industry (Rank 2)
- Best Investment Bank in China (Rank 3)
- Best Investment Bank for Innovation (Rank 3)

Awards Sponsor: Wealth Magazine

Wealth APAC Awards 2021

- Best Domestic Securities Company for Wealth Management:
CICC Wealth Management
- Best Wealth Management Family Office:
CICC Global Family Office

Awards Sponsor: NBD

China Securities Business Awards 2021

- Best A-share Underwriter
- Best ChiNext Board Deal:
YKA ChiNext Board IPO
- FOF Top 10 Brand Value of Investment Institutions:
CICC Capital

Awards Sponsor: Caijing

Most Contributing Institutions for STAR Market Awards 2021

- Most Contributing Institutions for STAR Market (Service Institutions)
- Most Contributing Institutions for STAR Market (Investment Institutions):
CICC Capital

Best Securities Companies Awards 2020

- Best Securities Companies
- Best CSR
- Best Investor Relations
- Best Investment Bank for STAR Market
- Outstanding Securities Figures:
Peng Wensheng, Chief Economist of CICC

Awards Sponsor: Red Cross Society of China

- Dedication Medal of Red Cross Society of China:
Beijing CICC Charity Foundation

Awards Sponsor: Financial News

Chinese Bank Gold Medal Awards 2021

- Best CSR Enterprises

Awards Sponsor: Tencent

China Benefit Corporation Award 2021

- Best ESG Enterprises

Awards Sponsor: JRJ.com

10th GoldenWis Award

- Best CSR Enterprises

Awards Sponsor: Jiemian News

- Outstanding Charity Cases of the Year:

Beijing CICC Charity Foundation (Rural Doctor Training and Maternal and Child Health Project)

Awards Sponsor: Zero2IPO Group

Zero2IPO Limited Partner Awards 2021

- Top 1 PE Limited Partner in China:
CICC Capital

PE/VC Awards 2021

- Best PE Institutions in China:
CICC Capital (Rank 3)
- Best Fund-Raising Institutions in China:
CICC Capital
- Top 10 Best Institutions on Carbon Neutrality Investment:
CICC Capital

Awards Sponsor: China Venture Info

CV Awards 2020

- Best Investment Bank for IPO in China (Domestic) (Rank 1)
- Best Investment Bank for IPO in China (Cross Border) (Rank 2)
- Top 50 Best Domestic PE Institutions:
CICC Capital (Rank 1)
- Top 10 Best Equity Investment Institutions of Investment Bank in China:
CICC Capital (Rank 1)
- Top 10 Best Investment Institutions in Medical and Health Services:
CICC Capital
- Top 10 Best Investment Institutions in New Energy and Clean Technology:
CICC Capital

Awards Sponsor: Chinese Venture

China Industrial Investment Awards 2020-2021

- Top 10 Best Institutions on NGIT Investment in China:
CICC Capital
- Top 10 Best Institutions on Medical Service Investment in China:
CICC Capital
- Top 10 Best Institutions on Internet Service in China:
CICC Capital

China Culture Industry Investment Awards 2020-2021

- Best Institutions on Culture Industry in China:
CICC Capital

China Limited Partner Awards 2020

- Top 10 Best FoF Managers in China:
CICC Capital
- Top 10 Best Institutional Investors in China:
CICC Capital
- Top 10 Best FoF of Investment Bank in China:
CICC Capital

Equity Investment Awards 2020

- Top 10 Best PE Institutions in China:
CICC Capital
- Top 10 Most Active Investment Institutions in China:
CICC Capital
- Top 10 Best Fundraising PE Institutions in China:
CICC Capital
- Top 10 Best Equity Investment Institutions of Investment Bank in China:
CICC Capital

Awards Sponsor: China FoF

China FoF Awards 2021

- Best Risk Management FoF in China:
CICC Capital (Rank 1)
- Best Return State-owned Direct Investment Institutions:
CICC Capital (Rank 2)
- Best Return State-owned Direct Investment Institutions:
CICC Capital (Rank 3)

Awards Sponsor: Sun Yefang Economic Science Foundation

The 19th Sun Yefang Economic Science Award

- Thesis Award “The Capital Structure of Nations”:
Patrick Bolton & Huang Haizhou

Awards Sponsor: Caishiv

The 7th Jiefu Award for ABS

- Excellent REITs Fund Manager:
CICC Fund Management
- Excellent Structured Finance Team:
Innovation Investment Department of CICC Fund Management
- Excellent REITs Product:
CICC-GLP Logistics REIT

Awards Sponsor: China ABS Forum

Frontiers Awards 2021

- Best Product Manager of the Year
- Best Underwriter of the Year
- Special Contribution Institutions of the Year
- Innovative Institutions of the Year:
CICC Fund Management
- Outstanding Product Manager of the Year:
CICC Fund Management

CNABS Awards 2021

- CSF Annual Outstanding Institutions
- Leading Investment Institutions
- Best ABS Investment Institutions
- Leading Intermediaries
- Leading Intermediaries for Promoting Market Liquidity
- Best Trading Institutions in Secondary Market

Awards Sponsor: World Artificial Intelligence Conference Committee

- Elite Partner Award for WAIC 2021

Note: As of the latest practicable date

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB in million

| Items | 2021 | 2020 | Change year-on-year | 2019 | 2018 | 2017 |
|--|-----------------|------------|--|------------|----------|------------|
| Operating results⁽¹⁾ | | | | | | |
| Total revenue and other income | 40,964.4 | 32,401.8 | 26.4% | 22,782.5 | 18,539.7 | 15,260.2 |
| Total expenses | 28,133.9 | 23,656.4 | 18.9% | 17,541.3 | 14,270.9 | 11,729.7 |
| Profit before income tax | 12,978.1 | 8,712.7 | 49.0% | 5,301.6 | 4,387.3 | 3,601.0 |
| Profit attributable to shareholders of the parent company | 10,777.7 | 7,207.5 | 49.5% | 4,238.7 | 3,492.2 | 2,766.3 |
| Net cash generated from/(used in) operating activities | 1,867.4 | (33,738.7) | N/A | (27,657.8) | 11,056.1 | (30,484.5) |
| Basic earnings per share (RMB/share) | 2.159 | 1.598 | 35.1% | 0.990 | 0.830 | 0.760 |
| | | | Increased by 1.1 percentage points | | | |
| Weighted average return on net assets | 14.6% | 13.5% | | 9.6% | 8.8% | 8.8% |

| Items | December 31, 2021 | December 31, 2020 | Change year-on-year | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|--|----------------------|----------------------|---|----------------------|----------------------|----------------------|
| Financial position | | | | | | |
| Total assets | 649,795.5 | 521,620.5 | 24.6% | 344,971.2 | 275,420.5 | 237,811.9 |
| Total liabilities | 565,064.7 | 449,805.4 | 25.6% | 296,439.7 | 233,043.8 | 200,919.5 |
| Total equity attributable to shareholders of the parent company | 84,422.1 | 71,634.9 | 17.9% | 48,293.8 | 42,183.5 | 36,706.7 |
| Accounts payable to brokerage clients and to underwriting clients | 100,749.5 | 70,655.2 | 42.6% | 52,815.4 | 41,317.9 | 47,346.5 |
| Total share capital (in million shares) | 4,827.3 | 4,827.3 | – | 4,368.7 | 4,192.7 | 3,985.1 |
| Net assets per share attributable to shareholders of the parent company (RMB/share)⁽²⁾ | 15.7 | 13.8 | 13.9% | 10.8 | 9.8 | 9.0 |
| | | | Increased by 0.5 percentage point | | | |
| Gearing ratio⁽³⁾ | 84.6% | 84.1% | | 83.4% | 81.9% | 80.6% |

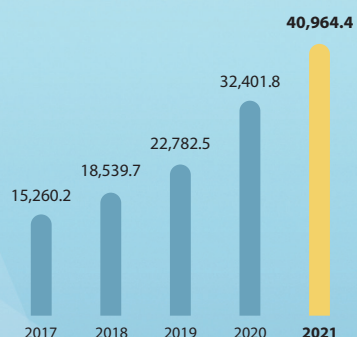
(1) Our Group had included CISC (now known as CICC Wealth Management) in our consolidated financial statements since March 31, 2017, and therefore the Group's operating results for 2017 consolidated the corresponding amounts of CICC Wealth Management for the period from April 1, 2017 to December 31, 2017, and the Group's operating results for 2018, 2019, 2020 and 2021 consolidated the corresponding amounts of CICC Wealth Management for the years from January 1, 2018 to December 31, 2018, from January 1, 2019 to December 31, 2019, from January 1, 2020 to December 31, 2020 and from January 1, 2021 to December 31, 2021, respectively.

(2) Net assets per share attributable to shareholders of the parent company is calculated based on total equity attributable to shareholders of the parent company less other equity instruments.

(3) Gearing ratio = (total liabilities – accounts payable to brokerage clients and to underwriting clients)/(total assets – accounts payable to brokerage clients and to underwriting clients).

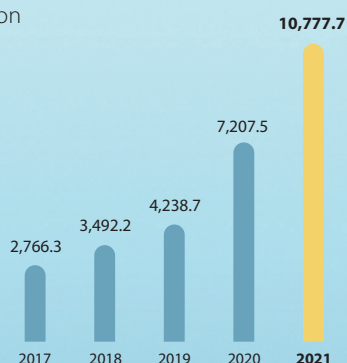
Total revenue and other income

RMB in million

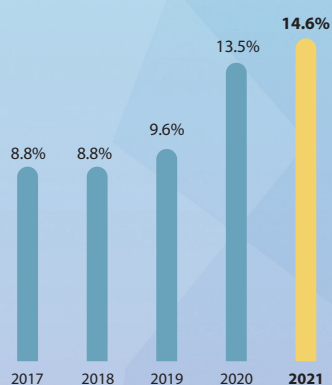


Profit attributable to shareholders of the parent company

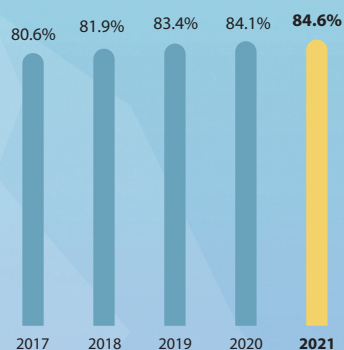
RMB in million



Weighted average return on net assets

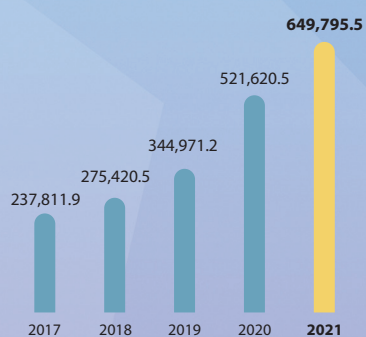


Gearing ratio



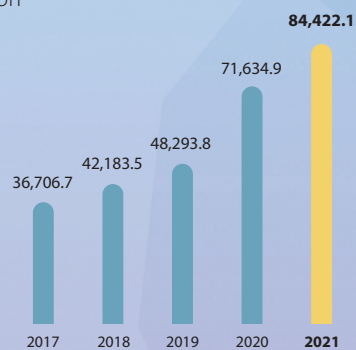
Total assets

RMB in million



Total equity attributable to shareholders of the parent company

RMB in million



Summary of Accounting Data and Financial Indicators

II. DIFFERENCES OF ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

In terms of our Group's consolidated profits for 2021 and 2020 and the consolidated net assets as of December 31, 2021 and December 31, 2020, there's no difference between the data presented in the consolidated financial statements prepared in accordance with IFRSs and that presented in the consolidated financial statements prepared in accordance with CASs.

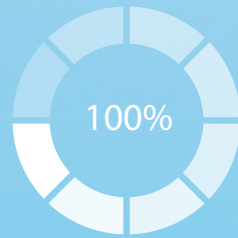
III. NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS

As of December 31, 2021, the net capital of the parent company amounted to RMB48,228.7 million, representing an increase of 3.5% as compared with RMB46,601.7 million as of December 31, 2020. In 2021, our parent company's net capital and other risk control indicators all met regulatory requirements.

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Core net capital | 32,528.7 | 31,851.7 |
| Supplementary net capital | 15,700.0 | 14,750.0 |
| Net capital | 48,228.7 | 46,601.7 |
| Net assets | 66,656.6 | 60,320.0 |
| Total risk capital reserves | 31,808.0 | 28,613.2 |
| Total on-and-off-balance-sheet assets | 253,907.9 | 221,768.0 |
| Risk coverage ratio | 151.6% | 162.9% |
| Capital leverage ratio | 12.8% | 14.4% |
| Liquidity coverage ratio | 316.7% | 248.6% |
| Net stable funding ratio | 136.4% | 125.0% |
| Net capital/net assets | 72.4% | 77.3% |
| Net capital/liabilities | 19.7% | 22.7% |
| Net assets/liabilities | 27.2% | 29.4% |
| Equity securities and related derivatives held/net capital | 58.0% | 45.6% |
| Non-equity securities and related derivatives held/net capital | 306.4% | 278.5% |





MANAGEMENT DISCUSSION AND ANALYSIS



Management Discussion and Analysis

I. CORPORATE STRATEGIES AND OPERATIONS

Market Environment

China made remarkable achievements in economic growth and reforms despite the complicated global context amidst the pandemic in 2021. Virus mutations have led to greater uncertainties in the evolution of the COVID-19 pandemic, which has yet to be fully contained around the world. As a result, economic and social activities were still under impacts from the pandemic. Having withstood several waves of local resurgence, China effectively carried out its vaccination campaign and administered a total of over 2.9 billion doses nationwide. On the back of its effective COVID-19 response, China maintained a relatively accommodative stance in its macroeconomic policies, and the country's full-year GDP growth hit 8.1% year-on-year, outpacing most other economies across the world. In addition, China further advanced reforms and opening-up, and effectively implemented a whole series of policies in a wide range of fields, including green transition, anti-trust, and supervision of the real estate market.

In the short term, China's economic growth is under downward pressure and the country's economic policy gives priority to maintaining "stable growth". Since the second half of 2021, sporadic local resurgences of COVID-19 have undermined the recovery of consumption and employment. In addition, the exposure of debt risks in certain areas also hindered economic growth to a larger extent. Under these circumstances, policymakers pointed out at the Central Economic Work Conference that China's economic development is facing "triple pressure from demand contraction, supply shocks and weakening expectations". Therefore, policymakers reemphasized the importance of economic development as the "central task", as well as the vital significance of growth stabilization in macro policies. Specifically, the Central Economic Work Conference called for early issuance of policies conducive to economic stability in various areas. Meanwhile, policymakers also stressed the need to correctly understand major theoretical and practical issues, and to advance medium- to long-term reforms in a systematic and scientific manner.

In the medium and long term, China's economy still holds great potential for high-quality development and reform benefits will continue to emerge. China's solid industrial value chains, abundant human resources, enormous markets and sound infrastructure provide long-term support for the country's technological innovation and potential consumption growth. Overall, China holds tremendous potential for efficiency enhancement through reforms to improve various factors of production, including labor, capital, land, technology and data. The country also shows bright prospects in further opening-up, urbanization, consumption upgrading and technological innovation. All these provide China with strong potential for economic growth. On January 6, 2022, the General Office of the State Council issued the *Master Plan for the Pilot Program of the Comprehensive Reform of the Market-based Factor Allocation*. The document specifies eight key reform directions with 24 segments, setting out specific reform tasks and clear targets. As such, reform benefits are likely to emerge at an accelerating pace.

In 2021, China advanced its capital market reforms in an orderly manner to enhance fundamental systems of the capital market and improve the multi-level capital market system. The official launch of the Beijing Stock Exchange marks another milestone in the NEEQ reform and development of the multi-level capital market system. At the end of 2021, policymakers made it clear at the Central Economic Work Conference that China shall fully implement the registration-based IPO system, which clearly shows the initial success of pilot registration-based IPO systems in the STAR market and the ChiNext Board. In addition, China merged the main board and the SME board of the Shenzhen Stock Exchange, and improved the depository receipt system under Stock Connect programs. These initiatives represent major steps forward in the enhancement of supervision efficiency and opening-up of the capital market. From a medium- to long-term perspective, the capital market's reform-driven improvements to its services for the real economy is a key engine for China's high-quality development, which will help the country capture opportunities emerging from technological innovation, carbon emission peak and carbon neutrality, as well as common prosperity.

Institutionalization and internationalization of China's capital market continued in 2021.

China and the rest of the world were in different phases of the recovery from the pandemic and showed clear structural divergence in 2021. China's stock market underperformed overseas developed markets due to a slowdown of the country's strong economic growth amid the gradual exit from easing policies. However, the Chinese stock market still recorded capital inflows from domestic institutional investors and overseas investors. On the domestic side, the annual increase in mutual fund units exceeded 4 trillion for the first time, and the amount of securities managed by privately offered funds grew by RMB2.3 trillion to more than RMB6 trillion in 2021. The proportion of stocks held by institutional investors further expanded in the A-share market, and Chinese households' asset allocation has been shifting from physical assets to financial assets. These trends will become key drivers for the development of China's asset management industry and wealth management industry, as well as the gradual increase in the proportion of institutional investors in the market. On the international side, the northbound fund inflows under the Stock Connect program totaled RMB432.1 billion in 2021, well above the RMB208.9 billion inflow in 2020. Since the launch of the Northbound Stock Connect program, the cumulative net inflow has exceeded RMB1.6 trillion, which clearly shows that the Chinese market still offers one of the best growth opportunities worldwide and the country stands firm in market opening-up. As China further improves the Stock Connect program and implements more policies conducive to opening-up, the country's capital market will continue to internationalize and become a key hub for global capital flows.

Although the global pandemic continued to evolve in 2021, the Chinese economy recovered significantly. In light of China's actual economic conditions, the PBOC adopted flexible monetary policies to maintain stability of the economic environment and guide the normalization of money supply and credit supply. In addition, the Central Bank optimized the credit structure by adjusting the intensity, pace and focus of its policies, which helped reduce corporate financing costs and maintain a largely stable RMB exchange rate.

The financial industry's support for the real economy has been growing. In 2021, the corporate loan interest rate was 4.61%, and the financing cost of the real economy continued to decline. The support for medium, small and micro enterprises further improved. At the end of 2021, the balance of inclusive loans for small and micro enterprises rose 27.3% year-on-year, and more than 44 million small and micro enterprises received inclusive credit lines. Meanwhile, the financial industry continued to provide solid medium- and long-term financing support for key sectors. The amount of medium- and long-term loans grew 32% for the manufacturing industry, 15% for the infrastructure industry and 15% for the service sector. In addition, the credit structure was further optimized, with more credit resources granted to key areas such as technological innovation and green development.

China continued to work on the prevention and elimination of major financial risks. In 2021, the reform and restructuring of Hengfeng Bank was successfully implemented, and most risks in Bank of Jinzhou and Baoshang Bank have been properly dealt with. As credit risks in a few real estate companies have been exposed, the government has taken actions to ensure healthy development of the real estate industry, eliminate risks in market-based and legitimate approaches, maintain stability of the real estate market, and satisfy reasonable financing demand in this market. Meanwhile, regulators have launched a pilot program to eliminate all hidden debts in selected regions, including Guangdong, Shanghai and Beijing.

Landscape of Securities Industry

China continued to reform its capital market, paving the way for the high-quality development of the securities industry: 1) China advanced its reforms to install the registration-based IPO system, improve the multi-level capital market system, and enhance the market's financing capabilities so as to meet the diversified financing demand from various business entities and play a positive role in structural adjustments to the economy. 2) The balanced development of the market on both supply and demand sides has provided solid support for trading in the market. On the demand side, the capital market receives long-term incremental funds as Chinese households begin to invest

Management Discussion and Analysis

more assets in the capital market, institutional investors continue to grow while overseas capital has been flowing into the Chinese market. On the supply side, IPOs of “new economy” companies have accelerated since the launch of the pilot registration-based IPO system. Driven by growth on both demand and supply sides, the market’s turnover has reached a new equilibrium level above RMB1 trillion. 3) The capital market plays an increasingly significant role in wealth management due to the growth of active asset management and the expanding proportion of equity assets. 4) Market depth and efficiency continued to improve. As an expanding array of financial instruments become available for securities purchasing and short-selling in China’s capital market, the market has become increasingly efficient in price discovery, which enables it to meet market participants’ growing demand for risk management and attract additional domestic and overseas capital inflow from a long-term perspective. In summary, all-round improvements in the capital market’s functions for financing, trading and asset allocation have laid solid cornerstones for the high-quality development of the securities industry.

The securities industry is undergoing transformation to improve its business structures and comprehensive service capabilities. First of all, given the higher long-term growth rate of equity risk assets, securities firms enjoy differentiated competitive advantages on the funding side, including their client bases with high risk appetites, extensive product lines from both internal and external sources, and professional investment consulting teams motivated by market-based incentive mechanisms and evaluation frameworks. Moreover, securities firms are major shareholders of mutual fund management companies and comprehensive service providers for institutional investors. Therefore, strong growth on the product side will boost securities firms’ comprehensive revenue from asset management, sales agent and trading businesses. Secondly, securities firms benefit from systematic market expansion as well as the transformation and development of the innovation economy. Along with the growth of business scale, securities firms may also benefit from rising asset returns and extend their business value chains by adopting the “investment + investment banking” model. Thirdly, the growth of derivatives

business, which is driven by client needs, will become an important direction for balance sheet expansion under the trend of institutionalization and internationalization. Institutional business enjoys stronger client stickiness and higher concentration. However, it also means higher comprehensive requirements on business qualification, capital strengths, scale advantage, product design, risk control systems, as well as institutional distribution channels. Therefore, institutional business represents a key direction for leading securities firms to steadily improve the efficiency of capital utilization and enhance long-term ROE. In the long run, wealth management, asset management and institutional businesses will account for higher proportions of total revenue. It is increasingly important for securities firms to adopt client-centric business strategies, ensure collaboration between various business lines, and provide clients with more differentiated products and services.

The financial sector is faced with both opportunities and challenges as China continues to open up this sector and embarks on a new stage of financial digitalization. On the one hand, China comprehensively advanced the opening-up of its financial sector, and international investment banks have expedited their expansion into China, especially in cross-border mergers and acquisitions, cross-border financing, asset management and wealth management businesses. As a result, PRC-based investment banks face fierce competition from global giants in terms of capital strength, human resources, professional capabilities, business systems and resource networks. On the other hand, digitalization of the financial sector has embarked on a new stage as the disorderly expansion of capital now faces constraints while the financial business is being separated from industrial sectors. In this new stage, internet platforms are unable to directly leverage their competitive advantage in data and business volume to develop their financial business. This will improve the competitive landscape for financial institutions and turn their relationship with internet platforms from “competition” to “co-opetition”. Looking ahead, financial institutions are likely to capture more market shares if they could develop their proprietary technological capabilities and seize opportunities emerging from new technologies and business models.

Development Strategies

Looking into the future, a new round of deep reform and opening up of China's economy and capital market will provide unprecedented historical opportunities for CICC to achieve leapfrog development. In line with our medium and long-term development objectives, we will strive to increase the market share, expand the revenue size, and accelerate our pace to become a world-class international investment bank.

Business Plans

2022 will be a critical year for CICC to deepen strategic execution and digital transformation. The Company will focus on the "Three + One" strategic deployment of "digitization, regionalization and internationalization" and "One CICC", and strive to reach a higher stage of development in both scale and quality by increasing resource investment, improving network coverage, accelerating transformation and development, and consolidating capacities for the middle-and-back-offices.

II. ANALYSIS OF CORE COMPETITIVENESS

(I) Premier Brand

Our Company has established a premier brand in the financial services industry. Since the inception, our Company has drawn on advanced management model of world-class investment banks and combined with best practices in China, and has always adhered to the business philosophy of "By the People and For the Nation, Professionalism and Diligence, Innovation and Entrepreneurship, Clients First, and Integrity", which won us a market reputation at home and abroad. For years, while maintaining high-standard practices, our Company has actively participated in reforms and system construction of the capital market to stimulate business innovation. Our Company maintained leading positions in many businesses for years, and was honored numerous awards as the best player in China.

Our Company regarded the brand cultivation and cultural building as key measures to continuously enhance our market leading position. Leveraging our franchise and core values of professionalism, entrepreneurship and pursuing excellence, our Company continued to attract outstanding talents and new clients, expand our business scope and capture important business opportunities while maintaining the stability of existing employees and clients.

(II) High-quality Client Base

Our Company has explored an extensive and profound client base with high quality. Relying on our excellent service quality and professional service capabilities, our Company has formed a profound client base covering a wide range of large-sized enterprises, high-quality emerging growth companies, professional institutional investors and growing wealth management clients that play important roles in the national economy and capital market. Our Company can provide our clients with complicated, diversified and high-quality business services through our integrated and customized cross-border platform. Our Company has developed long-term cooperation with clients and are dedicated to providing them with a comprehensive suite of products and services.

Management Discussion and Analysis

(III) Forward-Looking and Balanced Business Structure

Our Company has established our business structure from a forward-looking perspective based on our insight into development trends of global capital markets. With the accelerating process of internationalization and institutionalization of the capital market in recent years, a large number of traditional channel businesses are facing tremendous pressure. As such, in line with the trend of “institutionalization”, “internationalization” and “product sophistication”, our Company continued to enhance the overall capabilities, and has embarked on a new track in advance to closely focus on key national deployment areas such as technological innovation, green development, and promoted the sustainable development of emerging businesses related to the science and technology innovation board, private equity business and wealth management business.

(IV) Outstanding Cross-border Capability

Capitalizing on our distinct international DNA and first mover advantage in pursuing international strategy, our Company has formed outstanding cross-border business capabilities with a leading position in the cross-border arena, thus proactively playing our role in serving cross-border capital transactions and promoting the mutual opening of financial markets.

In terms of international presence, our Company has established overseas operations and business activities in seven financial centres across Hong Kong, New York, London, Singapore, San Francisco, Frankfurt and Tokyo, which are managed by respective business lines vertically, so as to fully mobilize domestic and overseas resources including research, people and products, thus providing one-stop cross-border services for our clients. The seamless connection among our domestic and overseas businesses equipped our teams with both domestic and overseas business experience. The substantial majority of members of our investment banking and research teams have obtained qualifications for domestic businesses and businesses in several overseas regions.

In terms of cross-border business, our Company has been serving the “bringing in” and “going global” needs of industrial capital and financial capital, which enabled us to enjoy certain advantages in businesses such as overseas IPOs for PRC-based companies, offshore bond offerings, and cross-border mergers and acquisitions, to sustain strong growth in emerging businesses such as cross-border transactions and the Connect business and to maintain the leading market position in terms of transaction volume of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect business, thereby obtaining more bargaining and pricing power in the international capital markets. In addition, our Company continued to enhance cross-border business capabilities and international presence through the acquisition of Krane Funds Advisors in the United States. In 2021, based on the research and judgment of the international situation, and in line with our strategic needs, our Company has further enhanced the international presence and formulated a development roadmap.

(V) Leading and Influential Research

Research is an important foundation for our business. Our talented and experienced international research team has provided objective, independent, prudent and professional research services for domestic and overseas clients through our research platform covering the global markets. With in-depth understanding, thorough analysis and unique insights into Chinese companies and industries, our research team has won the Company a reputation as the “China Expert”.

Our research capabilities have been widely recognized by influential international institutions. These included the “No. 1 Overall Country Research for China” in the Asiamoney Brokers Poll, which marked the 16th consecutive year of our championship in this poll from 2006 to 2021. We were also named the “No.1 The All-China Best Research Team” by Institutional Investor for ten consecutive years from 2012 to 2021. In 2020, our Company established the CICC Global Institute (CGI), which focuses on public policy research and is committed to building a new think tank in the new era. The CGI and CICC Research are committed to working side by side to provide all-round research support for the economic and social development.

(VI) Experienced Management and High-quality Workforce

Our Company has a senior management team with global perspectives and entrepreneurship, and a high-quality workforce with full licenses at home and abroad.

Rooted in our international DNA, most members of our senior management team have work experience in domestic and overseas financial institutions with global perspectives. In the meantime, they have experienced the main development course and multiple cycles of China’s securities industry, and are equipped with rich experience and profound understanding regarding domestic and overseas capital markets and the securities markets. Riding on the concept of “Chinese Roots and International Reach”, our senior management team has constantly combined advanced management experience with the practices of China’s financial reform, and took the lead in developing new products and vigorously exploring new markets.

Our excellent brand and high-quality platforms enabled us to recruit the best graduates from top domestic and overseas universities, providing the best talents for our domestic and overseas branches. Our sound staff development and training system has provided comprehensive and systematic training for employees at different levels and positions, thereby continuously enhancing professional capabilities of our workforce and equipping them with practice capabilities to obtain full licenses. Meanwhile, riding on the advanced international experience, our Company has developed advanced talent selection and cultivation mechanism combining incentives in line with market benchmarks, thereby maintaining a large number of outstanding talents to support the long-term sustainable development of our Company. Through the above measures, we have developed high-quality workforce to support our rapid, healthy and sustainable development.

(VII) Efficient Management Model and Prudent Risk Management Mechanism

Our Company has established an efficient and reasonable management model and a comprehensive and prudent risk management mechanism. Since establishment, our Company has adhered to the concept of combining best international practices with the actual conditions of China, formulated a full set of governance structure and management procedures in line with international standards, and established a vertical management model covering all business operations and internal control of the Company to ensure efficient and effective management. At the same time, our Company has always adhered to and continuously strengthened the “all staff, whole process, full coverage and penetrating” risk control compliance system and operating mechanism, through which the parent company can conduct integrated vertical management over domestic and overseas subsidiaries and branches, and the same business and the same client can be subject to unified risk management. Therefore, our Company has formed centralized and effective business management and risk control, and unified decision-making, management and resources allocation, thus ensuring the smooth and orderly development of our business and the stable operation of our risk control system.

Management Discussion and Analysis

(VIII) Advanced Information Technology Capabilities

We consider information technology as a core component of our competitiveness. We have a sound IT governance structure and the industry-leading independent research and development capabilities. Our Company has developed three basic technology systems regarding basic transactions, products and services, and risk control and operation management, to provide complicated whole-process and end-to-end financial products and services for clients and various business units as well as global support of comprehensive business operation and management capabilities. Our Company has adopted self-developed and industry-leading core business systems and platforms with stable operation.

The Company will continue to promote our business development based on information technologies. With the continuous advancement of information technologies in recent years, our Company has also increased capital investment in and attached importance to talent training and capacity building, continued to optimize our organizational structure and operating model, and proactively researched and explored the application of new technologies in various business areas of investment banks, so as to promote the integration of businesses and technologies. Capitalizing on the advantages brought by the booming development of China's financial technologies, we have actively carried out strategic cooperation with China's leading technology companies to develop new products, businesses and models with data and technology. In September 2019, our Company announced the proposal to establish a joint venture financial technology company, Jinteng Technology, with Tencent in China. As such, we can provide more convenient, intelligent and differentiated wealth management solutions, enhance the service efficiency of investment consultants, optimize precision marketing and drive the accelerated transformation and scalable development of the Company's wealth management business. Jinteng Technology started operation in September, 2020. In 2020, the Company kick-started digital transformation, and was committed to becoming "a world-class investment bank with Internet genes".

III. ANALYSIS OF PRINCIPAL BUSINESS

(I) INVESTMENT BANKING

Equity Financing

Market Environment

In 2021, a total of 520 A-share IPOs were completed, with an aggregate financing size of approximately RMB603.001 billion, representing a year-on-year increase of 24.7%; a total of 471 A-share follow-on offerings were completed, with an aggregate financing size of approximately RMB712.217 billion, representing a year-on-year increase of 18.6%.

In the Hong Kong primary market, a total of 95 Hong Kong IPOs were completed, with an aggregate financing size of approximately US\$42.841 billion, representing a year-on-year decrease of 17.0%; in terms of follow-on offerings and selldowns, a total of 286 transactions were closed with an aggregate amount of approximately US\$71.876 billion, representing a year-on-year increase of 62.4%.

In the U.S. primary market, a total of 41 US IPOs of PRC-based companies were completed, with an aggregate financing size of approximately US\$13.690 billion, representing a year-on-year decrease of 3.5%. A total of 73 US follow-on offerings and selldowns of PRC-based companies were completed, with an aggregate trading size of approximately US\$7.505 billion, representing a year-on-year decrease of 69.6%.

Actions and Achievements

In 2021, our Company closed a total of 23 A-share IPOs acting as the lead underwriter, with an aggregate lead underwriting amount of RMB100.538 billion, ranking No.2 in the market. The Company further strengthened its advantage in large deals, leading A-share IPOs including that of China Telecom and BeiGene. The Company closed a total of 37 A-share follow-on offerings projects acting as the lead underwriter, with an aggregate lead underwriting amount of RMB81.314 billion, ranking No. 2 in the market.

In 2021, the Company sponsored a total of 31 Hong Kong IPOs acting as the sponsor, including that of Li Auto and Ctrip, with an aggregate amount of US\$5.981 billion, ranking No.2 in the market; the Company closed a total of 38 Hong Kong IPOs acting as the global coordinator, with an aggregate lead underwriting amount of US\$5.651 billion, ranking first in the market; the Company also closed a total of 41 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of US\$4.000 billion, ranking first in the market. In 2021, the Company closed 21 transactions of follow-on offerings and sell-downs for Hong Kong stocks acting as the bookrunner, with an aggregate lead underwriting amount of US\$5.307 billion, ranking No.5 in the market.

In 2021, the Company closed a total of 8 US IPOs of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of US\$1.256 billion, ranking No.4 in the market. In 2021, the Company closed 1 US follow-on offering of a PRC-based company acting as the bookrunner, with an aggregate lead underwriting amount of US\$60 million.

In 2021, we firmly implemented the major decisions and arrangements of the Party Central Committee and the State Council, and advanced our high-quality development in the bigger picture of serving national strategies. In serving national technological innovation, we completed almost RMB60 billion worth of IPOs on the STAR Market and the ChiNext Board, represented by the landmark deals of Times Electric and China Railway Construction Heavy Industry. In serving the green development strategy, we completed related equity deals of RMB132.307 billion, ranking No.1 in the market, including DAQO ENERGY's STAR Market IPO, Sungrow's A-share follow-on offering and BYD's H-share placement.

Management Discussion and Analysis

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| Items | 2021 | | 2020 | |
|---|---|---------------------|---|---------------------|
| | Lead underwriting amount (RMB in million) | Number of offerings | Lead underwriting amount (RMB in million) | Number of offerings |
| A shares | | | | |
| IPOs | 100,538 | 23 | 62,417 | 32 |
| Follow-on offerings | 81,314 | 37 | 40,433 | 19 |
| Hong Kong equity offerings | | | | |
| Items | 2021 | | 2020 | |
| | Lead underwriting amount (USD in million) | Number of offerings | Lead underwriting amount (USD in million) | Number of offerings |
| IPOs | 4,000 | 41 | 4,006 | 33 |
| Follow-on offerings | 5,307 | 21 | 2,821 | 22 |
| U.S. equity offerings by PRC-based companies | | | | |
| Items | 2021 | | 2020 | |
| | Lead underwriting amount (USD in million) | Number of offerings | Lead underwriting amount (USD in million) | Number of offerings |
| IPOs | 1,256 | 8 | 1,303 | 7 |
| Follow-on offerings | 60 | 1 | 3,001 | 6 |

Source: Company statistics; Wind for A-share market, Dealogic for overseas market;

Note: Domestic follow-on offerings include private placement, public placement and rights issue; follow-on offerings for Hong Kong stock market and PRC-based U.S. stock market include placement, rights issue and block trade sell down.

Outlook for 2022

Looking forward to 2022, we will continue to closely follow relevant policies, give full play to our expertise, and facilitate the high-quality development of our investment banking business guided by national strategies; we will embrace the opportunities from the reform of the registration-based IPO system and the implementation of offshore IPO systems, build up our capabilities, broaden and deepen our client coverage, expand our pipeline, and enhance our market shares and rankings; we will continue to implement our regional strategies, strengthen the coverage of regional bellwethers, attract more potential clients, and firmly implement the regionalization strategy; we will promote internationalization, expand our international footprint, cover more multinationals, identify themed opportunities under changing international environment, provide one-stop services to international clients across a full range of products, and enhance our influence in the overseas market.

Debt and Structured Financing

Market Environment

In the domestic market, as China's macro economy continued to recover in 2021 under the sound economic fundamentals and moderately balanced monetary policies, the overall bond yield went down over the year, and the overall bond issuance size recorded a slight growth. The size of domestic credit bond issuance steadily expanded to RMB20.06 trillion in 2021, representing a year-on-year increase of 5.1%. The size of local government bonds rapidly increased to RMB7.48 trillion, representing a year-on-year increase of 16.1%. The size of asset-backed securities products grew steadily to RMB3.14 trillion, representing a year-on-year increase of 8.7%.

In the overseas market, the initial interest rate at the beginning of the year was at a low level, and subsequently, affected by inflation and economic growth expectations in the United States, the interest rate level rose sharply and then fell slightly. In the second half of 2021, as the financing of the real estate industry was tightened significantly, along with the occurrence of credit events in the high-yield real estate sector in the fourth quarter, the yield of USD bond of PRC-based companies gradually rose. In 2021, the overseas bond issuance amount of PRC-based companies amounted to US\$203,084 million, representing a year-on-year decrease of 12.5%.

Actions and Achievements

In 2021, we closed a total of 1,062 fixed income transactions, representing a year-on-year increase of 29.4%. Among them, 850 onshore bond underwriting transactions amounted to RMB729,684 million, and 212 offshore bond underwriting transactions amounted to US\$12,509 million.

In 2021, in line with the aim to serve the real economy, our debt and structured financing business has made remarkable achievements in promoting publicly-offered infrastructure REITs, supporting the national "dual-carbon" strategy, and assisting the rural revitalization. In 2021, CICC ranked No. 5 in terms of onshore bonds underwriting amount, No. 2 in terms of underwriting amount of asset-backed securities and No. 2 in terms of underwriting amount of onshore convertible bonds. In the field of publicly-offered infrastructure REITs, CICC ranked first in terms of the size of financial advisory business, and continued to take the lead in market making, strategic investment and research coverage. In terms of offshore bonds, CICC ranked first in terms of overseas bond underwriting amount of PRC-based companies. Specifically, CICC ranked first in terms of the number of transactions of overseas convertible bonds of PRC-based companies, and No.1 among PRC-based securities companies in terms of the underwriting amount of investment-grade USD bond offerings by PRC-based issuers for six consecutive years.

Management Discussion and Analysis

In terms of milestone deals and product innovation, in the field of publicly-offered infrastructure REITs, CICC assisted GLP China and Zhejiang Expressway (滬杭甬高速) in completing the issuance of the first batch of publicly-offered infrastructure REITs in China. In the field of “carbon-neutral” bonds, CICC assisted the China Energy Investment and China Huaneng Group in completing the issuance of the first batch of “carbon-neutral” corporate bonds on the stock exchanges, assisted the China Development Bank in completing the first offering of “carbon-neutral” bonds to global investors, and assisted China Energy Engineering Investment in completing the issuance of the first “carbon neutral” quasi-REITs. In addition, CICC assisted the Shenzhen Municipal Government in issuing the first ever offshore RMB bonds by a PRC municipal government, assisted the Guangdong Provincial Government in completing the first bond issuance by a PRC local government in the Macau market, and assisted Wens in completing the largest convertible bond offering by non-financial enterprises listed on the ChiNext Board. In the overseas market, CICC has been the only PRC-based investment bank to participate in a total of eight issuances of foreign currency sovereign bonds by the Ministry of Finance for five consecutive years as the lead underwriter and bookrunner. In the field of ESG, CICC, as the only PRC-based investment bank, assisted the AIB in the issuance of global sustainability bonds, and assisted Baidu, Wuhan Metro and other companies in completing the issuance of overseas sustainability bonds.

Outlook for 2022

In 2022, we will continue to serve national strategies and regional economic development, and proactively capture market opportunities to constantly expand our regional presence and explore international businesses. We will continue to enhance our market share, maintain our first-mover advantages in publicly-offered infrastructure REITs, consolidate our leading position in the market, and complete milestone projects with market influence. Meanwhile, we will deploy multiple cross-border products for our international business, and seek for market opportunities relying on our innovative products. In addition, we will further enhance our risk awareness, and improve the quality of execution to reduce project risks.

Financial Advisory Services

Market Environment

In 2021, according to Dealogic, 5,064 mergers and acquisitions (“M&A”) transactions in PRC Market were announced with an aggregate volume of approximately US\$588.116 billion, representing a year-on-year increase of 6.3%, among which, 4,506 transactions were domestic with a total volume of approximately US\$509.783 billion, representing a year-on-year increase of 3.2%; and 558 transactions were cross-border with a total volume of approximately US\$78.333 billion, representing a year-on-year increase of 31.9%.

Actions and Achievements

In 2021, according to Dealogic, CICC maintained our leading position and ranked No.1 in the PRC M&A Market for the 8th consecutive year. According to Dealogic, CICC announced 116 transactions, involving an aggregate volume of approximately US\$117.023 billion. Among these transactions, 95 were domestic with a total volume of approximately US\$107.876 billion and 21 were cross-border or offshore with a total volume of approximately US\$9.147 billion. Aside from transactions recorded by Dealogic, CICC also announced several large scale state-owned enterprises restructuring transactions with total assets involved over RMB1 trillion.

In 2021, our M&A business continued to focus on key areas including state-owned enterprises reform, New Economy market driven transactions, and cross-border transactions. In terms of serving state-owned enterprises reform, we covered China’s key strategic industries such as chemicals and electrical equipment, and completed transactions including the reorganization of Sinochem and ChemChina, the merger between Sichuan Transportation Investment and Sichuan Railway Investment to establish Shudao Investment Group, and the reorganization of enterprises in coal relevant industries in Shanxi Province. We continued to advance market and industry driven transactions such as the disposal of Langdi calcium tablets business by Zhendong Pharmaceutical, the sale of controlling stake of Zhaopin and the sale of PharmPlus. We sustained our leading position in Hong Kong capital market and announced several take-private transactions including Beijing Capital Land, Chong Hing Bank and China Machinery Engineering. We further strengthened cross-border capability and completed transactions including Great Wall Motor’s acquisition of Daimler’s vehicle plant in Brazil and AIA’s strategic investment in China Post Life. In addition, we established the Debt Restructuring Management Group (DRM) in 2021, to support our government and corporate clients to defuse risks and secure employment. The related deals led by us include Salt Lake Industry’s restructuring and resumption of listing, Ping An Insurance’s restructuring of and investment in Founder Group, HNA Group’s debt restructuring, Tewoo Group’s debt restructuring, and Lifan Group’s debt restructuring. We also helped to address financial risks, leading China Huarong’s RMB42 billion investment from strategic investors, among others.

The milestone transactions announced in 2021 include:

| Projects | Size | Highlights |
|--|------------------|--|
| The merger between Sichuan Transportation Investment Group and Sichuan Railway Investment Group to establish Shudao Investment Group | RMB617.4 billion | Realizing a merger of equals between two super-large local state-owned enterprises through the newly established entity, and a benchmark transaction for the reform of local state-owned enterprises |
| Xinjiang Tianshan Cement’s acquisition of multiple cement businesses via issuance of new shares | US\$27 billion | Deepening the supply-side reform of the cement industry and the largest A-share listed company in China’s cement industry in terms of business scale |

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| Projects | Size | Highlights |
|---|------------------|--|
| Ping An's investment in the restructured Peking University Founder | US\$8.2 billion | The largest judicial reorganization of school-run enterprise in China, promoting the industrial upgrading in the Greater Bay Area |
| AIA's strategic investment in China Post Life | US\$1.9 billion | The largest strategic investment in the history of China's insurance industry |
| SEEK's sale of Zhaopin's controlling stake | US\$1.1 billion | Assisting a listed company in Australia and leading PEs in their equity disposal, an extremely influential sell-side transaction in China's M&A market |
| Zhendong Pharmaceutical's sale of Langdi Pharmaceutical | US\$900 million | The largest asset acquisition transaction between PEs and A-share listed companies in the big health industry in the past 10 years, boosting further growth of a privately owned brand |
| Beijing Capital Group's H-share privatization of Beijing Capital Land | US\$600 million | The first take-private transaction of H-share real estate state-owned enterprise |
| Great Wall Motor's acquisition of Daimler's vehicle plant in Brazil | US\$400 million | The largest acquisition of vehicle plant assets in South America by PRC automobile companies |
| HNA Group's debt restructuring | RMB1.1 trillion | The largest debt restructuring since the founding of the PRC; defused risks as the creditor's advisor |
| Tewoo Group's debt restructuring | RMB220.0 billion | The largest restructuring of a trade enterprise in China; deepened the comprehensive reform of Tewoo Group; listed as a case in the Supreme People's Court's work report at the Two Sessions |
| Lifan Group's debt restructuring | RMB27.3 billion | The first restructuring of a finance company; promoted the industrial upgrade of Chongqing; won the Special Award for Improving Chongqing's Business Operation Environment; listed as a case in the Supreme People's Court's work report at the Two Sessions |

Note: Size of debt restructuring deals refers to the size of debts

2022 Outlook

In 2022, we will continue to serve national strategies and seize M&A business opportunities under the new trend and landscape of the capital market, so as to assist the high-quality development of the real economy and promote the dual circulation of domestic and foreign capitals. Meanwhile, we will continue to proactively participate in the debt restructuring of enterprises in a tight spot and defusing of financial risks, and enhance the coverage of local state-owned enterprises and leading local private enterprises, thus cementing our advantages, dedicating to innovation and further increasing our market share.

(II) EQUITIES

Market environment

2021, the performance of global capital market was divergent. The European and US stock markets have generally improved, the Asia-Pacific market recorded weak performance, and the Hong Kong stock market has fallen sharply due to the decline in TECH stocks. The A-share market maintained a stable trend with ups and downs in segments.

As of the end of 2021, there were increases of 4.8% in SSE Composite Index, 2.7% in SZSE Component Index, and 12.0% in ChiNext Price Index, while there were declines of 14.1% in Hang Seng Indexes and 23.3% in Hang Seng China Enterprises Index. In 2021, the average daily turnover of A shares reached RMB1.06 trillion, representing a year-on-year increase of 24.8%; the average daily turnover in the Hong Kong stock market was HK\$166.73 billion, representing a year-on-year increase of 28.8%, but the turnover in the second half of 2021 decreased by 22.3% compared with the first half of the year; the net flow into Northbound Stock Connect was RMB432.17 billion, and the net flow into the Southbound Stock Connect reached HK\$454.40 billion.

Actions and Achievements

In 2021, building upon the principle of serving national strategies, our Company promoted the high-quality development of the equity business. The domestic and overseas equities business recorded significant growth, outperforming the overall market, with institutional coverage, innovative products, and cross-border business maintaining top rankings among market peers.

We primarily focused on serving institutional clients, following the principle of client first and expanded the coverage of diversified client types. We provided domestic and overseas institutional investors with one-stop comprehensive financial services, including investment research, sales, trading, products, and cross-border services. In 2021, the number of new client accounts increased significantly, with the turnover and market share hitting a record high. The QFII client coverage has exceeded 55% and maintained the leading position for 18 consecutive years. Our investment research service for mutual funds and insurance clients continuously improved and took the lead in the market. We have achieved a high coverage of hedge funds, and our ranking in WFOE clients maintained at the forefront. We built all-round cooperation with wealth management subsidiary companies of commercial banks, and ranked first in investment research service for bank clients.

We are committed to the process of capitalization. As a core dealer, the domestic businesses continued to improve product and service capabilities throughout the whole life cycle and maintained our market advantage. We enhanced product innovation; strengthened the support for regional development, green finance etc., and launched the first bank wealth management carbon neutral asset allocation index. The overseas businesses continued to diversify the product and client structure, forming a competitive product line, and ranking among the

Management Discussion and Analysis

tops in overseas Chinese securities companies. The capital intro business began to form its brand effect, the proprietary trading business maintained a steady development, and the capacity for equity assets allocation has been further improved.

We continued to deepen and expand the international market. CICC Hong Kong kept the leading position in cross-border businesses, especially in the market share of connect trading; CICC (Singapore) officially launched its local trading platform; CICC US further consolidated its leading position among PRC-based institutions in the local market; and CICC UK became a main PRC-based securities firm partner for European institutional clients. In the meantime, the equities business continued to expand the businesses in Germany, Switzerland, and other markets, promoting the China-Europe Connect. Our overseas teams participated the implementation of more than 90 projects in overseas primary and secondary markets, which introduced overseas strategic and cornerstone investors for listed companies.

We continued to strengthen the construction of the operation and risk control platform to improve operational efficiency; comprehensively established a departmental risk defense line, and formed a multi-level and all-round compliance risk control system to prevent financial risks. We accelerated the digitalization process to achieve technological empowerment.

Outlook for 2022

We will rely on extensive international and regional professional client bases and make efforts to promote cross-selling, and build a world-leading equities business platform to provide one-stop services. We will continuously improve our business systems to constantly enhance operation and management efficiency and client experience, and strengthen our risk management capability to ensure no significant loss and to create more value to our clients.

(III) FICC

Market Environment

In 2021, as the overseas pandemic situation tended to improve but was still shadowed by resurgences, the global economy gradually recovered, the domestic bond market remained upward fluctuation, while the performance of the overseas bond market diverged. In the domestic market, the liquidity tightened at the beginning of the first quarter, then generally relaxed from the Chinese New Year to the second quarter, and the yield curve showed downward fluctuation. As affected by the monetary policy and the supply and demand dynamics, yields in the first half of the third quarter declined sharply and then fluctuated. Due to the real estate-related policies and macroeconomic expectations, interest rates rose and then fell in the fourth quarter. In the overseas market, the USD bonds of PRC-based companies fluctuated in the first half of the year, and the price of high-yield bonds fell sharply in the second half of the year as affected by credit events of the real estate industry and then recovered due to the impact of policies in November. In terms of cross-border investment and financing, the holdings of Chinese bonds by foreign institutions have increased significantly, and the southbound Bond Connect was officially launched. In 2021, the turnover of cash bond transactions in the inter-bank market amounted to RMB141.47 trillion, among which the cumulative trading volume of Bond Connect amounted to RMB6.46 trillion, a year-on-year increase of 33.1%. Domestic publicly-offered REITs were officially launched with a cumulative trading volume of RMB22,514 million in 2021, showcasing a positive response from the market.

Actions and Achievements

In 2021, we further promoted the development of FICC business. In FICC business, we expanded market presence with focus on customer service, and recorded rapid growth in bond underwriting and trading volume, making a breakthrough in the market ranking. Among them, we ranked No.1 in

the market in terms of the underwriting amount of USD bonds of PRC-based companies and the spot transaction volume of book-entry government bonds. We further enhanced the coverage of international customers and transaction service capabilities, and established a global sales network covering New York, London, Singapore and Tokyo with Chinese mainland and Hong Kong SAR as centers, ranking No.2 among securities firms in terms of cross-border market making amount.

In order to actively capture opportunities, we enhanced our product innovation and customer services and continued to develop derivatives business. In line with the concept of serving national strategies, we took the lead in capturing market opportunities from publicly-offered REITs, carbon transaction, green finance, and SRDI (Specialized, Refinement, Differential and Innovation), and became a leading publicly-offered REITs market maker in China. In order to develop the capacity to provide customized products and services, we enhanced the innovation of domestic and foreign products and launched a number of innovative product lines. We continued to develop the cross-border derivatives business and expand the interest rate and foreign exchange businesses, thereby rallying among leading market makers in terms of key categories of commodities.

In the meantime, we vigorously promoted the integration of business and technology, actively explored the innovation of cutting-edge fin-tech, and continuously enhanced risk control capabilities and operation systems.

Outlook for 2022

In 2022, the FICC business will continue to promote business transformation, enhance comprehensive customer service capabilities, and develop a first-class market-making platform for cross-border, cross-market and cross-platform FICC products, thus constantly expanding our influence. FICC will continue to enhance market-making and trading

capabilities and strengthen risk control to achieve better returns, and form a risk control mechanism in line with business development. FICC will further strengthen capabilities in creating customized products, continuously promote product innovation, and improve the capacity to serve the real economy, with an aim to build an one-stop customer service platform covering all products. FICC will improve its cross-border business capabilities and capitalize on domestic and international dual circulations, thus accelerating our international presence. In the meantime, FICC will continue to promote the digital transformation and step up the development of digital and economic capacities to build a first-class FICC fin-tech platform.

(IV) ASSET MANAGEMENT

Asset Management

Market Environment

The 2021 marks the final year of the transitional period for the new asset management regulations, and the asset management industry has preliminarily established a unified supervision framework. The governance of the asset management industry has made important achievements, which effectively promoted the transformation and upgrading of its value chain and gradually shaped the new landscape and ecology of the industry. Various asset management institutions focused on active management and refined operation, and the active management business experienced a rapid development. With the implementation of the 14th Five-Year Plan, China's asset management industry has ushered in new opportunities in the new development stage. The cross-industry, cross-field and cross-institution collaboration became an important trend, and the digitalization process will become an important driver for the asset management industry to enhance the service efficiency and expand the service coverage. In the era post the new asset management regulations, asset management institutions should focus on active management, to serve the real economy, and effectively prevent and defuse financial risks.

Management Discussion and Analysis

Actions and Achievements

In 2021, we continued to enrich our product lines, strengthened the product mix in relation to green finance and technological innovation, intensified the research and development of new investment strategies, innovative products and comprehensive solutions based on the market environment and customer needs, and continuously enhanced our comprehensive customer service capabilities; further strengthened investment and research capabilities, improved the investment research management system, strengthened team building and talent training, and enhanced investment research capabilities; further expanded the customer coverage, extended the depth and breadth of customer services, strengthened the development of centrally-owned enterprises and industry customers' annuity business, and dug deeper into the needs of wealth management subsidiaries of banks, vigorously developed the business of urban and rural commercial banks, strengthened in-depth cooperation with retail channels, improved customer response and value-added service capabilities, continued to strengthen the coverage of international customers and overseas PRC-based institutions, expanded overseas channels, and achieved a substantial increase in the overall AUM. We accelerated the digital construction of our asset management business, rapidly advanced the construction of an institutional service platform and an integrated investment and research platform, accelerated the transformation of financial technology, and enhanced customer stickiness through digital services to boost business development. Meanwhile, we further strengthened risk management and control, enhanced the risk awareness of all employees, strengthened the organization of institutional processes and system construction to improve management efficiency.

As of December 31, 2021, the AUM of the Asset Management Department of the Company was RMB1,128,347 million, representing an increase of 120.0% compared with the end of 2020. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, pensions and occupational annuities) were RMB568,321 million and RMB560,026 million, respectively. We had altogether 747 products under management, representing an increase of 24.9% compared with the end of 2020.

Outlook for 2022

In 2022, we will proactively implement national policies and deployment, seize major development opportunities of the industry to vigorously promote the development of regular business and the setup of strategic business, and pace up high-quality development in line with new development concepts, with a view to maintaining steady and rapid business growth and establishing itself as a world-class asset manager.

In 2022, we will continuously consolidate asset management business capabilities, promote the construction of the investment research system, optimize the product mix, enrich product portfolios, expand the customer coverage, facilitate the development of financial technology, enhance the capability to provide comprehensive asset management services for various customers, and promote the transformation toward the business model with higher added value. Meanwhile, we will firmly make strategic investments in key areas, and constantly strengthen our businesses in line with the concepts of serving national strategies, internationalization and digitalization, so as to create a new driver for high-quality development.

CICC Fund Management

Market environment

As China experienced resurgences of the pandemic, intensified the regulation of the real estate industry, tightened industry regulatory policies, and accelerated the implementation of Carbon Peak and Carbon Neutrality in 2021, the stock market presented a divergent performance and the bond market recorded a mild growth. In spite of ups and downs in the market, the mutual fund industry achieved rapid development, and the AUM of mutual funds hit another record high of RMB25 trillion, representing a year-on-year increase of 27%. The AUM of newly issued funds exceeded RMB3 trillion in the year, the second largest in scale, and equity funds recorded an average annual return of 11%. The mutual funds have increasingly become a mainstay of wealth management for the public. In 2021, the mutual fund industry promoted many innovative products, and China's infrastructure REITs ("C-REITs") in preparation for years was finally released to the market, paving the way for C-REITs with sound market performance. Products themed on carbon neutrality, the Beijing Stock Exchange, technological innovation, SRDI (Specialized, Refinement, Differential and Innovation), and STAR market 50 ETF, MSCI China A50 Connect ETF, and interbank deposit certificate index funds became new hotspots.

Actions and Achievements

In 2021, CICC Fund Management continued to enhance its investment and research capabilities, improved its product lines, seized new opportunities from the development of the industry, intensified the digital transformation, and launched new products and expanded new customers in line with the "One CICC" strategy. During the year, CICC Fund Management issued 9 new products, launched the first short-term bond fund and the first ETF, participated in the first batch of C-REITs pilot, issued the largest property C-REITs, and completed the preparation in FoFs, interbank deposit certificate index funds, and ETF in segmented industries. During the year, CICC Fund Management continued to invest in capacity building of the investment and research teams, maintained steady operations, and strived to improve long-term performance; deeply served the regional distribution channels, and continuously expanded important institutional investors, served the diversified investment needs of customers; promoted third-party online marketing and sales conversion, and systematically carried out online live broadcast. CICC Fund Management comprehensively promoted the digitalization strategy, and accelerated its development with financial technologies. During the year, the overall business operation remained stable, and there were no major violations of laws or regulations or major compliance risks.

As of December 31, 2021, the assets under management of CICC Fund Management amounted to RMB85,191 million, representing a year-on-year increase of RMB29,893 million. In particular, the size of mutual funds increased to RMB81,307 million, representing a year-on-year increase of 50.6%; and the size of private asset management plans amounted to RMB3,884 million.

Management Discussion and Analysis

Outlook for 2022

In 2022, CICC Fund Management will continue to give play to the “One CICC” platform, enhance its investment management capabilities, accumulate product performance, and optimize customer services. With the goal of building stable investment capabilities, we will continue to focus on the building of investment and research teams and enhance core competitiveness in investment and research. We will proactively develop equity investment strategies, and continue to develop index products; improve services for the retail market, strengthen the development and maintenance of institutional business, and further enhance the online operation capabilities; vigorously promote existing C-REITs, diversify project reserves, and improve operation and management capabilities, so as to establish a brand as an industry-leading C-REITs manager; constantly increase the investment in IT construction and accelerate the digital transformation; and strengthen compliance and risk control management to firmly safeguard the bottom line of no occurrence of major risks.

(V) Private Equity Investment

Market Environment

In 2021, China’s private equity investment industry achieved a steady development thanks to the effective response to COVID-19. In terms of total size, according to the Asset Management Association of China, the asset under management of China’s private equity investment market amounted to RMB13.7 trillion¹ as of the end of the fourth quarter of 2021, representing a year-on-year increase of 13.1%. In terms of fundraising, the fundraising market of RMB funds rebounded significantly, while USD funds faced some challenges. However, the dividends from PRC-based assets are still attractive to overseas investors in the medium and long term. With the support of national policies, China’s private equity investment industry effectively increased the direct social financing, accelerated the formation of innovative capitals, and comprehensively supported the technological innovation and industrial restructuring.

¹ Including private equity investment funds RMB10.77 trillion, venture capital funds RMB2.37 trillion and privately-offered funds of privately-offered fund subsidiaries of securities companies RMB0.55 trillion.

In terms of investment, as the fundraising market recovered and China continued to improve the multi-layered capital market system, the number and amount of China's private equity investments rebounded after the pandemic in 2021. In 2021, the venture capital market continued to ramp up, the growth investment remained stable, and large industrial investments and M&A were active. Investments were concentrated in such industries as advanced manufacturing, new energy, semiconductors, healthcare and logistics.

In terms of exit, although affected by the adjustment of listing policies in the United States, the exit market generally remained sound due to smoother listing channels in China. In the domestic market, the registration-based IPO system maintained stable operation, promoting the listing and exit of quality projects. In addition, in order to support the innovation and development of small and medium-sized enterprises, China deepened the NEEQ reform and officially launched the Beijing Stock Exchange, which may bring new IPO opportunities for Chinese enterprises. In the overseas market, China and the United States continued to strengthen supervision over U.S.-listed China concepts stocks, posing more challenges for Chinese enterprises to list in the US capital market since the third quarter of 2021.

Actions and Achievements

The year 2021 marks the first year of the "14th Five-Year Plan", and CICC Capital forged ahead and achieved market-leading results. In terms of fundraising, CICC Capital continued to expand the scale. As of the end of 2021, the subscribed asset under management was RMB327,818 million, consolidating the leadership in the industry. In 2021, we completed the fundraising for numerous funds focusing on national strategies of "technological innovation" and "carbon neutrality", with the newly raised funds exceeding RMB55,000 million² in 2021. Meanwhile, we introduced the NSSF through the CICC Genesis National FoF, and obtained the controlling interest of the management company of Beijing Science & Technology Innovation Fund. CICC Capital contributed to the technology innovation and entrepreneurship of China with high-quality investments, relied on the "One CICC" platform to provide diversified services for governments, industrial groups and entrepreneurs, and coordinated the investment banking business with investment management to provide diversified services for invested companies.

² The fundraising scale is the total cumulative subscription management scale of the newly established funds and the newly raised funds of the expansion fund in 2021, after deducting the repeated scale under the penetration structure.

Management Discussion and Analysis

In 2021, CICC Capital has made significant progress in the “Three + One” strategic deployment focusing on the strategies at the firm level. In terms of internationalization, CICC Capital has proactively expanded USD-denominated fund products. In terms of regionalization, CICC Capital continued to expand regional presence and has established diversified cooperation with local governments. In particular, our regional deployment has made breakthroughs in Beijing, the Yangtze River Delta, Sichuan, Chongqing, Hunan and other regions in 2021. In terms of digitalization, the digitalization team of CICC Capital has taken active initiatives in response to the digital transformation strategy and promoted the construction of a standardized online business process in 2021. As such, CICC Capital has significantly enhanced the digital service capabilities over time, and has made new breakthroughs in innovative models. In terms of “One CICC” platform, in order to earnestly execute the “One CICC” strategy, CICC Capital has proactively carried out a number of business cooperation with other departments of the Company and completed nearly 300 cross-department transactions in 2021.

In 2021, CICC Capital further identified its objectives of internal control to create a sound risk management culture. CICC Capital intensified its organizational and institutional innovation, so as to comprehensively enhance the risk control and compliance management and establish a closed-loop of comprehensive risk management. Meanwhile, CICC Capital has stepped up the building of high-quality talent teams to enhance the overall professional capabilities.

Outlook for 2022

CICC Capital will continue to serve national strategies and deployment, seize major opportunities from China’s high-quality economic development, fully support the national science and technology innovation strategy, assist in coordinated regional development, and vigorously implement the carbon neutrality strategy. Under the guidance of CICC, CICC Capital will continue to expand its leading advantages in growth investment funds and FoFs, and accelerate the deployment of USD-denominated funds, M&A funds, venture capital funds and other key businesses. Aligning itself with the “Three + One” strategies, CICC Capital will accelerate the internationalization process so as to enhance the global influence. It will deepen regional distribution and accelerate regional presence, continuously enhance digital service capabilities and develop innovative models for digital empowerment, and actively promote cross-department cooperation with focus on customer services.

In the meantime, CICC Capital will create a sound compliance culture to firmly prevent the occurrence of major risks. It will implement the compliance and risk control and management requirements of China Investment Corporation and CICC, continuously consolidate the building of organizational capacity, and strengthen coordination with other departments, so as to lay a solid foundation for achieving strategic goals.

THE ASSETS UNDER MANAGEMENT OF THE GROUP

As of December 31, 2021, the size of total assets managed by different business divisions and subsidiaries of our Group is set forth as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | % of change |
|--|-------------------|-------------------|--------------|
| AUM in relation to fee and commission income (wholly-owned) | | | |
| Collective asset management plans | 572,635 | 169,021 | 238.8% |
| Segregated asset management plans | 607,445 | 380,858 | 59.5% |
| Special asset management plans | 171,963 | 209,966 | (18.1)% |
| Mutual funds | 85,191 | 55,298 | 54.1% |
| Private equity investment funds | 220,737 | 198,603 | 11.1% |
| Subtotal | 1,657,972 | 1,013,746 | 63.5% |
| AUM in relation to share of profits of associates and joint ventures (jointly-invested) | | | |
| Private equity investment funds | 121,067 | 115,904 | 4.5% |
| Non-private equity investment funds | 86,666 | 45,029 | 92.5% |
| Subtotal | 207,733 | 160,932 | 29.1% |
| Total | 1,865,704 | 1,174,679 | 58.8% |

Note: Mutual funds include public securities investment funds and private asset management plans under the management of CICC Fund Management.

(VI) Wealth management

Market Environment

In 2021, China's capital market maintained a steady development in spite of the spreading pandemic abroad and the tumbling international financial market. The trading turnover of Shanghai and Shenzhen markets altogether was RMB257.2 trillion, representing a year-on-year increase of 24.8%. The number of new investors in the market reached 18 million. In addition, in the final year of the transitional period for the new asset management regulations, the wealth management business continued to deepen the transformation into net-worth business. The AUM of mutual funds amounted to RMB25.5 trillion, representing a year-on-year increase of 27.1%. In terms of policies, the Beijing Stock Exchange was established, further improving its multi-layered capital market system. The in-depth reform of the capital market enriched the layers and products of the financial market, offered broader market for the wealth management of individual investors, and promoted the high-quality development and transformation of the whole industry under the new pattern, presenting unprecedented development opportunities for the wealth management industry.

Management Discussion and Analysis

Actions and Achievements

Our product allocation business has achieved a significant growth and is more capable to “retain long-term money”. As of the end of 2021, the size of existing products exceeded RMB300 billion, representing a year-on-year increase of approximately 90%. Specifically, in the fee-generating assets business, we continued to lead the industry transformation. Following “China 50” (中國 50), we created the industry-leading low-threshold allocation product “Mini 50” (微50) in the brokerage industry, benefiting more customers of wealth management needs. As of the end of 2021, the buy-side fee-based assets³ reached RMB80 billion, representing a year-on-year increase of over 180%, which further consolidated our leadership in the business model and scale of wealth management business. In terms of brokerage business, we continued to strengthen system development, product synergy and customer coverage, further increasing our brokerage market share to 2.24%.

Our investment consultant team expanded rapidly, with market influence in the investment advisory brand market further enhanced. As of the end of 2021, the investment consultant team of CICC Wealth Management consists of over 3,000 employees, including over 1,000 private wealth advisors for high-net-worth customers. As our private wealth management business grew rapidly, more focus has been given to the asset allocation appeals of individual clients to promote the transformation into net-worth wealth management. The business for the mass and affluent customers grew steadily. CICC upholds the principle of financial inclusiveness. Based on serving the needs of a wider range of customers of asset appreciation, we improved the service quality and depth for the mass and affluent customers through digital and intelligent financial technology means.

We continued to consolidate the full-spectrum customer base and expand the customer base through various online and offline channels. As of the end of 2021, the number of wealth management customers of CICC was 4.54 million, representing a year-on-year increase of 22.9%, and the total customer assets reached RMB3.00 trillion, representing a year-on-year increase of 16.2%. Among them, there were 34.9 thousand high-net-worth individuals⁴, representing a year-on-year increase of 36.2%, and the total assets of high-net-worth individuals amounted to RMB820.44 billion, representing a year-on-year increase of 22.0%.

We implemented a fully agile organizational structure, and completed the first synchronized integration of OTC system and legal person in the industry. In order to achieve digital transformation, CICC Wealth Management has established a fully agile organization featured by “Three Tribes and Two Centers”. “Three Tribes” consist of the Client Relationship Tribe, the Investment Products & Solutions Tribe, and the Omni-channel Platforms Tribe, and “Two Centers” consist of the Operation & Client Service Center and the Strategy Service Center. The new structure set up 30 agile teams to achieve the comprehensive upgrade, transformation and restructure of front, middle and back offices. In 2021, our Company completed the integration of 20 domestic security business offices engaged in wealth management business with CICC Wealth Management, further realizing the business integration of both parties.

³ Including solutions based on fee-generating assets business, such as “China 50”, “Mini 50”, fund investment advisory, and various themed FoFs

⁴ High-net-worth individuals represent the customers whose assets exceed (include) RMB3 million

Outlook for 2022

In 2022, we will continue to expand the scale to serve national strategies, and achieve greater life and social values together with our customers. In terms of customer experience, we will continue to promote inclusive finance, and focus on the fee-generating assets and the model innovation for our full-spectrum customer base. In terms of investment advisory team, we will continue to intensify efforts in attracting outstanding talents in the market, and optimize talent development for investment consultants. In terms of solutions, we will continue to develop innovative products, models and services, and maintain a sound quality risk control with high efficiency. In terms of technology and digitalization, we will implement the technological innovation and development strategy set out in the 14th Five-Year Plan, preliminarily establish the fin-tech brand of CICC Wealth Management to enhance basic capabilities, focus on the experience of users and investment advisors, and improve our customer service capabilities relying on comprehensive empowerment. In terms of organizational culture, we will deepen the fully agile transformation, enhance the leadership and agile capabilities of core employees, and continuously promote the culture of self-driven mentality, collaboration and compliance.

(VII) RESEARCH

Our research team covers global markets and serves clients both at home and abroad through our offices and platforms across the world. The scope of our research products and investment analysis ranges from macro economy and market strategy to fixed income, financial engineering, asset allocation, equities, commodities, and foreign exchange. As of December 31, 2021, our research team employed over 300 highly experienced professionals, and covered more than 40 sectors and 1,300 companies listed on stock exchanges in Chinese mainland, Hong Kong SAR, New York, Singapore, Frankfurt, London and Paris.

CICC Research has won recognition from major domestic and overseas investors for its independent, unbiased and insightful research products. In 2021, we issued more than 16,000 research reports in Chinese and/or English. On top of numerous sector and company reports, we also published a series of in-depth thematic reports, such as *"China Infrastructure REITs Research Series"* (中國基礎設施REITs系列研究), *"Digital Banking: Reshaping of Service Provision Capabilities"* (數字銀行：重構金融供給能力), *"Seeking Opportunities in Logistics Sector under Dual Circulations"* (立足內外循環·掘金物流行業), *"Rise of Chinese Brands: Winners in the New Age of Consumption"* (共贏國貨崛起的新消費時代), *"Who Will Emerge Victorious in China's Promising Consumer Sectors?"* (中國大消費—優勢賽道·誰主沉浮), *"Carbon Neutrality and Rising AI"* ("碳"至中和方興未"AI"), *"Driving into the Future – Profound Changes in Automotive Technology Unseen in a Century"* (駛向未來—百年未有之汽車科技大變局), *"Opportunities and Challenges from ESG Investing"* (ESG投資的機遇與挑戰), and *"Diverging Policy Stances: Opportunities and Implications in 2022"* (2022進退有度). These research products have showcased our profound understanding of China. The superior depth and extensive coverage of our research reports have earned us the reputation as the "China Expert".

Management Discussion and Analysis

CICC Global Institute (CGI) has worked diligently to perform its tasks, improve its social influence, and build a strong, comprehensive brand name for public policy research. In 2021, CGI and the Research Department focused on China's new development philosophy and jointly rolled out two major reports: *Economics of Carbon Neutrality, Macro and Sector Analysis under New Constraints, and Innovation: Keep the Torch Burning*. We also published a book "Guidebook to Carbon Neutrality in China: Macro and Industry Trends under New Constraints", and printed almost 100,000 copies of the Chinese edition. In addition, we successfully held "CICC Carbon Neutrality 2060 Forum" and "2021 CICC Forum on Technological Innovation and Industrial Value Chain Development". Under the guidance of the Ministry of Ecology and Environment, CGI and the Belt and Road Initiative International Green Development Coalition (BRIGC) co-hosted the "Belt and Road Forum on Green Finance and Low-carbon Development". CGI issued at the Forum its *White Paper on BRI Research in 2021*. In addition, CGI and BRIGC jointly launched at the Forum an initiative for thinktank cooperation on green Silk Road research. In response to the government's rural revitalization strategy, CGI conducted field research on this topic in six counties, townships and villages, and issued a report on its findings and analysis of rural revitalization in these regions. Meanwhile, CGI has made significant achievements in terms of the support for public policy research and decision-making, global cooperation, as well as the construction of platforms for domestic and international exchange of ideas and information.

Our research team continued to win awards from prominent international institutions in 2021. We have maintained our first place in *Asiamoney's* Best Brokerages for Research (China) poll for 16 consecutive years (2006-2021). We have also topped *Institutional Investor's* All-China Research Team poll for 10 consecutive years (2012-2021).

IV. ANALYSIS ON PRINCIPAL OPERATIONS AND FINANCIAL STATEMENTS

(i) Profitability Analysis of Our Group

In 2021, the Group continuously enhanced its professional ability, solidified its leading position in the market and achieved an effective synergy in business. The investment banking business maintained leadership across all product lines; the equities business maintained a high-quality growth; the FICC business achieved breakthroughs on all fronts; the asset management business achieved a rapid growth of AUM; the private equity business further strengthened its industry-leading position; and the wealth management business completed the full integration.

In 2021, the Group realized total revenue and other income of RMB40,964.4 million, representing a year-on-year increase of RMB8,562.6 million or 26.4%. In 2021, the Group realized profit attributable to shareholders of the parent company of RMB10,777.7 million, representing a year-on-year increase of RMB3,570.3 million or 49.5%. The Group realized earnings per share of RMB2.159 in 2021, representing a year-on-year increase of 35.1%. The weighted average return on net assets was 14.6%, representing a year-on-year increase of 1.1 percentage points.

(ii) Asset Structure and Quality

As of December 31, 2021, total assets of the Group amounted to RMB649,795.5 million, representing a year-on-year increase of RMB128,175.0 million or 24.6%. Total liabilities of the Group amounted to RMB565,064.7 million, representing a year-on-year increase of RMB115,259.3 million or 25.6%. The Group's total equity attributable to shareholders of the parent company amounted to RMB84,422.1 million, representing a year-on-year increase of RMB12,787.2 million or 17.9%. After deducting accounts payable to brokerage clients and to underwriting clients of RMB100,749.5 million, the adjusted total assets of the Group amounted to RMB549,046.0 million; the adjusted total liabilities amounted to RMB464,315.2 million; the gearing ratio was 84.6%, increased by 0.5 percentage point from 84.1% as of December 31, 2020; the operating leverage ratio⁽¹⁾ was 6.5 times, representing an increase of 0.2 time compared with 6.3 times as of December 31, 2020.

As of December 31, 2021, the Group's financial assets at fair value through profit or loss and derivative financial assets totalled RMB315,738.4 million, accounting for 48.6% of the total assets; financial assets at fair value through other comprehensive income amounted to RMB43,010.0 million, accounting for 6.6% of the total assets; cash and bank balances and cash held on behalf of clients totalled RMB157,180.5 million, accounting for 24.2% of the total assets; receivable from margin clients and reverse REPOs totalled RMB65,337.6 million, accounting for 10.1% of the total assets; interests in associates and joint ventures amounted to RMB1,086.9 million, accounting for 0.2% of the total assets; other assets amounted to RMB67,442.1 million, accounting for 10.4% of the total assets.

As of December 31, 2021, most of the Group's liabilities were current liabilities, among which accounts payable to brokerage clients and to underwriting clients totally amounted to RMB100,749.5 million, accounting for 17.8% of the total liabilities; REPOs amounted to RMB16,376.1 million, accounting for 2.9% of the total liabilities; placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year totalled RMB109,220.4 million, accounting for 19.3% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities totalled RMB57,060.8 million, accounting for 10.1% of the total liabilities; long-term debt securities issued amounted to RMB125,755.3 million, accounting for 22.3% of the total liabilities; other liabilities amounted to RMB155,902.6 million, accounting for 27.6% of the total liabilities.

(1) Operating leverage ratio = (total assets – account payable to brokerage clients and to underwriting clients)/total equity attributable to shareholders of the parent company.

Management Discussion and Analysis

(iii) Cash Flows

In 2021, excluding the impacts of change in accounts payable to brokerage clients and to underwriting clients, net increase in cash and cash equivalents of the Group amounted to RMB20,061.8 million, representing a year-on-year decrease of RMB4,128.9 million or 17.1%, mainly due to a decrease in net cash generated from financing activities.

Net cash generated from operating activities in 2021 amounted to RMB1,867.4 million, the variation from the net cash used in operating activities of RMB33,738.7 million in 2020 mainly consisted of a decrease in investments in financial instruments at fair value through profit or loss and increases in cash held on behalf of underwriting clients and in trade payables for derivative transactions; meanwhile, a decrease in net cash outflows associated with refundable deposits as compared with that in 2020 also resulted in the increase in net cash flow.

Net cash used in investing activities amounted to RMB7,330.5 million in 2021, representing a decrease of RMB728.1 million or 9.0% compared with the net cash used of RMB8,058.6 million in 2020.

Net cash generated from financing activities amounted to RMB25,524.9 million in 2021, representing a decrease of RMB40,463.1 million or 61.3% compared with the net cash generated of RMB65,988.0 million in 2020, primarily attributable to a decrease in proceeds from issuing debt securities.

(iv) Financing Channels and Capability

Our Group constantly broadens its financing channels to optimize its liability structure. The financing instruments of our Group include perpetual subordinated bonds, subordinated bonds, corporate bonds, financial bonds, syndication loans, short-term commercial papers, beneficiary certificates, USD-denominated medium-term notes, structured notes, inter-bank borrowings and REPOs.

In addition, our Group may finance through follow-on offerings, rights issues and other ways according to market conditions and business needs.

(v) Operating Revenue and Profit Analysis

1. Analysis of Items in Statement of Profit or Loss

Summary of Financial Performance

In 2021, the Group realized a profit of RMB10,809.9 million, representing a year-on-year increase of 48.9%. The financial performance of the Group is summarized as follows:

Unit: RMB in million

| Items | 2021 | 2020 | Change | % of change |
|---|-----------------|-----------------|----------------|--------------|
| Revenue | | | | |
| Fee and commission income | 19,481.2 | 15,614.7 | 3,866.5 | 24.8% |
| Interest income | 7,276.5 | 5,644.9 | 1,631.6 | 28.9% |
| Investment income | 14,703.5 | 13,158.6 | 1,544.8 | 11.7% |
| Total revenue | 41,461.2 | 34,418.2 | 7,042.9 | 20.5% |
| Other losses, net | (496.7) | (2,016.4) | 1,519.6 | (75.4%) |
| Total revenue and other income | 40,964.4 | 32,401.8 | 8,562.6 | 26.4% |
| Total expenses | 28,133.9 | 23,656.4 | 4,477.5 | 18.9% |
| Share of profits/(losses) of associates and joint ventures | 147.6 | (32.8) | 180.4 | N/A |
| Profit before income tax | 12,978.1 | 8,712.7 | 4,265.4 | 49.0% |
| Income tax expense | 2,168.2 | 1,450.5 | 717.6 | 49.5% |
| Profit for the year | 10,809.9 | 7,262.1 | 3,547.8 | 48.9% |
| Profit attributable to shareholders of the parent company | 10,777.7 | 7,207.5 | 3,570.3 | 49.5% |

Revenue Breakdown

In 2021, the Group's revenue increased by 20.5% to RMB41,461.2 million compared with that in 2020. Fee and commission income accounted for 47.0% of total revenue, representing an increase of 1.6 percentage points compared with that in 2020; interest income accounted for 17.5%, representing an increase of 1.1 percentage points compared with that in 2020; investment income accounted for 35.5%, representing a decrease of 2.8 percentage points compared with that in 2020. The structure of the Group's revenue for 2021 is presented as follows:

| Items | 2021 | 2020 | Change |
|---------------------------|--------|--------|------------------------------------|
| Fee and commission income | 47.0% | 45.4% | Increased by 1.6 percentage points |
| Interest income | 17.5% | 16.4% | Increased by 1.1 percentage points |
| Investment income | 35.5% | 38.2% | Decreased by 2.8 percentage points |
| Total | 100.0% | 100.0% | |

In 2021, the growth of the Group's fee and commission income and interest income was greater than that of investment income, resulting in a relative increase in the proportion of fee and commission income and of interest income in total revenue.

Fee and Commission Income and Expenses

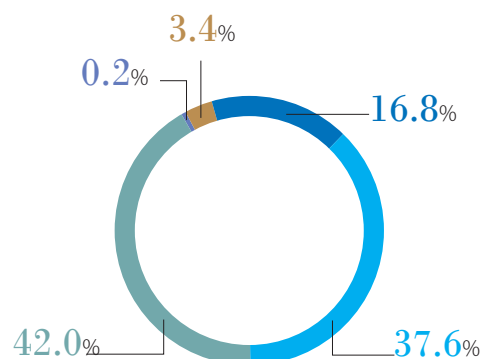
In 2021, the Group realized a net fee and commission income of RMB16,828.4 million, representing a year-on-year increase of RMB3,202.8 million or 23.5%. A breakdown of the Group's fee and commission income and expenses in 2021 is presented as follows:

Unit: RMB in million

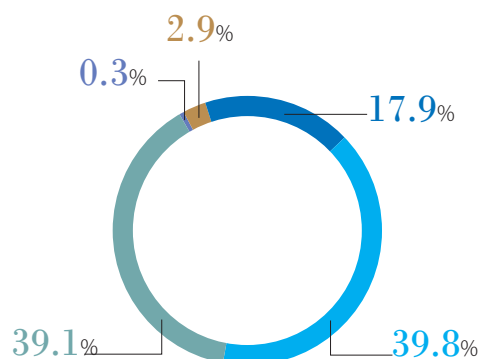
| Items | 2021 | 2020 | Change | % of change |
|---|-----------------|----------|---------|-------------|
| Fee and commission income | | | | |
| Brokerage commission income | 8,175.0 | 6,110.7 | 2,064.3 | 33.8% |
| Investment banking income | 7,323.3 | 6,209.4 | 1,114.0 | 17.9% |
| Underwriting and sponsoring fees from equity financing | 4,589.7 | 4,129.2 | 460.6 | 11.2% |
| Underwriting and sponsoring fees from debt and structured financing | 1,565.4 | 1,214.2 | 351.2 | 28.9% |
| Financial advisory fees | 1,168.3 | 866.0 | 302.2 | 34.9% |
| Asset management fees | 3,265.4 | 2,796.0 | 469.4 | 16.8% |
| Asset management and mutual funds | 1,795.4 | 1,373.0 | 422.4 | 30.8% |
| Private equity investment funds | 1,470.0 | 1,423.0 | 47.0 | 3.3% |
| Investment advisory fees | 654.2 | 458.5 | 195.6 | 42.7% |
| Others | 63.2 | 40.0 | 23.2 | 58.0% |
| Total fee and commission income | 19,481.2 | 15,614.7 | 3,866.5 | 24.8% |
| Fee and commission expenses | 2,652.8 | 1,989.1 | 663.7 | 33.4% |
| Net fee and commission income | 16,828.4 | 13,625.6 | 3,202.8 | 23.5% |

The charts below set forth the composition of the Group's fee and commission income in 2021 and 2020:

Composition of fee and commission income in 2021



Composition of fee and commission income in 2020



- Brokerage commission income
- Investment banking income
- Asset management fees

- Investment advisory fees
- Others

The structure of the Group's fee and commission income in 2021 and 2020 is presented as follows:

| Items | 2021 | 2020 | Change |
|-----------------------------|---------------|--------|------------------------------------|
| Brokerage commission income | 42.0% | 39.1% | Increased by 2.8 percentage points |
| Investment banking income | 37.6% | 39.8% | Decreased by 2.2 percentage points |
| Asset management fees | 16.8% | 17.9% | Decreased by 1.1 percentage points |
| Investment advisory fees | 3.4% | 2.9% | Increased by 0.4 percentage point |
| Others | 0.2% | 0.3% | Decreased by 0.1 percentage point |
| Total | 100.0% | 100.0% | |

Management Discussion and Analysis

Brokerage commission income amounted to RMB8,175.0 million, representing a year-on-year increase of RMB2,064.3 million or 33.8%, mainly due to an overall rise of the major stock indices in mainland China in 2021; meanwhile, the average daily turnover of A shares and in the Hong Kong stock market increased by 24.8% and by 28.8% respectively year on year.

Investment banking income amounted to RMB7,323.3 million, representing a year-on-year increase of RMB1,114.0 million or 17.9%. Investment banking income included underwriting and sponsoring fees from equity financing and from debt and structured financing and financial advisory fees. The underwriting and sponsoring fees amounted to RMB6,155.1 million, representing a year-on-year increase of RMB811.7 million or 15.2%, mainly due to an increase in the underwriting and sponsoring fees from equity financing such as Hong Kong IPOs and from debt and structured financing such as convertible bonds, asset-backed securities and offshore bonds. Financial advisory fees amounted to RMB1,168.3 million, representing a year-on-year increase of RMB302.2 million or 34.9%, mainly due to an increase in fees from advisory services for debt restructuring, IPO counseling and fixed-income products.

Asset management fees amounted to RMB3,265.4 million, representing a year-on-year increase of RMB469.4 million or 16.8%. The increase was primarily attributable to the increase in fee income from managing segregated asset management plans, mutual funds and private equity investment funds as a result of a growth of AUM. Asset management fees consisted of fees from asset management business, mutual fund business, and private equity investment fund business. In addition to asset management fees, the Group had a share of profits of associates and joint ventures generated from the AUM of fund management companies jointly-invested by the Group.

Investment advisory fees amounted to RMB654.2 million, representing a year-on-year increase of RMB195.6 million or 42.7%, mainly due to a rise in demand for investment advisory services for products such as asset management plans and trusts in 2021, resulting in the corresponding increase in investment advisory fees.

Fee and commission expenses amounted to RMB2,652.8 million, representing a year-on-year increase of RMB663.7 million or 33.4%, in line with the growth of the Group's fee and commission income.

Interest Income and Expenses

In 2021, the Group incurred net interest expenses of RMB990.2 million, among which interest income amounted to RMB7,276.5 million, representing a year-on-year increase of 28.9%, and interest expenses amounted to RMB8,266.7 million, representing a year-on-year increase of 23.1%. A breakdown of the Group's interest income and expenses in 2021 is presented as follows:

Unit: RMB in million

| Items | 2021 | 2020 | Change | % of change |
|--|----------------|------------------|----------------|---------------|
| Interest income | | | | |
| Interest income from financial institutions | 2,131.3 | 1,640.8 | 490.5 | 29.9% |
| Interest income from margin financing and securities lending | 2,857.4 | 2,038.5 | 818.9 | 40.2% |
| Interest income from reverse REPOs | 976.2 | 687.0 | 289.2 | 42.1% |
| Interest income from financial assets at fair value through other comprehensive income | 1,177.1 | 1,163.3 | 13.8 | 1.2% |
| Others | 134.5 | 115.3 | 19.2 | 16.7% |
| Total interest income | 7,276.5 | 5,644.9 | 1,631.6 | 28.9% |
| Interest expenses | | | | |
| Interest expenses on accounts payable to brokerage clients | 294.1 | 232.5 | 61.6 | 26.5% |
| Interest expenses on REPOs | 716.8 | 795.6 | (78.8) | (9.9%) |
| Interest expenses on placements from financial institutions | 1,027.1 | 822.0 | 205.2 | 25.0% |
| Interest expenses on debt securities issued | 5,816.3 | 4,207.4 | 1,608.9 | 38.2% |
| Interest expenses on lease liabilities | 57.3 | 57.2 | 0.2 | 0.3% |
| Others | 355.1 | 599.1 | (244.0) | (40.7%) |
| Total interest expenses | 8,266.7 | 6,713.7 | 1,552.9 | 23.1% |
| Net interest expenses | (990.2) | (1,068.9) | 78.7 | (7.4%) |

Management Discussion and Analysis

Interest income from financial institutions amounted to RMB2,131.3 million, representing a year-on-year increase of RMB490.5 million or 29.9%, mainly due to an increase in average daily scale of bank balances and cash held on behalf of clients as compared with that in 2020.

Interest income from margin financing and securities lending amounted to RMB2,857.4 million, representing a year-on-year increase of RMB818.9 million or 40.2%, mainly due to an enlargement of average daily scale of margin financing and securities lending as a result of surge in demands of domestic clients.

Interest income from reverse REPOs amounted to RMB976.2 million, representing a year-on-year increase of RMB289.2 million or 42.1%, mainly due to an increase in the scale of bond-pledged repurchase business as compared with that in 2020, resulting in the corresponding increase in interest income.

Interest income from financial assets at fair value through other comprehensive income amounted to RMB1,177.1 million, representing a year-on-year increase of RMB13.8 million or 1.2%.

Interest expenses amounted to RMB8,266.7 million, representing a year-on-year increase of RMB1,552.9 million or 23.1%, mainly due to an increase in the interest expenses arising from debt securities issued including corporate bonds, subordinated bonds and beneficiary certificates and from margin financing and securities lending.

Investment Income

In 2021, the Group realized an investment income of RMB14,703.5 million, representing a year-on-year increase of RMB1,544.8 million or 11.7%. A breakdown of the Group's investment income in 2021 is presented as follows:

Unit: RMB in million

| Items | 2021 | 2020 | Change | % of change |
|---|-----------------|----------|---------|-------------|
| Investment income | | | | |
| Net gains from disposal of financial assets at fair value through other comprehensive income | 60.7 | 143.6 | (82.8) | (57.7%) |
| Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments | 14,702.5 | 12,786.5 | 1,916.0 | 15.0% |
| – Equity investments | 6,250.4 | 6,651.3 | (400.9) | (6.0%) |
| – Debt investments | 3,327.1 | 3,692.7 | (365.6) | (9.9%) |
| – Other investments | 5,125.0 | 2,442.5 | 2,682.5 | 109.8% |
| Others | (59.8) | 228.6 | (288.4) | N/A |
| Total | 14,703.5 | 13,158.6 | 1,544.8 | 11.7% |

Net gains from disposal of financial assets at fair value through other comprehensive income amounted to RMB60.7 million, representing a year-on-year decrease of RMB82.8 million or 57.7%, mainly due to a decrease in gains from disposal of debt investments at fair value through other comprehensive income.

Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments totalled RMB14,702.5 million, representing a year-on-year increase of RMB1,916.0 million or 15.0%, and were from the following categories of investments:

- The net gains from equity investments were mainly gains or losses arising from OTC derivative transactions based on customer demands and the corresponding hedge equity position held for these transactions;
- The net gains from debt investments were mainly gains or losses from investments in securitized products, corporate bonds and medium-term notes;
- The net gains from other investments were mainly the net gains arising from fund-related investments. The increase in the net gains as compared with that in 2020 was mainly due to an increase in the scale of such investments.

Other investment losses amounted to RMB59.8 million, mainly consisted of losses from disposal of long-term equity investment; other investment income in 2020 mainly consisted of gains from disposal of long-term equity investment.

For detailed information of the financial assets at fair value through profit or loss and of derivative financial assets held by the Group at the end of 2021, please refer to “(vi) Analysis of Items in Statement of Financial Position – 1. Items of Assets – Investments – Financial Assets at Fair Value through Profit or Loss” and “(vi) Analysis of Items in Statement of Financial Position – 1. Items of Assets – Investments – Derivative Financial Assets” respectively.

Operating expenses

In 2021, the Group’s operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB17,214.3 million, representing a year-on-year increase of RMB2,260.8 million or 15.1%. A breakdown of the Group’s operating expenses in 2021 is presented as follows:

Unit: RMB in million

| Items | 2021 | 2020 | Change | % of change |
|--|-----------------|----------|-----------|-------------|
| Operating expenses | | | | |
| Staff costs | 13,326.5 | 10,775.5 | 2,551.0 | 23.7% |
| Depreciation and amortization expenses | 1,182.7 | 1,000.8 | 181.9 | 18.2% |
| Tax and surcharges | 133.8 | 115.8 | 18.1 | 15.6% |
| Other operating expenses and costs | 2,979.3 | 2,088.7 | 890.7 | 42.6% |
| (Reversal of)/provision for impairment losses under expected credit loss model | (408.0) | 972.8 | (1,380.8) | N/A |
| Total | 17,214.3 | 14,953.5 | 2,260.8 | 15.1% |

Management Discussion and Analysis

Staff costs amounted to RMB13,326.5 million, representing a year-on-year increase of RMB2,551.0 million or 23.7%, mainly due to an improvement in the operating results of the Group compared with that in 2020 and an increase in the number of staff.

Depreciation and amortization expenses amounted to RMB1,182.7 million, representing a year-on-year increase of RMB181.9 million or 18.2%, mainly due to an increase in the depreciation of properties and equipment and of right-of-use assets.

Tax and surcharges amounted to RMB133.8 million, representing a year-on-year increase of RMB18.1 million or 15.6%, mainly due to an increase in the taxable revenue of value-added tax, resulting in a corresponding increase in surcharges of value-added tax.

Other operating expenses and costs amounted to RMB2,979.3 million, representing a year-on-year increase of RMB890.7 million or 42.6%, mainly due to increases in business development expenses, information technology related expenses, travelling and transportation expenses and professional service fees.

Reversal of impairment losses under expected credit loss model amounted to RMB408.0 million, the variation from the provision for impairment losses in 2020 primarily consisted of the reversal of impairment losses for account receivables, other assets and stock-pledged repurchase business.

2. Segment Results

The Group has six principal business segments: Investment Banking, Equities, FICC, Asset Management, Private Equity and Wealth Management. The segment Others mainly comprises of other business departments and back offices.

Unit: RMB in million

| Items | 2021 | 2020 | Change | % of change |
|--|------------------|-----------|--|-------------|
| Investment Banking | | | | |
| Segment revenue and other income | 6,780.9 | 6,127.4 | 653.5 | 10.7% |
| Fee and commission income | 6,029.4 | 5,134.0 | 895.4 | 17.4% |
| Interest income | 83.8 | 51.0 | 32.8 | 64.4% |
| Investment income | 665.5 | 941.4 | (275.8) | (29.3%) |
| Other income, net | 2.2 | 1.1 | 1.1 | 95.1% |
| Interest expenses | (226.5) | (253.5) | 27.0 | (10.7%) |
| Revenue and other income after interest | 6,554.4 | 5,873.9 | 680.5 | 11.6% |
| Non-interest expenses ⁽¹⁾ | (4,100.7) | (4,013.9) | (86.8) | 2.2% |
| Profit before income tax | 2,453.7 | 1,860.0 | 593.7 | 31.9% |
| Segment margin ⁽²⁾ | 36.2% | 30.4% | Increased by 5.8 percentage points | |

| Items | 2021 | 2020 | Change | % of change |
|--|------------------|-----------|--|-------------|
| Equities | | | | |
| Segment revenue and other income | 10,366.4 | 6,881.7 | 3,484.7 | 50.6% |
| Fee and commission income | 3,652.1 | 2,489.1 | 1,163.0 | 46.7% |
| Interest income | 836.4 | 582.3 | 254.0 | 43.6% |
| Investment income | 6,325.0 | 5,264.4 | 1,060.6 | 20.1% |
| Other losses, net | (447.0) | (1,454.1) | 1,007.1 | (69.3%) |
| Interest expenses | (1,052.8) | (953.7) | (99.0) | 10.4% |
| Revenue and other income after interest | 9,313.7 | 5,928.0 | 3,385.7 | 57.1% |
| Non-interest expenses⁽¹⁾ | (2,257.9) | (1,893.2) | (364.8) | 19.3% |
| Profit before income tax | 7,055.7 | 4,034.8 | 3,020.9 | 74.9% |
| Segment margin⁽²⁾ | 68.1% | 58.6% | Increased by 9.4 percentage points | |

| Items | 2021 | 2020 | Change | % of change |
|--|------------------|-----------|--|-------------|
| FICC | | | | |
| Segment revenue and other income | 6,375.5 | 5,959.9 | 415.6 | 7.0% |
| Fee and commission income | 964.5 | 647.4 | 317.1 | 49.0% |
| Interest income | 1,268.7 | 1,310.8 | (42.0) | (3.2%) |
| Investment income | 4,323.1 | 4,525.1 | (202.0) | (4.5%) |
| Other losses, net | (180.8) | (523.4) | 342.6 | (65.5%) |
| Interest expenses | (3,086.4) | (2,760.8) | (325.7) | 11.8% |
| Revenue and other income after interest | 3,289.0 | 3,199.1 | 90.0 | 2.8% |
| Non-interest expenses⁽¹⁾ | (1,051.2) | (793.8) | (257.4) | 32.4% |
| Profit before income tax | 2,237.9 | 2,405.3 | (167.4) | (7.0%) |
| Segment margin⁽²⁾ | 35.1% | 40.4% | Decreased by 5.3 percentage points | |

Management Discussion and Analysis

| Items | 2021 | 2020 | Change | % of change |
|--|----------------|---------|--|-------------|
| Asset Management | | | | |
| Segment revenue and other income | 1,551.7 | 1,316.3 | 235.4 | 17.9% |
| Fee and commission income | 1,451.3 | 1,149.4 | 301.9 | 26.3% |
| Interest income | 82.2 | 14.7 | 67.6 | 461.0% |
| Investment income | 20.1 | 157.8 | (137.7) | (87.2%) |
| Other losses, net | (2.0) | (5.5) | 3.5 | (64.0%) |
| Interest expenses | (95.7) | (47.9) | (47.9) | 100.0% |
| Revenue and other income after interest | 1,455.9 | 1,268.4 | 187.5 | 14.8% |
| Non-interest expenses ⁽¹⁾ | (976.6) | (891.2) | (85.3) | 9.6% |
| Share of profits of associates and joint ventures | 42.0 | 10.6 | 31.4 | 295.4% |
| Profit before income tax | 521.4 | 387.8 | 133.5 | 34.4% |
| Segment margin ⁽²⁾ | 33.6% | 29.5% | Increased by 4.1 percentage points | |

Interest income of Asset Management increased significantly compared with that in 2020, mainly due to an increase in interest income on the investment fund raised for asset management plans and an increase in the scale of self-owned deposits with banks. Interest expenses increased significantly, mainly due to an increase in capital occupancy as a result of expansion of the asset management business, resulting in the corresponding increase in interest expenses calculated on the basis of capital occupancy. The substantial increase in share of profits of associates and joint ventures was primarily attributable to an increase in the share of profits of joint ventures.

| Items | 2021 | 2020 | Change | % of change |
|--|------------------|---------|--|-------------|
| Private Equity | | | | |
| Segment revenue and other income | 2,545.0 | 2,030.9 | 514.2 | 25.3% |
| Fee and commission income | 1,516.8 | 1,472.8 | 43.9 | 3.0% |
| Interest income | 10.3 | 17.7 | (7.4) | (41.8%) |
| Investment income | 961.9 | 488.6 | 473.3 | 96.9% |
| Other income, net | 56.1 | 51.8 | 4.3 | 8.3% |
| Interest expenses | (142.7) | (65.1) | (77.6) | 119.3% |
| Revenue and other income after interest | 2,402.4 | 1,965.8 | 436.6 | 22.2% |
| Non-interest expenses⁽¹⁾ | (1,118.0) | (861.6) | (256.3) | 29.7% |
| Share of profits of associates and joint ventures | 170.1 | 29.7 | 140.4 | 472.6% |
| Profit before income tax | 1,454.5 | 1,133.8 | 320.6 | 28.3% |
| Segment margin⁽²⁾ | 57.1% | 55.8% | Increased by 1.3 percentage points | |

Interest expenses of Private Equity increased significantly as compared with that in 2020, mainly due to an increase in capital occupancy as a result of expansion of the private equity investment business, resulting in the corresponding increase in interest expenses calculated on the basis of capital occupancy. The substantial increase in share of profits of associates and joint ventures as compared with 2020 was primarily attributable to an increase in the share of profits of joint ventures.

| Items | 2021 | 2020 | Change | % of change |
|---|------------------|-----------|--|-------------|
| Wealth Management | | | | |
| Segment revenue and other income | 11,206.6 | 8,421.7 | 2,784.9 | 33.1% |
| Fee and commission income | 6,005.1 | 4,711.1 | 1,293.9 | 27.5% |
| Interest income | 4,316.5 | 3,160.8 | 1,155.7 | 36.6% |
| Investment income | 812.1 | 515.8 | 296.4 | 57.5% |
| Other income, net | 72.9 | 34.0 | 38.9 | 114.6% |
| Interest expenses | (2,253.7) | (1,693.9) | (559.8) | 33.0% |
| Revenue and other income after interest | 8,952.9 | 6,727.7 | 2,225.1 | 33.1% |
| Non-interest expenses⁽¹⁾ | (6,095.5) | (4,838.9) | (1,256.6) | 26.0% |
| Share of losses of associates and joint ventures | (64.5) | (52.2) | (12.3) | 23.6% |
| Profit before income tax | 2,792.8 | 1,836.6 | 956.2 | 52.1% |
| Segment margin⁽²⁾ | 24.9% | 21.8% | Increased by 3.1 percentage points | |

The substantial increase in other income of Wealth Management as compared with 2020 was primarily attributable to an increase in gains from foreign exchange derivatives under the effect of exchange rate fluctuations.

| Items | 2021 | 2020 | Change | % of change |
|---|------------------|-----------|-----------|-------------|
| Others⁽³⁾ | | | | |
| Segment revenue and other income | 2,138.3 | 1,664.0 | 474.3 | 28.5% |
| Fee and commission (expenses)/income | (137.9) | 10.9 | (148.7) | N/A |
| Interest income | 678.5 | 507.7 | 170.9 | 33.7% |
| Investment income | 1,595.7 | 1,265.7 | 330.0 | 26.1% |
| Other income/(losses), net | 1.9 | (120.3) | 122.1 | N/A |
| Segment expenses | (5,676.2) | (4,588.9) | (1,087.3) | 23.7% |
| Share of profits/(losses) of associates and joint ventures | 0.0 | (20.9) | 20.9 | N/A |
| Loss before income tax | (3,537.9) | (2,945.8) | (592.1) | 20.1% |

- (1) Non-interest expenses include fee and commission expenses, staff costs, depreciation and amortization expenses, tax and surcharges, other operating expenses and costs, and impairment losses.
- (2) Segment margin = profit before income tax/segment revenue and other income.
- (3) The segment margin of Others is not presented because this segment incurred loss before income tax in the relevant years.

(vi) Analysis of Items in Statement of Financial Position

1. Items of Assets

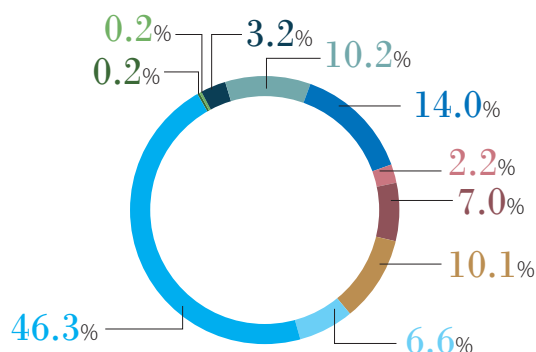
As of December 31, 2021, the Group's total assets amounted to RMB649,795.5 million, representing a year-on-year increase of RMB128,175.0 million or 24.6%. Excluding the impact of accounts payable to brokerage clients and to underwriting clients, the Group's adjusted total assets as of December 31, 2021 amounted to RMB549,046.0 million, representing a year-on-year increase of RMB98,080.7 million or 21.7%. A breakdown of the Group's assets is presented as follows:

Unit: RMB in million

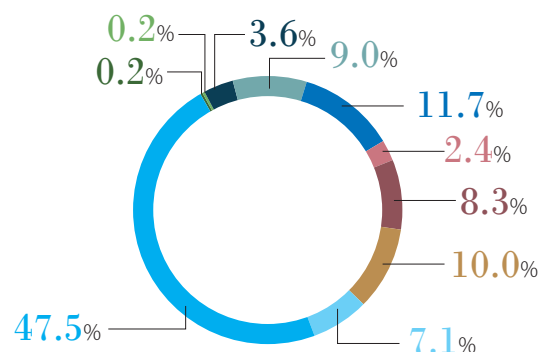
| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|---|-------------------|-------------------|-----------|-------------|
| Property and equipment and intangible assets | 1,564.6 | 1,059.2 | 505.4 | 47.7% |
| Interests in associates and joint ventures | 1,086.9 | 1,188.9 | (101.9) | (8.6%) |
| Financial assets at fair value through profit or loss | 301,174.2 | 247,605.7 | 53,568.5 | 21.6% |
| Financial assets at fair value through other comprehensive income | 43,010.0 | 37,212.2 | 5,797.8 | 15.6% |
| Receivable from margin clients and reverse REPOs | 65,337.6 | 52,315.5 | 13,022.0 | 24.9% |
| Accounts receivable | 45,742.9 | 43,493.8 | 2,249.1 | 5.2% |
| Derivative financial assets | 14,564.2 | 12,311.3 | 2,253.0 | 18.3% |
| Cash held on behalf of clients | 91,037.4 | 60,950.7 | 30,086.7 | 49.4% |
| Cash and bank balances | 66,143.1 | 47,161.1 | 18,982.0 | 40.2% |
| Others | 20,134.6 | 18,322.2 | 1,812.4 | 9.9% |
| Total | 649,795.5 | 521,620.5 | 128,175.0 | 24.6% |

The charts below set forth the composition of the Group's assets as of the dates indicated:

**Composition of assets as of
December 31, 2021**



**Composition of assets as of
December 31, 2020**



- Property and equipment and intangible assets
- Interests in associates and joint ventures
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Receivable from margin clients and reverse REPOs
- Accounts receivable
- Derivative financial assets
- Cash held on behalf of clients
- Cash and bank balances
- Others

INVESTMENTS

The Group's investments consisted of financial assets at fair value through other comprehensive income, interests in associates and joint ventures, financial assets at fair value through profit or loss and derivative financial assets.

As of December 31, 2021, the total investments of the Group amounted to RMB359,835.3 million, representing a year-on-year increase of RMB61,517.3 million or 20.6%. A breakdown of the Group's investments is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|---|----------------------|----------------------|-----------------|--------------|
| Financial assets at fair value through other comprehensive income | 43,010.0 | 37,212.2 | 5,797.8 | 15.6% |
| Interests in associates and joint ventures | 1,086.9 | 1,188.9 | (101.9) | (8.6%) |
| Financial assets at fair value through profit or loss | 301,174.2 | 247,605.7 | 53,568.5 | 21.6% |
| Derivative financial assets | 14,564.2 | 12,311.3 | 2,253.0 | 18.3% |
| Total | 359,835.3 | 298,318.0 | 61,517.3 | 20.6% |

Financial Assets at Fair Value through Other Comprehensive Income

As of December 31, 2021, the Group's financial assets at fair value through other comprehensive income amounted to RMB43,010.0 million, accounting for 6.6% of the Group's total assets. The financial assets at fair value through other comprehensive income increased by RMB5,797.8 million or 15.6% year on year, mainly due to an increase in the scale of debt investments. A breakdown of the Group's financial assets at fair value through other comprehensive income is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|------------------|----------------------|----------------------|---------|-------------|
| Debt investments | 43,010.0 | 37,212.2 | 5,797.8 | 15.6% |

Interests in Associates and Joint Ventures

As of December 31, 2021, the Group's interests in associates and joint ventures amounted to RMB1,086.9 million, representing a year-on-year decrease of RMB101.9 million or 8.6% and accounting for 0.2% of the Group's total assets. A breakdown of the Group's interests in associates and joint ventures is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|----------------|----------------------|----------------------|----------------|---------------|
| Associates | 497.8 | 610.5 | (112.7) | (18.5%) |
| Joint ventures | 589.1 | 578.4 | 10.8 | 1.9% |
| Total | 1,086.9 | 1,188.9 | (101.9) | (8.6%) |

Financial Assets at Fair Value through Profit or Loss

As of December 31, 2021, the Group's financial assets at fair value through profit or loss amounted to RMB301,174.2 million, representing a year-on-year increase of RMB53,568.5 million or 21.6% and accounting for 46.3% of the Group's total assets. The investment categories are listed as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|--|----------------------|----------------------|-----------------|----------------|
| Equity investments | | | | |
| – Hedge position held for OTC derivative transactions | 108,425.5 | 94,732.8 | 13,692.8 | 14.5% |
| – Financial assets of consolidated structured entities | 4,821.3 | 6,779.1 | (1,957.8) | (28.9%) |
| – Equity investments held directly by the Group | 14,502.5 | 9,408.3 | 5,094.2 | 54.1% |
| Subtotal | 127,749.3 | 110,920.2 | 16,829.1 | 15.2% |
| Debt investments | | | | |
| – Financial assets of consolidated structured entities | 3,659.9 | 3,788.8 | (128.9) | (3.4%) |
| – Debt investments held directly by the Group | 78,430.2 | 77,025.7 | 1,404.5 | 1.8% |
| Subtotal | 82,090.1 | 80,814.5 | 1,275.6 | 1.6% |
| Funds and other investments | | | | |
| – Financial assets of consolidated structured entities | 29,095.9 | 12,676.8 | 16,419.1 | 129.5% |
| – Funds and other investments held directly by the Group | 62,238.9 | 43,194.3 | 19,044.6 | 44.1% |
| Subtotal | 91,334.8 | 55,871.0 | 35,463.8 | 63.5% |
| Total | 301,174.2 | 247,605.7 | 53,568.5 | 21.6% |

Management Discussion and Analysis

The Group's financial assets at fair value through profit or loss increased by RMB53,568.5 million or 21.6% year-on-year and mainly consisted of the following categories:

- RMB37,577.1 million in financial assets of consolidated structured entities in which the Group held interests, accounting for 12.5% of the total financial assets at fair value through profit or loss. The financial assets of these consolidated structured entities included RMB4,821.3 million of equity investments, primarily listed stocks; RMB3,659.9 million of debt investments, most of which were debt securities above investment grade; and RMB29,095.9 million of funds and other investments, mainly private investment funds and money market funds;
- RMB108,425.5 million of investments in hedge equity position held for OTC derivative transactions by the Group, consisting of underlying assets under the OTC derivatives trading agreements into which the Group had entered with its clients, accounting for 36.0% of the total financial assets at fair value through profit or loss. These underlying assets were held to hedge the market risks associated with OTC derivative trading whereby the volatility in fair value of the underlying assets was mainly assumed by the clients and had no material impact on the Group's profit or loss;
- RMB14,502.5 million of equity investments held directly by the Group, accounting for 4.8% of the total financial assets at fair value through profit or loss, most of which were investments in the private equity investment funds and in the stocks listed on STAR Market;
- RMB78,430.2 million in debt investments held directly by the Group, accounting for 26.0% of the total financial assets at fair value through profit or loss, most of which were debt securities above investment grade and securitized products;
- RMB62,238.9 million in funds and other investments held directly by the Group, accounting for 20.7% of the total financial assets at fair value through profit or loss, most of which were money market funds, fixed-income trusts and mutual funds with high liquidity and low risks.

Derivative Financial Assets

As of December 31, 2021, the Group's derivative financial assets amounted to RMB14,564.2 million, representing a year-on-year increase of RMB2,253.0 million or 18.3% and accounting for 2.2% of the Group's total assets. The growth was mainly attributable to an increase in the scale of OTC derivative transactions based on trading demands of clients as well as the fluctuation in valuation of the OTC derivative contracts caused by changes of stock prices. A breakdown of the Group's derivative financial assets is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|-------------------------|----------------------|----------------------|----------------|--------------|
| Interest rate contracts | 1,238.0 | 742.1 | 495.9 | 66.8% |
| Currency contracts | 1,321.0 | 1,925.5 | (604.5) | (31.4%) |
| Equity contracts | 11,666.6 | 9,045.9 | 2,620.6 | 29.0% |
| Credit contracts | 28.5 | 10.1 | 18.4 | 181.1% |
| Other contracts | 310.2 | 587.6 | (277.4) | (47.2%) |
| Total | 14,564.2 | 12,311.3 | 2,253.0 | 18.3% |

RECEIVABLE FROM MARGIN CLIENTS AND REVERSE REPOS

As of December 31, 2021, the Group's receivable from margin clients and reverse REPOs amounted to RMB65,337.6 million, representing a year-on-year increase of RMB13,022.0 million or 24.9%, mainly due to an increase in the scale of bond-pledged repurchase business as compared with that in 2020 as well as an increase in the business scale of receivables from margin clients as a result of surge in financing demands of domestic individual clients.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2021, the Group's property and equipment and intangible assets amounted to RMB1,564.6 million, representing a year-on-year increase of RMB505.4 million or 47.7%, mainly due to an increase in expenditures on office equipment and softwares. A breakdown of the Group's property and equipment and intangible assets is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|------------------------|----------------------|----------------------|--------------|--------------|
| Property and equipment | 1,131.9 | 748.4 | 383.5 | 51.2% |
| Intangible assets | 432.7 | 310.8 | 121.9 | 39.2% |
| Total | 1,564.6 | 1,059.2 | 505.4 | 47.7% |

Management Discussion and Analysis

CASH HELD ON BEHALF OF CLIENTS

The Group's cash held on behalf of clients consisted of cash held on behalf of brokerage clients and underwriting clients. As of December 31, 2021, it amounted to RMB91,037.4 million, representing a year-on-year increase of RMB30,086.7 million or 49.4%, mainly due to an increase in deposits from brokerage clients.

CASH AND BANK BALANCES

As of December 31, 2021, the Group's cash and bank balances amounted to RMB66,143.1 million, representing a year-on-year increase of RMB18,982.0 million or 40.2%, mainly due to an increase in self-owned funds.

2. Items of Liabilities

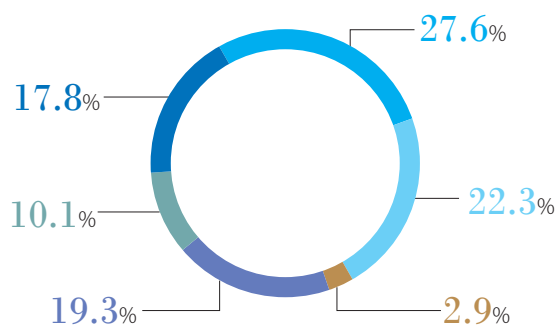
As of December 31, 2021, the Group's total liabilities amounted to RMB565,064.7 million, representing a year-on-year increase of RMB115,259.3 million or 25.6%. Excluding the impact of accounts payable to brokerage clients and to underwriting clients, the Group's adjusted total liabilities as of December 31, 2021 amounted to RMB464,315.2 million, representing a year-on-year increase of RMB85,165.0 million or 22.5%. A breakdown of the Group's liabilities is presented as follows:

Unit: RMB in million

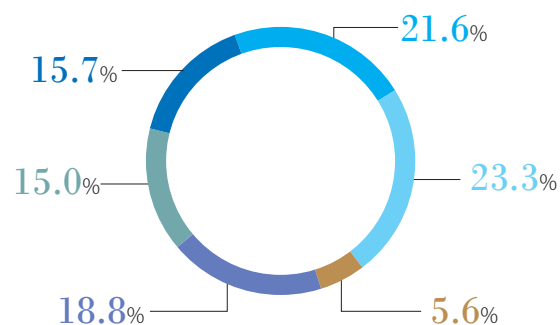
| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|--|----------------------|----------------------|------------|-------------|
| Accounts payable to brokerage clients and to underwriting clients | 100,749.5 | 70,655.2 | 30,094.3 | 42.6% |
| Financial liabilities at fair value through profit or loss and derivative financial liabilities | 57,060.8 | 67,574.1 | (10,513.3) | (15.6%) |
| Placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year | 109,220.4 | 84,395.4 | 24,825.0 | 29.4% |
| REPOs | 16,376.1 | 25,101.1 | (8,725.0) | (34.8%) |
| Long-term debt securities issued | 125,755.3 | 104,614.5 | 21,140.8 | 20.2% |
| Others | 155,902.6 | 97,465.1 | 58,437.6 | 60.0% |
| Total | 565,064.7 | 449,805.4 | 115,259.3 | 25.6% |

The following charts set out the composition of the Group's liabilities as of the dates indicated:

Composition of liabilities as of December 31, 2021



Composition of liabilities as of December 31, 2020



- Accounts payable to brokerage clients and to underwriting clients
- Financial liabilities at fair value through profit or loss and derivative financial liabilities
- Placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year

- REPOs
- Long-term debt securities issued
- Others

Management Discussion and Analysis

As of December 31, 2021, the Group's accounts payable to brokerage clients amounted to RMB93,445.2 million, representing a year-on-year increase of RMB22,790.0 million or 32.3%, mainly due to an increase in the balance of client deposits. A breakdown of the Group's accounts payable to brokerage clients is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|---------------------------------|----------------------|----------------------|----------|-------------|
| Individual clients | 37,920.3 | 34,167.1 | 3,753.3 | 11.0% |
| Institutional/corporate clients | 55,508.8 | 36,476.4 | 19,032.4 | 52.2% |
| Accrued interest | 16.0 | 11.7 | 4.4 | 37.3% |
| Total | 93,445.2 | 70,655.2 | 22,790.0 | 32.3% |

As of December 31, 2021, the Group's financial liabilities at fair value through profit or loss and derivative financial liabilities amounted to RMB57,060.8 million, representing a year-on-year decrease of RMB10,513.3 million or 15.6%, mainly due to fluctuations in the valuation of derivatives caused by changes of stock prices and exchange rates, resulting in a decrease in the derivative financial liabilities under equity contracts and currency contracts, as well as a reduction of short positions in stocks based on client demand.

As of December 31, 2021, the Group's placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year amounted to RMB109,220.4 million, representing a year-on-year increase of RMB24,825.0 million or 29.4%, mainly due to an increase in the placements from banks. A breakdown of the Group's placements from financial institutions, short-term debt securities issued and long-term debt securities issued due within one year is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|--|----------------------|----------------------|-----------|-------------|
| Beneficiary certificates | 15,172.9 | 21,581.0 | (6,408.1) | (29.7%) |
| Corporate bonds | 20,714.3 | 10,018.4 | 10,695.9 | 106.8% |
| Subordinated bonds | 10,157.3 | 5,029.6 | 5,127.7 | 101.9% |
| Medium-term notes | 6,391.7 | 7,338.6 | (946.8) | (12.9%) |
| Structured notes | 1,773.8 | 5,911.4 | (4,137.6) | (70.0%) |
| Short-term commercial papers | 1,002.2 | – | 1,002.2 | N/A |
| Financial bonds | 2,530.9 | – | 2,530.9 | N/A |
| Placements from financial institutions | 51,477.3 | 34,516.4 | 16,960.9 | 49.1% |
| Total | 109,220.4 | 84,395.4 | 24,825.0 | 29.4% |

As of December 31, 2021, the Group's REPOs amounted to RMB16,376.1 million, representing a year-on-year decrease of RMB8,725.0 million or 34.8%, mainly due to a decrease in the scale of stock-pledged repurchase business and repurchase business pledged with right to return on margin financing.

As of December 31, 2021, the Group's long-term debt securities issued amounted to RMB125,755.3 million, representing a year-on-year increase of RMB21,140.8 million or 20.2%. The Group's long-term debt securities issued in 2021 included 19 tranches of corporate bonds with an aggregate principal of RMB40,000.0 million, 6 tranches of subordinated bonds with an aggregate principal of RMB7,000.0 million, and 2 tranches of USD-denominated medium-term notes with an aggregate principal of US\$1,500.0 million. A breakdown of the Group's long-term debt securities issued is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|--------------------------|----------------------|----------------------|-----------|-------------|
| Beneficiary certificates | – | 1,502.5 | (1,502.5) | (100.0%) |
| Subordinated bonds | 16,927.9 | 19,872.8 | (2,944.9) | (14.8%) |
| Corporate bonds | 89,636.1 | 64,386.9 | 25,249.2 | 39.2% |
| Financial bonds | – | 2,530.9 | (2,530.9) | (100.0%) |
| Medium-term notes | 19,191.3 | 16,321.4 | 2,869.9 | 17.6% |
| Total | 125,755.3 | 104,614.5 | 21,140.8 | 20.2% |

As of December 31, 2021, the Group's other liabilities amounted to RMB155,902.6 million, representing a year-on-year increase of RMB58,437.6 million or 60.0%, mainly due to an increase in trade payables for derivative transactions.

Management Discussion and Analysis

3. Items of equity

As of December 31, 2021, the Group's total equity attributable to shareholders of the parent company amounted to RMB84,422.1 million, representing a year-on-year increase of RMB12,787.2 million or 17.9%. The increase mainly consisted of RMB3,500.0 million from issuance of perpetual subordinated bonds and operational accumulations. A breakdown of the Group's equity is presented as follows:

Unit: RMB in million

| Items | December 31, 2021 | December 31, 2020 | Change | % of change |
|--|----------------------|----------------------|-----------------|--------------|
| Share capital | 4,827.3 | 4,827.3 | – | – |
| Capital reserve | 39,531.9 | 39,533.3 | (1.4) | (0.0%) |
| Surplus reserve | 1,392.4 | 995.6 | 396.9 | 39.9% |
| General reserves | 5,470.1 | 4,074.3 | 1,395.7 | 34.3% |
| Investment revaluation reserve | 129.7 | 37.9 | 91.8 | 242.1% |
| Foreign currency translation reserve | (955.5) | (632.3) | (323.2) | 51.1% |
| Other reserves | (2.7) | – | (2.7) | N/A |
| Retained profits | 25,528.9 | 17,798.9 | 7,730.0 | 43.4% |
| Other equity instruments | 8,500.0 | 5,000.0 | 3,500.0 | 70.0% |
| Total equity attributable to shareholders of the parent company | 84,422.1 | 71,634.9 | 12,787.2 | 17.9% |

As of December 31, 2021, the Group's investment revaluation reserve amounted to RMB129.7 million, representing a year-on-year increase of RMB91.8 million or 242.1%, mainly due to gains arising from the changes in fair value of financial assets at fair value through other comprehensive income during the year.

(vii) Contingent Liabilities

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with the International Accounting Standard, believes that the probability for the occurrence of such risk is relatively low. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as of December 31, 2021.

(viii) Pledge of assets of the Group

The Group has no pledge of assets as of December 31, 2021.

(ix) Income tax Policy

In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and the Provisions of Implementation for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), the statutory corporate income tax rate applicable to our parent company and our PRC subsidiaries is 25%. Our Hong Kong subsidiaries are subject to a tax rate of 16.5% on their assessable profit. The parent company's income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by the Enterprises with Trans-regional Operations 《(國家稅務總局關於印發〈跨地區經營匯總納稅企業所得稅徵收管理辦法〉的公告)》 (Public Notice of the State Administration of Taxation [2012] No.57). During the year ended December 31, 2021, we had fulfilled all our tax obligations and did not have any unresolved tax disputes with the relevant tax authorities in China or other jurisdictions.

Management Discussion and Analysis

V. ANALYSIS ON INVESTMENT AND FINANCING ACTIVITIES

(I) Overall analysis on external equity investments

As of December 31, 2021, for the information on equity investments of the Group, please refer to “Notes to the Consolidated Financial Statements – 25. Interests in Associates and Joint Ventures”. The Group had no significant non-equity investments.

(II) Equity Financing

During the Reporting Period, the Company had no significant equity financings.

(III) Debt Financing

1. During the Reporting Period, the Company had no enterprise bonds

2. Corporate bonds

2.1. Basic information of corporate bonds

Unit: 100 million Yuan Currency: RMB

| Name of Bond | Abbreviation | Code | Issuance date | Interest commencement date | Maturity date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading | Arrangement to ensure the suitability of investors | Trading mechanism | Whether there is any risk of termination of listing and trading |
|--|--------------------------|------------|---------------|----------------------------|---------------|---------|-------------------|--|-------------------|--|---|---|
| 2019 Financial Bonds of China International Capital Corporation Limited (First Tranche) | 19CCCC Financial Bond 01 | 0919001918 | 2019/9/21 | 2019/8/22 | 2022/8/22 | 25 | 3.39 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | Interbank | - | - | No |
| 2019 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) | 19CCCC04 | 162019354 | 2019/11/20 | 2019/11/21 | 2025/11/21 | 15 | 3.52 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) (Type I) | 20CCCC G1 | 162361354 | 2020/4/2 | 2020/4/3 | 2026/4/3 | 15 | 2.89 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) (Type II) | 20CCCC G2 | 162362354 | 2020/4/2 | 2020/4/3 | 2027/4/3 | 10 | 3.25 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (Second Tranche) (Type I) | 20CCCC G3 | 162513354 | 2020/4/30 | 2020/5/6 | 2028/5/6 | 33 | 2.37 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |

Management Discussion and Analysis

| Name of Bond | Abbreviation | Code | Issuance date | Interest | | Maturity date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading | Arrangement to ensure the suitability of investors | Trading mechanism | Whether there is any risk of termination of listing and trading |
|--|--------------|----------|---------------|-------------------|---------------|---------------|---------|-------------------|--|-------------------|--|---|---|
| | | | | commencement date | interest date | | | | | | | | |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Qualified Investors (Second Tranche) (Type I)) | 20.CCC04 | 1636145H | 2020/4/30 | 2020/5/16 | 2020/6/22 | 2022/5/16 | 7 | 3.88 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Qualified Investors (Third Tranche) (Type I)) | 20.CCC05 | 1636105H | 2020/6/19 | 2020/6/22 | 2020/6/22 | 2026/6/22 | 15 | 3.10 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | Qualified investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Perpetual Subordinated Bonds of China International Capital Corporation Limited (Publicly Issued to Professional Investors (First Tranche)) | 20.CCC01 | 1750755H | 2020/8/27 | 2020/8/28 | - | - | 50 | 4.64 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional institutional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Professional Investors (Fourth Tranche) (Type I)) | 20.CCC07 | 1751225H | 2020/9/9 | 2020/9/10 | 2025/9/10 | 2025/9/10 | 50 | 3.78 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Professional Investors (Fifth Tranche) (Type I)) | 20.CCC09 | 1751905H | 2020/9/22 | 2020/9/23 | 2025/9/23 | 2025/9/23 | 50 | 3.80 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Professional Investors (Sixth Tranche) (Type I)) | 20.CCC11 | 1753625H | 2020/10/16 | 2020/10/19 | 2023/10/19 | 2023/10/19 | 25 | 3.50 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2020 Corporate Bonds of China International Capital Corporation Limited (Publicly Issued to Professional Investors (Seventh Tranche) (Type II)) | 20.CCC12 | 1753635H | 2020/10/16 | 2020/10/19 | 2025/10/19 | 2025/10/19 | 25 | 3.74 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |

| Name of Bond | Abbreviation | Code | Issuance date | Interest | | Maturity date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading | Arrangement to ensure the suitability of investors | Whether there is any risk of termination of listing and trading |
|---|--------------|----------|---------------|-------------------|-------------------|---------------|---------|--|---------------------------------------|----------------------------|---|---|
| | | | | commencement date | trading mechanism | | | | | | | |
| 2021 Corporate Bonds of China International Coporation Limited Publicly Issued to Professional Investors (Seventh Tranche) (Type I) | 21CCC13 | 175325SH | 2020/10/27 | 2020/10/28 | 2023/10/28 | 20 | 3.48 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Corporate Bonds of China International Coporation Limited Publicly Issued to Professional Investors (Seventh Tranche) (Type II) | 21CCC14 | 175326SH | 2020/10/27 | 2020/10/28 | 2025/10/28 | 30 | 3.68 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Perpetual Subordinated Bonds of China International Coporation Limited Publicly Issued to Professional Investors (First Tranche) | 21CCC11 | 175720SH | 2021/11/28 | 2021/11/29 | - | 15 | 4.68 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Subordinated Bonds of China International Coporation Limited Publicly Issued to Professional Investors (First Tranche) (Type I) | 21CCC11 | 175749SH | 2021/2/5 | 2021/2/8 | 2024/2/8 | 10 | 3.90 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Subordinated Bonds of China International Coporation Limited Publicly Issued to Professional Investors (First Tranche) (Type II) | 21CCC12 | 175750SH | 2021/2/5 | 2021/2/8 | 2026/2/8 | 10 | 4.49 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Corporate Bonds of China International Coporation Limited Publicly Issued to Professional Investors (First Tranche) (Type I) | 21CCC11 | 175865SH | 2021/3/15 | 2021/3/16 | 2023/3/16 | 20 | 3.58 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |
| 2021 Corporate Bonds of China International Coporation Limited Publicly Issued to Professional Investors (First Tranche) (Type II) | 21CCC12 | 175867SH | 2021/3/15 | 2021/3/16 | 2021/3/16 | 20 | 4.10 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No |

Management Discussion and Analysis

| Name of Bond | Abbreviation | Code | Issuance date | Interest | | Maturity date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading | Arrangement to ensure the suitability of investors | Trading mechanism | Whether there is any risk of termination of listing and trading |
|---|--------------|----------|---------------|-------------------|---------------|---------------|---------|--|---------------------------------------|----------------------------|---|-------------------|---|
| | | | | commencement date | interest date | | | | | | | | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Second Tranche) (Type I) | 21CCCCG3 | 1759055H | 2021/12/24 | 2021/12/25 | 2026/2/25 | 15 | 3.51 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Second Tranche) (Type II) | 21CCCCG4 | 1759065H | 2021/12/24 | 2021/12/25 | 2031/2/25 | 25 | 4.07 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Perpetual Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Second Tranche) | 21CCCCV2 | 1880545H | 2021/4/23 | 2021/4/26 | - | 20 | 4.20 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Third Tranche) (Type I) | 21CCCCG5 | 1886755H | 2021/8/13 | 2021/8/16 | 2026/8/16 | 10 | 3.94 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Third Tranche) (Type II) | 21CCCCG6 | 1886765H | 2021/8/13 | 2021/8/16 | 2028/8/16 | 15 | 3.39 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Fourth Tranche) (Type I) | 21CCCCG7 | 185975H | 2021/11/27 | 2021/11/28 | 2041/1/28 | 25 | 2.97 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Fourth Tranche) (Type II) | 21CCCCG8 | 1859765H | 2021/11/27 | 2021/11/28 | 2031/1/28 | 10 | 3.68 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |
| 2022 Perpetual Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) | 22CCCCV1 | 1852455H | 2022/1/12 | 2022/1/13 | - | 39 | 3.60 | The interest shall be paid annually and the principal shall be repaid in a lump sum upon maturity. The interest of the last installment shall be paid together with the principal. | SSE | For professional investors | Bidding, quotation, inquiry and agreement trading methods | No | |

Interest payment for and redemption of bonds:

| Name of Bond | Interest payment and redemption |
|--|--|
| 2016 Corporate Bonds of China International Capital Corporation Limited (First Tranche) (Type I) | Paid |
| 2016 Corporate Bonds of China International Capital Corporation Limited (First Tranche) (Type II) | Paid |
| 2016 Corporate Bonds of China International Capital Corporation Limited (Second Tranche) (Type II) | Paid |
| 2021 Short-term Commercial Papers of China International Capital Corporation Limited (First Tranche) | Paid |
| 2019 Financial Bonds of China International Capital Corporation Limited (First Tranche) | Payment of interest in full as scheduled |
| 2019 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (First Tranche) (Type II) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (Second Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (Second Tranche) (Type II) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Qualified Investors (Third Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Perpetual Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Institutional Investors (First Tranche) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Fourth Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Fifth Tranche) (Type I) | Payment of interest in full as scheduled |

| Name of Bond | Interest payment and redemption |
|--|--|
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Sixth Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Sixth Tranche) (Type II) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Seventh Tranche) (Type I) | Payment of interest in full as scheduled |
| 2020 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Seventh Tranche) (Type II) | Payment of interest in full as scheduled |
| 2021 Perpetual Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) | Payment of interest in full as scheduled |
| 2021 Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) (Type I) | Payment of interest in full as scheduled |
| 2021 Subordinated Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) (Type II) | Payment of interest in full as scheduled |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) (Type I) | Payment of interest in full as scheduled |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (First Tranche) (Type II) | Payment of interest in full as scheduled |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Second Tranche) (Type I) | Payment of interest in full as scheduled |
| 2021 Corporate Bonds of China International Capital Corporation Limited Publicly Issued to Professional Investors (Second Tranche) (Type II) | Payment of interest in full as scheduled |

2.2 Triggering and implementation of issuer or investor option clauses and investor protection clauses

The Company decided to exercise the option as the corporate bond issuer to redeem all registered “16 CICC 02” Bond on the registration date. The total amount redeemed was RMB1,032,900,000 of principal and interest. Such redemption was completed by the Company on the SSE on July 19, 2021.

The Company decided to exercise the option as the corporate bond issuer to redeem all registered “16 CICC 04” Bond on the registration date. The total amount redeemed was RMB928,170,000 of principal and interest. Such redemption was completed by the Company on the SSE on October 27, 2021.

2.3 Intermediaries providing services for bond issuance and on-going business

| Name of Intermediary | Office address | Contact person | Contact number |
|---|--|---|-----------------------------|
| Deloitte Touche Tohmatsu Certified Public Accountants LLP | 30/F, No. 222 East Yan'an Road, Huangpu District, Shanghai | Wen Qisi (signing certified public accountant) and Han Yunfei (signing certified public accountant) | 010-85207788 |
| KPMG Huazhen LLP | 8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing | Cheng Hailiang (signing certified public accountant), Xi Xia (signing certified public accountant), and Guan Yiming | 010-85085000 |
| CITIC Securities Company Limited | CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing | Song Yilan and Kou Zhibo | 010-60837524 |
| Huatai United Securities Co., Ltd. | Room 401, Block B7, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan 5th Road, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen | Wang Chengcheng | 025-83389257 |
| Industrial Securities Co., Ltd. | 6th Floor, Industrial Securities Building, No.36 Changliu Road, Pudong New District, Shanghai | Yang Lingshan | 021-38565614 |
| CSC Financial Co., Ltd. | 2/F, Building B, Building E, Kaiheng Centre, No.2 Chaonei Avenue, Dongcheng District, Beijing | Wang Sen | 010-86451352 |
| Shenwan Hongyuan Securities Co., Ltd. | No. 19, Taipingqiao Street, Xicheng District, Beijing | Xia Gang, Chen Chen, Yang Yafei, Zhang Yingfeng, and Ni Xiang | 010-88013934 |
| Industrial and Commercial Bank of China Limited | ICBC, No. 55 Fuxingmennei Avenue, Xicheng District, Beijing | Leng Yan and Zhang Jian | 010-66105203 · 010-81011847 |
| Bank of China Limited | No.1, Fuxingmennei Avenue, Beijing | Chen Chong | 010-66952195 |
| China Merchants Bank Co., Ltd. | 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong | Dai Dai and Zhang Pinyi | 010-86490197 · 010-66429032 |
| Bank of Communications Co., Ltd. | No. 188 Yin Cheng Zhong Lu, China (Shanghai) Pilot Free Trade Zone | Wang Yuping and Chen Junlin | 021-38579253 · 021-38579250 |
| Postal Savings Bank of China Co., Ltd. | No. 3 Financial Street, Xicheng District, Beijing | Zheng Lu and Fu Na | 010-68857496 |
| China Chengxin International Credit Rating Co., Ltd. | Building 6, Galaxy SOHO, No.2 Nanzhugan Hutong, Chaoyangmennei Street, Dongcheng District, Beijing | Zhao Tingting and Tan Jiaqing | 010-66428877 |
| Haiwen & Partners | 20/F, Fortune Financial Center, 5 Dong San Huan Central Road, Chaoyang District, Beijing | Gao Wei and Wei Shuangjuan | 010-85606888 |

During the Reporting Period, no change has been made in the above-mentioned intermediary agencies of the Company.

2.4 The use of proceeds

Unit: 100 million Yuan Currency: RMB

| Name of Bond | Total proceeds raised | Utilized amount | Unutilized amount | The operating condition of the special account for the proceeds | The rectification condition of non-compliant use of proceeds | Whether it is in compliance with the use, plan and other undertakings made in the prospectus |
|---------------------------|-----------------------|-----------------|-------------------|---|--|--|
| 19 CICC Financial Bond 01 | 25 | 25 | 0 | Normal | N/A | Yes |
| 19 CICC 04 | 15 | 15 | 0 | Normal | N/A | Yes |
| 20 CICC G1 | 15 | 15 | 0 | Normal | N/A | Yes |
| 20 CICC G2 | 10 | 10 | 0 | Normal | N/A | Yes |
| 20 CICC G3 | 33 | 33 | 0 | Normal | N/A | Yes |
| 20 CICC G4 | 7 | 7 | 0 | Normal | N/A | Yes |
| 20 CICC G5 | 15 | 15 | 0 | Normal | N/A | Yes |
| 20 CICC Y1 | 50 | 50 | 0 | Normal | N/A | Yes |
| 20 CICC 07 | 50 | 50 | 0 | Normal | N/A | Yes |
| 20 CICC 09 | 50 | 50 | 0 | Normal | N/A | Yes |
| 20 CICC 11 | 25 | 25 | 0 | Normal | N/A | Yes |
| 20 CICC 12 | 25 | 25 | 0 | Normal | N/A | Yes |
| 20 CICC 13 | 20 | 20 | 0 | Normal | N/A | Yes |
| 20 CICC 14 | 30 | 30 | 0 | Normal | N/A | Yes |
| 21 CICC Y1 | 15 | 15 | 0 | Normal | N/A | Yes |
| 21 CICC C1 | 10 | 10 | 0 | Normal | N/A | Yes |

| Name of Bond | Total proceeds raised | Utilized amount | Unutilized amount | The operating condition of the special account for the proceeds | The rectification condition of non-compliant use of proceeds | Whether it is in compliance with the use, plan and other undertakings made in the prospectus |
|--------------|-----------------------|-----------------|-------------------|---|--|--|
| 21 CICC C2 | 10 | 10 | 0 | Normal | N/A | Yes |
| 21 CICC G1 | 20 | 20 | 0 | Normal | N/A | Yes |
| 21 CICC G2 | 20 | 20 | 0 | Normal | N/A | Yes |
| 21 CICC G3 | 15 | 15 | 0 | Normal | N/A | Yes |
| 21 CICC G4 | 25 | 25 | 0 | Normal | N/A | Yes |
| 21 CICC Y2 | 20 | 20 | 0 | Normal | N/A | Yes |
| 21 CICC G5 | 10 | 10 | 0 | Normal | N/A | Yes |
| 21 CICC G6 | 15 | 15 | 0 | Normal | N/A | Yes |
| 21 CICC G7 | 25 | 25 | 0 | Normal | N/A | Yes |
| 21 CICC G8 | 10 | 10 | 0 | Normal | N/A | Yes |
| 22 CICC Y1 | 39 | 8 | 31 | Normal | N/A | Yes |

No change has been made in the use of proceeds raised from the above-mentioned bonds of the Company, and no construction projects had occurred.

Management Discussion and Analysis

2.5 During the Reporting Period, there was no adjustment to the Company's credit rating by domestic rating companies

2.6 Implementation, changes and their impacts of guarantees, debt repayment plan and other debt repayment guarantee measures during the Reporting Period: Not applicable

- 3. During the Reporting Period, the Company had no debt financing instruments of non-financial institutions in the inter-bank bond market**
- 4. During the Reporting Period, the Company had no convertible corporate bonds**
- 5. During the Reporting Period, the Company had no loss representing more than 10% of net assets as at the end of last year on a consolidated basis**
- 6. As of the end of the Reporting Period, the Company had no overdue interest-bearing debts**
- 7. During the Reporting Period, the Company did not violate any provisions of laws and regulations, the Articles of Association and the information disclosure management system, nor any agreements or undertakings under the bond prospectus**
- 8. Accounting data and financial indicators of the Company for the last two years as of the end of the Reporting Period**

Unit: RMB in million

| Key indicators | December 31, 2021 | December 31, 2020 | % of change |
|---|----------------------|----------------------|---|
| Earnings before interest, tax, depreciation and amortization (EBITDA) | 22,133.4 | 16,194.7 | 36.7% |
| Current ratio | 1.8 | 2.4 | (25.0%) |
| Quick ratio | 1.8 | 2.4 | (25.0%) |
| Gearing ratio (%) | 84.6% | 84.1% | Increased by 0.5 percentage point |
| EBITDA to total debts ratio (%) | 8.7% | 7.5% | 16.2% |
| Interest coverage ratio | 2.6 | 2.3 | 12.1% |
| Cash interest coverage ratio | 5.7 | (2.1) | N/A |
| EBITDA interest coverage ratio | 2.8 | 2.5 | 11.1% |
| Loan repayment ratio (%) | 100.0% | 100.0% | – |
| Interest repayment ratio (%) | 100.0% | 100.0% | – |

Note: The financial indicators above are calculated based on the Group's consolidated financial statements prepared in accordance with CASs.

9. Description of other debt financing instruments

In 2021, the Group completed 2,352 issuances of beneficiary certificates, with an aggregate principal amount of RMB49,759 million. As of December 31, 2021, the aggregate principal of the Group's outstanding beneficiary certificates amounted to RMB15,547 million.

In 2021, the Group completed 18 issuances of financing notes, with an aggregate principal amount of US\$344 million and HK\$10 million. As of December 31, 2021, the aggregate principals of the Group's outstanding financing notes in USD were US\$276 million.

As of December 31, 2021, the balance of bank borrowings of the Group's Hong Kong subsidiaries amounted to US\$2,093 million, HK\$780 million and RMB400 million, and the overdrafts amounted to CHF151,668.23.

In 2021, the Group completed the issuance of 19 tranches of corporate bonds, 6 tranches of subordinated bonds, 2 tranches of perpetual subordinated bonds, 2 tranches of short-term corporate bonds, 1 tranche of short-term commercial paper and 2 tranches of medium-term notes, with an aggregate principal amount of RMB56,500 million and US\$1,500 million.

(IV) Material assets and equity disposal

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

(V) Major controlled and participating companies and structured entities

1. Major controlled and participating companies

The Company currently has 8 major subsidiaries, the principal information on which is as follows:

| No. | Name | Shareholding | Time of establishment | Registered capital | Person-in-charge | Contact number | Registered address | Main business |
|-----|---|--------------|-----------------------|-----------------------------------|--|-----------------|--|---|
| 1 | CICC Hong Kong | 100% | 1997/04/04 | 387,660,000 outstanding shares | Liu Qingchuan, Xu Yicheng, Wong King Fung, Chu Gang, Huang Haizhou, Xia Xinghan and Ma Kui | (852) 28722000 | 29F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong | Overseas investment holding business |
| 2 | CICC Wealth Management Securities | 100% | 2005/09/28 | RMB8 billion | Gao Tao | (0755) 82026676 | L4601-L4608, China Resources Building, No. 2666 Keyuan South Road, Haizhu Community, Yuehai Street, Nanshan District, Shenzhen | Securities brokerage; securities investment consulting; financial consulting relating to the securities trading and securities investment; proprietary trading of securities; securities asset management; proxy sale of securities and investment fund; margin financing and securities lending; and proxy sale of financial products |
| 3 | CICC Capital | 100% | 2017/03/06 | RMB2 billion | Huang Zhaohui | (010) 65051166 | Units 09-11, 9th Floor, 1 Jianguomenwai Avenue (Phase II), Chaoyang District, Beijing | Asset management; investment management; project investment; and investment consulting |

Management Discussion and Analysis

| No. | Name | Shareholding | Time of establishment | Registered capital | Person-in-charge | Contact number | Registered address | Main business |
|-----|--------------------------------|---|-----------------------|------------------------------------|---|----------------|--|--|
| 4 | CICC Fund Management | 100% | 2014/02/10 | RMB500 million | Hu Changsheng | (010) 63211122 | Room 05, 26th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing | Fund offering, fund sales, provision of asset management service for specific clients, asset management and other activities as approved by the CSRC |
| 5 | CICC Pucheng | 100% | 2012/04/10 | RMB6 billion | Liu Jian | (021) 58796226 | Unit 2904A, 29/F, AZIA center, No. 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone | Investment management, investment consultancy, import and export of goods and technology, domestic cargo transportation agency services and storage (excluding hazardous articles) |
| 6 | CICC Futures | 100% | 2004/07/22 | RMB350 million | Sui You | (0971) 8224987 | No. 1811 and 1813, Sapphire Hotel, No. 21 Shengli Road, Chengxi District, Xining, Qinghai | Commodity futures brokerage, financial futures brokerage and asset management |
| 7 | CICC Private Equity | 100% | 2020/10/30 | RMB500 million | Shan Junbao | (010) 65051166 | Unit 03, 8/F, No. 100 South Zhongshan Road, Huangpu District, Shanghai | Equity investment management, investment management, asset management, and investment consulting |
| 8 | CICC Financial Trading Limited | Wholly owned by CICC Financial Holdings Limited | 2012/04/10 | With issued share capital of HK\$1 | Huang Haizhou, Jia Jia, Liu Ziyang and Wang Jin | (852) 28722000 | 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong | Client facilitation trade, trading of listed securities, exchange-traded funds (ETFs), and derivative financial instruments |

The key information on the financial position and financial performance of the Company's major subsidiaries is as follows:

CICC Hong Kong: As of December 31, 2021, the total assets were HK\$219,459.2 million, the net assets were HK\$18,770.3 million, and the net profit in 2021 was HK\$5,112.0 million. As of December 31, 2020, the total assets were HK\$180,479.3 million, the net assets were HK\$13,706.2 million, and the net profit in 2020 was HK\$2,451.8 million.

CICC Wealth Management Securities: As of December 31, 2021, the total assets were RMB156,510.5 million, the net assets were RMB18,544.1 million, and the net profit in 2021 was RMB1,919.3 million. As of December 31, 2020, the total assets were RMB111,181.5 million, the net assets were RMB17,049.3 million, and the net profit in 2020 was RMB1,645.7 million.

CICC Capital: As of December 31, 2021, the total assets were RMB5,595.4 million, the net assets were RMB2,912.0 million, and the net profit in 2021 was RMB802.0 million. As of December 31, 2020, the total assets were RMB5,093.7 million, the net assets were RMB2,571.0 million, and the net profit in 2020 was RMB894.6 million.

CICC Fund Management: As of December 31, 2021, the total assets were RMB519.4 million, the net assets were RMB368.4 million, and the net profit in 2021 was RMB1.5 million. As of December 31, 2020, the total assets were RMB418.6 million, the net assets were RMB266.9 million, and the net loss in 2020 was RMB43.2 million.

CICC Pucheng: As of December 31, 2021, the total assets were RMB10,310.6 million, the net assets were RMB4,941.9 million, and the net profit in 2021 was RMB722.1 million. As of December 31, 2020, the total assets were RMB11,128.6 million, the net assets were RMB2,419.8 million, and the net profit in 2020 was RMB652.9 million.

CICC Futures: As of December 31, 2021, the total assets were RMB7,200.9 million, the net assets were RMB657.8 million, and the net profit in 2021 was RMB54.7 million. As of December 31, 2020, the total assets were RMB6,991.1 million, the net assets were RMB603.3 million, and the net profit in 2020 was RMB56.8 million.

CICC Private Equity: As of December 31, 2021, the total assets were RMB407.3 million, the net assets were RMB259.2 million, and the net profit in 2021 was RMB159.7 million.

CICC Financial Trading Limited: As of December 31, 2021, the total assets were US\$20,358.1 million, the net assets were US\$698.0 million, and the net profit in 2021 was US\$275.9 million. As of December 31, 2020, the total assets were US\$17,004.0 million, the net assets were US\$422.1 million, and the net profit in 2020 was US\$165.2 million.

2. Structured entities

For the information on structured entities controlled by the Company, please refer to "Notes to the Consolidated Financial Statements – 53. INTERESTS IN STRUCTURED ENTITIES".

Management Discussion and Analysis

VI. RISK MANAGEMENT

Overview

Our Company has always believed that risk management creates value. The risk management of our Company aims to effectively allocate risk-based capital, limit risks to a controllable level, maximize the corporate value and constantly solidify the foundation for the steady and sustainable development of our Company. Our Company has sound corporate governance, effective risk management measures and a strict internal control system.

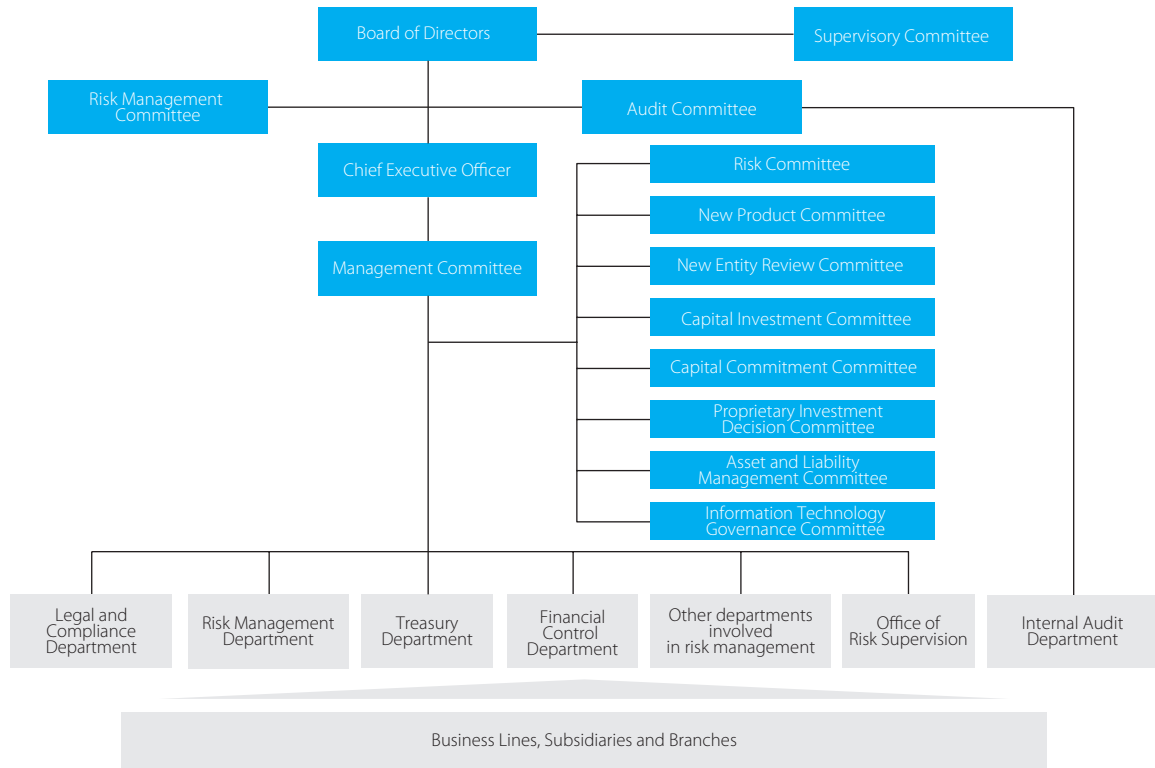
Pursuant to the relevant laws and regulations and regulatory requirements, our Company has established a sound governance structure. The general meeting, the Board of Directors and the Supervisory Committee of our Company perform duties in accordance with the "Company Law", the "Securities Law", the "Guidance for the Internal Control of Securities Companies" 《證券公司內部控制指引》, the "Norms for the Comprehensive Risk Management of Securities Companies" 《證券公司全面風險管理規範》 and the Articles of Association and supervise and manage the business operations of our Company. Through enhancing and improving the internal control structure, compliance and risk management culture, the Board of Directors has made internal control and risk management an essential aspect of the business operation management of our Company.

Risk Management Framework

The Company has established a multi-level risk management organizational structure which comprises the Board of Directors, the Supervisory Committee, senior management, independent departments performing risk management functions, business departments and branches, of which, 1) the Board of Directors is the top level of our Company's risk management and internal control governance structure and is responsible for facilitating the enforcement of the firmwide risk management culture and reviewing and approving the overall risk management goals, risk appetite, risk tolerance, important risk limits and the risk management policy of our Company. The Board of Directors performs its risk management duties primarily through the Risk Management Committee and the Audit Committee; 2) the Supervisory Committee assumes the supervision duty on the effectiveness of the overall risk management of our Company, and supervises and inspects

the fulfillment of the risk management duties performed by the Board of Directors and the management, and reviews the rectification of risk management deficiencies and findings; 3) under the Board of Directors, our Company has established the Management Committee chaired by the Chief Executive Officer. The Management Committee determines the risk appetite of our Company in accordance with the overall risk management goals set by the Board of Directors and assumes the major responsibility of ensuring the effectiveness of the overall risk management of our Company; 4) the Risk Committee established under the Management Committee reports risk issues to the Management Committee and significant risk matters to the Risk Management Committee under the Board of Directors. The Chief Operating Officer is the chairman of the Risk Committee, and the Chief Risk Officer and Chief Compliance Officer are the co-executive chairmen of the Risk Committee. Other members include the Chief Financial Officer, heads of each of the business departments and heads of independent departments performing risk management functions. There are New Product Committee, New Entity Review Committee, Capital Investment Committee, Capital Commitment Committee, Proprietary Investment Decision Committee, Asset and Liability Management Committee and Information Technology Governance Committee under Management Committee, which perform their duties in respect of new business/new product approval, branch set-up and approval, approval of capital contribution from owned funds, risk control of issuance and underwriting in investment banking business, management of investment decision-making process of proprietary business, management of assets and liabilities of the Company and management of information technology and etc.; 5) independent departments performing risk management functions, including departments such as Risk Management Department, Legal and Compliance Department, Treasury Department, Financial Control Department, Operations Department, Information Technology Department and Public Relations Department, coordinate to manage various risks based on their respective perspectives; and 6) heads of business departments and branches take the primary responsibility for the effectiveness of risk management. During our daily business operations, all staff involved in business operations in our business departments and branches are required to perform risk management functions.

The organizational structure of our Company's risk management is shown in the following chart:



Management Discussion and Analysis

Risk to Our Company's Business activities and Management Measures

Risks related to business activities of our Company mainly include market risk, credit risk, liquidity risk, operational risk, IT risk, compliance risk, legal risk, money laundering risk and reputational risk, etc. During the Reporting Period, our Company proactively responded to and managed risks through effective risk management measures, which generally prevented the occurrence of significant risk events and ensured the stable development of the business operation of our Company.

In 2021, as COVID-19 was still spreading around the world, the global economy experienced a struggling and imbalance recovery, and the risk of compound inflation was emerging. Relying on the unified and coordinated epidemic response, China's economy continued to recover resiliently. Through the dual circulation that takes the domestic market as the mainstay while letting internal and external markets boost each other has taken shape, China was still facing pressure from "demand contraction, supply shocks and weakening expectations" due to the resurgence of pandemic and the complicated and evolving international environment. Confronted with severe and complex market environment challenges, the Company persisted in implementing the risk management and control requirements of "full coverage, looking through, and full cycle", and continuously strengthened the integrated vertical risk management system covering its subsidiaries and branches. Through joint efforts on risk management control of three lines of defense, the Company actively identified, prudently evaluated, dynamically monitored, timely reported and proactively coped with risks. The Company deeply publicized the risk management culture, continuously enhanced risk management capabilities, coordinated its business plans, considered its risk appetite, reviewed and improved the multi-dimensional and multi-level risk management system, optimized the management mechanism and processes from a forward-looking perspective, and continuously promoted the optimization and sustainable development of its business models. During the Reporting Period, the business operation of the Company was stable without material risk events and large losses, and the overall risks were controllable and tolerable.

During the Reporting Period, the Company continued to enhance risk management of the same business and the same customer. The Company formulated identification standards for the same business to implement relatively consistent risk management standards and measures for the same business and to identify, assess, measure, monitor and aggregate risks of the same business within the Company in a unified manner. The Company also formulated identification standards for the same customer to enhance standardized and regulated management of information of the same customer and to aggregate and monitor the business transactions in various business lines of the Company with the same customer, which will be implemented throughout all key links of business. At the same time, the Company managed relevant risks of customers identified as related parties in a unified manner.

Market Risk

Market risk refers to risks of changes in the fair value of financial assets held by our Company resulting from the fluctuations in equity prices, interest rates, exchange rates and commodity prices, etc.

Our Company has adopted the following measures to manage market risk:

- Business departments of our Company, as the first line of defense, dynamically manage market risk of exposures by way of diversifying risk exposures, controlling the size of positions and utilizing hedging instruments;
- The Risk Management Department of our Company independently assesses, monitors and manages the overall market risk of our Company. The market risk management mainly includes risk measurement, limit formulation and risk monitoring, etc.:

- Our Company measures market risk mainly by means of Value at Risk (VaR) analysis, stress tests and sensitivity analysis, etc. VaR is a major tool for our Company to measure and monitor market risk. VaR measures the potential maximum loss to an asset portfolio by changes in market risk factors at a certain confidence level within a certain holding period. Our Company computes the single day VaR at a confidence level of 95% by adopting a historical simulation method based on three years of historical data and examines the effectiveness of the model through the method of back testing on a regular basis. Meanwhile, our Company adopts stress test to complement the VaR analysis and measures whether the investment loss of our Company is within the scope of the risk tolerance when market risk factors such as equity prices, interest rates, exchange rates and commodity prices undergo extreme changes. In addition, in respect of sensitivity factors of different assets, our Company measures the impact of changes in specific factors on the value of assets by calculating the corresponding sensitivity indicators.
- Our Company has formulated a risk limit indicator framework. Risk limit is a means for controlling risks and also represents the risk appetite and risk tolerance of our Company. Our Company sets appropriate market risk limits based on the business nature, such as notional limit, VaR limit, concentration limit, sensitivity limit, stress test limit and stop-loss limit, etc.
- Our Company monitors risk limit usage in real time or on a daily basis. The Risk Management Department prepares daily risk reports to monitor the usage of limits and submits them to the management and business departments. When the limit usage triggers the warning line, the Risk Management Department will issue a warning notice to business departments. Once the risk indicators exceed the limits, business departments shall report reasons of the breach and measures to be taken to the Chief Risk Officer or his/her authorized person and shall be responsible for reducing the risk exposure to a level within the limits in a given time frame. If this cannot be achieved, they are required to apply to the Chief Risk Officer or his/her authorized person for a temporary increase in limit. If necessary, the Chief Risk Officer will submit a request to the management.

Value at Risk (VaR)

Our Company sets the total VaR limit of our investment portfolio and VaR limits for different business lines. The Risk Management Department computes and monitors VaRs of these financial instruments on a daily basis to ensure the daily VaRs are maintained within limits. The following table sets forth the computed VaRs and diversification effect of the Company by risk categories (equity prices, Interest rates, currency rates and commodity prices) as of the dates and for the periods as indicated: 1) the daily VaRs as of the end of the respective period; 2) the averages of daily VaRs during the respective period; and 3) the highest and lowest daily VaRs during the respective period.

Management Discussion and Analysis

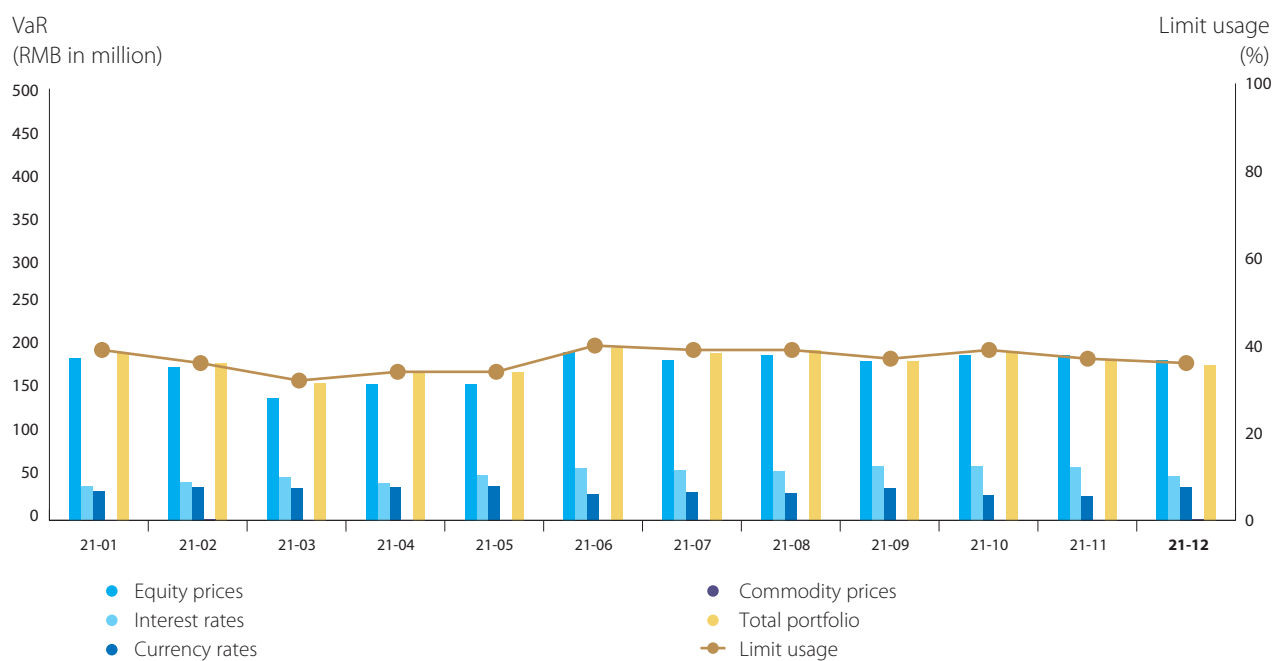
| (RMB in million) | December 31, 2021 | December 31, 2020 | 2021 (as of December 31) | | | 2020 (as of December 31) | | |
|-------------------------------|-------------------|-------------------|--------------------------|--------------|--------------|--------------------------|--------------|-------------|
| | | | Average | Highest | Lowest | Average | Highest | Lowest |
| Equity prices ¹ | 185.7 | 168.8 | 180.1 | 215.7 | 132.5 | 159.5 | 271.6 | 32.8 |
| Interest rates ² | 51.7 | 35.6 | 54.6 | 79.3 | 35.8 | 43.6 | 53.1 | 29.8 |
| Currency rates ³ | 39.1 | 37.2 | 33.8 | 44.3 | 19.0 | 37.0 | 43.5 | 25.5 |
| Commodity prices ⁴ | 1.0 | 1.3 | 0.6 | 1.5 | 0.1 | 1.4 | 5.4 | 0.3 |
| Diversification effect | (97.2) | (63.1) | (83.7) | | | (71.8) | | |
| Total portfolio | 180.3 | 179.8 | 185.4 | 220.8 | 151.3 | 169.6 | 267.2 | 62.4 |

Notes:

- including equities and the price-sensitive portion of derivative products
- including fixed income products and the interest-rate sensitive portion of derivative products
- including financial products subject to exchange rate changes (including derivative products)
- including commodity and the price-sensitive portion of derivative products

The chart below sets forth the VaRs by risk categories of the Company as of the end of each month over the past year:

Monthly VaR Chart



The Company has set price-sensitive exposure limits for price-related businesses, which are measured and monitored on a daily basis. During the Reporting Period, the equity market showed a volatile trend, and the Company managed price market risks through adjusting positions, applying derivatives for hedging and controlling the concentration.

The Company closely followed the changes in interest rates and credit spreads in domestic and overseas markets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The Company hedged the interest rate risk for the fixed-income portfolio by using treasury bond futures, interest rate swaps, etc.

The Company conducted foreign exchange risk management for domestic and overseas assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

The Company's exposure to commodity market risks was relatively low. During the Reporting Period, as the prices of some domestic and overseas commodities fluctuated sharply, the Company conducted commodity risk management by using commodity futures, options and swaps as hedging instruments.

Credit Risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

Bond Investments Business

Our Company emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. Our Company controls its market risk and credit risk exposures by various initiatives, such as setting up limits on investment size, product types, credit ratings and concentrations, and carrying out forward-looking risk research, as well as closely monitors and tracks bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

During the Reporting Period, when bond defaults were rising, FICC closely collaborated with the Risk Management Department and identified, assessed, monitored and managed credit risk related to bond investments. As a result, the Company avoided material losses during the Reporting Period through effective risk management measures.

| | As of December 31, 2021 (RMB in million) | | |
|-----------------|--|-------|-------------|
| | Position | DV01 | Spread DV01 |
| Overseas rating | | | |
| – AAA | 0.0 | 0.00 | 0.00 |
| – AA- to AA+ | 19.0 | 0.00 | 0.00 |
| – A- to A+ | 4,365.3 | 0.81 | 0.82 |
| – below A- | 11,020.7 | 1.50 | 1.51 |
| Sub-total | 15,405.1 | 2.32 | 2.33 |
| Domestic rating | | | |
| – AAA | 67,620.1 | 10.53 | 8.56 |
| – AA- to AA+ | 6,613.9 | 0.86 | 0.85 |
| – A- to A+ | 1,125.9 | 0.16 | 0.17 |
| – below A- | 942.9 | 0.11 | 0.11 |
| Sub-total | 76,302.9 | 11.65 | 9.69 |
| – Non-rated 1 | 18,140.6 | 4.18 | – |
| – Non-rated 2 | 15,251.5 | 0.00 | 0.00 |
| Total | 125,100.1 | 18.15 | 12.02 |

Notes: The Risk Management Department uses DV01 and Spread DV01 to measure the interest rate sensitivity and credit spread sensitivity of bonds.

DV01 measures the change in the value of interest rate sensitive products for each parallel movement of one basis point in a market interest rate curve. Spread DV01 measures the change in the value of credit spread sensitive products for each parallel movement of one basis point in the credit spread.

1. The Company refers the credit ratings of its debt securities to the credit ratings of the debt securities or the debt securities' issuers from Bloomberg comprehensive ratings or the local major rating agencies.
2. Non-rated 1: These non-rated financial assets mainly include government bonds, Central Bank bills and policy financial bonds.
3. Non-rated 2: These non-rated financial assets are mainly other debt securities and trading securities which are not rated by independent rating agencies.

Capital Business

For the credit risks of margin financing and securities lending business, stock-based lending business and other capital businesses, our Company has established a comprehensive and robust risk control system, including the customers' creditworthiness assessment, collateral management, underlying securities management, risk limit management, margin ratio monitoring, mandatory liquidation, etc. Our Company attaches considerable importance to customers' on-boarding and has established and implemented a strict customer selection and credit assessment mechanism, under which the branches are responsible for preliminary assessment of the customers' credit profile by collecting customers' basic information, financial status, securities investment experience, credit record and risk tolerance. The information of the customers that has passed the preliminary assessment will be submitted to the relevant business departments at the headquarters for further review, which, if qualified, will then be submitted to the Risk Management Department for formal approval, which will conduct an independent assessment of the customers' qualifications, and determine their credit ratings and credit limits.

During the Reporting Period, no significant losses were incurred in the Company's margin financing and securities lending business and stock-based lending business. Our Company primarily controlled the risks of margin financing and securities lending business and stock-based lending business by the following measures:

Margin Financing and Securities Lending Business

During the Reporting Period, our Company strictly controlled the concentrations of single customer and single underlying security, closely monitored and assessed accounts with higher collateral concentration and riskier investment portfolio, timely communicated with the customers and promptly took corresponding measures to mitigate such risks; our Company attached considerable importance to collateral management and dynamically adjusted the scope and haircuts of the collaterals; we prudently reviewed and approved business extension by considering the following factors, i.e., the concentration and risk condition of the investment portfolio, and the collateral ratio of the existing deal; our Company also conducted regular and irregular stress testing and closely monitored customers with high risks.

Stock-based Lending Business

During the Reporting Period, our Company exercised strict control over the onboarding and approval of the stock-based lending deals, and has taken effective risk control measures, including, but not limited to, strengthening deal risk assessment, evaluating the risks by the customers' creditworthiness and fundamentals of the pledged securities (including the pledge ratio of the large shareholder, pledge ratio of all shareholders, liquidity and trading suspension records, shareholder structure, capital status of the controlling shareholder, potential delisting risk and negative news), carefully determining the loan-to-value ratio, as well as exercising strict control over the financing amount of the customers who are subject to shareholding reduction restriction; our Company strictly controlled single security concentration, established a security blacklist mechanism, and managed the overall exposure of a single security within the Company. In addition, our Company strengthened the on-site due diligence investigation, assessment and analysis of the pledged securities and clients with large financing demand, and raised the approval requirements to ensure risks were managed at a controllable level.

Meanwhile, our Company closely monitored the risks of the outstanding contracts, conducted regular and irregular stress testing, and classified deals into different risk status and kept track of the deals with potential high risks; we maintained close monitoring and regular assessment of the customers' credit risk with large financing amount, and maintained dynamic monitoring of the pledged securities, continuously tracked the fundamentals and security price fluctuations of large deals, and if any abnormal circumstances identified on the pledged security, our Company will ensure the risk precautions are in place, and corresponding measures are taken promptly.

Management Discussion and Analysis

Margin Financing and securities Lending Business

The following table sets forth the balance of margin financing and securities lending, market value of collaterals, and collateral ratio data of the margin financing and securities lending business of the Company:

Unit: million Yuan Currency: RMB

| Items | As of December 31, 2021 | As of December 31, 2020 |
|--|----------------------------|----------------------------|
| Amounts of margin financing and securities lending | 50,211.4 | 44,064.5 |
| Market value of collaterals | 143,029.3 | 119,919.0 |
| Collateral ratio | 284.9% | 272.1% |

Note: The collateral ratio is calculated as the ratio of the client's total account assets balance (including cash and securities held) to the client's balance of margin loans and securities borrowed from our Company (i.e. the sum of margin loans extended, the securities sold short and any accrued interests and fees).

As of December 31, 2021, the collateral ratio of the margin financing and securities lending business of the Company was 284.9%. Assuming that the market value of all securities as collaterals of the Company's margin financing and securities lending business declined by 10% and 20% respectively, and the liabilities of securities lending business increased by 10% and 20% respectively, the collateral ratio of the Company's margin financing and securities lending business as of December 31, 2021, would have been 252.1% and 219.2% respectively.

Stock-based Lending Business

The following table sets forth the lending amount, market value of collaterals, and collateral ratio data of the stock-based lending business of the Company:

Unit: million Yuan Currency: RMB

| Items | As of December 31, 2021 | As of December 31, 2020 |
|--------------------------------|----------------------------|----------------------------|
| Amounts of stock-based lending | 8,269.2 | 9,685.5 |
| Market value of collaterals | 29,556.2 | 32,560.1 |
| Collateral ratio | 357.4% | 336.2% |

Note: The collateral ratio refers to the ratio of the total market value of the pledged collateral and its yields to the client's total amount payable to our Group.

Liquidity Risk

Liquidity risk refers to the risks arising from our Company's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations.

Our Company implements vertical and centralized management on liquidity risks of all domestic and overseas branches and subsidiaries. Our Company has adopted the following measures to manage liquidity risk:

- Closely monitoring balance sheets of our Company and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities;
- Setting liquidity risk limits based on our Company's overall situation and regulatory requirement;
- Conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyze and assess our liquidity risk exposure;
- Maintaining adequate high-quality liquid assets and establishing liquidity contingency plan for potential liquidity emergencies.

In order to withstand the potential liquidity risk and satisfy the short-term liquidity needs, our Company constantly holds sufficient unsecured and high-quality liquid assets as its liquidity reserves. The liquidity reserves are held by the Treasury Department and are managed independently from business departments. Our Company manages the liquidity reserves of all branches and subsidiaries vertically to ensure the allocation efficiency of the liquidity reserves. Meanwhile, due to the liquidity transfer restrictions between entities and regions, the liquidity reserves are held in various currencies and maintained within its major operating subsidiaries, ensuring that the liquidity requirements of different entities are met in a timely manner. The size and composition of the liquidity reserves are actively managed by our

Company based on the consideration of factors including, but not limited to, funding maturity profile, balance sheet size and composition, business and operational capital requirements, stress test results, and regulatory requirements. Our Company strictly limits the liquidity reserves to high-quality liquid assets (including cash and cash equivalents, interest rate bonds and money market funds) and sets risk limits.

Our Company constantly broadens and diversifies its funding channels to optimize the liability structure. The funding instruments of our Company include corporate bonds, financial bonds, medium-term note program, bank loan, short-term commercial papers, beneficiary certificates, refinancing, transfer of right to income, inter-bank borrowing, REPOs, etc. Our Company maintains good relationship with major commercial banks and has sufficient bank credit to meet the funding requirement for business development. As of the Latest Practicable Date, as assessed by China Chengxin International Credit Rating Company Limited (中誠信國際信用評級有限責任公司), the credit rating of our Company was AAA and the rating outlook was stable. As of the Latest Practicable Date, as assessed by Standard & Poor's, the long-term rating of the Company was BBB+, the short-term rating was A-2 and the rating outlook is stable. As assessed by Moody's, the long-term rating of the Company was Baa1, the short-term rating was P-2 and the rating outlook was stable. As assessed by Fitch, the long-term rating of the Company was BBB+, the short-term rating was F2 and the rating outlook was stable.

During the Reporting Period, there was no substantial change in terms of substance and type of liquidity risks exposed to our Company. Our Company's liquidity risk management was sound, the liquidity reserves were sufficient, and the liquidity risk was under control.

During the Reporting Period, the regulatory liquidity risk management indicator of our Company continued to comply with the regulatory requirements. As of December 31, 2021, the liquidity coverage ratio and the net stable funding ratio of our Company were 316.7% and 136.4%, respectively.

Management Discussion and Analysis

Operational Risk

Operational risk refers to the risks of losses resulting from imperfect or deficient internal procedures, employees, IT systems and external events. Operational risk can occur in all business operations and daily operations of the Company, which may eventually lead to other risks such as legal risk, compliance risk and reputational risk.

Our Company has adopted the following measures to manage operational risk:

- Cultivating the operational risk idea of all staffs and improving employees' awareness to operational risks;
- Establishing a transparent organizational structure with a proper decision-making mechanism and defining the responsibilities of the management and control of business processes;
- Promoting risk management in key areas and processes, and optimizing and improving systems, processes and mechanisms;
- Carrying out risk assessment and follow-up review of new businesses and products, and effectively managing and controlling operational risks of new businesses and products;
- Continuously strengthening the identification, assessment, monitoring and response to operational risks of the operational risk management and control tools, and strengthening the ex ante management of operational risks, management of operational risks in the act and ex post facto management of operational risks;
- Optimizing the communication, reporting and processing mechanism for operational risk information to prevent and control risks in a more active and forward-looking manner;
- Promoting the construction of business continuity management systems to enhance the continuity of going concern ability.

During the Reporting Period, there was no substantial change in the nature and extent of operational risks exposed to our Company. Our Company continued to strengthen the operational risk management by enhancing IT systems and streamlining business procedures. By improving the IT systems and optimizing and standardizing business procedures, our Company further improved the operation efficiency and prevent operational risk.

IT Risk

IT risk refers to the operational, legal and reputational risks arising from natural factors, human factors, technology vulnerabilities and management deficiencies in the application of information technology in CICC.

The Company has mainly adopted the following measures to control and prevent IT risks:

- Establishing an effective IT governance framework to keep information technology construction consistent with business goals;
- Clarifying the information technology risk management mechanism, and clarifying at the policy level the division of responsibilities of the three lines of defense in IT risk management, defining and regulating management strategies and methods;
- Conducting IT risk assessment, fully identifying and analyzing the risks, analysing the possibility and potential impact of the risks, and implementing risk prevention measures; establishing an IT key risk indicator system and monitoring mechanism; cultivating IT risk culture and improve employees' awareness of IT risk prevention and control;
- Ensuring the reliability, integrity, availability and maintainability of information system through the management process of initialization, approval and control of IT projects;
- Establishing information security management system, formulating and implementing information security plan, monitoring information security threats;

- Establishing a data governance organizational framework to ensure unified management, sustainable controllability and storage safety of data;
- Tracking, responding to, analyzing and dealing with problems of information system and emergencies of information technology through establishing an effective process to manage problems;
- Through establishing an IT emergency management system, formulating an emergency plan, carrying out emergency drills, and continuously improving IT emergency management process, to ensure that the system can support the Company's business operations in a continuous and steady manner.

Compliance Risk

Compliance risk refers to the risk of the Company being legally held accountable, subject to supervisory measures, given self-discipline penalties or suffering from loss of property or reputation because of the violation of laws, regulations, industry self-regulatory rules or our internal policies arising from our operations and management activities or employee behavior.

Our Company has mainly adopted the following measures to manage and prevent compliance risk:

- Our Company formulates and updates our compliance policies and procedures in accordance with changes in laws, regulations and industry norms;
- Our professional compliance team is responsible for examining various businesses and providing compliance advice. We implement effective compliance risk management measures at an early stage of new businesses and conduct compliance reviews and supervision during carrying out new business;

- Our Company controls the circulation of sensitive information by monitoring work information flows and establishing dynamic information barrier walls, with the aim to prevent risks of insider trading and manage conflicts of interest;
- Our Company undertakes compliance supervision and reviews in accordance with applicable laws and regulations, other regulatory documents, self-regulatory rules, industry norms and our internal policies, to monitor the compliance of our business operations and employee activities and identify and manage compliance risks in a proactive manner;
- Our Company adopts various means to cultivate a compliance culture with each business line, functional department and branch and provide compliance training to our employees to improve their compliance awareness;
- Our Company has established an internal accountability system in respect of employees' violations of laws and regulations and internal policies to impose applicable punishments on offenders.

During the Reporting Period, there was no substantial change in nature and extent of compliance risks exposed to our Company.

Legal Risk

Legal risk refers to the possible risk of economic loss or damage to our Company's reputation resulting from breach of contracts, infringement-related disputes, litigation or other legal disputes.

Our Company manages, controls and prevents legal risks mainly through the following measures:

- Our Company continuously enhances our internal policies and business procedures from a legal perspective to ensure that our operations and management satisfy the requirements of applicable laws and regulations;

Management Discussion and Analysis

- Our Company formulates templates for various business contracts and requires our business departments to use our in-house templates to the fullest extent. We also review contracts drafted or provided by counterparties prior to entering into such contracts to mitigate the legal risk associated with performing such contracts;
- Our Company conducts legal training to enhance our employees' legal awareness;
- The application, maintenance and protection of our trademarks, protection of our goodwill and trade secrets and taking actions against behaviors that harms our reputation or interests;
- Our Company takes active measures to mitigate legal risks when disputes and litigation arise.

During the Reporting Period, there was no material change in the nature and extent of legal risks of our Company or in our ability to respond to legal risks.

Money Laundering Risk

Money laundering risk refers to the risks of being used by illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management of the Company, which may bring regulatory penalties, legal disputes, financial loss or reputation loss to the Company.

The Company mainly adopted the following measures to manage and prevent money laundering risks:

- Establishing an organizational structure for money laundering risk management and properly conducting anti-money laundering human resource assurance;
- Formulating and updating anti-money laundering policies in accordance with laws, regulations, and regulatory requirements;

- Integrating risk control measures into relevant business operation processes in consideration of anti-money laundering obligations, including customer identification, preservation of customer identity information and transaction records, suspicious transaction monitoring and reporting, name screening and monitoring, asset freezing;
- Continuously carrying out anti-money laundering publicity and training to promote the full transmission of money laundering risk management culture;
- Establishing and improving the anti-money laundering related information system and data quality control mechanism;
- Carrying out anti-money laundering inspection and internal audit work and conducting anti-money laundering performance appraisals, rewards and punishments, and emergency management work.

Reputational Risk

Reputational risk refers to the risk of negative comments of investors, issuers, regulators, disciplinary organizations, the public and the media on our Company caused by our Company's actions or external events and our employees' violation of integrity rules, professional ethics, business norms, and rules and regulations of the industry, which may damage the brand value of the Company, hinder the normal operation of the Company, and even undermine the market and social stability.

Our Company has mainly adopted the following measures to manage and prevent reputational risk:

- All business departments take measures to prevent and control reputational risks across important business activities and processes, and strictly follow "Know your Customers (KYC)" principle, enhance project due diligence and quality control, as well as timely prevent and deal with potential reputational risk;

- Identifying and monitoring the risk information or sources that may affect the Company's reputation, establishing a pre-assessment mechanism for reputational risks, and taking relevant risk control measures based on the results of such assessment;
- Supporting the timely identification, early warning and judgment of reputational risks by establishing an effective public opinion monitoring system to achieve rapid response and response management;
- Defining the content, form, frequency and scope of reputational risk reporting to timely inform the Board and the management of the levels and management of reputational risks, and submitting reports on major reputational events as required by regulatory authorities or their branches;
- Reinforcing the firmwide culture of risk awareness for all employees and enhancing the professional ethics of employees through policy making and employee training; and any employee who causes a significant reputational loss to our Company due to any misconduct or improper behavior will be subject to disciplinary actions;
- The Public Relations Department manages the reputational risk matters of our Company from media monitoring, media communications, taking proper actions to the events communication and response process in a timely manner according to the severity of events, and releases or communicates with media the correct information and stance related to our Company based on observations, so as to lead correct public opinion and further prevent the spread of inaccurate and false information in public environment.

Establishment of Monitoring and Complementary Mechanism of the Company's Risk Control Indicators

Establishment of risk control indicators monitoring

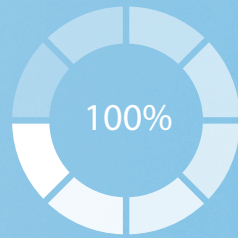
The Company has established a sound monitoring and management mechanism of the risk control indicators based on the regulatory standards and early warning standards for risk control indicators of securities companies stipulated by the CSRC. By means of the limit management, daily monitoring and reporting, regular stress test, report of abnormalities, etc., we continuously optimized and improved the comprehensive risk management system of the Company, so as to ensure that the net capital, liquidity and other risk control indicators always comply with the regulatory requirements.

Complementary mechanism

For risk control indicators, the Company has established a dynamic complementary mechanism for net capital and liquidity. The Company's complementary channels of net capital include but not limited to suspending or reducing the scale of capital-intensive business, issuing subordinated bonds, increasing equity capital, reducing or suspending profit distribution, etc. The complementary channels of liquidity include but not limited to raising external funds (such as corporate bonds, financial bonds, medium-term note programme, bank loans, short-term commercial papers, beneficiary certificates, refinancing, transfer of right to income, inter-bank borrowing, REPOs etc.), suspending or reducing the scale of certain businesses, realizing the liquidity reserves held by the Company, disposing other assets of the Company, etc.

The Investment of the Company in Compliance Risk Control and Information Technology during the Reporting Period

In 2021, the cumulative investment of the Company in compliance risk control and information technology amounted to RMB481 million and RMB1,346 million, respectively.



CORPORATE

GOVERNANCE





DIRECTORS' REPORT AND OTHER SIGNIFICANT EVENTS

I. PRINCIPAL BUSINESS OF OUR COMPANY

The principal businesses of our Company are Investment Banking, Equities, FICC, Asset Management, Private Equity, Wealth Management and relevant financial services. The business operations and prospects of our Company and risks possibly faced by our Company in our business activities are respectively set out in "Management Discussion and Analysis – Analysis of Principal Business" and "Management Discussion and Analysis – Risk Management" of this report. Particulars of significant events affecting our Company are set out in "Other Significant Events" of this report. The key financial indicators of our Company are set out in "Summary of Accounting Data and Financial Indicators" and "Consolidated Financial Statements" of this report.

II. PLAN ON PROFIT DISTRIBUTION OR ON CONVERTING CAPITAL RESERVE INTO SHARE CAPITAL

(i) Formulation, implementation or adjustment of profit distribution policy

1. Formulation of profit distribution policy

The Board of Directors of the Company is responsible for submitting proposals in respect of dividend payments, if any, to the shareholders' general meeting for approval. The determination of whether to pay a dividend and in what amount is based on factors including the Company's results of operations, cash flows, financial condition, capital adequacy ratio, dividends the Company receives from its subsidiaries, future business prospects, statutory and regulatory restrictions on the payment of dividends by the Company and other factors that the Board of Directors deems relevant.

Article 251 of the Articles of Association of the Company stipulates the specific policies for the Company's profit distribution as follows:

"(I) Profit shall be distributed in the following manner: the Company may use cash, shares or a combination of cash and shares or other methods permitted by law or regulation to distribute profit; (II) Conditions for and proportions of cash dividends distribution: if the Company has no events such as major investment plans or significant cash expenditures, and the Company's risk control indicators can meet regulatory requirements and the normal operating capital requirements of the Company can be satisfied after the distribution of cash dividends, within any three (3) consecutive years, the cumulative profit distributed by the Company in cash shall not be less than 30% of the annual average distributable profit realized in such three (3) years; (III) Interval of profit distribution: in principle, the Company makes a profit distribution once a year, and the Board of Directors can propose the Company to carry out the interim profit distribution according to the profit situation and the situation of capital requirements and related conditions; (IV) Conditions for issuing share dividends: when the Company is operating well and the Board of Directors believes that the Company's share price does not match the size of the Company's share capital and that the issuance of share dividends is in the interest of the shareholders of the Company as a whole, and comprehensively taking into account the Company's growth, dilution of net assets per share and other factors, it can propose share dividends distribution plan under the conditions of meeting the aforesaid cash dividends distribution."

During the Reporting Period, the Company did not amend or adjust the profit distribution policy.

2. Implementation of profit distribution policy

For the last three years (including the Reporting Period), the Company had no plans or proposals on converting capital reserve into share capital. The details of the cash dividends distributed over the last three years (including the Reporting Period) were as follows:

Unit: RMB yuan, except for percentages

| Year of distributing dividends | Cash dividends (tax inclusive) (1) | Net profit attributable to shareholders of the parent company in the consolidated statements (2) | Percentage (%) (3) = (1)/(2) |
|--------------------------------|---------------------------------------|--|---------------------------------|
| 2021 | 1,448,177,060.40 | 10,423,364,106 | 13.9 |
| 2020 | 868,906,236.24 | 7,104,888,068 | 12.2 |
| 2019 | – | 4,181,719,317 | – |

Note: (2) does not include the net profit attributable to the holders of the perpetual subordinate bonds

The 2021 profit distribution plan of our Company, which has been considered and approved by the Board of Directors, and will be submitted to 2021 annual general meeting of the Company for consideration is as follows:

At the beginning of 2021, the undistributed profits of the parent company amounted to RMB4,696,059,588, adding up the net profits realized by the parent company for 2021 of RMB3,968,723,182, deducting the 2020 dividends to shareholders in 2021 of RMB868,906,236 distributed and the profits allocated to holders of other equity instruments of RMB386,200,000, and before appropriating the statutory surplus reserves, general risk reserves and trading risk reserves, the profits available for distribution of the parent company at the end of 2021 amounted to RMB7,409,676,534.

In accordance with the provisions under the relevant laws and regulations and the Articles of Association, the Company will distribute its net profit for 2021 in the following order:

- (1) RMB396,872,318, or 10% of the net profit of the parent company in 2021, is to be appropriated to the statutory surplus reserve (the accumulated amount of the statutory surplus reserves of the Company will account for 28.8% of issued Shares of the Company after this contribution);
- (2) RMB403,954,137, or 10% of the net profit, 2.5% of the custodian fee income for mutual funds and 10% of collective asset management fee income of the parent company in 2021, is to be appropriated to the general risk reserves;
- (3) RMB396,872,318, or 10% of the net profit of the parent company in 2021, is to be appropriated to the trading risk reserves.

The total contribution of the three items above is RMB1,197,698,773.

After deducting the three items above, the profits available for distribution of the Company at the end of 2021 is RMB6,211,977,761.

Directors' Report and Other Significant Events

Taking into account the capital need of the Company's current business and future development as well as the interests of shareholders, the profit distribution plan of the Company for 2021 is as follows:

- (1) The Company will adopt the method of cash dividend to distribute cash dividends to its shareholders for its 2021 profit distribution. The total proposed cash dividends to be distributed is RMB1,448,177,060.40 (tax-inclusive). In case of any changes in the total number of issued Shares of the Company on the record date to distribute profit, resulting from placing of Shares, Share repurchase or other reasons, the amount of cash dividend per Share will be adjusted within the total amount of RMB1,448,177,060.40 (tax-inclusive). On the basis of the total number of 4,827,256,868 Shares of the Company as at the Latest Practicable Date, the cash dividends of RMB3.0 (tax-inclusive) per 10 Shares will be distributed.
- (2) Cash dividends will be denominated and declared in RMB, and paid in RMB and in HKD to holders of A Shares and holders of H Shares, respectively. The actual amount distributed in HKD will be converted based on the average central parity of the exchange rate of RMB against Hong Kong dollars as announced by PBOC for the five working days prior to the date of the 2021 annual general meeting of the Company.

The Company will, in due course, announce the date of the annual general meeting, the time of the closure of its register of members to determine H Shareholders eligible to attend and vote at the annual general meeting and the record date for A Shares. The cash dividends are expected to be paid within two months after the 2021 profit distribution plan is considered and approved at the annual general meeting.

During the Reporting Period, there was no such case that the Company recorded profit and the parent company recorded positive retained profits for distribution to Shareholders but there is no proposal for cash profit distribution.

(ii) Particulars of profit distribution Policy

The Company's profit distribution policy, especially the cash dividend policy, was in line with the relevant industry requirements, with clear standards and ratios of dividend distribution. The relevant formulation and revision procedures were compliant, transparent and complete, without prejudice of the legitimate interests of minority shareholders.

During the Reporting Period, the profit distribution plan of our Company were in line with the requirements of the Articles of Association, which had been considered and approved by the Board of Directors and the independent Directors had expressed independent opinions, and should be submitted to shareholders' general meeting for consideration. The legitimate interests of minority shareholders had been fully protected.

III. ISSUANCE OF SHARES AND USE OF PROCEEDS

During the Reporting Period, the Company had no significant equity financings. For other financing activities of the Company during the Reporting Period, please also refer to "Management Discussion and Analysis – Analysis on Investment and Financing Activities" in this report.

IV. ISSUANCE OF BONDS

During the Reporting Period, the Group completed the issuance of 19 tranches of corporate bonds, 6 tranches of subordinated bonds, 2 tranches of perpetual subordinated bonds, 2 tranches of short-term corporate bonds, 1 tranche of short-term commercial papers and 2 tranches of medium-term notes, with an aggregate principal amount of RMB56,500 million and US\$1,500 million. The funds raised were fully used to replenish the working capital and repay direct debt financing instruments that were due or redeemed. For details, please refer to “Management Discussion and Analysis – Analysis on Investment and Financing Activities – Debt Financing” and “Changes in Shares and Information of Shareholders – Issuance and Listing of Securities – Issuance of Securities” in this report.

V. DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

Our Company has entered into service contracts with the Directors and Supervisors. The Directors or Supervisors may be re-elected upon expiry of their term of office, upon the approval by the shareholders’ general meeting.

In addition, none of the Directors or Supervisors has entered into any service contracts with our Company or its subsidiaries which cannot be terminated within one year without compensation (other than statutory compensation).

VI. PERMITTED INDEMNITY

Our Company has maintained liability insurance policies for its Directors, Supervisors and senior management.

VII. DIRECTORS’ AND SUPERVISORS’ INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in which the Directors or Supervisors of the Company or their connected entities had a material interest, directly or indirectly, has been entered into by our Company or its subsidiaries during the Reporting Period.

VIII. DIRECTORS’ INTERESTS IN BUSINESSES THAT COMPETE WITH THE BUSINESSES OF OUR COMPANY

Save as disclosed in the “Directors, Supervisors, Senior Management and Employees – Biographies of Directors, Supervisors and Senior Management” of this report, none of the Directors has any disclosable interests in any business competing against the businesses of our Company.

IX. RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

As of the end of the Reporting Period, none of the Directors, Supervisors or their spouses or minor children under the age of 18 were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of our Company. Neither our Company nor any of its subsidiaries were a party to any arrangements to enable the Directors, Supervisors or their spouses or minor children under the age of 18 to acquire such rights from any other body corporates.

X. MANAGEMENT CONTRACTS

Save for employment contracts with employees, our Company did not enter into any contracts nor had any existing contracts in respect of all or any significant part of management and administration of business of our Company during the Reporting Period.

XI. OTHER SIGNIFICANT EVENTS

(i) Pre-emptive Rights

During the Reporting Period, our Company has no arrangements in respect of pre-emptive rights according to the provisions under the PRC laws and the Articles of Association.

(ii) Tax Relief and Exemption Information for Holders of H Shares

The holders of H Shares of our Company shall pay relevant tax and/or enjoy tax relief and exemption in accordance with the following provisions:

According to the Individual Income Tax Law of the People's Republic of China 《中華人民共和國個人所得稅法》 and its implementation rules, dividends paid to individuals by PRC companies are generally subject to an individual income tax levied at a flat rate of 20%.

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020) 《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), individual foreigners are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, the foreign individual Shareholders who hold the H Shares of the Company and whose names appear in the H-share register are not required to pay the individual income tax of the PRC.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (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繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

Pursuant to the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《關於滬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[2014]81號)) and the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) 《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)) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends derived by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For mainland securities investment funds investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. H-share companies will not withhold or pay enterprise income tax on their behalf in the distribution of dividends. For dividends derived by mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon may be exempt according to the tax law.

(iii) Reserves and Distributable Reserves

For the movement of distributable profit, please refer to the “Consolidated Statement of Changes in Equity” and the “Notes to the Consolidated Financial Statements” of this report.

(iv) Major Clients and Suppliers

Our Company has a high-quality and diversified client base (primarily consisting of industry-leading corporations, institutional investors and high-net-worth individuals). Our Company develops and maintains long-term cooperation with clients and is dedicated to providing them with a comprehensive suite of products and services. Our Company has won our clients’ loyalty through our deep engagement and thorough knowledge and understanding of their businesses.

The Group’s client base is diversified. In 2021, revenue from transactions with the top five customers accounted for less than 30% of our Company’s total revenue.

By virtue of the nature of our Company’s business, our Company has no major suppliers. In 2021, the total purchases from the top five suppliers accounted for less than 30% of our Company’s total purchases.

(v) Donation

During the Reporting Period, the Group donated over RMB42.37 million to support public welfare and assistance programs through CICC and CICC Charity Foundation.

(vi) Performance of Undertakings

1. Performance of undertakings by relevant covenantors during or subsisting in the Reporting Period

During the Reporting Period, the undertakings of relevant covenantors were fulfilled in a timely and strict manner, and there was no failure in timely fulfillment. The details of undertakings made by relevant covenantors are as follows:

| Background of undertaking | Type of undertaking | Covenantor | Undertaking | Time and duration of undertaking | Whether there is a performance period |
|---|-----------------------------|---|---|---|---------------------------------------|
| Undertakings in relation to initial public offering | Shares selling restrictions | Central Huijin, Jiayin Investment, JIC Investment and China Investment Consulting | Undertakings in relation to restrictions on shareholdings and trading | 36 months from the listing date of A Shares of the Company | Yes |
| | Shares selling restrictions | Haier Jinying and I&G | Undertakings in relation to restrictions on shareholdings and trading | 12 months from the listing date of A Shares of the Company | Yes |
| | Shares selling restrictions | Central Huijin, Jiayin Investment, JIC Investment and China Investment Consulting | Undertakings in relation to the price for selling shares within 2 years from the expiring date of restrictions on shareholdings and trading | 2 years from the expiring date of restrictions on shareholdings and trading | Yes |
| | Others | Central Huijin, Jiayin Investment, JIC Investment, China Investment Consulting, and Haier Jinying | Undertakings in relation to the intention of shareholding and reducing shareholding | Long-term | Yes |
| | Others | The Company, Directors (other than Independent Directors and Directors not receiving remuneration from the Company) and senior management | Undertakings in relation to stabilizing share price | 3 years from the listing date of A Shares of the Company | Yes |
| | Others | Directors and senior management | Undertakings to taking remedial measures against dilution of immediate returns | Long-term | Yes |
| | Others | The Company, Central Huijin, Directors, Supervisors, senior management, Joint Sponsors, Joint Lead Underwriters, lawyers of the Issuer, accountants of the Issuer, and the asset appraisal agency of the Issuer | Undertakings that there were no false records, misleading statements or material omissions in the prospectus | Long-term | Yes |
| | Others | The Company, Central Huijin, Jiayin Investment, JIC Investment, China Investment Consulting, Haier Jinying, failure to fulfill Directors, Supervisors, and senior management | Undertakings in relation to binding measures on any failure to fulfill | Long-term | Yes |
| | Others | Central Huijin | Undertakings in relation to avoiding peer competition | Long-term | Yes |
| | Others | Haier Jinying | Undertakings in relation to reducing and regulating related party transactions | Long-term | Yes |
| Other undertakings | Others | Haier Jinying | Undertakings in relation to restrictions on shareholdings and trading | 36 months from the date of acquiring shares of the Company | Yes |

- 2. Where profit estimate was made on the assets or projects of the Company and the Reporting Period fell in the period of profit estimate, the Company's explanation on whether such profit estimate on its assets or projects was met and the reasons thereof**

Not applicable

- 3. Fulfillment of results undertakings and its impact on impairment test of goodwill**

Not applicable

(vii) During the Reporting Period, no appropriation of funds on a non-operating basis by the Company's controlling shareholder and other related parties has occurred

(viii) During the Reporting Period, the Company had no non-compliant guarantees

(ix) The accounting firms have issued "auditors' report with unqualified opinions" for the Company

(x) Analysis and explanation from the Company on reasons for and impacts of changes in accounting policies, accounting estimates or correction of material accounting errors

- 1. Analysis and explanation from the Company on reasons for and impacts of changes in accounting policies or accounting estimates**

The Group has no significant changes in accounting policies or accounting estimates in 2021. For information on the Group's accounting policies, please refer to "Notes to the Consolidated Financial Statements — 3.2 Significant accounting policies".

- 2. The Company had no correction of material accounting errors**

- 3. Communication with the previous accounting firm**

Not applicable. During the Reporting Period, the Company did not change its accounting firm.

(xi) The Company was not exposed to the risks of delisting, bankruptcy or restructuring

(xii) During the Reporting Period, the Company was not involved in any material litigation or arbitration which shall be disclosed in accordance with the requirements under the Listing Rules of the SSE

Directors' Report and Other Significant Events

(xiii) **Violations, punishments and rectifications of the Company and its Directors, Supervisors, senior management, the controlling shareholder, and the actual controller**

During the Reporting Period and up to the Latest Practicable Date, the Company had complied with the laws and regulations and regulatory requirements of the places where the Company operates in all material respects. None of the Company, the Directors, Supervisors, senior management or the controlling shareholder of the Company were suspected of a crime and therefore subject to any investigations or mandatory measures in accordance with the law, subject to any criminal penalty, suspected violation of the law or regulation and therefore subject to any investigation initiated or administrative penalties imposed by the CSRC, subject to any major administrative penalties imposed by other competent authorities, suspected of a serious violation of law or disciplinary offences, or job-related crimes and therefore subject to detention measures by the discipline inspection and supervision authority, affecting the performance of the duties, suspected of a violation of the law or regulation and therefore subject to mandatory measures by other competent authority, affecting the performance of the duties, or subject to disciplinary action by a stock exchange or any other self-regulatory organization.

During the Reporting Period, the Company and its Directors, Supervisors and senior management were subject to the following administrative regulatory measures by securities and futures regulatory authorities such as the CSRC and penalties by authorities such as the fiscal and taxation authorities, foreign exchange or audit authorities:

1. The administrative regulatory measure of issuing a warning letter to the Company imposed by CSRC

On January 18, 2021, the CSRC issued the Decision Regarding Taking Regulatory Measure of Issuing a Warning Letter to China International Capital Corporation Limited, Zhao Yan and Huang Qin ([2021] No. 2) to the Company. The Company, as a sponsor in connection with the initial public offering and listing of a company, failed to perform the due diligence to procure the issuer to clean up relevant VAM agreements and fulfill disclosure obligations in accordance with regulatory requirements, and did not issue special verification opinions proactively on whether such VAM agreements comply with relevant regulatory requirements, which violated relevant regulations. As such, the CSRC decided to take the administrative regulatory measure of issuing a warning letter to the Company.

According to the administrative regulatory measure, the Company has taken the following rectification measures: the Investment Banking Department reported and criticized this incident in relation to the quality of practices, and has taken serious punitive measures against relevant responsible persons; the Company has conducted a comprehensive self-examination of VAM agreements in all existing IPO projects, and enhanced the understanding and recognition of regulatory Q&As by relevant business and review personnel in a unified manner; the Company has promptly carried out a special case and warning education for all investment banking professionals; and the Legal Compliance Department has sent the Compliance Reminder on Improving Quality of Sponsor Practices 《關於提高保薦業務執業質量的合規提醒》 to the Investment Banking Department.

2. The administrative regulatory measure of ordering the Company to take rectification measures imposed by CSRC Beijing Bureau

On November 3, 2021, the CSRC Beijing Bureau issued the Decision Regarding Ordering China International Capital Corporation Limited to Take Rectification Measures ([2021] No. 176) to the Company. The Company adopted the cost method in the valuation of some assets in the private asset management plan, and there were inconsistencies in valuation techniques adopted for the same investment products with the same characteristics, which violated relevant regulations. As such, the CSRC Beijing Bureau took the administrative regulatory measure of ordering to take rectification measures to the Company.

According to the administrative regulatory measure, the Company has taken the following rectification measures: as for the adoption of the cost method in the valuation of some assets, the Company has completed the rectification by adjusting the valuation method and adopting the method of reducing shareholding when appropriate; and as for the consistencies in valuation techniques, the Company has unified valuation methods and completed the rectification from the perspective of market value measurement. The Company has submitted relevant rectification reports to the CSRC Beijing Bureau.

3. The administrative regulatory measure of regulatory interviews against the Company, Wang Sheng, Sun Lei, Zhao Peilin, Xing Ke and Xie Jingxin imposed by the CSRC

On December 24, 2021, the Company received the Decision Regarding the Implementation of Regulatory Interviews and Regulatory Measures against China International Capital Corporation Limited, Wang Sheng, Sun Lei, Zhao Peilin, Xing Ke and Xie Jingxin ([2021] No. 61) issued by the CSRC. The Company, as a sponsor in connection with a company's application of listing on the STAR Market, failed to perform the due diligence to conduct sufficient verification procedures as to the issuer's characteristics of scientific and technological innovation, and issued conclusive opinions mainly relying on explanatory documents provided by the issuer, so that relevant procedures adopted and the evidence obtained were not sufficient to support disclosed information and failed to provide a complete and accurate assessment of the issuer's characteristics of scientific and technological innovation, which violated relevant regulations. As such, the CSRC took the regulatory measure of regulatory interviews against the Company and relevant personnel.

Upon the receipt of the above administrative regulatory measure, the Company has taken the following rectification measures: the Company has strengthened the supervision and position of the Party Committee of the Company in terms of the strategy, development and other major issues of the Company, and has set up the "Serving National Strategies Committee" and the "Social and Market Responsibility Committee", so as to reinforce the internal control and audit, enhance the control of project risks, improve the learning of policies and due diligence, and pay attention to negative public opinions. The Company has submitted a rectification report to the CSRC.

Directors' Report and Other Significant Events

4. The administrative penalties against the Company and relevant responsible personnel imposed by the Operations Office of the PBOC

On July 14, 2021, the Operations Office of the PBOC (the "PBOC Operations Office") issued the Decision of Administrative Penalty of the Operations Office of the People's Bank of China (Yin Guan Fa [2021] No. 19) against the Company, which imposed a total fine of RMB1.858 million on the Company for its failure to perform customer identification obligations and failure to submit reports on large-value transactions or suspicious transactions as required. In addition, four individuals (namely Chen Gang, Li Zheng, Wang Mian and Zhang Min) were found to be responsible for the above violations of the Company, and were fined RMB86,300, RMB83,700, RMB83,700 and RMB86,300, respectively.

The Company attached great importance to the abovementioned administrative penalties and conducted a comprehensive rectification, and the Company and relevant responsible personnel had paid the above fines in full within the specified time. In response to 46 issues that need to be rectified as identified in the Legal Inspection Opinions of the PBOC, the Company has completed the rectification of 43 issues, and the remaining 3 issues in relation to the construction of information system are expected to be fully resolved when the data of the Company's non-brokerage business is gradually connected to the anti-money laundering monitoring and management platform. The Company has submitted rectification reports on a quarterly basis, and has launched a self-examination on the effectiveness of such rectifications in November 2021.

(xiv) Explanations on creditworthiness of the Company, its controlling shareholder and the actual controller

During the Reporting Period, the Company and its controlling shareholder did not fail to perform the obligations determined by any effective court judgment, or to pay outstanding debts with a large amount when due.

(xv) Material Related Party/Connected Transactions

The Group conducts related party (connected) transactions in strict compliance with the requirements of the relevant laws and regulations, the Listing Rules, the regulatory authorities and the internal management system. The Group's related party (connected) transactions are conducted based on the principles of equity, openness and fairness, and the relevant transaction agreements are entered into based on the principles of equality, voluntariness, equivalence and compensation. During the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions in accordance with the Listing Rules of the Stock Exchange.

During the Reporting Period, the daily related-party transactions of the Company (as defined in the Listing Rules of the SSE) were implemented in accordance with the Proposal regarding the 2021 Annual Estimation for Daily Related-party Transactions considered and approved at the 2020 Annual General Meeting. When relevant related-party transactions occur in daily operations, the Company shall determine the transaction price with related-parties strictly in accordance with the principle of fair price, with reference to market price levels, industry practices and third-party pricing, and there is no significant difference between the actual transaction price and the market price. The specific implementation is as follows, which may be different from the "Related Party Relationships and Transactions" set out in the section headed "Consolidated Financial Statements" prepared in accordance with the accounting standards:

1. **Matters disclosed in ad hoc announcements without subsequent progress or change: Not applicable**
2. **Matters disclosed in ad hoc announcements with subsequent progress or change**

Unit: ten thousand Yuan Currency: RMB

| Transaction Category | Transaction contents | Related-party | Brief introduction of related business or event | Estimated amount | Actual amount incurred |
|--|---|---|--|---|------------------------|
| | Interest expenses | Haier Group (Qingdao) Jinying Holding Co., Ltd. | Interest expenses on settlement funds of client transactions | | 0.04 |
| | | Guoxin Central Enterprise Operation Investment Fund Management (Guangzhou) Co., LTD | Interest expenses on settlement funds of client transactions | | 1.89 |
| | | China National Investment and Guaranty Corporation | Interest expenses on settlement funds of client transactions | | 4.45 |
| | | Bank of Qingdao Co., Ltd. | Interest expenses under repurchase agreement | | 1.36 |
| Securities and financial products services | Income from service charges and commissions | Global Bridge Capital Management, LLC | Providing investment consulting services | | 173.25 |
| | | Haier Financial Factoring (Chongqing) Co., Ltd. | Providing financial advisory services | Due to the uncertainty of occurrence and scale of business, the amount shall be calculated at actual amount incurred. | 11.26 |
| | | Haier Financial Factoring (Chongqing) Co., Ltd. | Providing asset management services | | 23.87 |
| | | Zhongjin Xinzhi (Shanghai) Private Equity Investment Management Co., Ltd. | Providing financial products sales agency services | 591.98 | |
| | | Zheshang Jinhui Trust Co., Ltd. | Providing financial products sales agency services | | 426.21 |
| | | CMC Master Offshore Fund, L.P. | Providing financial products sales agency services | | 10.32 |
| | | China National Investment and Guaranty Corporation | Providing securities purchase and sales agency services | | 2.05 |
| | | China National Investment and Guaranty Corporation | Providing fund management services | | 1,443.39 |
| | | Guoxin Central Enterprise Operation Investment Fund Management (Guangzhou) Co., LTD | Providing securities purchase and sales agency services | | 2.49 |
| | | CAR Inc. | Providing securities underwriting services | | 739.01 |

Directors' Report and Other Significant Events

| Transaction Category | Transaction contents | Related-party | Brief introduction of related business or event | Estimated amount | Actual amount incurred |
|--|---------------------------------------|--|--|------------------|------------------------|
| | | CAR Inc. | Providing financial advisory services | | 78.21 |
| | | Rongshi International Holding Co., Ltd. | Providing securities underwriting services | | 501.91 |
| | | New China Life Insurance Co., Ltd. | Providing securities sales agency services | | 84.22 |
| | Joint investment | China National Investment and Guaranty Corporation | Joint investment in funds with related-party | | 321.78 |
| | Bonds trading | China National Investment and Guaranty Corporation | Selling bonds to related parties | | 10,007.99 |
| Securities and financial products transactions | Investment in trust scheme | Zheshang Jinhui Trust Co., Ltd. | Subscribing trust scheme established by related parties | | 4,500.00 |
| | Investment in asset-backed securities | Haier Financial Services Co., Ltd. | Subscribing asset-backed securities from related parties | | 7,000.00 |
| Purchasing assets from related-party | Purchasing assets from related party | Hundsun Technologies Inc | Purchasing business assets from related party | | 177.68 |

3. Matters not disclosed in ad hoc announcements: Not applicable

During the Reporting Period, except for the above-mentioned related party transactions relating to daily operations, the Company did not have the followings that should be disclosed:

Related party transactions relating to asset or share acquisition or disposal; significant related party transactions relating to joint external investments; debts due to/from related parties; financial business with any related financial company, any financial company controlled by the Company, and a related party; other significant related party transactions.

During the Reporting Period, none of the related party transactions set out in the section headed "Consolidated Financial Statements" constituted discloseable connected transactions or continuing connected transactions under the Listing Rules of the Stock Exchange.

(xvi) Material contracts and performance

1. **During the Reporting Period, the Company had no material custody, contracting or leasing**
2. **Guarantees**

Unit: 100 million Yuan Currency: RMB

| External guarantees of the Company (excluding guarantees for its subsidiaries) | |
|--|--------|
| Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries) | – |
| Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries) | – |
| Guarantees provided by the Company and its subsidiaries for subsidiaries | |
| Total amount of guarantees provided for subsidiaries during the Reporting Period | 101.09 |
| Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B) | 286.13 |
| Total amount of guarantees provided by the Company (including those provided for subsidiaries) | |
| Total amount of guarantees (A+B) | 286.13 |
| Percentage of total amount of guarantees over net assets of the Company (%) | 33.9% |
| Including: | |
| Amount of guarantees provided for shareholders, actual controller and their related parties (C) | – |
| Amount of debt guarantees directly or indirectly provided for parties with asset-liability ratio exceeding 70% (D) | 275.46 |
| Amount of total guarantees exceeding 50% of net assets (E) | – |
| Total amount of above three types of guarantees (C+D+E) | 275.46 |
| Explanations on unexpired guarantees subject to joint liabilities | – |

Notes:

1. The net assets in the above table refer to the total equity attributable to shareholders of the parent company in the consolidated statement of financial position as at December 31, 2021 of the Group.
2. The exchange rates involved in the above table refer to the exchange rate of RMB against USD, and RMB against HKD on December 31, 2021.

Directors' Report and Other Significant Events

During the Reporting Period, the new and existing guarantees of the Company and its subsidiaries are as follows:

1. Providing guarantees for indirect wholly-owned subsidiaries in connection with the issuance under the overseas medium-term note programme

CICC Hong Kong, a wholly-owned subsidiary of the Company, provided an unconditional and irrevocable guarantee for CICC Hong Kong Finance 2016 MTN Limited, an indirect wholly-owned subsidiary of the Company, in connection with the issuance of medium-term note under the overseas medium-term note programme. The guarantee covered the payment of the principal and interest of the notes and other payment obligations under the Notes and Trust Deed.

During the Reporting Period, CICC Hong Kong Finance 2016 MTN Limited completed two issuances under the medium-term note programme, with an aggregate principal amount of US\$1.5 billion, including 3-year notes of US\$1 billion and 5-year notes of US\$0.5 billion. CICC Hong Kong provided an unconditional and irrevocable guarantee for CICC Hong Kong Finance 2016 MTN Limited in connection with the repayment obligations under the above issuances. As of the end of the Reporting Period, the amount of guarantees was approximately RMB10.11 billion.

As of the end of the Reporting Period, other outstanding issuances under the medium-term note programme are as follows:

In 2019, CICC Hong Kong Finance 2016 MTN Limited completed two issuances under the medium-term note programme, with an aggregate principal amount of US\$1 billion, all of which are 3-year notes. In 2020, CICC Hong Kong Finance 2016 MTN Limited completed two issuances under the medium-term note programme, with an aggregate principal amount of US\$1.5 billion, all of which are 3-year notes.

CICC Hong Kong provided guarantees for CICC Hong Kong Finance 2016 MTN Limited in connection with the above issuances from 2019 to 2020 under the overseas medium-term note programme. As of the end of the Reporting Period, the balance of guarantees was approximately RMB16.08 billion.

2. Providing guarantees for indirect wholly-owned subsidiaries in connection with overseas bank loans

CICC Hong Kong provided guarantees for the bank loans of its subsidiaries. There was no new guarantees during the Reporting Period. As of the end of the Reporting Period, the balance of guarantees was approximately RMB2.42 billion.

During the Reporting Period, other authorized guarantees of the Company include: According to the resolution of the 2020 Annual General Meeting of the Company, the Company provided net capital guarantee commitment of no more than RMB3 billion (included) in connection with a wholly-owned asset management subsidiary. The validity period of the guarantee shall last from the establishment date of the asset management subsidiary to the time when its capital status can continuously meet the regulatory requirements. As of the end of the Reporting Period, the asset management subsidiary has not yet been established, and the guarantee commitment has not been implemented.

3. Other material contracts

Save as otherwise disclosed in this report, the Company had no other material contracts during the Reporting Period.

(xvii) Material Acquisitions and Disposals

During the Reporting Period, the Group did not have material acquisitions, disposals, swaps and asset reorganizations relating to its subsidiaries, associates, joint operations or joint ventures during the Reporting Period.

(xviii) Material Subsequent Events of the Balance Sheet

As of the Latest Practicable Date, for the information on the changes in the Group's issuance and repayment of debt securities and shares in 2022, please refer to "Notes to the Consolidated Financial Statements – 63. Subsequent Events".

(xix) Talent Management Mechanism

Our Company attaches great importance to the organization and development of talents, and continues to enhance the organizational assessment mechanism and employee assessment system in line with the Company's strategy, systematically promotes assessment models for organizational agility, designs customized assessment plans for different groups. We establish a scientific management system for the management personnel, design a diversified talent review plan, and strengthen the construction of talent echelon in an all-round manner to enhance our organizational capabilities. We also strengthen the construction of incentive mechanism and pay attention to the long-term consistency between the interests of employees and those of the Company. Meanwhile, we further strengthen the construction of corporate culture, continue to publicize and implement corporate cultural content, and explore the relationship among culture, organization, and talents to promote the implementation of culture.

(xx) Environmental and Social Responsibility

1. Details on consolidating and expanding the achievements of poverty alleviation, rural revitalization and other work

In order to consolidate the achievements of poverty alleviation and pave the way for rural revitalization, CICC actively carried out the assistance in finance, people's livelihood, education and consumption in 2021, covering Huining County of Gansu Province for targeted assistance, as well as Guzhang County of Hunan Province, Yuexi County of Anhui Province, and Kaizhou District and Fengjie County of Chongqing which we've paired up with.

Focusing on financial assistance. We established the "Futures + Insurance" mechanism, contributing nearly RMB4 million to purchase the Comprehensive Insurance for Forestalling Reemergence of Poverty for over 170,000 people in Huining County, and donating RMB1 million to the "Medical Assistance Fund for Forestalling Reemergence of Poverty" (醫療救助防返貧基金) to Yuexi County to prevent populations that have been lifted out of poverty from falling back into it again.

Directors' Report and Other Significant Events

Focusing on people's livelihood assistance. We contributed RMB1 million to enhance the construction of beautiful villages in Huining County, invested RMB3 million as a special fund to assist Huining in drought relief, and conducted the "Warm Winter Actions" to donate supplies to the village where our cadre assumes a temporary post.

Focusing on education assistance. We contributed RMB3 million to promote the "China Reach" program, benefiting over 1,600 children in Huining County; contributed RMB19 million to build Huining Kechuang Middle School and Huining Cadre College; introduced the assistance fund to build 8 dream centers in Huining County; organized our employees to fund 200 primary and secondary school students for four consecutive years; carried out book donations in Kaizhou District and Fengjie County; and donated RMB1 million to subsidize students from registered households in Guzhang County.

Focusing on consumption assistance. We contributed over RMB9.5 million to carry out the consumption and sales assistance in areas we paired up with, and continued to cooperate with e-commerce platforms to help the sales of special agricultural products. We made innovative efforts in the two-way assistance and the mutual procurement and purchase, delivering our care for poverty-stricken people in areas we paired up with.

Focusing on talent assistance. We assigned one employee to assume the temporary post as the first secretary to a village in Huining County, contributed approximately RMB2 million to build new village-level Party premises for 8 towns and villages of Huining County, and conducted trainings for village Party branches, village committees and technicians in 284 villages, cultivating talents for rural revitalization.

Focusing on innovative assistance. We organized research teams to conduct the research on rural revitalization in 6 counties of 6 provinces, with focus on tapping into regional strengths and enhancing development efficiency.

2. Social responsibilities

In line with the mission of "For the Nation", we continued to fulfill our social responsibility and contribute to public welfare and poverty alleviation. For details of our performance of social responsibilities, please refer to the 2021 Social Responsibility Report of China International Capital Corporation Limited disclosed by the Company on the website of the SSE (www.sse.com.cn).

3. Environmental Information

The Company is a financial company, which is not in the list of the key pollutant discharge units or their major subsidiaries published by the environmental protection authority. The Company strictly abides by the “Environmental Protection Law of People’s Republic of China” and other relevant environmental protection laws and regulations. During the Reporting Period, the Company was not subject to administrative penalties for violating relevant environmental protection laws and regulations.

(xxi) Main Off-Balance Sheet Items that May Affect the Company’s Financial Situation and Operating Results

Please refer to “Directors’ Report and Other Significant Events – Material contracts and performance” of this section in this report.

(xxii) Description of Other Major Events that May Have a Significant Impact on the Value Judgments and Investment Decisions of Investors

During the Reporting Period, except for being disclosed in this report, the Company has no other major events that may have a significant impact on the value judgments and investment decisions of investors.

By order of the Board
Chairman
Shen Rujun

CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(i) Changes in Shares

As at the end of the Reporting Period, the total issued Shares of the Company were 4,827,256,868 Shares, of which, 2,923,542,440 were A Shares and 1,903,714,428 were H Shares. During the Reporting Period, there was no change in the total number of shares of the Company, and the changes in shareholding structure are detailed in the following table.

1. Changes in shareholding structure

| | Before the change | | Increase/decrease in the change (+/-) | | After the change | |
|--|-------------------|----------------|---|--------------|------------------|----------------|
| | Number | Percentage (%) | Listing and trading of shares subject to selling restrictions | Subtotal | Number | Percentage (%) |
| I. Shares subject to selling restrictions | 2,663,263,872 | 55.17 | -270,842,713 | -270,842,713 | 2,392,421,159 | 49.56 |
| 1. Shares held by state | 1,936,155,680 | 40.11 | - | - | 1,936,155,680 | 40.11 |
| 2. Shares held by state-owned legal persons | 188,996,800 | 3.91 | -186,262,000 | -186,262,000 | 2,734,800 | 0.06 |
| 3. Shares held by other domestic investors | 514,015,190 | 10.65 | -84,560,433 | -84,560,433 | 429,454,757 | 8.90 |
| Including: Shares held by domestic non-state-owned legal persons | 512,731,710 | 10.62 | -83,276,953 | -83,276,953 | 429,454,757 | 8.90 |
| Shares held by domestic natural persons | 1,283,480 | 0.03 | -1,283,480 | -1,283,480 | - | 0.00 |
| 4. Shares held by foreign investors | 24,096,202 | 0.50 | -20,280 | -20,280 | 24,075,922 | 0.50 |
| Including: Shares held by foreign legal persons | 24,096,202 | 0.50 | -20,280 | -20,280 | 24,075,922 | 0.50 |
| Shares held by foreign natural persons | - | 0.00 | - | - | - | 0.00 |
| II. Outstanding shares not subject to selling restrictions | 2,163,992,996 | 44.83 | +270,842,713 | +270,842,713 | 2,434,835,709 | 50.44 |
| 1. RMB-denominated ordinary shares | 260,278,568 | 5.39 | +270,842,713 | +270,842,713 | 531,121,281 | 11.00 |
| 2. Foreign shares listed in the PRC | - | 0.00 | - | - | - | 0.00 |
| 3. Foreign shares listed overseas | 1,903,714,428 | 39.44 | - | - | 1,903,714,428 | 39.44 |
| 4. Others | - | 0.00 | - | - | - | 0.00 |
| III. Total number of shares | 4,827,256,868 | 100.00 | - | - | 4,827,256,868 | 100.00 |

Notes:

- The above table is prepared based on the share registration information maintained by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and Computershare Hong Kong Investor Services Limited.
- "Shares subject to selling restrictions" and "Shares not subject to selling restrictions" in this section are defined in accordance with the relevant rules issued by the CSRC, and "Foreign shares listed overseas" refers to H Shares.
- Rounding errors may arise in the "Percentage (%)" of the table above as the figures are rounded to the nearest decimal number.

2. Description of changes in shareholding structure

As approved by the Reply of Approving the Initial Public Offering of Shares of China International Capital Corporation Limited (Zheng Jian Xu Ke [2020] No. 2340) 《關於核准中國國際金融股份有限公司首次公開發行股票的批復》證監許可[2020]2340號) from the CSRC and with the consent of the SSE, the Company publicly issued 458,589,000 A Shares which were listed and traded on the SSE on November 2, 2020. During the Reporting Period, the lock-up period of some of the Company's A Shares subject to selling restrictions expired and such Shares were listed and traded, details of which are as follows:

- (1) In the A Share Offering and Listing, the Shares subject to selling restrictions issued via offline placing through price consultations to qualified investors amounted to 60,733,732 Shares and involved a total of 4,230 Shareholders. The lock-up period is 6 months following the date of listing of A Shares of the Company, and such Shares are listed and traded on May 6, 2021;
- (2) 127,562,960 Shares held by I&G prior to the A Share Offering and Listing as a domestic shareholder, and 82,546,021 Shares placed to 12 strategic investors including China Structural Reform Fund Corporation Limited during the A Share Offering and Listing. The lock-up period is 12 months following the date of listing of A Shares of the Company, and such Shares are listed and traded on November 2, 2021.

For details of the above, please refer to the relevant announcements disclosed by the Company on the website of SSE (www.sse.com.cn).

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and the most recent period

During the Reporting Period, there was no change in the total number of the Company's shares. Not applicable.

4. Other information

On March 11, 2022, 398,500,000 Shares subject to selling restrictions in the IPO of the Company held by Haier Group (Qingdao) Jinying Holding Co., Ltd. were listed and traded. For details, please refer to the relevant announcements disclosed by the Company on the website of SSE (www.sse.com.cn).

Changes in Shares and Information of Shareholders

(ii) Changes in Shares Subject to Selling Restrictions

During the Reporting Period, the changes in Shares subject to selling restrictions of the Company are as follows:

Unit: share

| Name of shareholder | Number of shares subject to selling restrictions at the beginning of the year | Number of shares released from selling restrictions in the year | Increase in shares subject to selling restrictions in the year | Number of shares subject to selling restrictions at the end of the year | Reasons for selling restrictions | Date of release from selling restrictions |
|---|---|---|--|---|---|---|
| Holders of shares subject to selling restrictions under offline placement | 60,733,732 | 60,733,732 | – | – | Selling restrictions under offline placement of the initial public offering | 2021/5/6 ¹ |
| China National Investment and Guaranty Corporation | 127,562,960 | 127,562,960 | – | – | Initial public offering | 2021/11/2 |
| China Structural Reform Fund Corporation Limited | 15,477,380 | 15,477,380 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| China Reform Investment Co., Ltd. | 15,477,380 | 15,477,380 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| National Social Insurance Fund Portfolio 108 | 10,318,252 | 10,318,252 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| National Social Insurance Fund Portfolio 601 | 10,318,252 | 10,318,252 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| FAW Equity Investment (Tianjin) Co., Ltd. | 6,878,835 | 6,878,835 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Huabao Investment Co., Ltd. | 4,127,301 | 4,127,301 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| COFCO Corporation | 4,127,301 | 4,127,301 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Ansteel Capital Holding Co., Ltd. | 4,127,301 | 4,127,301 | – | – | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |

| Name of shareholder | Number of shares subject to selling restrictions at the beginning of the year | Number of shares released from selling restrictions in the year | Increase in shares subject to selling restrictions in the year | Number of shares subject to selling restrictions at the end of the year | Reasons for selling restrictions | Date of release from selling restrictions |
|--|---|---|--|---|---|---|
| Shanghai Airport Investment Co., Ltd. | 3,439,417 | 3,439,417 | - | - | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Sichuan Transportation Investment Industrial & Financial Company Limited | 2,751,534 | 2,751,534 | - | - | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Hunan Chasing Fund Management Co., Ltd. | 2,751,534 | 2,751,534 | - | - | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Shanxi Economic Construction Investment Group Co., Ltd. | 2,751,534 | 2,751,534 | - | - | Selling restrictions under strategic placement of the initial public offering | 2021/11/2 |
| Total | 270,842,713 | 270,842,713 | - | - / | | / |

Note:

- The Shares subject to selling restrictions issued via offline placing through price consultations to qualified investors amounted to 60,733,732 Shares with the lock-up period of 6 months following the date of listing of A Shares of the Company. As May 2, 2021 is a non-trading day, the listing and trading date was postponed to May 6, 2021.

II. ISSUANCE AND LISTING OF SECURITIES

(i) Issuance of Securities

During the Reporting Period, the Company did not issue ordinary shares, convertible corporate bonds, detachable convertible bonds and other derivative securities.

During the Reporting Period, the information of the issued bonds of the Company (including enterprise bonds, corporate bonds and debt financing instruments of financial enterprises) is as follows:

Currency: RMB

| Class of bonds | Issuing date | Issue rate (%) | Issuance size (RMB 100 million) | Listing date | Approved listing transaction size (RMB 100 million) | Termination date of transaction |
|--|--------------|----------------|---------------------------------|--------------|---|---------------------------------|
| Non-publicly issued corporate bonds | 2021/1/15 | 3.55 | 25 | 2021/1/25 | 25 | 2024/1/18 |
| Non-publicly issued corporate bonds | 2021/1/15 | 3.75 | 25 | 2021/1/25 | 25 | 2026/1/18 |
| Overseas USD-denominated medium-term notes | 2021/1/19 | 1.63 | 64.85 | 2021/1/27 | 64.85 | 2024/1/26 |
| Overseas USD-denominated medium-term notes | 2021/1/19 | 2.00 | 32.42 | 2021/1/27 | 32.42 | 2026/1/26 |
| Perpetual subordinated bonds | 2021/1/28 | 4.68 | 15 | 2021/2/4 | 15 | - |
| Subordinated bonds | 2021/2/5 | 3.9 | 10 | 2021/2/19 | 10 | 2024/2/8 |
| Subordinated bonds | 2021/2/5 | 4.49 | 10 | 2021/2/19 | 10 | 2026/2/8 |
| Non-publicly issued corporate bonds | 2021/3/3 | 3.6 | 15 | 2021/3/10 | 15 | 2024/3/4 |
| Non-publicly issued corporate bonds | 2021/3/3 | 3.82 | 20 | 2021/3/10 | 20 | 2026/3/4 |
| Non-publicly issued subordinated bonds | 2021/3/8 | 3.98 | 10 | 2021/3/15 | 10 | 2024/3/9 |
| Non-publicly issued subordinated bonds | 2021/3/8 | 4.58 | 10 | 2021/3/15 | 10 | 2026/3/9 |
| Corporate bonds | 2021/3/15 | 3.58 | 20 | 2021/3/23 | 20 | 2026/3/16 |
| Corporate bonds | 2021/3/15 | 4.1 | 20 | 2021/3/23 | 20 | 2031/3/16 |
| Corporate bonds | 2021/3/24 | 3.51 | 15 | 2021/3/30 | 15 | 2026/3/25 |
| Corporate bonds | 2021/3/24 | 4.07 | 25 | 2021/3/30 | 25 | 2031/3/25 |
| Corporate bonds | 2021/3/25 | 3.44 | 20 | 2021/4/1 | 20 | 2024/3/26 |
| Corporate bonds | 2021/3/25 | 3.65 | 30 | 2021/4/1 | 30 | 2026/3/26 |
| Subordinated bonds | 2021/4/8 | 3.94 | 20 | 2021/4/15 | 20 | 2024/4/9 |
| Subordinated bonds | 2021/4/8 | 4.5 | 10 | 2021/4/15 | 10 | 2026/4/9 |
| Non-publicly issued corporate bonds | 2021/4/12 | 3.43 | 10 | 2021/4/19 | 10 | 2024/4/13 |
| Non-publicly issued corporate bonds | 2021/4/12 | 3.7 | 35 | 2021/4/19 | 35 | 2026/4/13 |
| Corporate bonds | 2021/4/21 | 3.84 | 20 | 2021/4/29 | 20 | 2026/4/22 |
| Corporate bonds | 2021/4/21 | 3.55 | 30 | 2021/4/29 | 30 | 2026/4/22 |
| Perpetual subordinated bonds | 2021/4/23 | 4.2 | 20 | 2021/4/30 | 20 | - |
| Short-term corporate bonds | 2021/8/6 | 2.68 | 20 | 2021/8/18 | 20 | 2022/8/9 |
| Corporate bonds | 2021/8/13 | 3.04 | 10 | 2021/8/23 | 10 | 2026/8/16 |
| Corporate bonds | 2021/8/13 | 3.39 | 15 | 2021/8/23 | 15 | 2028/8/16 |
| Short-term corporate bonds | 2021/9/23 | 2.85 | 30 | 2021/9/29 | 30 | 2022/9/24 |
| Short-term commercial papers | 2021/11/26 | 2.55 | 10 | 2021/11/30 | 10 | 2022/2/25 |
| Corporate bonds | 2021/12/7 | 2.97 | 25 | 2021/12/14 | 25 | 2024/12/8 |
| Corporate bonds | 2021/12/7 | 3.68 | 10 | 2021/12/14 | 10 | 2031/12/8 |
| Corporate bonds | 2021/12/8 | 3.06 | 30 | 2021/12/16 | 30 | 2026/12/9 |

Description of Issuance of Securities

On January 15, 2021, the Company non-publicly issued one tranche of corporate bonds, which was listed on the SSE on January 25, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2.5 billion, a term of 2+1 years and a coupon rate of 3.55% and the second type of bonds was issued with an amount of RMB2.5 billion, a term of 3+2 years and a coupon rate of 3.75%.

On January 19, 2021, the Company publicly drew and issued one tranche of notes under the medium-term note programme, which was listed on the Hong Kong Stock Exchange on January 27, 2021. The notes were issued with an amount of US\$1 billion, a term of 3 years and a coupon rate of 1.625%.

On January 19, 2021, the Company publicly drew and issued one tranche of notes under the medium-term note programme, which was listed on the Hong Kong Stock Exchange on January 27, 2021. The notes were issued with an amount of US\$0.5 billion, a term of 5 years and a coupon rate of 2.00%.

On January 28, 2021, the Company publicly issued one tranche of perpetual subordinated bonds, which was listed on the SSE on February 4, 2021. The bonds were issued with an amount of RMB1.5 billion, a term of 5+N years and a coupon rate of 4.68%.

On February 5, 2021, the Company publicly issued one tranche of subordinated bonds, which was listed on the SSE on February 19, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1 billion, a term of 3 years and a coupon rate of 3.9% and the second type of bonds was issued with an amount of RMB1 billion, a term of 5 years and a coupon rate of 4.49%.

On March 3, 2021, the Company non-publicly issued one tranche of corporate bonds, which was listed on the SSE on March 10, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1.5 billion, a term of 2+1 years and a coupon rate of 3.6% and the second type of bonds was issued with an amount of RMB2 billion, a term of 3+2 years and a coupon rate of 3.82%.

On March 8, 2021, the Company non-publicly issued one tranche of subordinated bonds, which was listed on the SSE on March 15, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1 billion, a term of 3 years and a coupon rate of 3.98% and the second type of bonds was issued with an amount of RMB1 billion, a term of 5 years and a coupon rate of 4.58%.

On March 15, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on March 23, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2 billion, a term of 3+2 years and a coupon rate of 3.58% and the second type of bonds was issued with an amount of RMB2 billion, a term of 10 years and a coupon rate of 4.1%.

On March 24, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on March 30, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1.5 billion, a term of 3+2 years and a coupon rate of 3.51% and the second type of bonds was issued with an amount of RMB2.5 billion, a term of 10 years and a coupon rate of 4.07%.

Changes in Shares and Information of Shareholders

On March 25, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on April 1, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2 billion, a term of 2+1 years and a coupon rate of 3.44% and the second type of bonds was issued with an amount of RMB3 billion, a term of 3+2 years and a coupon rate of 3.65%.

On April 8, 2021, the Company publicly issued one tranche of subordinated bonds, which was listed on the SSE on April 15, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2 billion, a term of 3 years and a coupon rate of 3.94% and the second type of bonds was issued with an amount of RMB1 billion, a term of 5 years and a coupon rate of 4.5%.

On April 12, 2021, the Company non-publicly issued one tranche of corporate bonds, which was listed on the SSE on April 19, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1 billion, a term of 2+1 years and a coupon rate of 3.43% and the second type of bonds was issued with an amount of RMB3.5 billion, a term of 3+2 years and a coupon rate of 3.7%.

On April 21, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on April 29, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2 billion, a term of 5 years and a coupon rate of 3.84% and the second type of bonds was issued with an amount of RMB3 billion, a term of 3+2 years and a coupon rate of 3.55%.

On April 23, 2021, the Company publicly issued one tranche of perpetual subordinated bonds, which was listed on the SSE on April 30, 2021. The bonds were issued with an amount of RMB2 billion, a term of 5+N years and a coupon rate of 4.2%.

On August 6, 2021, the Company publicly issued one tranche of short-term corporate bonds, which was listed on the SSE on August 18, 2021. The bonds were issued with an amount of RMB2 billion, a term of 365 days and a coupon rate of 2.68%.

On August 13, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on August 23, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB1 billion, a term of 3+2 years and a coupon rate of 3.04% and the second type of bonds was issued with an amount of RMB1.5 billion, a term of 5+2 years and a coupon rate of 3.39%.

On September 23, 2021, the Company publicly issued one tranche of short-term corporate bonds, which was listed on the SSE on September 29, 2021. The bonds were issued with an amount of RMB3 billion, a term of 365 days and a coupon rate of 2.85%.

On November 26, 2021, the Company publicly issued one tranche of short-term commercial papers, which was listed on the interbank market on November 30, 2021. The papers were issued with an amount of RMB1 billion, a term of 88 days and a coupon rate of 2.55%.

On December 7, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on December 14, 2021. The bonds consisted of two types, of which, the first type of bonds was issued with an amount of RMB2.5 billion, a term of 3 years and a coupon rate of 2.97% and the second type of bonds was issued with an amount of RMB1 billion, a term of 10 years and a coupon rate of 3.68%.

On December 8, 2021, the Company publicly issued one tranche of corporate bonds, which was listed on the SSE on December 16, 2021. The bonds were issued with an amount of RMB3 billion, a term of 3+2 years and a coupon rate of 3.06%.

(ii) Changes in Total Number of Ordinary Shares and Shareholding Structure and the Assets and Liabilities Structure of the Company

For the information on changes in total number of ordinary shares and shareholding structure of the Company, please refer to “Changes in Share Capital” in this section of this report. For the information on changes in the assets and liabilities structure of the Company, please refer to “Management Discussion and Analysis – Analysis on Principal Operations and Financial Statements” in this report.

(iii) During the Reporting Period, the Company Had No Existing Internal Employee Shares

III. INFORMATION OF SHAREHOLDERS

(i) Total Number of Shareholders

As of the end of the Reporting Period, the Company had a total of 127,027 ordinary shareholders, among which 126,632 are holders of A Shares and 395 are registered holders of H Shares.

As of the end of February 2022, the Company had a total of 127,225 ordinary shareholders, among which 126,830 are holders of A Shares and 395 are registered holders of H Shares.

During the Reporting Period and up to the Latest Practicable Date, the Company had no preferred shares.

Changes in Shares and Information of Shareholders

(ii) Shareholding of Top Ten Shareholders and Top Ten Holders of Shares Not Subject to Selling Restrictions

1. Shareholding of top ten shareholders

Unit: share

| Name of shareholder | Number of shares held as at the end of the Reporting Period | Percentage in the total share capital (%) | Increase/decrease during the Reporting Period | Number of shares held subject to selling restrictions | Class of shares | Pledged, marked or frozen shares | Class of shareholder |
|--|---|---|---|---|-----------------|----------------------------------|---------------------------------------|
| Central Huijin Investment Ltd. | 1,936,155,680 | 40.11% | – | 1,936,155,680 | A Shares | Nil | Nation |
| HKSCC Nominees Limited | 1,902,955,449 | 39.42% | +207,539,810 | – | H Shares | Unknown | Foreign legal person |
| Haier Group (Qingdao) Jinying Holding Co., Ltd. | 398,500,000 | 8.26% | – | 398,500,000 | A Shares | Nil | Domestic non-state-owned legal person |
| China National Investment and Guaranty Corporation | 127,562,960 | 2.64% | – | – | A Shares | Nil | State-owned legal person |
| Hong Kong Securities Clearing Company Limited | 15,615,000 | 0.32% | +14,797,405 | – | A Shares | Nil | Foreign legal person |
| China Reform Investment Co., Ltd. | 14,586,380 | 0.30% | -891,000 | – | A Shares | Nil | State-owned legal person |
| Abu Dhabi Investment Authority | 13,911,253 | 0.29% | +153,583 | 13,757,670 | A Shares | Nil | Foreign legal person |
| Alibaba (China) Network Technology Co., Ltd. | 13,757,670 | 0.28% | – | 13,757,670 | A Shares | Nil | Domestic non-state-owned legal person |
| National Social Insurance Fund Portfolio 118 | 10,952,842 | 0.23% | +10,952,842 | – | A Shares | Nil | State-owned legal person |
| China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu | 10,338,713 | 0.21% | – | 10,318,252 | A Shares | Nil | Others |

Notes:

1. The number of shares and the increase/decrease during the Reporting Period set out in the above table are extracted from the information on registered shareholders which was obtained by the Company from the share register.
2. HKSCC Nominees Limited is the nominal holder of shares on behalf of the unregistered shareholders of H Shares of the Company. The number of shares held by HKSCC Nominees Limited included the shares held by Tencent Mobility Limited and Des Voeux Investment Company Limited which are registered under the name of HKSCC Nominees Limited.
3. The shares held by Hong Kong Securities Clearing Company Limited refer to shares held by non-registered shareholders of northbound of the Shanghai-Hong Kong Stock Connect.
4. To the knowledge of the Company after making reasonable inquiries, Des Voeux Investment Company Limited, a wholly-owned subsidiary of Alibaba Group Holding Limited, holds 202,844,235 unregistered H Shares of the Company through HKSCC Nominees Limited. Alibaba Group Holding Limited also holds 13,757,670 A Shares of the Company through its wholly-owned subsidiary Alibaba (China) Network Technology Co., Ltd. Please refer to "Disclosure of Interests" of this section in this report for the details of the interests held by relevant entities in the shares of the Company.
5. To the knowledge of the Company after making reasonable inquiries, Tencent Mobility Limited, a wholly-owned subsidiary of Tencent Holdings, holds 216,249,059 unregistered H Shares of the Company through HKSCC Nominees Limited. Please refer to "Disclosure of Interests" of this section in this report for the details of the interests held by relevant entities in the shares of the Company.
6. The Company is not aware of the shareholding of the National Social Insurance Fund Portfolio 118 at the beginning of the Reporting Period.

2. Shareholding of top ten holders of Shares not subject to selling restrictions

Unit: share

| Name of shareholder | Number of outstanding shares held not subject to selling restrictions | Class of share | Number of share |
|---|---|----------------|-----------------|
| HKSCC Nominees Limited | 1,902,955,449 | H Shares | 1,902,955,449 |
| China National Investment and Guaranty Corporation | 127,562,960 | A Shares | 127,562,960 |
| Hong Kong Securities Clearing Company Limited | 15,615,000 | A Shares | 15,615,000 |
| China Reform Investment Co., Ltd. | 14,586,380 | A Shares | 14,586,380 |
| National Social Insurance Fund Portfolio 118 | 10,952,842 | A Shares | 10,952,842 |
| FAW Equity Investment (Tianjin) Co., Ltd. | 6,878,835 | A Shares | 6,878,835 |
| National Social Insurance Fund Portfolio 601 | 6,805,652 | A Shares | 6,805,652 |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 6,041,438 | A Shares | 6,041,438 |
| National Social Insurance Fund Portfolio 108 | 5,159,212 | A Shares | 5,159,212 |
| COFCO Corporation | 4,127,301 | A Shares | 4,127,301 |

Changes in Shares and Information of Shareholders

3. Other issues

There is no designated repurchase account for the above-mentioned top ten Shareholders.

The Company is not aware of any relevant arrangements with voting rights entrusted by or to, or waived by the top ten Shareholders, and is also not aware of any related relationship or acting in concert arrangements among these top ten Shareholders.

(iii) Shareholding of Top Ten Holders of Restricted Shares and Such Selling Restrictions

Unit: share

| No. | Name of shareholder subject to selling restrictions | Number of shares held subject to selling restrictions | Availability of listing and trading of shares subject to selling restrictions | | Restricted period |
|-----|--|---|---|--|---|
| | | | Available time for listing and trading | Number of shares available for listing and trading increased | |
| 1 | Central Huijin Investment Ltd. | 1,936,155,680 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 2 | Haier Group (Qingdao) Jinying Holding Co., Ltd. | 398,500,000 | 2022/3/11 | - | Within 36 months from the date of such shareholding |
| 3 | Abu Dhabi Investment Authority | 13,757,670 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 4 | Alibaba (China) Network Technology Co., Ltd. | 13,757,670 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 5 | China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu | 10,318,252 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 6 | Brunei Investment Agency | 10,318,252 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 7 | Taiping Life Insurance Co., Ltd. – Traditional – Ordinary insurance products – 022L – CT001 Hu | 6,878,835 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 8 | China Investment Consulting Co., Ltd. | 911,600 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 9 | China Jiayin Investment Limited | 911,600 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |
| 10 | JIC Investment Co., Ltd. | 911,600 | 2023/11/2 | - | Within 36 months from the listing date of A Shares of the Company |

Description of the connected relationship or action in concert between the above shareholders

Jiayin Investment, JIC Investment and China Investment Consulting are direct or indirect wholly-owned subsidiaries of Huijin Company.

(iv) Strategic Investors or General Legal Persons Who Became Top Ten Shareholders Due to Placement of New Shares

| Name of strategic investors or general legal persons | Starting date of agreed shareholding | Expiration date of agreed shareholding |
|---|--------------------------------------|--|
| China Reform Investment Co., Ltd. | 2020/11/2 | – |
| Abu Dhabi Investment Authority | 2020/11/2 | – |
| Alibaba (China) Network Technology Co., Ltd. | 2020/11/2 | – |
| China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu | 2020/11/2 | – |
| Description of agreed shareholding period for strategic investors or general legal persons participating in the placement of new shares | N/A | |

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(i) Controlling Shareholder

The controlling shareholder of the Company is Huijin Company. During the Reporting Period, the controlling shareholder of the Company did not change.

Huijin Company is a state-owned investment company established in accordance with the Company Law. Headquartered in Beijing, Huijin Company was established in December 2003 and mandated to exercise the rights and the obligations as a contributor in major state-owned financial enterprises on behalf of the PRC Government. In September 2007, the Ministry of Finance issued special treasury bonds and acquired all the shares of Huijin Company from the PBOC. The acquired shares were injected into China Investment Corporation as part of its initial capital contribution. However, principal shareholder rights of Huijin Company are exercised by the State Council. The members of the Board of Directors and Supervisory Committee of Huijin Company are appointed by and are accountable to the State Council. In accordance with authorization by the State Council, Huijin Company makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as a contributor on behalf of the PRC Government in accordance with applicable laws, so as to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin Company does not conduct any other business or commercial activity and does not intervene in the daily business operations of the key state-owned financial enterprise in which it holds controlling shareholding. The basic information of Huijin Company is as follows:

| | |
|-----------------------|---|
| Name | Central Huijin Investment Ltd. |
| Legal representative | Peng Chun |
| General Manager | Shen Rujun |
| Date of establishment | December 16, 2003 |
| Nature of business | Investment in equity interests of major State-owned financial institutions under the authorisation of the State Council and other related businesses approved by the State Council. |
| Registered capital | RMB828.209 billion |

Changes in Shares and Information of Shareholders

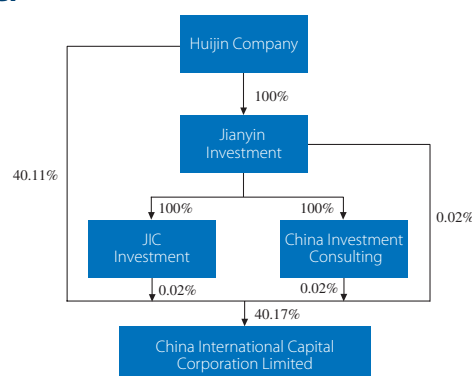
As of the end of the Reporting Period, companies held by Huijin Company directly are as follows.

| No. | Name of institution | Percentage of shareholding by Huijin Company |
|-----|---|--|
| 1 | China Development Bank | 34.68% |
| 2 | Industrial and Commercial Bank of China Limited ★ ☆ | 34.71% |
| 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 | Evergrowing Bank Co., Limited | 53.95% |
| 8 | China Export & Credit Insurance Corporation | 73.63% |
| 9 | China Reinsurance (Group) Corporation ☆ | 71.56% |
| 10 | New China Life Insurance Company Ltd. ★ ☆ | 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 Securities Co., Ltd. ★ ☆ | 30.76% |
| 15 | China Galaxy Asset Management Co., Ltd. | 13.30% |
| 16 | Guotai Junan Investment Management Co., Ltd. | 14.54% |

Notes:

- ★ represents A-share listed companies; ☆ represents H-share listed companies;
- In addition to the above controlled and participating companies, Huijin Company also wholly owns Central Huijin Asset Management Ltd.. Central Huijin Asset Management Ltd. was established in November 2015 and was registered in Beijing with a registered capital of RMB5 billion. It is engaged in the asset management business.

(ii) Framework of the Ownership and Controlling Relationship Between the Company and the Controlling Shareholder



(iii) Information on the Actual Controller: Not applicable

V. DISCLOSURE OF INTERESTS

(i) Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of our Company and Its Associated Corporation

As of the end of the Reporting Period, the interests or short positions of the Directors, Supervisors and chief executive of our Company in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by our Company under section 352 of the SFO, or as otherwise notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules of the Stock Exchange were as follows:

| Name | Class of Shares | Capacity | Number of securities/ Type of shares held | Percentage of the total share capital | Percentage of the total number of the relevant class of shares |
|---------------|-----------------|------------------|--|---|---|
| Huang Zhaohui | H Shares | Others (Note 1) | 7,240,173/Long positions | 0.150% | 0.380% |
| Siu Wai Keung | H Shares | Beneficial owner | 100,000/Long positions | 0.002% | 0.005% |

Note:

- Mr. Huang Zhaohui indirectly holds interests through subscription of fund and the asset management plan.

(ii) Substantial Shareholders' Interests and Short Positions

As of the end of the Reporting Period, to the knowledge of our Company and the Directors after making reasonable inquiries, the following persons (other than the Directors, Supervisors and chief executive of our Company as disclosed above) have interests or short positions in shares or underlying shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by our Company under Section 336 of the SFO:

| Name | Class of Shares | Capacity | Number of securities/ Type of shares held | Percentage of the total share capital | Percentage of the total number of the relevant class of shares |
|--|-----------------|------------------------------------|--|---|---|
| Huijin Company (Note 1) | A Shares | Beneficial owner | 1,936,155,680/Long positions | 40.109% | 66.226% |
| | | Interest of controlled corporation | 2,734,800/Long positions | 0.057% | 0.094% |
| Haier Group Corporation (Note 2) | A Shares | Interest of controlled corporation | 398,500,000/Long positions | 8.255% | 13.631% |
| Alibaba Group Holding Limited (Note 3) | H Shares | Interest of controlled corporation | 202,844,235/Long positions | 4.202% | 10.655% |
| | A Shares | Interest of controlled corporation | 13,757,670/Long positions | 0.285% | 0.471% |
| Tencent Holdings (Note 4) | H Shares | Interest of controlled corporation | 216,249,059/Long positions | 4.480% | 11.359% |

Changes in Shares and Information of Shareholders

Notes:

1. Each of Jianyin Investment, JIC Investment and China Investment Consulting is wholly owned by Huijin Company. Therefore, Huijin Company is deemed to be interested in 2,734,800 A Shares held by Jianyin Investment, JIC Investment and China Investment Consulting for the purpose of the SFO.
2. As of the end of the Reporting Period, each of Haier Cosmo Shareholding Company (as the sole member of Haier Group (Qingdao) Jinying Holding Co., Ltd.), Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (holding 48.8% interest in Haier Cosmo Shareholding Company), Haier Group Corporation (holding 51.2% interest in Haier Cosmo Shareholding Company) and Qingdao Haichuangke Investment Management Co., Ltd. (as general partner of Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) and a member holding its 0.5% interest) is deemed to be interested in the A Shares held by Haier Group (Qingdao) Jinying Holding Co., Ltd. under the SFO.
3. As of the end of the Reporting Period, Des Voeux Investment Company Limited held 202,844,235 H Shares of the Company. Des Voeux Investment Company Limited is wholly owned by Alibaba Group Treasury Limited, which is wholly owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Treasury Limited and Alibaba Group Holding Limited are deemed to be interested in 202,844,235 H Shares held by Des Voeux Investment Company Limited under the SFO. In addition, Alibaba (China) Network Technology Co., Ltd. held 13,757,670 A Shares of the Company. Alibaba (China) Network Technology Co., Ltd. is wholly owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in 13,757,670 A Shares held by Alibaba (China) Network Technology Co., Ltd. under the SFO.
4. As of the end of the Reporting Period, Tencent Mobility Limited, directly interested in 216,249,059 H Shares, is a wholly-owned subsidiary of Tencent Holdings, which is therefore deemed to be interested in the H Shares held by Tencent Mobility Limited.

VI. SUFFICIENT PUBLIC FLOAT

As of the Latest Practicable Date and based on the information available to our Company and to the knowledge of the Directors, our Company's public float complies with the requirements of Rule 8.08 of the Listing Rules of the Stock Exchange.

VII. PURCHASE, SALE OR REDEMPTION OF SECURITIES OF OUR COMPANY

For details, please refer to "Triggering and implementation of issuer or investor option clauses and investor protection clauses" in this report.

During the Reporting Period, save as otherwise disclosed in this report, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's securities.

VIII. OTHER EXPLANATIONS

During the Reporting Period, there is no case that the accumulative number of pledged shares of the Company held by the controlling shareholder of the Company exceeded 80% of the total number of Shares held by it, or that the reduction of Shares held by the controlling shareholder and other covenantors is restricted.

During the Reporting Period, the Company did not repurchase any shares.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. BASIC INFORMATION, CHANGES IN SHAREHOLDING AND REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

| Name | Position | Tenure for the session | Gender | Date of Birth | Number of shares held at the beginning of the year (Share) | Number of shares held at the end of the year (Share) | Whether received remuneration from related party of the Company |
|--------------------------|---|--|--------|----------------|--|--|---|
| Shen Rujun (沈如軍) | Chairman of the Board, Non-executive Director | Since August 2019 | Male | February 1964 | 0 | 0 | No |
| Huang Zhaohui (黃朝暉) | Executive Director Chief Executive Officer, Chairman of the Management Committee | Since February 2020 Since December 2019 | Male | January 1964 | 0 | 0 | No |
| Zhu Hailin (朱海林) | Non-executive Director | Since September 2021 | Male | October 1965 | 0 | 0 | No |
| Tan Lixia (譚麗霞) | Non-executive Director | Since February 2020 | Female | September 1970 | 0 | 0 | Yes |
| Duan Wenwu (段文務) | Non-executive Director | Since February 2020 | Male | June 1969 | 0 | 0 | Yes |
| Liu Li (劉力) | Independent Non-executive Director | Since June 2016 | Male | September 1955 | 0 | 0 | Yes |
| Siu Wai Keung (蕭偉強) | Independent Non-executive Director | Since June 2015 | Male | April 1954 | 100,000 | 100,000 | Yes |
| Ben Shenglin (賁聖林) | Independent Non-executive Director | Since June 2015 | Male | January 1966 | 0 | 0 | Yes |
| Peter Hugh Nolan (彼得·諾蘭) | Independent Non-executive Director | Since March 2020 | Male | April 1949 | 0 | 0 | Yes |
| Gao Tao (高濤) | Chairman of the Supervisory Committee, Employee Representative Supervisor | Since June 2017 | Male | January 1965 | 0 | 0 | No |
| Jin Lizuo (金立佐) | Supervisor | Since June 2015 | Male | June 1957 | 0 | 0 | Yes |
| Cui Zheng (崔錚) | Supervisor | Since February 2020 | Male | December 1980 | 0 | 0 | No |
| Chu Gang (楚鋼) | Chief Operating Officer, Member of the Management Committee | Since April 2015 | Male | February 1964 | 0 | 0 | No |
| Wong King Fung (黃勁峯) | Chief Financial Officer, Member of the Management Committee | Since February 2017 | Male | July 1968 | 0 | 0 | No |
| Hu Changsheng (胡長生) | Member of the Management Committee | Since June 2017 | Male | March 1966 | 0 | 0 | No |
| Huang Haizhou (黃海洲) | Member of the Management Committee | Since April 2015 | Male | June 1962 | 0 | 0 | No |
| Wu Bo (吳波) | Member of the Management Committee | Since April 2018 | Male | June 1977 | 0 | 0 | No |

Directors, Supervisors, Senior Management and Employees

| Name | Position | Tenure for the session | Gender | Date of Birth | Number of shares held at the beginning of the year (Share) | Number of shares held at the end of the year (Share) | Whether received remuneration from related party of the Company |
|---------------------|-------------------------------------|------------------------------|--------|----------------|--|--|---|
| Wang Sheng (王晟) | Member of the Management Committee | Since March 2020 | Male | June 1977 | 0 | 0 | No |
| Zhang Kejun (張克均) | Member of the Management Committee | Since October 2021 | Male | February 1966 | 0 | 0 | No |
| Zhang Fengwei (張逢偉) | Chief Risk Officer | Since June 2017 | Male | December 1967 | 0 | 0 | No |
| Ma Kui (馬葵) | Financial Controller | Since May 2015 | Female | October 1971 | 0 | 0 | No |
| Sun Nan (孫男) | Secretary to the Board of Directors | Since May 2020 | Male | September 1979 | 0 | 0 | No |
| Xu Yicheng (徐翌成) | Assistant President | Since March 2020 | Male | October 1974 | 0 | 0 | No |
| Cheng Long (程龍) | Chief Information Officer | Since October 2021 | Male | March 1976 | 0 | 0 | No |
| Zhou Jiaxing (周佳興) | Chief Compliance Officer | Since December 2021 | Male | August 1972 | 0 | 0 | No |
| Xiong Lianhua (熊蓮花) | Non-executive Director (Resigned) | February 2020 – January 2021 | Female | August 1967 | 0 | 0 | No |
| Yang Xiping (楊新平) | Assistant President (Resigned) | February 2017 – January 2021 | Female | January 1956 | 0 | 0 | No |
| Chen Gang (陳剛) | Chief Compliance Officer (Resigned) | August 2016 – April 2021 | Male | June 1972 | 0 | 0 | No |
| Total | / | / | / | / | 100,000 | 100,000 | / |

Notes:

- For details of changes in Directors, Supervisors and senior management of the Company during the Reporting Period, please refer to "Changes in Directors, Supervisors and Senior Management" in this report.
- The commencement date of tenure for the session in respect of re-elected Directors and Supervisors is the effective date of their first appointment.
- The number of shares held by Directors, Supervisors and senior management at the beginning and end of the year are the total number of A Shares and H Shares directly held by them during their terms of office. The shares held by Mr. Siu Wai Keung are H Shares, and there was no change in the Company's shares held by him during the Reporting Period.
- During the Reporting Period, the remuneration of Mr. Huang Zhaohui was based on his position as a senior management of the Company, and he did not receive any remuneration for performing his duties as a Director. The remuneration of Mr. Gao Tao was based on his position in the Company, and he did not receive any remuneration for performing his duties as a Supervisor.
- As some Directors and Supervisors served as directors and senior management of legal persons or other organizations other than the Company and its controlled subsidiaries, such legal person or other organization constitutes the related party of the Company. During the Reporting Period, relevant persons have received remuneration or allowance from such related parties.

II. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors



Mr. Shen Rujun
(沈如軍)

Mr. Shen Rujun (沈如軍), born in February 1964, has been appointed as the Chairman of our Company since August 2019, and serves as the Executive Director and Executive Vice President of China Investment Corporation as well as the Vice Chairman, Executive Director and President of Huijin Company. Mr. Shen successively served as the Deputy Section Chief, Section Chief, and Deputy Director of the Accounting Division, as well as Deputy Director (in charge of the work) and Director of the Planning Division of Jiangsu Branch of Industrial and Commercial Bank of China Limited (hereinafter referred to as "ICBC"), a company listed on the Shanghai Stock Exchange (Stock Code: 601398) and the Hong Kong Stock Exchange (Stock Code: 01398), from December 1984 to December 1998. He served as the Vice General Manager of the Planning and Finance Department of ICBC from December 1998 to November 2003; Vice President of ICBC Beijing Branch from November 2003 to July 2008; General Manager of the Finance and Accounting Department of ICBC from July 2008 to November 2013; and President of ICBC Shandong Branch from November 2013 to March 2015. Mr. Shen served as the Vice President of Bank of Communications Co., Ltd. (hereinafter referred to as "Bank of Communications"), a company listed on the Shanghai Stock Exchange (Stock Code: 601328) and the Hong Kong Stock Exchange (Stock Code: 03328), from March 2015 to June 2018; and Vice President and Executive Director of Bank of Communications from June 2018 to October 2018. Mr. Shen obtained his doctoral degree from School of Technology and Economics of Hohai University in 2001.



Mr. Huang Zhaohui
(黃朝暉)

Mr. Huang Zhaohui (黃朝暉), born in January 1964, has been appointed as a Director of the Company since February 2020, the Chief Executive Officer and Chairman of the Management Committee of our Company since December 2019. He joined the Group in February 1998 and held several positions, including the Head, Deputy Head and Co-Head of the Investment Banking Department. He also served as a member of the Management Committee of the Company from April 2015 to December 2019. Prior to joining our Group, he joined China Construction Bank Corporation, a company listed on the Hong Kong Stock Exchange (Stock Code: 00939) and Shanghai Stock Exchange (Stock Code: 601939), and served as a clerk of the Ningbo branch office, an assistant research officer of the department of investment research, a senior economist of the department of real estate financing, deputy director of the department of international business and director of the secretariat of the general administration office from July 1988 to January 1998. He currently serves as a director of CICC Wealth Management, CICC HK Securities and Jinteng Technology. Mr. Huang obtained a bachelor's degree in physics from Wuhan University (武漢大學) in July 1985 and a master's degree in economics from Renmin University of China in July 1988.

Directors, Supervisors, Senior Management and Employees



Mr. Zhu Hailin
(朱海林)

Mr. Zhu Hailin (朱海林), born in October 1965, an expert with special grants by the PRC government, a certified public accountant in China (a non-practicing member), an associate research fellow and a doctoral supervisor, has been appointed as a Director of the Company since September 2021. Mr. Zhu now serves as the chairman of the Risk and Internal Control Committee of Huijin. Mr. Zhu joined Huijin in August 2017, and successively worked at Banking Institutions Department I, Equity Management Department I and Equity Management Department II. Mr. Zhu served as a director of China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (Stock Code: 601939) and the Hong Kong Stock Exchange (Stock Code: 00939), from July 2017 to June 2020, a director of Agricultural Bank of China Limited, a company listed on the Shanghai Stock Exchange (Stock Code: 601288) and the Hong Kong Stock Exchange (Stock Code: 01288), from June 2020 to September 2021. From August 1992 to August 2017, Mr. Zhu successively served as directors of First Division of Standards, Comprehensive Division and Accounting Personnel Management Division of the Accounting Regulatory Department, and deputy director (deputy director-general level) of the National Accountant Assessment & Certification Centre of the Ministry of Finance. Mr. Zhu obtained a master's degree in economics from Jiangxi University of Finance and Economics in July 1992 and a doctoral degree in economics from the Chinese Academy of Fiscal Sciences in March 2000.



Ms. Tan Lixia
(譚麗霞)

Ms. Tan Lixia (譚麗霞), born in September 1970, a Chartered Global Management Accountant, has been appointed as a Director of the Company since February 2020. Ms. Tan joined Haier in August 1992, and successively served as the director of the Department of Overseas Market Development of Haier Group, Chief Financial Officer of Haier Group, and Senior Vice President of Haier Group. Ms. Tan currently serves as the Board Vice Chairwoman and Executive Vice President of Haier Group, Chairwoman of Haier Group (Qingdao) Jinying Holding Co., Ltd., a non-executive director of Bank of Qingdao Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002948) and the Hong Kong Stock Exchange (Stock Code: 03866), Chairwoman of Qingdao Haier Biomedical Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 688139) and Chairwoman of INKON Life Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 300143). Ms. Tan once served as a non-executive director of Haier Electronics Group Co., Ltd. and Vice Chairwoman of Haier Smart Home Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600690) and the Hong Kong Stock Exchange (Stock Code: 06690). Ms. Tan currently serves as a standing member of the 12th session of All-China Women's Federation, Vice President of China Women Entrepreneurs Association, the Chairwoman of Shandong Women Entrepreneurs Association and the Vice Chairwoman of the 13th session of Qingdao Women's Federation. Ms. Tan graduated from Central University of Finance and Economics majoring in public finance in June 1992 and obtained an EMBA degree from the China Europe International Business School in July 2009 and a doctoral degree in Advanced Professional Research in Applied Finance from the University of Geneva in Switzerland in January 2022.



Mr. Duan Wenwu
(段文務)

Mr. Duan Wenwu (段文務), born in June 1969, a senior accountant, has been appointed as a Director of the Company since February 2020. Mr. Duan has served as the Chairman of I&G (NEEQ: 834777) from May 2020. Mr. Duan served as an assistant to the director of Finance and Accounting Department of State Development & Investment Corporation (later renamed as State Development & Investment Corp., Ltd.) from May 2008 to November 2008, Deputy General Manager of SDIC Finance Co., Ltd. from November 2008 to August 2010, Deputy Director of Finance and Accounting Department of State Development & Investment Corporation from August 2010 to August 2014, Director and Deputy General Manager of China National Complete Plant Import and Export Group Corporation Limited from March 2013 to August 2014, Director of Finance and Accounting Department of State Development & Investment Corporation (renamed as Finance Department in August 2016) from August 2014 to May 2017, General Manager of SDIC Essence Co., Ltd. (renamed as SDIC Capital Co., Ltd. in December 2017), a company listed on the Shanghai Stock Exchange (Stock Code: 600061), from May 2017 to March 2018, Director of Essence Securities Co., Ltd. from December 2017 to January 2019, Chairman of SDIC Finance Co., Ltd. from March 2018 to April 2019, and General Manager of I&G from April 2019 to November 2021. Mr. Duan obtained a bachelor's degree in economics from Xiamen University in July 1990, and a master's degree in business administration from Jiangxi University of Finance and Economics in January 2003.



Mr. Liu Li
(劉力)

Mr. Liu Li (劉力), born in September 1955, has been appointed as a Director of our Company since June 2016. He currently holds positions such as a Finance Professor in Guanghua School of Management of Peking University and Deputy Head and Doctoral Supervisor in Finance and Securities Research Center of Peking University. Mr. Liu has been teaching in Guanghua School of Management (formerly known as Economic Management Department of School of Economics) of Peking University since January 1986, and taught in Beijing Institute of Iron and Steel from September 1984 to December 1985. Mr. Liu has served as an independent director of CNPC Capital Company Limited, a company listed on the Shenzhen Stock Exchange (Stock Code: 000617), since June 2017. Mr. Liu also served as an independent non-executive director of China Machinery Engineering Corporation, from January 2011 to November 2021, an independent non-executive director of Bank of Communications, a company listed on the Shanghai Stock Exchange (Stock Code: 601328) and the Hong Kong Stock Exchange (Stock Code: 03328), from September 2014 to November 2020, and an independent director of Success Electronics Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002289), from January 2016 to October 2020. Mr. Liu obtained a master's degree in physics from Peking University in July 1984 and MBA from Catholic University of Louvain in Belgium in July 1989.

Directors, Supervisors, Senior Management and Employees



Mr. Siu Wai Keung
(蕭偉強)

Mr. Siu Wai Keung (蕭偉強) (former name: Francis Siu Wai Keung), born in April 1954, has been appointed as a Director of our Company since May 2015. He served for KPMG for approximately 30 years, where he provided professional services to clients from various industries. He joined KPMG Manchester, England in 1979 and was transferred to Hong Kong in May 1986 and became a partner of KPMG Hong Kong in July 1993. From October 2000 to March 2002, he was a senior partner of KPMG Huazhen LLP Shanghai Office. Prior to his retirement in March 2010, he was a senior partner of KPMG Huazhen LLP Beijing Office and North China. He has extensive experience in providing audit services for PRC and overseas companies, and has a sound knowledge of advising on foreign direct investment in the PRC. Mr. Siu currently serves as an independent non-executive director of CITIC Limited, a company listed on Hong Kong Stock Exchange (Stock Code: 00267), since May 2011, an independent non-executive director of China Communications Services Corporation Limited, a company listed on Hong Kong Stock Exchange (Stock Code: 00552), since June 2012, and an independent non-executive director of BHG Retail Trust Management Pte. Ltd., since November 2015. Mr. Siu also served as an independent director of Beijing Gao Hua Securities Company Limited from June 2015 to October 2021, an independent non-executive director of Guoco Land Limited, a company listed on the Singapore Exchange (Stock Code: F17), from December 2010 to October 2020, and an independent non-executive director of CGN Power Co., Ltd., a company listed on Hong Kong Stock Exchange (Stock Code: 01816) and the Shenzhen Stock Exchange (Stock Code: 003816), from March 2014 to August 2020. Mr. Siu has been a fellow member of the ICAEW and the HKICPA since July 1994 and September 1993. He obtained a bachelor's degree in economics and accounting and financial management from The University of Sheffield, the United Kingdom, in July 1979.



Mr. Ben Shenglin
(賁聖林)

Mr. Ben Shenglin (賁聖林), born in January 1966, has been appointed as a Director of our Company since May 2015. He held several leadership positions in ABN Amro in China and London, HSBC, and JP Morgan Chase from 1994 to 2014. Mr. Ben currently serves as an independent director of Wuchan Zhongda Group Co., Ltd. (物產中大集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600704), since February 2016, an independent director of Sansure Biotech Inc., a company listed on the Shanghai Stock Exchange (Stock Code: 688289), since July 2019, a supervisor of China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (Stock Code: 601939) and Hong Kong Stock Exchange (Stock Code: 00939), since June 2020, an independent director of Zhejiang Orient Financial Holdings Group Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600120), since October 2020, and an independent director of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601166), since July 2021. Mr. Ben has also served as an independent director of Bank of Ningbo Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002142), from September 2014 to February 2020, and an independent non-executive director of Tsingtao Brewery Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600600) and Hong Kong Stock Exchange (Stock Code: 00168), from June 2014 to June 2020. Mr. Ben has joined Zhejiang University since May 2014 and currently serves as a full-time professor and doctoral advisor. He is also the dean of Academy of Internet Finance since April 2015, and the dean of the International Business School since October 2018. He also currently serves as an executive director of the International Monetary Institute in Renmin University of China since January 2014 and the co-director thereof since July 2018, a counsellor of the Zhejiang People's Government since August 2014, a member of Zhejiang Provincial Committee of the Chinese People's Political and Consultative Conference and Vice Commissioner of Economic Policy Committee since January 2018, and the Joint Chairman of Zhejiang Association of FinTech since September 2015. Mr. Ben obtained a bachelor's degree in engineering from Tsinghua University in July 1987, a master's degree in economics specializing in industrial enterprise management from Renmin University of China in March 1990 and a doctoral degree in economics from Purdue University, the United States, in August 1994.

Directors, Supervisors, Senior Management and Employees



Mr. Peter Hugh Nolan
(彼得 • 諾蘭)

Mr. Peter Hugh Nolan, born in April 1949, recipient of the Commander of the Most Excellent Order of the British Empire, has been appointed as a Director of the Company since February 2020. He has served as an independent non-executive director of China Everbright Group since January 2019 and the director of China Centre, Jesus College at University of Cambridge since 2017. He has also served as the Director of the China Executive Leadership Programme (CELP) since 2005. Professor Nolan was a lecturer of Faculty of Economics and Politics at University of Cambridge from 1979 to 1997 and Sinyi Professor of Chinese Management at Cambridge Judge Business School at University of Cambridge from 1997 to 2012. He was the founding director and Chong Hua Professor of Chinese Development in the Centre of Development Studies at University of Cambridge from 2012 to 2016 and Chong Hua Professor of Chinese Development (Emeritus) since 2016. Professor Nolan also served as an independent non-executive director of Bank of Communications (a company listed on the Shanghai Stock Exchange (Stock Code: 601328) and the Hong Kong Stock Exchange (Stock Code: 03328)) from November 2010 to November 2017. Professor Nolan obtained his Doctoral degree in Economics from University of London in 1981.

Supervisors



Mr. Gao Tao
(高濤)

Mr. Gao Tao (高濤), born in January 1965, has been elected as the employee representative Supervisor and appointed as the Chairman of the Supervisory Committee of the Company since June 2017. He has been the chairman of the board of directors of CICC Wealth Management (formerly known as “CISC”) since October 2015. From June 1991 to May 2005, he held several positions in China Construction Bank including vice director and general manager of the department of human resources of Anhui Branch, and the president of Huainan Branch. From May 2005 to September 2005, he served as a member of the Securities Restructuring Committee of China Jianyin Investment Limited. From September 2005 to September 2006, he held several positions in CISC including general manager of the department of human resources and vice president. From September 2006 to September 2012, he held several positions in Hong Yuan Securities Co., Ltd., including vice general manager, board secretary and vice chairman. From September 2012 to August 2015, he served as vice president of China Jianyin Investment Limited. Mr. Gao graduated with a bachelor’s degree from Anhui Agricultural University (formerly known as “Anhui Agricultural College”) in July 1986, and an executive master of business administration degree from Renmin University of China in January 2009.



Mr. Jin Lizuo
(金立佐)

Mr. Jin Lizuo (金立佐), born in June 1957, has been appointed as a Supervisor of our Company since May 2015. He participated in the establishment of our Company from 1994 to 1995. Mr. Jin has served as an independent non-executive director of Beijing Enterprises Environment Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 00154), since September 2004 and an independent non-executive director of Dadi International Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 08130), since February 2020. Mr. Jin obtained a bachelor’s degree in economics from Peking University in January 1982 and a doctoral degree in economics from the University of Oxford, the United Kingdom, in November 1993. He is the founding president of the Chinese Economic Association (CEA) UK.



Mr. Cui Zheng
(崔錚)

Mr. Cui Zheng (崔錚), born in December 1980, has been appointed as a Supervisor of the Company since February 2020. He has been serving as head of Legal Compliance Division of the General Management Department of Huijin since February 2020. Mr. Cui joined Huijin in July 2011, successively served as the manager of the General Department, the manager and senior deputy manager of the General Management Department/Banking Institution Department II, head of Legal Compliance Division of the General Management Department/Banking Institution Department II, etc. From July 2003 to July 2011, Mr. Cui successively served as a business director, business executive and senior business executive of Corporate Strategy Department (Legal Department) of China Telecommunications Corporation (中國電信集團公司). Mr. Cui received a bachelor’s degree in law and a bachelor’s degree in economics from Peking University in July 2003, a master’s degree in law from Peking University in July 2009 and a master’s degree in business administration from Peking University in July 2010.



Mr. Chu Gang
(楚鋼)



Mr. Wong King Fung
(黃勁峯)

Senior Management

Mr. Huang Zhaohui (黃朝暉), an executive Director, the Chief Executive Officer and Chairman of the Management Committee of our Company. See “Directors” in this section for his profile.

Mr. Chu Gang (楚鋼), born in February 1964, has been appointed as the Chief Operating Officer and member of the Management Committee of our Company since April 2015. He joined the Group in May 2009 and held several positions, including Managing Director of the Research Department, Deputy Head of the Capital Markets Department and Deputy Chief Operating Officer. Prior to joining the Group, he held several positions in Citigroup, including Emerging Market Risk Manager, US Local Government Bonds Proprietary Trader, Head of Latin America Stock Derivatives Trading and Managing Director of Alternative Investment Funds from September 1993 to August 2008. He currently serves as Director of a number of subsidiaries of our Company, including CICC HK Securities. Mr. Chu was qualified as a Chartered Financial Analyst of the CFA Institute in September 2002. He obtained a bachelor’s degree in physics from University of Science and Technology of China (中國科學技術大學) in July 1987 and a doctoral degree in theoretical physics from Northeastern University, the United States, in September 1993. He also studied at Leonard N. Stern School of Business of New York University, the United States, until June 1997.

Mr. Wong King Fung (黃勁峯), born in July 1968, has been appointed as the Chief Financial Officer and member of the Management Committee of the Company since February 2017. He joined the Group in May 2016 and served as Managing Director in the Firm Management Department. Mr. Wong has over 20 years of working experience in Mainland China, Hong Kong, Japan and the UK, with international commercial banks, international investment banks, domestic securities firms and in public accounting firms. Before joining the Group, Mr. Wong worked in Goldman Sachs and Beijing Gao Hua Securities Company Limited from March 2000 to May 2016; during which he held a number of positions in the asset management division of Goldman Sachs (Asia) from June 2008 to May 2016, including Asia Pacific COO, Asia Pacific ex Japan COO, Head of Product Development and Managing Director. From November 2006 to June 2008, he was responsible for coordinating the middle and back offices as well as risk management functions at Beijing Gao Hua Securities Company Limited. From March 2000 to November 2006, he served in a number of roles, including Head of FICC Product Financial Control, Head of Equities Product Financial Control, Head of Japan Product Financial Control, the Hong Kong Financial Controller and Executive Director at Goldman Sachs (Asia) and Goldman Sachs Japan. From July 1997 to February 2000, Mr. Wong worked at HSBC HK as Financial Manager of Capital Markets and Financial Manager of Money Foreign Exchange Markets. From September 1991 to May 1997, Mr. Wong worked in the audit department as an Auditing and Accounting Trainee, Assistant Manager and Manager at KPMG (UK and HK). Mr. Wong has been a member of the HKICPA and ICAEW for over 20 years. He met the professional requirements by passing the exams and going through the required training for the ICAEW and officially became a member and a certified accountant of ICAEW in November 1994. He met the professional requirements of the HKICPA and officially became a member and a certified accountant of the HKICPA in October 1995. He is currently the Director of CICC Hong Kong. Mr. Wong obtained a Bachelor’s Degree in Mechanical Engineering from University of Bristol in June 1990.



Mr. Hu Changsheng
(胡長生)

Mr. Hu Changsheng (胡長生), born in March 1966, has been appointed as member of the Management Committee since June 2017, and the Chairman of CICC Fund Management Co., Ltd. since December 2020. From December 1998 to December 2005, he has successively served as the Deputy Director of the General Division of the Policy Research Office, member (at cadre level) of the Planning and Development Committee, Consultant of the Institution Supervision Division, and Commissioner of the Shenzhen Commissioner's Office under the CSRC. From December 2005 to January 2008, he has served as the Deputy Director and then Director of the capital market department of Huijin. From January 2008 to November 2011, he has acted as the Senior Business Head and Director of Capital Market Division of the non-bank department of Huijin. From December 2005 to April 2010, he successively held the position as Director, Vice Chairman of the board of directors and Acting President of China Galaxy Securities Co. Ltd., a company listed on the Hong Kong Stock Exchange (Stock Code: 06881) and Shanghai Stock Exchange (Stock Code: 601881). From January 2007 to September 2010, he served as Director of China Galaxy Financial Holdings Company Limited. From November 2007 to January 2010, he acted as a Director of China Everbright Industry Group Ltd. He also served as the Vice Chairman of the board of directors of China Securities Co., Ltd. from March 2011 to November 2012. He was the Chairman of CISC Changchun Venture Capital Fund Management Co., Ltd. from November 2012 to August 2015. He also served as the Vice Chairman of the Executive Committee of CICC Wealth Management Securities from March 2012 to November 2019. He acted as the Chairman of CISC Luckystone Investment Management Co., Ltd. from November 2011 to April 2020. He served as the Director and the Vice Chairman of CICC Wealth Management Securities from November 2011 to November 2020, and the President of CICC Wealth Management Securities from December 2011 to November 2020 and the Chairman of the Executive Committee of CICC Wealth Management Securities from November 2019 to December 2020. Mr. Hu graduated with a doctor's degree in economics from the Graduate Division of Beijing Public Finance Science Research Institute of Ministry of Finance in June 1997.



Mr. Huang Haizhou
(黃海洲)

Mr. Huang Haizhou (黃海洲), born in June 1962, has been appointed as member of the Management Committee and the Head of the Equities Department of our Company since April 2015 and May 2013 respectively. He joined the Group in December 2007 and held several positions, including the Co-head of the Sales and Trading Department, Chief Strategist and Co-Head of the Research Department. Prior to joining the Group, he served as Research Fellow at The London School of Economics and Political Science, the United Kingdom, from January 1995 to June 1998, Economist and then Senior Economist at the International Monetary Fund from July 1998 to August 2005, and Chief Economist and Head of Greater China Research of Barclays Capital from September 2005 to December 2007. He served as a member of the first session of the Hong Kong Financial Services Development Council from March 2013 to March 2018. He currently serves as Director of a number of subsidiaries of our Company, including CICC Hong Kong and CICC HK Securities. Mr. Huang obtained a bachelor's degree in electrical engineering from Hefei University of Technology (合肥工業大學) in July 1983, a master's degree in systems engineering from University of Shanghai for Science and Technology (上海理工大學) in July 1987 and a doctoral degree from the business school of Indiana University, the United States, in July 1994.

Directors, Supervisors, Senior Management and Employees



Mr. Wu Bo
(吳波)

Mr. Wu Bo (吳波), born in June 1977, has been appointed as member of the Management Committee of the Company since April 2018, and the Head of Wealth Management Department of the Company since February 2017. He joined the Group in May 2004 and held several positions, including the Head of the Sponsor Business Department, Deputy Head of the Growth Enterprise Investment Banking Department, member of the Operations Team of the Investment Banking Department and Secretary to the Board of Directors. He has been the President of CICC Wealth Management Securities since November 2020, and Chairman of the Executive Committee of CICC Wealth Management Securities since December 2020. Prior to joining the Group, from July 1999 to June 2002, Mr. Wu served as Auditor of Arthur Andersen Huaqiang Certified Public Accountants and Senior Auditor of PricewaterhouseCoopers Zhong Tian LLP from July 2002 to April 2004. Mr. Wu obtained a bachelor's degree in economics from Peking University in July 1998 and an EMBA degree from Guanghua School of Management, Peking University and Kellogg School of Management (Northwestern University) in July 2018.



Mr. Wang Sheng
(王晟)

Mr. Wang Sheng (王晟), born in June 1977, has been appointed as member of the Management Committee since March 2020. Mr. Wang Sheng is currently Head of the Investment Banking Department and Managing Director of our Company. From March 2018 to March 2020, he served as the Assistant President of the Company. Mr. Wang Sheng joined CICC in 2002. He successively participated in the reforms and restructurings of a number of industries, including telecommunications, finance, energy and pharmaceuticals, and led numerous landmark capital market transactions. Mr. Wang Sheng has been covering a number of leading domestic and foreign enterprises all the year round, and has been holding key management positions at the Investment Banking Department of CICC since 2010. Mr. Wang Sheng graduated from the School of Economics and Management of Tsinghua University, and obtained a Bachelor's and a Master's degree in 2000 and 2002 respectively.



Mr. Zhang Kejun
(張克均)

Mr. Zhang Kejun (張克均), born in February 1966, has been appointed as member of the Management Committee of the Company since October 2021 and member of CPC Committee and Secretary of Discipline Inspection Commission of the Company since August 2021. Prior to joining the Group, he took several roles at Shenwan Hongyuan Securities Co., Ltd. (including its predecessor, Shenyin & Wanguo Securities Co., Ltd.) from April 1994 to August 2021, including general manager of its branch, general manager of divisions in headquarters and assistant president of the company, during which period he also acted as the member of the CPC Committee and Secretary of Discipline Inspection Commission for Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. from May 2020 to August 2021. He worked at Xiamen Branch of Industrial Bank in Fujian from April 1990 to April 1994, as department manager of the branch and assistant subbranch manager successively. Mr. Zhang gained his master's degree in computer software from National University of Defense Technology in April 1990.



Mr. Zhang Fengwei
(張逢偉)

Mr. Zhang Fengwei (張逢偉), born in December 1967, has been appointed as the Chief Risk Officer and the Head of the Risk Management Department of our Company since June 2017. He joined the Group in April 2004 and held several positions, including Senior Associate of the Operations Department, Vice President, Managing Director and Deputy Head of the Risk Management Department. From March 2011 to February 2015, he served as the Chief Risk Officer of Zheshangjinhui Trust Co., Ltd., an associated company of the Group. Prior to joining our Group, he served as a Programmer and Network Engineer of STONE Group from July 1991 to March 1996, and Assistant Vice President of Bank One N.A. Beijing Branch from April 1996 to March 2004. Mr. Zhang obtained a bachelor's degree in Applied Mathematics from Tsinghua University in July 1991 and a master's degree in Economics from Peking University in July 1997.



Ms. Ma Kui
(馬葵)

Ms. Ma Kui (馬葵), born in October 1971, has been appointed as the Financial Controller, Head of Institutional Management Department of our Company since May 2015 and September 2011 respectively. She joined the Group in April 1998 and held several positions including the Head of the Finance Department, Head of the Market Risk Department, Head of the Planning and Analysis Department, Head of Operation Support Department, Assistant Chief Financial Officer, chairwoman of the board of directors of CICC Pucheng, and Director of CICC Jiacheng. Prior to joining the Group, she served as, among other things, an accountant in Motorola (China) Electronics Co., Ltd. from May 1995 to August 1997. She currently serves as Director of a number of our subsidiaries, including CICC Hong Kong, CICC Futures, CICC HK Securities, CICC HK AM and CICC HK Futures. Ms. Ma obtained a bachelor's degree in international economic cooperation and a master's degree in international finance from the University of International Business and Economics (對外經濟貿易大學) in June 1993 and June 1996 respectively.

Directors, Supervisors, Senior Management and Employees



Mr. Sun Nan
(孫男)

Mr. Sun Nan (孫男), born in September 1979, has been appointed as Secretary to the Board of Directors of our Company since May 2020. Mr. Sun Nan currently serves as the Head of Strategic Development Department and Firm Office of the Company. He joined the Investment Banking Department of our Company in July 2003, and served as the Head of Global M&A Business of Investment Banking, the Head of Sponsor Business of Investment Banking, the member of the Investment Banking Business Committee, the member of operations team of the Investment Banking Department, the Head of Strategic Research Department, etc. Mr. Sun has extensive experience in capital operation, research and other areas. Mr. Sun obtained a bachelor's degree in economics from Tsinghua University in 2001 and a master's degree in management from Tsinghua University in 2003.



Mr. Xu Yicheng
(徐翊成)

Mr. Xu Yicheng (徐翊成), born in October 1974, has been appointed as Assistant President and Head of Asset Management of our Company since March 2020. Since taking over the role as Head of Asset Management, Mr. Xu helped to develop CICC's Asset Management business significantly, with the industry ranking jumping from No. 10 to No. 2 in two years, and market profile being raised. Prior to his current role as Head of Asset Management, Mr. Xu served as Board Secretary and Head of Strategy for CICC. He assisted in formulating CICC's medium and long-term strategic planning, including wealth management business strategy, asset management business strategy, among others, and took the lead in completing important capital market operations such as the acquisition of CISC and the introduction of Tencent as a strategic investor. As one of China's first batch of mergers and acquisitions (M&A) professionals, Mr. Xu founded and led the Company's M&A business since 2005. He was responsible for and closed a large number of landmark M&A transactions with a total value of more than USD150 billion, and led the team to top the China M&A leaderboard for five consecutive years from 2006 to 2010. Mr. Xu first joined CICC in January 2000 as an investment banker and became a Managing Director in January 2008. Mr. Xu obtained a bachelor's degree in English from Beijing Foreign Studies University in 1997 and a master's degree in finance from the Graduate School of the PBOC in 1999.



Mr. Cheng Long
(程龍)

Mr. Cheng Long (程龍), born in March 1976, has been appointed as the Chief Information Officer of the Company since October 2021 and the Head of Information Technology Department of the Company since March 2021. Mr. Cheng was the Chief Information Officer, Director of Financial Technology Committee, Deputy Director of Wealth Management Committee and General Manager of Internet Finance Department of Zhongtai Securities Co., Ltd. from September 2018 to March 2021. Mr. Cheng served as the Chief Information Officer of Dongxing Securities Co., Ltd. from February 2016 to September 2018, and prior to this, he served as the Chief Technical Architect, Information Technology Director, and Head of PMO Center in CITIC Securities Co., Ltd. from July 2010 to February 2016. Mr. Cheng also directed financial market solutions department and worked in IBM SOA-China Development Center and IBM Research-China as a senior researcher from July 2003 to July 2010. Mr. Cheng obtained a double bachelor's degree in computer science and business management from Nankai University in July 1998 and a PhD in computer science from Nankai University in July 2003.



Mr. Zhou Jiaxing
(周佳興)

Mr. Zhou Jiaxing (周佳興), born in August 1972, has been appointed as the Chief Compliance Officer of the Company since December 2021 and the Head of Legal and Compliance Department of the Company since November 2021. He joined the Legal Department of the Group in June 2009, became the Managing Director in January 2016, and has been appointed as the Head for Legal Matters in Hong Kong of China International Capital Corporation (Hong Kong) Limited since October 2017. Prior to joining the Group, Mr. Zhou had served in several law firms engaging in legal affairs: He has served as a lawyer at White & Case (Hong Kong Office) from August 2008 to March 2009, and as a lawyer at Slaughter and May (Hong Kong Office) from September 2004 to July 2008. Mr. Zhou obtained a bachelor's degree in English teaching from Nanjing Institute of International Relations in July 1993 and a master's degree in law (LLM) from University of Southampton in July 2000.

Directors, Supervisors, Senior Management and Employees

III. POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(i) Position held in shareholder entities

| Name | Name of shareholder entities | Position | Commencement date of tenure for the session | Ending date of tenure for the session |
|------------|--|--|---|---------------------------------------|
| Shen Rujun | Central Huijin Investment Ltd. | Vice Chairman | March 2020 | Up to now |
| | | Executive Director | November 2018 | |
| | | General Manager | November 2018 | |
| Zhu Hailin | Central Huijin Investment Ltd. | Employee | August 2017 | Up to now |
| Tan Lixia | Haier Group (Qingdao) Jinying Holding Co., Ltd. | Chairman | July 2014 | Up to now |
| Duan Wenwu | China National Investment and Guaranty Corporation | Chairman | May 2020 | Up to now |
| | | General Manager | April 2019 | November 2021 |
| Cui Zheng | Central Huijin Investment Ltd. | Head of Legal Compliance Division of the General Management Department | February 2020 | Up to now |

(ii) Position held in other entities

| Name | Name of other entities | Position | Commencement date of tenure for the session | Ending date of tenure for the session |
|---|--|-----------------------------------|---|---------------------------------------|
| Shen Rujun | China Investment Corporation | Member of the Party Committee | October 2018 | Up to now |
| | | Vice General Manager | October 2018 | |
| | | Executive Director | June 2020 | |
| Tan Lixia | Haier Group Corporation | Vice Chairwoman | November 2021 | Up to now |
| | | Executive Vice President | February 2016 | |
| | Haier Cosmo Shareholding Company (Formerly known as Haier Electric Appliances International Co., Ltd.) | Director | September 2014 | |
| | Haier Consumer Finance Co., Ltd. | Director | December 2016 | |
| | Chongqing Haier Money Co., Ltd. (重慶海爾小額貸款有限公司) | Chairwoman | March 2014 | |
| | Haier Financial Factoring (Chongqing) Co., Ltd. (海爾金融保理(重慶)有限公司) | Chairwoman | April 2016 | |
| | Haier Group Holding Co., Ltd. (海爾集團控股有限公司) | Chairwoman and General Manager | May 2015 | |
| | Qingdao Haicuba Equity Investment Management Co., Ltd. (青島海立方股權投資管理有限公司) | Chairwoman | July 2015 | |
| Zhejiang Haier Network Technology Co., Ltd. (浙江海爾網絡科技有限公司) | Director | January 2014 | | |

| Name | Name of other entities | Position | Commencement date of tenure for the session | Ending date of tenure for the session |
|--|---|--------------------------|---|---------------------------------------|
| | INKON Life (Chongqing) Technology Co., Ltd. (盈康一生(重慶)科技有限公司) | Director | May 2018 | |
| | Qingdao Haier Biomedical Holding Co., Ltd. | Director | July 2014 | |
| | Haier Smart Home Co., Ltd. | Vice Chairwoman | June 2010 | March 2021 |
| | Qingdao INKON Hospital Management Co., Ltd. (青島盈康醫院管理有限公司) | Director | April 2018 | March 2021 |
| | Qingdao Haier Software Development Co., Ltd. (青島海爾軟件發展有限公司) | Chairwoman | July 2017 | April 2021 |
| | Vanlink (Chongqing) IoT Technology Co., Ltd. (萬鏈(重慶)物聯網科技有限公司) | Chairwoman | May 2018 | April 2021 |
| | Qingdao Haifuhui Management Consulting Co., Ltd. (青島海賦匯管理諮詢有限公司) | Executive Director | May 2018 | April 2021 |
| | Haier Financial Services Co., Ltd. (海爾融資租賃股份有限公司) | Chairwoman | December 2016 | July 2021 |
| Duan Wenwu | Zhejiang Santan Technology Co., Ltd. (浙江三潭科技股份有限公司, formerly known as Zhejiang Internet Financial Asset Trading Center Co., Ltd. (浙江互聯網金融資產交易中心股份有限公司)) | Chairman | August 2019 | Up to now |
| | I&G Enriching Asset Management (Beijing) Co., Ltd. | Chairman | July 2019 | |
| | China Insurance Technology Financing Guarantee Co., Ltd. (中投保科技融資擔保有限公司) | Chairman | April 2020 | |
| Liu Li | Everwin Capital Investment Management Co., Ltd. (久盈資本投資管理有限公司) | Director | October 2016 | Up to now |
| | Shenzhen MFExchange Financial Information Service Co. Ltd | Director | March 2017 | |
| | Beijing Qianhe Information Technology Co., Ltd. (北京千賀信息技術有限公司) | Director | December 2013 | August 2021 |
| Ben Shenglin | Guangdong Financial Experts Advisory Committee | Member of the Committee | November 2017 | |
| | Zhejiang Institute of Innovations | Dean | April 2018 | Up to now |
| | International Cooperation Committee of the All-China Federation of Industry and Commerce | Member of the Committee | December 2018 | |
| | FinTech Committee of the Asian Financial Cooperation Association | Specially Invited Expert | July 2019 | |
| Jin Lizuo | Industrial Bank Co., Ltd. | Supervisor | December 2016 | June 2021 |
| | Shanghai Yongjia Xinfeng Management Co., Ltd. | Supervisor | January 2001 | Up to now |
| Wong King Fung | NetBrain Technologies Inc. | Director | August 2012 | |
| | Krane Funds Advisors, LLC | Director | August 2019 | March 2022 |
| Wu Bo | Putai Aspect Investment Management Co., Ltd. (浦泰寬立投資管理有限公司) | Vice Chairman | March 2017 | Up to now |
| Zhang Fengwei | Zheshang Jinhui Trust Co., Ltd. (浙商金匯信託股份有限公司) | Supervisor | August 2020 | Up to now |
| Description of position held in other entities | For other positions, please refer to the "Biographies of Directors, Supervisors and Senior Management" of this section in this report | | | |

IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(i) Procedures for determining the remuneration of Directors, Supervisors and senior management

The Remuneration Committee, established by the Board of the Company, is responsible for developing and implementing a performance evaluation system that is adaptive to the changing market, a competitive remuneration policy, reward and punishment measures that are linked to the operation and performance of our Company and a deferred remuneration distribution mechanism in compliance with regulatory requirements, according to the characteristics of the financial and securities industries, the main scopes, duties and importance of the positions of Directors and members of senior management, and the remuneration levels of the relevant positions in comparable companies. The Remuneration Committee reviews and approves the management's remuneration proposals with reference to the corporate goals and objectives formulated by the Board of Directors and makes recommendations to the Board of Directors on our Company's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee reviews the performance of duties of the Directors and senior management, carries out annual performance appraisals and makes recommendations to the Board of Directors on the remuneration packages of Directors and senior management (including non-monetary benefits, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment)). The Remuneration Committee shall consider factors such as characteristics of the financial and securities industries, salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, individual performance, employment conditions elsewhere in our Company when considering remuneration packages.

The remuneration of the Directors and Supervisors is subject to approval by the Shareholders at general meetings, whereas the remuneration of members of senior management is subject to approval by the Board of Directors.

(ii) Basis for determining the remunerations of the Directors, Supervisors and senior management

When determining the remuneration of Directors, Supervisors and senior management, we will consider factors such as characteristics of the financial and securities industries, salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, individual performance, employment conditions elsewhere in our Company.

(iii) Actual payment of remunerations of the senior management

In 2021, the annual remuneration of the members of the senior management of the Company by band is set out below:

| Band of remuneration | Number of individuals |
|-------------------------------|-----------------------|
| RMB– to RMB2,500,000 | 5 |
| RMB2,500,001 to RMB5,000,000 | 0 |
| RMB5,000,001 to RMB7,500,000 | 5 |
| RMB7,500,001 to RMB10,000,000 | 6 |

V. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(i) Change in Directors and Composition of the Special Committees

| Name | Position | Changes | Reason for change |
|---------------|------------------------|----------|-------------------|
| Zhu Hailin | Non-executive Director | Elected | Note 1 |
| Xiong Lianhua | Non-executive Director | Resigned | Note 2 |

Notes:

- With the approval of the Company's 2021 First Extraordinary General Meeting held on September 28, 2021, Mr. Zhu Hailin was appointed as a non-executive director of the Company, which shall take effect from September 28, 2021 until the date of expiration of the term of office of the Second Session of the Board. Mr. Zhu Hailin was appointed as the member of each of the Strategy Committee, Audit Committee and Risk Management Committee of the Board of the Company from the same date, and the term of office of the member of the Special Committees of the Board of Directors is the same as that of the Director.
- Ms. Xiong Lianhua has resigned from the office of the non-executive Director of the Company and the member of each of the Strategy Committee, the Risk Management Committee and the Audit Committee of the Board due to work rearrangement, with effect from January 14, 2021.
- On March 30, 2022, the Board of Directors of the Company considered and approved the proposal regarding the election of independent non-executive Directors. Mr. Sui Wai Keung and Mr. Ben Shenglin have served in the Company for consecutive 6 years and will resign from the office of the independent non-executive Director, the Board of Directors nominated Mr. Ng Kong Ping Albert and Mr. Lu Zhengfei as candidates for independent non-executive Directors of the second session of the Board of Directors, and the proposal should be submitted to the shareholders' general meeting of the Company for consideration. Mr. Siu Wai Keung and Mr. Ben Shenglin will continue to perform their duties until the proposal is considered and approved at the shareholders' general meeting.

Directors, Supervisors, Senior Management and Employees

(ii) Change in Supervisors

During the Reporting Period, there was no change in Supervisors.

(iii) Changes in Senior Management

| Name | Position | Changes | Reason for change |
|--------------|------------------------------------|-----------|-------------------|
| Zhang Kejun | Member of the Management Committee | Appointed | Note 1 |
| Cheng Long | Chief Information Officer | Appointed | Note 2 |
| Zhou Jiaying | Chief Compliance Officer | Appointed | Note 3 |
| Yang Xinping | Assistant President | Resigned | Note 4 |
| Chen Gang | Chief Compliance Officer | Resigned | Note 5 |

Notes:

1. After consideration and approval by the Board of Directors, Mr. Zhang Kejun was appointed as a member of the Management Committee of the Company, with effect from October 28, 2021.
2. After consideration and approval by the Board of Directors, Mr. Cheng Long was appointed as the Chief Information Officer of the Company, with effect from October 28, 2021.
3. After consideration and approval by the Board of Directors, Mr. Zhou Jiaying was appointed as the Chief Compliance Officer of the Company, with effect from December 28, 2021. Mr. Huang Zhaohui, the Chief Executive Officer of the Company, ceased to perform duties in place of the Chief Compliance Officer from the same date.
4. On account of the age, Ms. Yang Xinping resigned from her position as the Assistant President of the Company, with effect from January 12, 2021.
5. After consideration and approval by the Board of Directors, Mr. Chen Gang ceased to serve as the Chief Compliance Officer of the Company due to health reasons, with effect from April 8, 2021. Mr. Huang Zhaohui, the Chief Executive Officer of the Company, performed the duties in place of the Chief Compliance Officer from the same date, until a new Chief Compliance Officer is appointed by the Company.

Save from the above-mentioned changes, there was no other change in Directors, Supervisors and senior management of our Company as of the Latest Practicable Date.

VI. PENALTIES IMPOSED ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT BY SECURITIES REGULATORY AUTHORITIES DURING RECENT THREE YEARS

As of the end of the Reporting Period, no current or resigned Directors, Supervisors or senior management of the Company were subject to any penalties imposed by securities regulatory authorities in recent three years.

VII. EMPLOYEES AND REMUNERATION

(I) Number and Composition of Employees

As of the end of the Reporting Period, the Group had 13,557 employees, a net increase of 4,185 compared with December 31, 2020. The Group has been actively creating job opportunities for outstanding talents. Among our employees, 12,629 were based in the Mainland China and 928 were based in Hong Kong SAR, Singapore, the United States and the United Kingdom, representing 93% and 7%, respectively, of the total number of our Group's employees. Approximately 44% and 51% of our Group's employees had obtained bachelor's degrees or master's degrees and above, respectively. Moreover, approximately 37% of our Group's employees and 41% of our managing directors had overseas education or working experience. The breakdown details are as follows:

| | |
|--|--------|
| Number of staff employed by the parent company | 6,941 |
| Number of staff employed by major subsidiaries | 6,616 |
| Total number of staff employed | 13,557 |
| Number of retired employees for whom the parent company and major subsidiaries should bear costs | – |

| Business segments and departments | Number of person | Percentage of total (%) |
|-------------------------------------|------------------|-------------------------|
| Investment banking | 2,135 | 16 |
| Equities business | 523 | 4 |
| FICC | 745 | 5 |
| Asset management | 489 | 4 |
| Private Equity | 518 | 4 |
| Wealth management | 6,102 | 45 |
| Research | 410 | 3 |
| Information technology ¹ | 875 | 6 |
| Middle and back offices | 1,760 | 13 |
| Total | 13,557 | 100 |

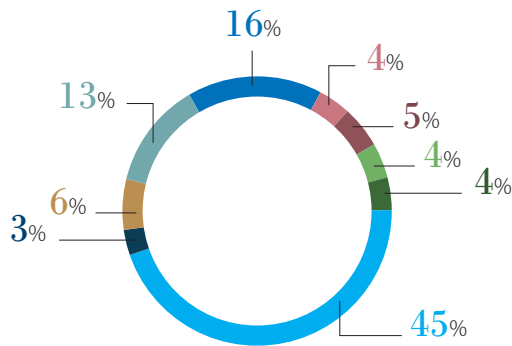
| Educational background | Number of person | Percentage of total (%) |
|----------------------------|------------------|-------------------------|
| Doctors or above | 203 | 1 |
| Masters | 6,830 | 50 |
| Bachelors | 5,973 | 44 |
| Associate degree and below | 551 | 4 |
| Total | 13,557 | 100 |

Note:

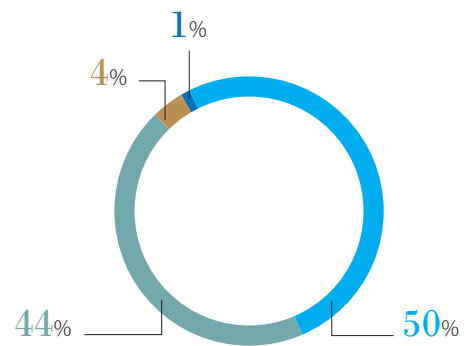
1. CICC adopts a federation-based organizational structure for information technology, with the staff of the Information Technology Department an important part of the federal structure.

Directors, Supervisors, Senior Management and Employees

Profession Structure of Employees



Educational Background of Employees



- | | | |
|----------------------|---------------------------|------------------------------|
| ● Investment banking | ● Wealth management | ● Doctors or above |
| ● Equities business | ● Research | ● Masters |
| ● FICC | ● IT | ● Bachelors |
| ● Asset management | ● Middle and back offices | ● Associate degree and below |
| ● Private Equity | | |

Our Company considers that an outstanding and motivated talent pool is the foundation for our Company's sustainable growth, and our Company has made significant investment in human resources development. Our Company recruits and cultivates talented professionals through a range of human resources management tools, including a strict recruitment and selection process, a competitive remuneration structure, an efficient performance evaluation system and long-term employee development schemes.

(II) Remuneration Policy

Consistent with market practice, the remuneration structure of our Company's employees consists of basic salary, which is determined according to the particular position, requirements of qualifications, working experience and market demand, and a bonus which is determined according to the employee's performance. Our Company provides employees based in China with benefit plans required by PRC laws and regulations, including pension insurance, medical insurance, workplace injury insurance, unemployment insurance, maternity insurance, housing provident funds and corporate annuities, and our Company also provides supplementary medical insurance for employees. A small portion of our Company's supporting employees are contracted through third-party employment agencies and our Company pays salaries and statutory social welfare contributions for these employees. Our Company provides employees of overseas offices with benefits in compliance with local laws and regulations. Our Company encourages the employees to hold directly or indirectly, on a voluntary basis, the Shares of our Company on the premise that the requirements of applicable laws, regulations and other relevant regulatory authorities have been complied with.

(III) Training Plans

Our Company has adopted a comprehensive performance evaluation system to converge career development with our Company's development. We has gradually improved our lecturer database and case database, and continuously enriched our training resources to build a training system with diverse contents and forms for employees of our Company. During the Reporting Period, our Company provides various types of training programs for employees, including new employee orientation, professional skills training, management skills training and an executive development training program to improve their skills. In addition, our Company also organized a number of thematic trainings for specific target audience to promote the culture of risk awareness, enhance employees' understanding of and compliance with applicable laws, regulations, regulatory guidelines and internal policies.

(IV) Relationship with Employees

During the Reporting Period and up to the Latest Practicable Date, our Company had not experienced any labor strikes or other material labor disputes of our employees that affected our Company's operations. Our Company has maintained a good relationship with our employees.

(V) Client Solicitation and Client Services by the Brokers Entrusted by the Company

As of the end of the Reporting Period, the Company had 184 securities brokers.

The Company has established a sound management system to manage brokers in a unified manner, which covers qualification management, training management, performance appraisal, code of conduct, certificate management, compliance risk management and other aspects. All branches of the Company are required to strictly implement relevant regulations in the daily management of marketing personnel.

(VI) Labor Outsourcing: Not applicable

CORPORATE GOVERNANCE REPORT

I. OVERVIEW OF CORPORATE GOVERNANCE

As a leading investment bank rooted in China and connected with the world, and a company registered in China and listed on the SSE as well as the Hong Kong Stock Exchange, the Company operates in strict accordance with the laws, regulations and normative documents issued in Mainland China and Hong Kong, and has established a sound and complete corporate governance structure composed of the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the management of the Company in accordance with the requirements of the Company Law, the Securities Law, the Rules on Supervision over Securities Companies, the Code of Corporate Governance for Securities Companies and other laws, regulations and normative documents, contributing to the establishment of a complete corporate governance system of deliberation, decision-making, authorization and implementation with clear authority and responsibility, standardized operation, mutual coordination and checks and balances among the organ of power, the organ of decision-making, the organ of supervision and the management.

In accordance with the relevant laws, regulations and normative documents, the Company has formulated the Articles of Association, the Rules of Procedures of Shareholders' General Meeting, the Rules of Procedures of the Meeting of Board of Directors, the Rules of Procedures of the Meeting of Supervisory Committee, the Rules of Procedures of Management Committee (Trial) and other corporate governance policies. The scope of authority and responsibility and work procedures of the Shareholder's General Meeting, the Board of Directors, the Supervisory Committee and the management of the Company are further clarified, which provides institutional guarantee for the standardized operation of the Company. Meanwhile, the Board established the Strategy Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, the Audit Committee, the Risk Management Committee and the Related-Party Transaction Control Committee, and also developed rules of procedures for these committees and clearly defined their respective duties and powers and rules of procedures.

The Company believes that adhering to a high level of corporate governance distinguishes our Company from other companies and helps us establish a healthy and stable relationship with shareholders. The Shareholder's General Meetings, meetings of the Board of Directors and meetings of the Supervisory Committee of the Company are held in accordance with the Articles of Association and relevant rules of procedures. During the Reporting Period, there was no material difference between the actual situation of the Company's corporate governance and laws, administrative regulations and the requirements of the CSRC on the governance of listed companies. Our Company strictly complied with the Corporate Governance Code, followed all code provisions and met the requirements of part of the recommended best practices set out in the Corporate Governance Code.

The organization chart of our Company is set out in "Company Profile – Other Information of the Company – Organizational structure of the Company" in this report.

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AS WELL AS SOLUTIONS, PROGRESS AND SUBSEQUENT PLAN AGAINST THE EFFECT TOWARDS THE COMPANY'S INDEPENDENCE

The Company operates in strict accordance with relevant provisions of the Company Law and the Articles of Association. We have established and improved our corporate governance structure to ensure the independence of our assets, personnel, finance, organization and business from the controlling shareholder and other companies controlled by it. The Company has a complete business system and the ability to operate independently in the market, and the independence of the Company has not been affected by the controlling shareholder. The basic information of Central Huijin, the Company's controlling shareholder, and controlling interests and investments in other major companies are set out in "Changes in Shares and Information of Shareholders – Controlling Shareholder and Actual Controller – Controlling Shareholder" in this report.

Businesses of the controlling shareholder, actual controller and other entities under their control that are the same or similar businesses as the Company, as well as the impact, solutions, and measures taken, progress and subsequent plan in relation to any peer competition or any major changes thereof

Not applicable. The Company has no peer competition with Central Huijin. Central Huijin has also made undertakings to avoid peer competition with the Company in connection with the A Share Offering and Listing of the Company.

III. SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

(i) Rights of Shareholders' General Meetings and Shareholders

The shareholders' general meeting is the body exercising the highest authority of our Company and shall exercise the duties and powers in accordance with the laws, the Articles of Association and the Rules of Procedures of the Shareholders' General Meeting. Our Company convened the shareholders' general meetings in strict compliance with the relevant rules and procedures such that all Shareholders are treated equally and can exercise their rights fully.

Corporate Governance Report

(ii) Overviews of Shareholders' General Meetings

During the Reporting Period, our Company convened two shareholders' general meetings, the details and resolutions of which are as follows:

1. On May 18, 2021, the 2020 annual general meeting of the Company was held and the following resolutions were considered and approved: the Proposal regarding the Amendments to the Articles of Association; the Proposal regarding the Amendments to the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors; the Proposal regarding the 2020 Work Report of the Board of Directors; the Proposal regarding the 2020 Work Report of the Supervisory Committee; the Proposal regarding the 2020 Annual Report; the Proposal regarding the 2020 Profit Distribution Plan; the Proposal regarding the Re-appointment of the Accounting Firms; the Proposal regarding the Amendments to the Rules of Procedures of the Meeting of Board of Directors; the Proposal regarding the Establishment of the Asset Management Subsidiary; and the Proposal regarding the 2021 Annual Estimation for Daily Related-party Transactions.
2. On September 28, 2021, the 2021 First Extraordinary General Meeting of the Company was held and the following resolution was considered and approved: the Proposal regarding the Election of Mr. Zhu Hailin as a Non-executive Director.

Announcements on the resolutions of the above shareholders' general meetings were also published on HKEXnews website (www.hkexnews.hk), SSE website (www.sse.com.cn) and the Company's website (www.cicc.com) on the date of the meetings.

There was no request for convening of extraordinary general meeting by preference shareholders with recovered voting rights in the Company.

IV. BOARD OF DIRECTORS AND PERFORMANCE OF DUTIES

(i) Duties of the Board of Directors and the Management

The Board exercises the powers and duties set out in the Articles of Association, and shall be accountable to the shareholders' general meeting. The duties of the Board include but are not limited to being responsible for convening the shareholders' general meetings and reporting its work thereto; implementing resolutions adopted at the shareholders' general meetings; deciding the business plans and investment programs of our Company; formulating profit distribution plans and loss recovery plans of our Company; making decisions on the establishment of our Company's internal management bodies; appointing or dismissing the senior management of our Company and deciding on matters concerning the remuneration of the senior management; and other functions and powers prescribed by the relevant laws, regulations, securities regulatory rules or the Articles of Association and authorized by the shareholders' general meeting. The management of our Company is responsible for carrying out the resolutions or decisions of the Board and other duties specified in the Articles of Association.

(ii) Composition of the Board of Directors

Our Company strictly complies with the requirements under the Articles of Association and relevant rules in respect of the appointment of the Directors. Directors are elected by the shareholders' general meeting to serve a term of 3 years and are eligible for re-election upon the expiration of the term. The Board meetings were convened in accordance with the Articles of Association and the Rules of Procedures of the Board of Directors.

As at the end of the Reporting Period, the Board of our Company comprises nine Directors, including one executive Director (Mr. Huang Zhaohui), four non-executive Directors (Mr. Shen Rujun, Mr. Zhu Hailin, Ms. Tan Lixia and Mr. Duan Wenwu) and four independent non-executive Directors (Mr. Liu Li, Mr. Siu Wai Keung, Mr. Ben Shenglin and Mr. Peter Hugh Nolan). None of the Directors, Supervisors and senior management is related to other Directors, Supervisors and members of the senior management of our Company. For the details in the changes of Directors, please refer to "Directors, Supervisors, Senior Management and Employees – Changes in Directors, Supervisors and Senior Management" in this report.

Our Company has received the annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange. Our Company believes that each independent non-executive Director is independent as specified in the Listing Rules. Independent non-executive Directors are able to exercise independent and objective judgments and protect the interests of minority shareholders.

The biographies of all Directors are set out in "Directors, Supervisors, Senior Management and Employees – Biographies of Directors, Supervisors and Senior Management" in this report.

(iii) Board of Directors Diversity Policy

The Nomination and Corporate Governance Committee under the Board has adopted a Board of Directors Diversity Policy concerning the diversity of Board members pursuant to Rule 13.92 of the Listing Rules of the Stock Exchange. Our Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In designing the composition of the Board, diversity of the Board members has been considered from a number of aspects, including but not limited to gender, age, cultural, educational background, professional experience and other factors. All appointments of the Board will be based on meritocracy, and candidates will be considered against objective criteria with due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, the ultimate decision will be made based on meritocracy and contribution that the selected candidates can bring to the Board. The composition of the Board will be disclosed in the Corporate Governance Report annually. For further details about the Board of Directors Diversity Policy, please refer to Appendix I to the Terms of Reference of the Nomination and Corporate Governance Committee of the Board of Directors of our Company, which has been published on the websites of our Company, the Hong Kong Stock Exchange and the SSE.

The Nomination and Corporate Governance Committee annually reviews and monitors the implementation of the Board of Directors Diversity Policy to ensure its effectiveness. The Nomination and Corporate Governance Committee heard and discussed about the Report on the Composition of the Board and the Diversity of the Board Members of the Company on October 28, 2021 and no revision was needed out of the diversity considerations.

Corporate Governance Report

(iv) Meetings of the Board of Directors During the Reporting Period

During the Reporting Period, the Board of Directors convened 12 meetings (including 2 meetings held by way of written resolution and written ballots, 1 meeting held by way of teleconference and 9 meetings held by way of onsite meeting, teleconference and video conference), and the details and resolutions of which are as follows:

1. On January 29, 2021, the Company convened the ninth meeting of the second session of the Board, at which the Board considered and approved the following proposals: the Proposal regarding the 2020 Firm-wide Compensation; and the Proposal regarding the Adjustment of Internal Organization-Establishment of Asset Preservation Department.
2. On March 30, 2021, the Company convened the tenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding the 2020 Compensation Distribution Plan of Senior Management.
3. On March 30, 2021, the Company convened the eleventh meeting of the second session of the Board, at which the Board considered and approved the following proposals: the Proposal regarding the 2020 Work Report of the Board of Directors; the Proposal regarding the 2020 Annual Report; the Proposal regarding the 2020 Social Responsibility and Environmental, Social and Governance Report; the Proposal regarding the 2020 Profit Distribution Plan; the Proposal regarding the Re-appointment of the Accounting Firms; the Proposal regarding the Provision for Asset Impairment; the Proposal regarding the Amendments to the Articles of Association; the Proposal regarding the Amendments to the Rules of Procedures of the Meeting of Board of Directors; the Proposal regarding the Amendments to the Plan on Authorization of the Shareholders' General Meeting to the Board of Directors; the Proposal regarding the Formulation of the Plan on Authorization of the Board of Directors to Management Committee; the Proposal regarding the Establishment of the Asset Management Subsidiary and Applying for the Mutual Fund Manager License; the Proposal regarding the 2021 Annual Estimation for Daily Related-party Transactions; the Proposal regarding the 2020 Annual Compliance Report; the Proposal regarding the 2020 Internal Control Assessment Report; the Proposal regarding the 2020 Risk Assessment Report; the Proposal regarding the Report on the Deposit and Practical Usage of Raised Fund in 2020; the Proposal regarding the Formulation of Internal Control Policy; the Proposal regarding the Request to Convene the 2020 Annual General Meeting; and the Proposal regarding the 2020 Annual Work Report of Independent Non-Executive Directors.
4. On April 7, 2021, the Company convened the twelfth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding the Chief Executive Officer Performing Duties in Place of the Chief Compliance Officer.
5. On April 29, 2021, the Company convened the thirteenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding the 2021 First Quarterly Report.

6. On May 18, 2021, the Company convened the fourteenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding the 2020 Evaluation Report on IT Efficiency and Effectiveness.
7. On July 11, 2021, the Company convened the fifteenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding Further Integration of Relevant Business between the Company and China CICC Wealth Management Securities Company Limited.
8. On July 27, 2021, the Company convened the sixteenth meeting of the second session of the Board, at which the Board considered and approved the following proposals: the Proposal regarding the Election of Non-executive Director; the Proposal regarding the Adjustment to the Composition of the Special Committees of the Board; the Proposal regarding the 2021 Operating Plan; and the Proposal regarding the Request to Convene the 2021 First Extraordinary General Meeting.
9. On August 23, 2021, the Company convened the seventeenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding Retraction of Nomination of Ms. Qu Yanping as a Non-executive Director Candidate of the Company.
10. On August 27, 2021, the Company convened the eighteenth meeting of the second session of the Board, at which the Board considered and approved the following proposal: the Proposal regarding the 2021 Interim Report.
11. On October 28, 2021, the Company convened the nineteenth meeting of the second session of the Board, at which the Board considered and approved the following proposals: the Proposal regarding the Appointment of Mr. Zhang Kejun as a member of the Management Committee; the Proposal regarding the Appointment of Mr. Cheng Long as the Chief Information Officer; and the Proposal regarding the 2021 Third Quarterly Report.
12. On December 28, 2021, the Company convened the twentieth meeting of the second session of the Board, at which the Board considered and approved the following proposals: the Proposal regarding the 2021-2025 Strategic Plan and 2030 Outline of Long-Term Objectives; the Proposal regarding the Appointment of Zhou Jiaxing as the Chief Compliance Officer; the Proposal regarding the Formulation of the Reputational Risk Management Policy; and the Proposal regarding the Formulation of Protection of Investor Rights and Interests Policy.

(v) Attendance of the Directors at Shareholders' General Meetings and Board meetings

| Director Name | Attendance of Board meetings | | | | | | Attendance of Shareholders' General Meetings | |
|---------------------------------------|------------------------------|---------------------------------|---|---------------------------------|---------|---|--|-------------------------------|
| | Independent Director or not | Required attendance at meetings | Actual | Actual | Absence | Whether or not failing to attend in person for two consecutive meetings | Required attendance at meetings | Actual attendance at meetings |
| | | | attendance at meetings in person ¹ | attendance at meetings by proxy | | | | |
| Shen Rujun | No | 12 | 12 | – | – | No | 2 | 1 |
| Huang Zhaohui | No | 12 | 12 | – | – | No | 2 | 2 |
| Zhu Hailin | No | 2 | 2 | – | – | No | – | – |
| Tan Lixia | No | 12 | 12 | – | – | No | 2 | 2 |
| Duan Wenwu | No | 12 | 10 | 2 | – | No | 2 | – |
| Liu Li | Yes | 12 | 12 | – | – | No | 2 | 2 |
| Siu Wai Keung | Yes | 12 | 12 | – | – | No | 2 | 2 |
| Ben Shenglin | Yes | 12 | 12 | – | – | No | 2 | 2 |
| Peter Hugh Nolan | Yes | 12 | 12 | – | – | No | 2 | 2 |
| Xiong Lianhua (resigned) ² | No | – | – | – | – | No | – | – |

Notes:

1. "Actual attendance at meetings in person" includes on-site attendance and participation in the meetings by way of teleconference, video conference and written ballots;
2. Ms. Xiong Lianhua has resigned as the non-executive Director of the Company with effect from January 14, 2021.

(vi) Directors' objections to relevant matters of the Company

During the Reporting Period, the Directors had no objections to relevant matters of the Company, and all the Directors voted for the proposals considered by the Board, with no waiver or opposition.

(vii) Training for Directors

The training and continuous professional development of Directors plays an important role in ensuring that Directors are kept abreast of the latest developments of the Company and understand their responsibilities under the relevant laws and regulations and the Company's business and governance policies, so as to assist them in performing their duties as Directors. During the Reporting Period, our Company provided orientation trainings for new Directors, and arranged trainings for all the Directors related to the duties and responsibilities as a director of a listed company in a variety of ways such as providing online training and written and video training materials. Meantime, we also proactively coordinated and supported Directors to participate in external trainings organized by the Shanghai Stock Exchange, the CSRC and its branches, the China Association for Public Companies and other organizations. The trainings covered a broad range of topics including the information disclosure, insider dealing, corporate governance and the code of conduct of directors, supervisors and senior management under the Listing Rules, and recent regulatory developments and rule updates.

(viii) Chairman and Chief Executive Officer

During the Reporting Period, Mr. Shen Rujun and Mr. Huang Zhaohui serve as the Chairman of the Board and the Chief Executive Officer of the Company, respectively, and their powers and duties are clearly divided and specified in the Articles of Association. The Chairman of the Board is also the legal representative of the Company. The roles of the Chairman of the Board and the Chief Executive Officer are separate and are taken by different persons. A clear division of the management of the Board and the day-to-day management of the Company ensures a balance of power and authority, guarantees the independence of their duties and avoids excessive concentration of power in any individual.

The Chairman is responsible for overseeing the overall operations of the Group and formulating business and corporate development strategies, providing leadership for the Board, ensuring that the Board works effectively and performs its duties. The Chairman also ensures that good corporate governance practices and procedures are established and complied with and that the Board acts in the best interests of the Company and all Shareholders.

The Chief Executive Officer is in charge of the operation and management of the Group, organizing the implementation of the resolutions of the Board and reporting to the Board.

V. BOARD COMMITTEES AND PERFORMANCE OF DUTIES

(i) Composition of Board Committees

In accordance with the relevant PRC laws and regulations, the Articles of Association and the corporate governance practice prescribed in the Listing Rules, our Company has established six Board Committees, namely, the Strategy Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, the Audit Committee, the Risk Management Committee and the Related-Party Transaction Control Committee, to each of which certain responsibilities are delegated, so as to assist the Board in performing its duties from various aspects. As at the end of the Reporting Period, the composition of each of Board Committee is listed as follows:

| Name of Committees | Members of Committee |
|---|--|
| Strategy Committee | Shen Rujun (Chairman), Huang Zhaohui, Zhu Hailin, Tan Lixia and Duan Wenwu |
| Remuneration Committee | Peter Hugh Nolan (Chairman), Tan Lixia, Siu Wai Keung and Ben Shenglin |
| Nomination and Corporate Governance Committee | Liu Li (Chairman), Shen Rujun, Ben Shenglin and Peter Hugh Nolan |
| Audit Committee | Siu Wai Keung (Chairman), Zhu Hailin, Liu Li and Ben Shenglin |
| Risk Management Committee | Ben Shenglin (Chairman), Huang Zhaohui, Zhu Hailin, Duan Wenwu, Liu Li and Siu Wai Keung |
| Related-Party Transaction Control Committee | Siu Wai Keung (Chairman), Liu Li and Peter Hugh Nolan |

(ii) Board Committees and Performance of Duties**1. Strategy Committee****(1) Functions of the Committee**

The primary duties of the Strategy Committee include, but are not limited to, the following: 1) conducting research on our Company's short, medium and long-term development strategies or other relevant issues; 2) providing suggestions for our Company's long-term development strategies, major investments, reforms and other major decisions; and 3) performing other duties stipulated in laws, regulations and the Listing Rules and authorized by the Board.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Strategy Committee has convened 2 meetings, the details of which are as follows:

- On July 11, 2021, the Company held the 2021 first meeting of the Strategy Committee, and considered and approved the Proposal regarding Further Integration of Relevant Business between the Company and China CICC Wealth Management Securities Company Limited;
- On December 28, 2021, the Company held the 2021 second meeting of the Strategy Committee, and considered and approved the Proposal regarding the 2021-2025 Strategic Plan and 2030 Outline of Long-Term Objectives.

During the Reporting Period, the Strategy Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Strategy Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|----------------------------|---------------------------------|-------------------------------|
| Shen Rujun | 2 | 2 |
| Huang Zhaohui | 2 | 2 |
| Zhu Hailin ¹ | 1 | 1 |
| Tan Lixia | 2 | 2 |
| Duan Wenwu | 2 | 2 |
| Xiong Lianhua ² | 0 | 0 |

Notes:

- Mr. Zhu Hailin has served as the non-executive Director, a member of the Strategy Committee, a member of the Audit Committee and a member of the Risk Management Committee of the Board since September 28, 2021.
- Ms. Xiong Lianhua has resigned from the office of the non-executive Director, the member of the Strategy Committee, the member of the Risk Management Committee and the member of the Audit Committee of the Board, with effect from January 14, 2021.

2. Remuneration Committee

(1) Functions of the Committee

The primary duties of the Remuneration Committee include, but are not limited to, the following: 1) deliberating on the appraisal and remuneration management system for Directors and members of senior management and giving opinions; 2) conducting appraisal of Directors and members of senior management and making recommendations; and 3) performing other duties stipulated in laws, regulations and the Listing Rules and authorized by the Board. For details, please refer to the Terms of Reference of the Remuneration Committee of the Board of Directors of the Company available on the websites of our Company, the Hong Kong Stock Exchange and SSE.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Remuneration Committee has convened 2 meetings, the details of which are as follows:

1. On January 28, 2021, the Company held the 2021 first meeting of the Remuneration Committee, and considered and approved the Proposal regarding the 2020 Firm-wide Compensation;
2. On March 25, 2021, the Company held the 2021 second meeting of the Remuneration Committee, and considered and approved the Proposal regarding the 2020 Compensation Distribution Plan of Senior Management.

During the Reporting Period, the Remuneration Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Remuneration Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|------------------|---------------------------------|-------------------------------|
| Peter Hugh Nolan | 2 | 2 |
| Tan Lixia | 2 | 2 |
| Siu Wai Keung | 2 | 2 |
| Ben Shenglin | 2 | 2 |

3. Nomination and Corporate Governance Committee

(1) Functions of the Committee

The primary duties of the Nomination and Corporate Governance Committee include, but are not limited to, the following: 1) deliberating on selection and appointment standards and procedures of Directors and members of senior management and giving opinions, searching for qualified candidates of Directors and members of senior management and reviewing the qualification criteria of the candidates for Directors and members of senior management and making recommendations; 2) developing policies and practices in relation to corporate governance, and promoting the formulation and enhancement of the corporate governance standards; 3) conducting appraisal of corporate governance structure and governance standards and making recommendations; 4) reviewing and monitoring the training and continuous professional development of Directors and senior management; 5) reviewing and monitoring the Company's policies and practices with regard to compliance with legal and regulatory requirements; 6) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; 7) reviewing the Company's compliance with the Corporate Governance Code of Appendix 14 to the Listing Rules of the Stock Exchange and information disclosure in the Corporate Governance Report; and 8) performing other duties stipulated in laws, regulations and the Listing Rules and authorized by the Board. For details, please refer to the Terms of Reference of the Nomination and Corporate Governance Committee under the Board of Directors of the Company available on the websites of our Company, the Hong Kong Stock Exchange and SSE.

With respect to nomination for new Directors and re-election of Directors, our Company follows a considered and transparent nomination policy. Under the nomination policy for Directors, the Nomination and Corporate Governance Committee shall nominate suitable candidates to the Board for consideration and make recommendations to the Shareholders regarding election and re-election of Directors. The nomination of Directors shall be made in accordance with the nomination policy for Directors and all appointments of Directors will be merit-based with due regard for the objective criteria (including gender, age, cultural and educational background, relevant or professional experience, ethnicity, skills, knowledge, etc.) as set out under the Board of Directors Diversity Policy. The ultimate decision will be made based on meritocracy and contribution that the selected candidates can bring to the Company and the Board.

The factors used as reference by the Nomination and Corporate Governance Committee in assessing the suitability of a proposed candidate include, but are not limited to, integrity and character; accomplishment and experience in the financial services industry; professional qualifications, skills and knowledge that are relevant to our Company's business and corporate strategy; commitment in respect of available time; diversity; independent criteria as required under the Listing Rules for candidates for independent non-executive Directors, etc. These factors are not meant to be exhaustive and decisive. The Nomination and Corporate Governance Committee has the discretion to nominate any person, as it considers appropriate.

Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of their standing for election as a Director. The Nomination and Corporate Governance Committee will review such information of the potential candidates and may request candidates to provide additional information and documents if it considers necessary. A meeting of Nomination and Corporate Governance Committee will be called for the members to discuss the credentials of the proposed candidates and assess their qualifications based on the factors set out above. The Nomination and Corporate Governance Committee may also invite nominations of suitable candidates (if any) from the Board members for consideration by the Nomination and Corporate Governance Committee prior to its meeting. For filling a casual vacancy, the Nomination and Corporate Governance Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election and re-election at a general meeting, the Nomination and Corporate Governance Committee shall make nominations to the Board for its consideration and recommendation.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Nomination and Corporate Governance Committee has convened 3 meetings, the details of which are as follows:

1. On July 27, 2021, the Company held the 2021 first meeting of the Nomination and Corporate Governance Committee, and considered and approved the Proposal regarding the Election of Non-executive Director;
2. On October 28, 2021, the Company held the 2021 second meeting of the Nomination and Corporate Governance Committee, and considered and approved the Proposal regarding the Appointment of Zhang Kejun as a Member of the Management Committee and the Proposal regarding the Appointment of Cheng Long as the Chief Information Officer;
3. On December 28, 2021, the Company held the 2021 third meeting of the Nomination and Corporate Governance Committee, and considered and approved the Proposal regarding the Appointment of Zhou Jiaxing as the Chief Compliance Officer.

During the Reporting Period, the Nomination and Corporate Governance Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Nomination and Corporate Governance Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|------------------|--|--------------------------------------|
| Liu Li | 3 | 3 |
| Shen Rujun | 3 | 3 |
| Ben Shenglin | 3 | 3 |
| Peter Hugh Nolan | 3 | 3 |

4. Audit Committee**(1) Functions of the Committee**

The primary duties of the Audit Committee include, but are not limited to, the following: 1) supervising annual audit work, making judgment on the truthfulness, accuracy and completeness of audited financial information and submitting the same to our Board for consideration; 2) proposing engagement or replacement of external audit firm and supervising the practice of external audit firm; 3) being responsible for communication between internal and external auditors; and 4) performing other duties stipulated in laws, regulations and the Listing Rules and authorized by the Board. For details, please refer to the Terms of Reference of the Audit Committee of the Board of Directors of the Company available on the websites of our Company, the Hong Kong Stock Exchange and SSE.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Audit Committee has convened 5 meetings, the details of which are as follows:

1. On March 25, 2021, the Company held the 2021 first meeting of the Audit Committee, and considered and approved the Proposal regarding the 2020 Annual Report, the Proposal regarding the 2020 Audit Report, the Proposal regarding the Re-appointment of the Accounting Firms, the Proposal regarding the Provision for Asset Impairment, the Proposal regarding the 2020 Internal Control Assessment Report, the Proposal regarding the 2020 Report on the Effectiveness Evaluation of the Internal Control, Comprehensive Risk Management, Compliance Management and IT Management, the Proposal regarding the Report on the Deposit and Practical Usage of Raised Fund in 2020, the Proposal regarding the 2020 Anti-Money Laundering Audit Report, the Proposal regarding the 2020 Work Report of the Internal Audit Department, and the Proposal regarding the 2020 Annual Work Report of the Audit Committee of the Board of Directors;
2. On April 28, 2021, the Company held the 2021 second meeting of the Audit Committee, and considered and approved the Proposal regarding the 2021 First Quarterly Report and the Proposal regarding the Review Plan on 2021 Interim Financial Statements;
3. On August 20, 2021, the Company held the 2021 third meeting of the Audit Committee, and considered and approved the Proposal regarding the 2021 Interim Report;
4. On August 27, 2021, the Company held the 2021 fourth meeting of the Audit Committee, and considered and approved the Proposal regarding the 2021 Interim Report;
5. On October 26, 2021, the Company held the 2021 fifth meeting of the Audit Committee, and considered and approved the Proposal regarding the 2021 Third Quarterly Report, the Proposal regarding the 2021 Annual Audit Plan, and the Proposal regarding the 2022 Annual Work Plan of the Internal Audit Department.

During the Reporting Period, the Audit Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Audit Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|----------------------------|--|--------------------------------------|
| Siu Wai Keung | 5 | 5 |
| Zhu Hailin ¹ | 1 | 1 |
| Liu Li | 5 | 5 |
| Ben Shenglin | 5 | 5 |
| Xiong Lianhua ² | 0 | 0 |

Notes:

1. Mr. Zhu Hailin has served as the non-executive Director, a member of the Strategy Committee, a member of the Audit Committee and a member of the Risk Management Committee of the Board since September 28, 2021.
2. Ms. Xiong Lianhua has resigned from the office of the non-executive Director, the member of the Strategy Committee, the member of the Risk Management Committee and the member of the Audit Committee of the Board, with effect from January 14, 2021.

5. Risk Management Committee

(1) Functions of the Committee

The primary duties of the Risk Management Committee include, but are not limited to, the following: 1) considering and making recommendations on the overall goals and policies for compliance management and risk management; 2) considering and making recommendations on the establishment and duties of compliance management and risk management organizations; 3) evaluating and making recommendations on the risks of important decisions and solutions for significant risks requiring consideration of the Board; 4) reviewing and making recommendations on compliance reports and risk assessment reports requiring consideration of the Board; and 5) performing other duties stipulated in laws, regulations and the Listing Rules and authorized by the Board. For details, please refer to the Terms of Reference of the Risk Management Committee of the Board of Directors of the Company available on the websites of our Company, the Hong Kong Stock Exchange and SSE.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Risk Management Committee has convened 5 meetings, the details of which are as follows:

1. On March 25, 2021, the Company held the 2021 first meeting of the Risk Management Committee, and considered and approved the Proposal regarding the 2020 Annual Compliance Report, the Proposal regarding the 2020 Risk Assessment Report, and the Proposal regarding the Formulation of Internal Control Policy;
2. On April 28, 2021, the Company held the 2021 second meeting of the Risk Management Committee, and considered and approved the Proposal regarding the 2021 First Quarterly Risk Assessment Report, the Proposal regarding the 2021 First Quarterly Compliance Management Report, and the Proposal regarding the Self-assessment Report on the IT Security Work of Anti-money Laundering;
3. On August 20, 2021, the Company held the 2021 third meeting of the Risk Management Committee, and considered and approved the Proposal regarding the 2021 Interim Compliance Management Report and the Proposal regarding the 2021 Interim Risk Assessment Report;
4. On October 26, 2021, the Company held the 2021 fourth meeting of the Risk Management Committee, and considered and approved the Proposal regarding the 2021 Third Quarterly Compliance Management Report and the Proposal regarding the 2021 Third Quarterly Risk Assessment Report;
5. On December 28, 2021, the Company held the 2021 fifth meeting of the Risk Management Committee, and considered and approved the Proposal regarding the Formulation of Reputational Risk Management Policy.

During the Reporting Period, the Risk Management Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Risk Management Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|----------------------------|--|--------------------------------------|
| Ben Shenglin | 5 | 5 |
| Huang Zhaohui | 5 | 5 |
| Zhu Hailin ¹ | 2 | 2 |
| Duan Wenwu | 5 | 5 |
| Liu Li | 5 | 5 |
| Siu Wai Keung | 5 | 5 |
| Xiong Lianhua ² | 0 | 0 |

Notes:

1. Mr. Zhu Hailin has served as the non-executive Director, a member of the Strategy Committee, a member of the Audit Committee and a member of the Risk Management Committee of the Board since September 28, 2021.
2. Ms. Xiong Lianhua has resigned from the office of the non-executive Director, the member of the Strategy Committee, the member of the Risk Management Committee and the member of the Audit Committee of the Board, with effect from January 14, 2021.

6. Related-Party Transaction Control Committee

(1) Functions of the Committee

The primary duties of the Related-Party Transaction Control Committee include, but are not limited to, the following: 1) to design and revise the Policy on Management of Related Party Transactions of the Company, and to supervise its implementation; 2) to obtain the list of related (connected) persons of the Company and report to the Board of Directors and the Supervisory Committee; 3) to review related (connected) transactions to be approved by the Company's Board of Directors or shareholders' general meeting, form written opinions, submit them to the Board of Directors for consideration, and report to the Supervisory Committee; and 4) to perform other duties stipulated in laws, regulations and provisions of securities regulators and stock exchanges in the places where the Company's shares are listed and as authorized by the Board of Directors.

(2) Work Summaries and Meetings of the Committee

During the Reporting Period, the Related-Party Transaction Control Committee has convened 3 meetings, the details of which are as follows:

1. On January 27, 2021, the Company held the 2021 first meeting of the Related-Party Transaction Control Committee, which did not involve the resolution;
2. On March 25, 2021, the Company held the 2021 second meeting of the Related-Party Transaction Control Committee, and considered and approved the Proposal regarding the 2021 Annual Estimation for Daily Related-party Transactions and Proposal regarding the Amendments to the Policy on Management of Related-Party Transactions;
3. On August 20, 2021, the Company held the 2021 third meeting of the Related-Party Transaction Control Committee, which did not involve the resolution.

During the Reporting Period, the Related-Party transaction Control Committee convened meetings and performed their duties in accordance with the provisions and requirements of the Articles of Association and Terms of Reference of the Related-Party Transactions Control Committee of the Board of Directors, agreed to each proposal and put forward opinions and suggestions for related work, and played a positive and important role in facilitating the scientific decision-making of the Board of Directors.

(3) Attendance of Members of the Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|------------------|---------------------------------|-------------------------------|
| Siu Wai Keung | 3 | 3 |
| Liu Li | 3 | 3 |
| Peter Hugh Nolan | 3 | 3 |

(iii) Details of Matters Subject to Objection

During the Reporting Period, no objection has been raised in meetings of the Special Committees of the Board by its member, and all members voted for the proposals considered by the Special Committees, with no waiver and opposition.

VI. SUPERVISORY COMMITTEE AND PERFORMANCE OF DUTIES**(i) Powers and Duties of the Supervisory Committee**

The Supervisory Committee is the supervisory body of our Company and is accountable to the shareholders' general meeting. The powers and duties of the Supervisory Committee include but are not limited to: examining the financial affairs of our Company; supervising the performance of duties by the Directors and senior management; reviewing financial reports and profits distribution plans to be submitted by the Board at the shareholders' general meeting; and other duties and powers prescribed by relevant regulations and the Articles of Association or authorized by shareholders' general meetings. The Supervisory Committee is entitled to engage professional institutions such as accounting firms and law firms to assist its work when necessary.

The Supervisory Committee strictly complied with the relevant laws and regulations and the Articles of Association, lawfully and diligently performed its duties, observed the relevant procedures. During the Reporting Period, members of the Supervisory Committee attended all on-site Board meetings, shareholders' general meetings and most of the regular meetings of the management and on-site meetings of the special committees of the Board of the Company held.

(ii) Composition of the Supervisory Committee

Our Company strictly complied with the Articles of Association and relevant rules in respect of the appointment of the Supervisors. The meetings of the Supervisory Committee shall be held in accordance with the Articles of Association and the Rules of Procedures of the Supervisory Committee. As of the Latest Practicable Date, our Company's Supervisory Committee comprised three Supervisors, including one employee representative Supervisor (Mr. Gao Tao) and two non-employee representative Supervisors (Mr. Jin Lizuo and Mr. Cui Zheng). During the Reporting Period, there were no changes in the members of the Supervisory Committee of the Company.

For the biographies of all the existing Supervisors, please refer to "Directors, Supervisors, Senior Management and Employees – Biographies of Directors, Supervisors and Senior Management" in this report.

(iii) Meetings of the Supervisory Committee

During the Reporting Period, the Supervisory Committee has convened 7 meetings, the details and resolutions of which are set out as follows:

1. On January 27, 2021, the Company held the seventh meeting of the second session of the Supervisory Committee, which did not involve the resolution.
2. On March 30, 2021, the Company held the eighth meeting of the second session of the Supervisory Committee, at which the following proposals were considered and approved: the Proposal regarding the 2020 Work Report of the Supervisory Committee; the Proposal regarding the 2020 Annual Report; the Proposal regarding the 2020 Social Responsibility and Environmental, Social and Governance Report; the Proposal regarding the 2020 Profit Distribution Plan; the Proposal regarding the 2020 Annual Compliance Report; the Proposal regarding the 2020 Internal Control Assessment Report; the Proposal regarding the 2020 Risk Assessment Report; the Proposal regarding the Report on the Deposit and Practical Usage of Raised Fund in 2020; and the Proposal regarding the Provision for Asset Impairment.
3. On April 29, 2021, the Company held the ninth meeting of the second session of the Supervisory Committee, at which the following proposals were considered and approved: the Proposal regarding the 2021 First Quarterly Report and the Proposal regarding the Self-Assessment Report on Anti-Money Laundering Information Security and Protection Work.
4. On August 23, 2021, the Company held the tenth meeting of the second session of the Supervisory Committee, which did not involve the resolution.
5. On August 27, 2021, the Company held the eleventh meeting of the second session of the Supervisory Committee, at which the following proposal was considered and approved: the Proposal regarding the 2021 Interim Report.
6. On October 28, 2021, the Company held the twelfth meeting of the second session of the Supervisory Committee, at which the following proposal was considered and approved: the Proposal regarding 2021 Third Quarterly Report.
7. On December 28, 2021, the Company held the thirteenth meeting of the second session of the Supervisory Committee, at which the following proposals were considered and approved: the Proposal regarding the Formulation of Financial Supervision and Management Measures of the Supervisory Committee; the Proposal regarding the Formulation of Risk Control Supervision and Management Measures of the Supervisory Committee; the Proposal regarding the Formulation of the Performance Supervision and Management Measures of the Supervisory Committee; the Proposal regarding the Formulation of the Reputational Risk Management Policy; and the Proposal regarding the Formulation of the Protection of Investor Rights and Interests Policy.

(iv) Attendance of Supervisors at meetings of the Supervisory Committee

| Name | Required attendance at meetings | Actual attendance at meetings |
|-----------|---------------------------------|-------------------------------|
| Gao Tao | 7 | 7 |
| Jin Lizuo | 7 | 7 |
| Cui Zheng | 7 | 7 |

(v) Description of the Company's risks identified by the Supervisory Committee

During the Reporting period, the Supervisory Committee has no dissenting view over the supervisory matters, and all Supervisors voted for the proposals considered by the Supervisory Committee, with no waiver or opposition.

VII. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

During the Reporting Period, the Company did not implement share incentive scheme, employee stock ownership plan or other employee incentive measures.

During the Reporting Period, the Company provided clear targets for the Senior Management within the scope of their duties and evaluated their performances by year end. In addition to focusing on financial performances, customer and market performance, internal operation management, compliance and risk control and completion of annual key tasks in their respective work sectors, it also evaluated the work of the Senior Management in strategic planning, cross-line coordination and cadre training. The incentives of the Senior Management were closely linked to the Company's overall operating performance.

During the Reporting Period, the Senior Management of the Company conscientiously performed their duties, obtained good overall performance, completed the tasks assigned to them by the Board, further promoted the optimization and adjustment of the customer-centered organizational structure, strengthened the Company's professional service capabilities, and improved the internal control system of compliance and risk management during their terms. Under the guidance of the Board, the Senior Management closely followed the transformation opportunities of the industry, based on the principle of stable operation, continuously optimized the business and talent structure, promoted the effective integration and coordination of business resources, and comprehensively deepened the implementation of the Company's strategies.

VIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES

Adhered to the risk appetite commitment of “prudent and steady business operations”, the Company continuously strengthened its management and control of subsidiaries and established a whole-process vertical management system with full coverage, so as to ensure the steady and orderly operation of subsidiaries and prevent any potential unauthorized operation, uncontrolled budget or moral risks during the operation and management of subsidiaries. The Company strictly abides by laws and regulations applicable to subsidiaries of securities firms, and has no conflicts of interest or peer competition with subsidiaries. The reasonable and necessary separation system has been established to prevent any possible risk transmission or conflicts of interest.

During the Reporting Period, the Company had revised the Policy on the Management of New Entity Review Committee of China International Capital Corporation Limited twice to improve the system and mechanism in relation to the management of subsidiaries. In order to implement the full-life management of subsidiaries, the Company carried out inspections and reviews on key subsidiaries. The functional and control departments are responsible for outlining highlights of review and focusing on reviewing the operation and management.

During the Reporting Period, the Company has actively promoted the business integration and collaborative work with CICC Wealth Management, a subsidiary of the Company, after the business integration, the Company, as the parent company, is engaged in investment banking business, equities business, FICC business, asset management business and private equity investment business. CICC Wealth Management has revised the Policy on the Management of New Entity Review Committee of China CICC Wealth Management Securities Company Limited to further improve the relevant management and control requirements of New Entity Review Committee of CICC Wealth Management as the specialized management organization of CICC Wealth Management’s branches.

During the Reporting Period, the Company purchased a new subsidiary Beijing Science & Technology Innovation Investment Management Co., Ltd. (hereinafter referred to as “Science & Technology Innovation Company”). CICC manages Science & Technology Innovation Company on a consolidated basis, and implements vertical management of Science & Technology Innovation Company in terms of personnel management, capital and finance, compliance and risk control and authorization arrangements.

IX. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM

1. Establishment of the Internal Control System

Our Company has been emphasizing building a corporate internal control system since its establishment. Our Company's corporate internal control system has been gradually taking shape and enhanced in compliance with the PRC requirements of the "Guidelines for Internal Control of Securities Companies" and the "Basic Norms of Internal Control for Enterprises", and has incorporated the development of internal control into the operational development of our Company.

As of the end of the Reporting Period, our Company has established an internal control system suitable for our business nature, scale and complexity, and has achieved results in ensuring the legality and compliance of operations, the safety of assets and the authenticity and completeness of financial reports and relevant information, and improving operational efficiency and effectiveness.

2. Major Characteristics of the Internal Control System

Our Company has established a reasonable, effective and balanced internal control system, with clear division of work among the Board of Directors, the Supervisory Committee, the management, functional departments, business departments and their branches within the structure of the entire internal control system, and their duties and responsibilities are as follows:

- The Board of Directors is responsible for the sound establishment and effective implementation of internal control. The Board has established the Audit Committee which is responsible for reviewing the internal control of our Company, supervising the effective implementation of internal control and conducting self-evaluation on internal control, coordinating internal control audits and other relevant matters.
- The Supervisory Committee supervises the establishment and implementation of internal control by the Board.
- The management is responsible for organizing and steering the daily operation of the internal control of our Company.
- Each of the business departments and their branches formulates and implements its business policies, internal process and control. Our Company requires all employees who participate in business operations to comply with the policies and processes in the ordinary course of business. Each of the business departments conducts self-evaluation and assessment on the specific internal control procedures and measures for its scope of business, and is responsible for reporting deficiencies of the internal control procedures to the management of our Company.
- The Internal Audit Department is independent of the business departments of our Company and reports directly to the Audit Committee of the Board. The Internal Audit Department conducts reviews, appraisals, makes reports and recommendations, independently and objectively, on the overall internal control environment, the design and implementation of the internal control measures and risk assessment measures in each business department of our Company on a regular basis, in order to prevent risks, enhance the internal control standards and utilize resources properly and effectively.

- The functional departments participating in internal control include the Risk Management Department, Legal and Compliance Department and other middle and back office departments, which actively manage market risk, credit risk, operational risk, liquidity risk, compliance risk and legal risk faced by our Company's businesses and identify risks in the implementation of internal control and make recommendations to improve internal control deficiencies.

3. Procedures for Evaluating the Effectiveness of the Internal Monitoring System and Rectifying Material Internal Control Deficiencies

Our Company has established the Internal Audit Department which is independent of other departments in our Company and reports directly to the Audit Committee of the Board. The Internal Audit Department conducts reviews, appraisals, and provides reports and recommendations independently on risk management, the adequacy of the design and the effectiveness of the implementation of internal control for each business line. For issues discovered during internal audits, the Internal Audit Department formulates improvement measures jointly with various departments and assist the management in following up on the issues discovered in the audits and the rectification progress on a regular basis. As for the management of related-party (connected) transactions of the Company, the Company implements a complete series of internal control measures to ensure legal compliance, while the Internal Audit Department also conducts regular reviews of relevant internal control measures over the management of related-party (connected) transactions.

By reviewing the work and audit results of the Internal Audit Department on a regular basis, the Audit Committee appraises the effectiveness of risk management and internal control system on a regular basis on behalf of the Board.

4. Procedures for Processing and Releasing Inside Information

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, the Listing Rules and the Articles of Association as well as the practical conditions of our Company, the "Policy on Information Disclosure Management" has been formulated by our Company to determine the segregation of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this policy, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

During the Reporting Period, our Company has truthfully, accurately, legally and timely disclosed information in strict compliance with the requirements of domestic and foreign laws and regulations, the Listing Rules, the Articles of Association and the Policy on Information Disclosure Management without any false statements, misleading statements or material omissions, to ensure that all investors receive the disclosed information fairly, timely and effectively.

5. Appraisal of Internal Control

The Board and the management of our Company are jointly responsible for the establishment, the effective implementation and improvement of sound internal control system. The objectives of internal control of our Company are: guaranteeing the legality of operations of our Company and the execution of internal regulatory system, protecting against operational risk and moral risk, securing the safety and completeness of the assets of the clients and our Company, ensuring the reliability, completeness and timeliness of business records, financial information and other information of our Company and improving the operational efficiency and effectiveness of our Company.

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As internal control has inherent restrictions, we can only reasonably guarantee the achievement of the above objectives. Furthermore, the effectiveness of internal control may also change according to our Company's internal and external environment and operating conditions. Our Company has set up an inspection and supervision mechanism through which our Company can take measures to rectify deficiencies in internal control once identified.

The Board concluded that, pursuant to the requirements of relevant laws, regulations and regulatory rules such as the Guidelines for Internal Control for Securities Companies and with reference to the requirements of the Basic Norms of Internal Control for Enterprises and the provisions of its ancillary guidelines, an appraisal on internal control of the Group was conducted as at the reference date (as of December 31, 2021) of the "2021 Internal Control Assessment Report of China International Capital Corporation Limited", and the Group was not aware of any material defect in internal control of the Group. The Board is of the view that the Group has established an effective internal control system, which helps to achieve our objectives of internal control and is free of material defect and significant defect.

Deloitte Touche Tohmatsu Certified Public Accountants LLP performed audits on the effectiveness of internal control over financial statements of the Company as at December 31, 2021 in accordance with the Guidelines on Internal Control Audit for Enterprises and relevant requirements of the Practice Standards for Certified Public Accountants of China, and had issued the Internal Control Audit Report of China International Capital Corporation Limited with standard unqualified opinion. Based on the above understanding, testing and evaluation of internal control during the audit, Deloitte Touche Tohmatsu Certified Public Accountants LLP believed that the Company has maintained effective internal control over financial statements in all material aspects in accordance with the Basic Norms of Internal Control for Enterprises and relevant requirements as at December 31, 2021. There was no inconsistency between the 2021 Internal Control Assessment Report of China International Capital Corporation Limited issued by the Company and the Internal Control Audit Report of China International Capital Corporation Limited.

For details, please refer to the 2021 Internal Control Assessment Report of China International Capital Corporation Limited and the Internal Control Audit Report of China International Capital Corporation Limited published by the Company on the website of the Company, the Hong Kong Stock Exchange and the SSE.

X. ESTABLISHMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND INSPECTIONS AND AUDITS CONDUCTED BY THE COMPLIANCE AND AUDIT DEPARTMENT

(i) Establishment of Compliance System

The Company has established an organizational structure for compliance management that meets regulatory requirements and the compliance management needs of the Company. According to the Articles of Association and the Compliance Management Policy, the Board determines the compliance management objectives of the Company, assumes responsibility for the effectiveness of compliance management, and performs compliance duties under relevant policies. The Supervisory Committee is responsible for supervising the performance of compliance management duties by Directors and senior management, and for proposing the removal of Directors and senior management who undertakes main and leadership responsibility for major compliance risks. The management is responsible for implementing objectives of compliance management and for compliant operations. The heads of departments and subordinate bodies are responsible for implementing their respective compliance management objectives and for supervising and managing the compliant practices of their respective employees, and assume responsibility for the effectiveness of their respective compliance management.

The Chief Compliance Officer is responsible for the compliance management of the Company, and conducts reviews, supervision and inspections on the business management and practices of the Company and its employees. The Legal and Compliance Department is responsible for the daily management of compliance work of the Company, and for assisting the Chief Compliance Officer in performing compliance management responsibilities stipulated by laws and regulations, regulatory authorities, and the Articles of Association of the Company.

In order to promote the rule-based compliance management, the Company has established and improved the compliance policies, compliance guidelines, compliance notices and compliance reminders based on the Compliance Management Policy at the company level, including the Employee Code of Conduct, the Information Barrier Walls Policy 《信息隔離牆制度》, the Policy on the Management of All Employee Transactions, Private Investments and External Activities 《全球員工交易、私人投資和外部活動政策》, the Policy on the Management of Incorruptible Working for Employees 《工作人員廉潔從業管理制度》, the Policy on the Management of Money-Laundering and Terrorism Financing Risks 《洗錢和恐怖融資風險管理制度》, the Seal Management Policy 《印章管理政策》 and the Policy on the Management of Employees' Conflict of Interest 《員工利益衝突管理政策》, as well as the compliance management system based on specific polices provided in compliance manuals of relevant departments/branches.

The Company has established a unified system for the compliance management of subsidiaries at all levels and a work mechanism that all subsidiaries to report the compliance management to the parent company on a regular basis. Meantime, the Company reviews the compliance management system of subsidiaries, and supervises and monitors the compliance performance of operation and management of subsidiaries, so as to ensure that the compliance management of subsidiaries complies with relevant requirements of the Company.

(ii) Internal Audit

The Internal Audit Department is independent of the business departments of our Company and reports directly to the Audit Committee of the Board. During the Reporting Period, the Internal Audit Department conducts reviews, appraisals, makes reports and recommendations, independently and objectively, on the overall internal control environment, the design and implementation of the internal control measures and risk assessment measures in each business department of our Company on a regular basis, in order to prevent risks, enhance the internal control standards and utilize resources properly and effectively.

During the Reporting Period, the Internal Audit Department has conducted 196 internal audits on the design and implementation of internal control of the investment banking business, brokerage business, financial product sale business, FICC business, asset management business, wealth management business, OTC derivative trading business, private equity investment funds business, custody business and fund services business of CICC, and the brokerage business, credit business and financial product sale business of CICC Futures, CICC Fund Management, the US, UK and Singapore subsidiaries, and CICC Wealth Management. It has also conducted resignation audit and off-post audits on employees of CICC and CICC Wealth Management in Mainland China according to relevant regulatory requirements. Meanwhile, the Internal Audit Department has also conducted audits on the application control and general control of relevant IT systems relating to the above Mainland China and overseas businesses. According to the relevant audit results of the Internal Audit Department, no material abnormalities or material deficiencies in the internal control system have been discovered.

According to relevant audit results, the Internal Audit Department has inspected and assessed the effectiveness of internal control, comprehensive risk management and compliance management of the Company, and disclosed major risks, which proactively enhanced the risk prevention awareness and risk management capacities of all departments, subsidiaries and branches.

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XI. SELF-EXAMINATION AND RECTIFICATIONS IN THE SPECIAL CAMPAIGN TO IMPROVE THE GOVERNANCE OF LISTED COMPANIES

According to the Announcement on Launching a Special Campaign to Improve the Governance of Listed Companies issued by the CSRC, the companies listed before June 30, 2020 (inclusive) shall complete relevant special self-examinations. The Company completed the listing of A Shares on November 2, 2020, not falling into the scope of such self-examinations.

XII. OTHERS

(i) Rights of Shareholders

Our Company convenes and holds shareholders' general meetings according to the Articles of Association and the Rules of Procedures of the Shareholders' General Meeting to guarantee all Shareholders enjoy equal rights and can exercise their rights fully and transparently. The Directors, Supervisors and the senior management of the Company shall attend the shareholders' general meeting and answer the questions raised by the Shareholders.

(ii) Compliance with the Model Code for Securities Transactions

Our Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions. Our Company has made specific enquiries to all Directors and Supervisors concerning their compliance with the Model Code. All Directors and Supervisors confirmed that they had strictly observed all standards set out in our Company's code of conduct regarding Directors' securities transactions during the Reporting Period.

(iii) Responsibilities of Directors for the Financial Statements

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the independent auditor included in the independent auditor's report. Each responsibility statement shall be interpreted separately.

All Directors acknowledge and confirm their responsibilities of preparing the financial statements which truly reflect the business and operating results of our Company for each financial year. To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of our Company.

(iv) Appointment and Remuneration of the Accounting Firms

| | Currently appointed |
|---|---|
| Name of domestic accounting firm | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| Number of years of audit by domestic accounting firms | 3 years |
| Name of overseas accounting firm | Deloitte Touche Tohmatsu |
| Number of years of audit by overseas accounting firms | 3 years |
| Total remuneration for domestic and overseas accounting firms | RMB4.973 million |

Note: The above is the audit fee (tax inclusive) in respect of the 2021 financial statements of the Company, which does not include the audit fees in respect of the subsidiaries of the Company.

The description of the appointment of accounting firms:

On May 18 2021, after consideration and approval by the 2020 Shareholders' General Meeting, the Company re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas accounting firm for 2021, respectively, responsible for providing the relevant statutory financial statements audit, interim financial statements review and agreed-upon procedure services of quarterly financial statements to the Company, and re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control audit institution of the Company in 2021. The term of both re-appointments shall be one year.

Our Company paid RMB6.873 million to Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as fees for auditing the statutory financial statements, the reviewing of the interim financial statements and performing the agreed-upon procedures over quarterly financial statements for 2021, and paid RMB1.5 million to Deloitte Touche Tohmatsu Certified Public Accountants LLP for the auditing of 2021 internal control.

During the Reporting Period, our Company has paid RMB12.88 million to Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu and its network member institutions for other service fees arising from the special audit, tax compliance, debt instruments issuance, consulting, etc.

(v) Review by the Audit Committee

The Audit Committee has reviewed the 2021 consolidated financial statements of our Company.

(vi) Joint Company Secretaries

Mr. Sun Nan, the Secretary to the Board and the Joint Company Secretary of our Company, is responsible for making recommendations and proposals to the Board on issues related to corporate governance, and ensuring that Board policies and procedures as well as applicable laws, rules and regulations are strictly followed. In order to maintain sound corporate governance and to ensure compliance with the Listing Rules and applicable Hong Kong laws, Mr. Zhou Jiaying, the Chief Compliance Officer of our Company, has previously been appointed, and will continue to be the other Joint Company Secretary, to assist Mr. Sun Nan in discharging the duties of a company secretary.

Both Mr. Sun Nan and Mr. Zhou Jiaying have confirmed that they had received not less than 15 hours of relevant professional training during the Reporting Period.

(vii) Communication with Shareholders

The shareholders' general meeting is the body exercising the authority of our Company and shall exercise the powers and duties in accordance with the law, the Articles of Association and the Rules of Procedures of the Shareholders' General Meeting. The rights of the Shareholders are specified in the Articles of Association. Our Company convened the shareholders' general meetings in strict compliance with the relevant rules and procedures such that all Shareholders are treated equally and can exercise their rights fully.

The shareholders' general meeting provides opportunities for constructive communications between our Company and our Shareholders. Shareholders are encouraged to attend the shareholders' general meetings in person, or if they fail to attend such meetings, they can appoint proxies to attend and vote at the meetings for and on their behalves. Our Company highly values the opinions, suggestions and concerns of the Shareholders and has assigned dedicated persons to proactively carry out various types of investor relation activities to keep in contact with the Shareholders and timely meet their reasonable demands.

Our Company's website (www.cicc.com) provides the Shareholders with Group information, such as major business activities and the latest developments of the Group, the Group's corporate governance, the structure and functions of the Board and each of the committees of our Company. To serve as a channel promoting effective communication with the Shareholders, our Company's website also publishes announcements, circulars, notices of the shareholders' general meeting, financial data and other information of our Company required to be disclosed under the Listing Rules from time to time through the "Investor Relations" section. Our Company encouraged Shareholders to make enquiries by phone or email or write directly to the office address of our Company, which will be dealt with appropriately in a timely manner. Please refer to "Company Profile" in this report for the contact details.

Our Company welcomes all Shareholders to attend shareholders' general meetings and makes appropriate arrangements for the shareholders' general meetings to encourage Shareholders' participation. Our Company's Directors, Supervisors and senior management will attend the shareholders' general meetings, and shall also ensure that the external auditors will attend annual general meetings to answer the relevant questions raised by the Shareholders.

The Shareholders may propose to convene an extraordinary general meeting or shareholders' class meeting and put forward proposals at the meetings pursuant to the Articles of Association. The Shareholders may attend and vote at the shareholders' general meetings in person or by proxy. The resolutions of the meetings and the attendance records signed by the attending Shareholders and instruments of proxy shall be kept at our Company's principal address. The Shareholders may inspect the copy of the resolutions of the meetings during our Company's business hours free of charge. The Articles of Association is set out on the websites of our Company, the Hong Kong Stock Exchange and the SSE.

Our Company shall arrange the Directors, Supervisors and senior management to answer the questions raised by the Shareholders during the 2021 annual general meeting. Detailed procedures of voting and proposals will be contained in the information or circular of the shareholders' general meetings.

(viii) Investor Relations

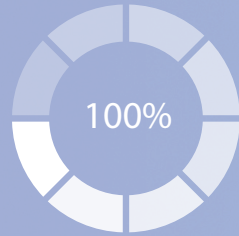
Our Company emphasizes the importance of protecting the interests of investors and endeavors to provide comprehensive and effective investor relations services. Our Company has actively performed the duties of a listed company. We have established an investor relations service and management system, formed an investor relations service team led by the Secretary to the Board of Directors, set up a hotline and mailbox for investor relations services and set up an investor relations section on the official website of our Company, to ensure the faithful, effective and timely communication of corporate information to investors, endeavoring to safeguard the interests of Shareholders and ensure their rights to information.

In 2021, our Company warmly received visits from domestic and overseas institutional investors and analysts, organized various forms of investors and analyst exchanges, communicated with investors and analysts for more than 236 person times, and participated in more than 108 times of the group/one-to-one telephone/video conference with investors and analysts, effectively enhanced the investor's understanding of our Group's strategic roadmap and growth prospects.

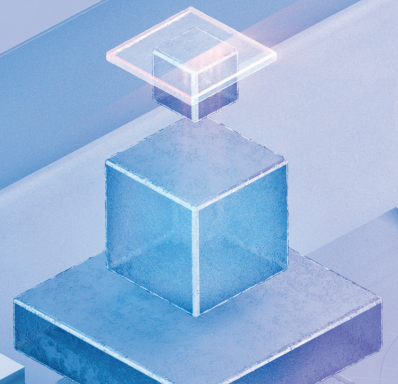
On May 18, 2021, the 2020 Annual General Meeting of the Company was held; and on September 28, 2021, the 2021 First Extraordinary General Meeting of the Company was held. The Company's Directors, Supervisors and the management attended each of the shareholders' general meetings and answered investors' questions on the spot. Along with the disclosure of annual results, we held the 2020 annual results presentation and the press conference through online webcast in Beijing and Hong Kong, attracting nearly 200 investors and research analysts, with more than 4,300 media reports subsequent to the conference and over 57 thousand views of our HTML5-Version Annual Report via the WeChat. After the annual results presentation, the management conducted an online roadshow to have deeper communication with institutional investors about the Company's strategy and business performance.

(ix) Amendment to the Articles of Association

In order to implement the Approval relating to the Qualification of the Stock Options Market Making Business of China International Capital Corporation Limited (Zheng Jian Xu Ke [2021] No.341), the Measures for the Administration of Information Technology of Securities and Fund Operators and other laws and regulations as well as the requirements of regulatory authorities, and after consideration and approval by the 2020 Annual General Meeting of the Company convened on May 18, 2021, the Company added the scope of stock options market making business, the information technology management duties of the Board of Directors and relevant contents in the Articles of Association. Such amendments took effect from May 18, 2021.



Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

To the Shareholders of China International Capital Corporation Limited

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

OPINION

We have audited the consolidated financial statements of China International Capital Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 214 to 367, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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") issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 Matter | How our audit addressed the key audit matter |
|--|--|
| <i>Valuation of financial instruments measured at Level III fair value</i> | |
| <p>We identified the valuation of financial instruments measured at Level III fair value as a key audit matter.</p> <p>As at 31 December 2021, the Group holds financial instruments of RMB16,371 million measured at Level III fair values as disclosed in Note 56, which are significant to the consolidated financial statements.</p> <p>For the valuation of these financial instruments measured at Level III fair value, the selection of valuation techniques, the key assumptions and unobservable inputs used in the valuation techniques involve significant estimation of the management as disclosed in Note 4(a) and Note 56.</p> <p>Owing to the above reasons, we identified the valuation of financial instruments measured at Level III fair value as a key audit matter in our audit of the consolidated financial statements.</p> | <p>Our procedures in relation to valuation of financial instruments measured at Level III fair value included:</p> <ul style="list-style-type: none"> • Understanding the Group's valuation models for financial instruments at Level III fair value and key controls over selection of valuation methods and determining the valuation of such financial instruments; • Selecting financial instruments at Level III fair value on a sample basis and: <ul style="list-style-type: none"> – Reviewing the investment agreements to understand the relevant investment terms and identifying any conditions that were relevant to the valuation of the selected financial instruments; – Evaluating the appropriateness of the model adopted by management in the valuation of the selected financial instruments, based on our knowledge of current industry practice; – Evaluating the appropriateness of the unobservable and observable inputs used by the management for measuring the fair value of the selected financial instruments with reference to relevant market data; • For the samples selected in above procedures, involving our internal valuation specialists to develop expected fair values and sensitivity analysis of the selected financial instruments, on a sample basis, and investigating if the expected fair values are significantly deviated from the corresponding fair value adopted by the Group. |

Independent Auditor's Report

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

KEY AUDIT MATTERS (continued)

| Key Audit Matter | How our audit addressed the key audit matter |
|--|---|
| <i>Consolidation of structured entities</i> | |
| <p>We identified the consolidation of structured entities as a key audit matter.</p> <p>As disclosed in Note 53(a) to the consolidated financial statements, as at 31 December 2021, the carrying amount of interests held by the Group amounted to RMB28,606 million, which is significant to the consolidated financial statements.</p> <p>As disclosed in Note 4(b) to the consolidated financial statements, in accordance with the principle of control in IFRS 10 <i>Consolidated Financial Statements</i>, to determine whether structured entities should be consolidated, a combination of factors need to be assessed by management to make a comprehensive judgment on whether the Group has controlled the structured entities, according to the terms of the related contracts, including the purpose of establishment, the Group's power over the structured entities, all variable returns obtained including investment income and management remuneration, the ability to use power over the investees to affect the amount of returns, that the Group is a principal or an agent and etc. The assessment above involves significant judgement and estimation of the management.</p> <p>Owing to the above reasons, we identified the consolidation of structured entities as a key audit matter in our audit of the consolidated financial statements.</p> | <p>Our procedures in relation to consolidation of structured entities included:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of management's key controls over determining the consolidation of structured entities; • Reviewing, on a sample basis, the related investment contracts and service agreements of investments in structured entities to assess whether the management has appropriately considered the following factors in determining the consolidation of structured entities: <ul style="list-style-type: none"> – The purpose of establishment, the major activities and decision-making process of these structured entities; – All variable returns entitled, primarily investment income and management remuneration, by the Group; – The Group's substantive power over these structured entities and how it can affect the variable returns; and – Whether the Group makes investment decision as the principal. • Checking and evaluating, on a sample basis, management's quantitative analysis on the Group's exposure or right to variable returns with its economic interests in the structured entity and examining the data used in these calculations by reference to the related contracts. |

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 issued by the IASB 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.

Independent Auditor's Report

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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.

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 the independent auditor's report is Mr. Man Kai Sze.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, China
30 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021 (Expressed in Renminbi ("RMB"), unless otherwise stated)

| | Notes | Year ended 31 December | |
|--|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Revenue: | | | |
| Fee and commission income | 7 | 19,481,226,228 | 15,614,699,770 |
| Interest income | 8 | 7,276,478,630 | 5,644,871,039 |
| Investment income | 9 | 14,703,455,333 | 13,158,640,416 |
| Total revenue | | 41,461,160,191 | 34,418,211,225 |
| Other losses, net | 10 | (496,738,413) | (2,016,384,259) |
| Total revenue and other income | | 40,964,421,778 | 32,401,826,966 |
| Expenses: | | | |
| Fee and commission expenses | 11 | 2,652,828,459 | 1,989,083,356 |
| Interest expenses | 12 | 8,266,695,757 | 6,713,748,168 |
| Staff costs | 13 | 13,326,531,000 | 10,775,510,804 |
| Depreciation and amortisation expenses | 16 | 1,182,680,073 | 1,000,778,080 |
| Tax and surcharges | | 133,842,886 | 115,775,920 |
| Other operating expenses and costs | 17 | 2,979,325,247 | 2,088,661,086 |
| (Reversal of)/provision for impairment losses under expected credit loss ("ECL") model | 18 | (408,034,310) | 972,795,291 |
| Total expenses | | 28,133,869,112 | 23,656,352,705 |
| Operating profit | | 12,830,552,666 | 8,745,474,261 |
| Share of profits/(losses) of associates and joint ventures | | 147,560,193 | (32,791,974) |
| Profit before income tax | | 12,978,112,859 | 8,712,682,287 |
| Less: Income tax expense | 19 | 2,168,191,190 | 1,450,542,933 |
| Profit for the year | | 10,809,921,669 | 7,262,139,354 |
| Attributable to: | | | |
| Shareholders of the Company | | 10,777,713,147 | 7,207,452,452 |
| Non-controlling interests | | 32,208,522 | 54,686,902 |
| Basic earnings per share (in RMB per share) | 20 | 2.16 | 1.60 |

The notes on pages 224 to 367 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2021 | 2020 |
| Profit for the year | 10,809,921,669 | 7,262,139,354 |
| Other comprehensive income for the year | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | |
| Financial assets at fair value through other comprehensive income: | | |
| – Net gains/(losses) from changes in fair value | 194,218,652 | (59,000,864) |
| – Provision for impairment losses under ECL model | 608,115 | 1,123,234 |
| – Tax effect | (42,264,905) | 48,247,322 |
| – Net gains transferred to profit or loss on disposals | (60,742,856) | (143,553,236) |
| Interests in associates and joint ventures: | | |
| – Share of other comprehensive income | – | 103,278 |
| Foreign currency translation difference of financial statements of overseas subsidiaries | (323,183,113) | (716,447,510) |
| Others | (2,674,098) | – |
| Total other comprehensive income for the year, net of income tax | (234,038,205) | (869,527,776) |
| Total comprehensive income for the year | 10,575,883,464 | 6,392,611,578 |
| Attributable to: | | |
| Shareholders of the Company | 10,543,674,942 | 6,337,924,676 |
| Non-controlling interests | 32,208,522 | 54,686,902 |

The notes on pages 224 to 367 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Notes | As at 31 December | |
|---|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Non-current assets: | | | |
| Property and equipment | 21 | 1,131,867,523 | 748,398,324 |
| Right-of-use assets | 22 | 2,994,642,543 | 2,271,552,336 |
| Goodwill | 23 | 1,622,663,283 | 1,582,678,646 |
| Intangible assets | 24 | 432,742,712 | 310,819,976 |
| Interests in associates and joint ventures | 25 | 1,086,935,585 | 1,188,852,866 |
| Financial assets at fair value through profit or loss | 26 | 8,778,820,783 | 6,709,361,710 |
| Financial assets held under resale agreements ("reverse REPOs") | 27 | 347,738,411 | 902,186,358 |
| Refundable deposits | 28 | 12,631,912,764 | 11,768,323,935 |
| Deferred tax assets | 29 | 1,628,639,392 | 1,787,614,365 |
| Other non-current assets | 30 | 328,514,762 | 510,965,054 |
| Total non-current assets | | 30,984,477,758 | 27,780,753,570 |
| Current assets: | | | |
| Accounts receivable | 31 | 45,742,880,588 | 43,493,774,685 |
| Receivable from margin clients | 32 | 39,479,056,714 | 33,884,813,279 |
| Financial assets at fair value through other comprehensive income | 33 | 43,009,969,681 | 37,212,187,524 |
| Financial assets at fair value through profit or loss | 26 | 292,395,394,321 | 240,896,335,935 |
| Reverse REPOs | 27 | 25,510,755,648 | 17,528,510,790 |
| Derivative financial assets | 34 | 14,564,228,663 | 12,311,263,836 |
| Cash held on behalf of clients | 35 | 91,037,390,313 | 60,950,716,097 |
| Cash and bank balances | 36 | 66,143,094,889 | 47,161,071,068 |
| Other current assets | | 928,240,640 | 401,072,832 |
| Total current assets | | 618,811,011,457 | 493,839,746,046 |
| Total assets | | 649,795,489,215 | 521,620,499,616 |

| | Notes | As at 31 December | |
|---|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Current liabilities: | | | |
| Financial liabilities at fair value through profit or loss | 39 | 38,926,786,684 | 42,891,549,327 |
| Derivative financial liabilities | 34 | 18,134,007,508 | 24,682,534,637 |
| Accounts payable to brokerage clients | 40 | 93,445,165,307 | 70,655,180,456 |
| Placements from financial institutions | 41 | 51,477,278,678 | 34,516,414,695 |
| Short-term debt securities issued | 42 | 22,989,857,489 | 26,492,570,465 |
| Financial assets sold under repurchase agreements ("REPOs") | 43 | 16,376,070,951 | 25,101,083,823 |
| Employee benefits payable | 44 | 10,507,201,308 | 7,805,043,988 |
| Income tax payable | | 979,703,792 | 915,619,202 |
| Long-term debt securities issued due within one year | 46 | 34,753,251,574 | 23,386,443,319 |
| Lease liabilities | 47 | 725,687,814 | 541,299,132 |
| Contract liabilities | 48 | 412,950,874 | 170,928,280 |
| Other current liabilities | 45 | 147,853,683,990 | 85,922,851,573 |
| Total current liabilities | | 436,581,645,969 | 343,081,518,897 |
| Net current assets | | 182,229,365,488 | 150,758,227,149 |
| Total assets less current liabilities | | 213,213,843,246 | 178,538,980,719 |
| Non-current liabilities: | | | |
| Non-current employee benefits payable | 44 | 661,663,772 | 781,920,387 |
| Long-term debt securities issued | 46 | 125,755,298,201 | 104,614,517,533 |
| Deferred tax liabilities | 29 | 431,655,234 | 506,667,665 |
| Lease liabilities | 47 | 1,277,207,612 | 663,560,140 |
| Other non-current liabilities | 49 | 357,182,000 | 157,182,000 |
| Total non-current liabilities | | 128,483,006,819 | 106,723,847,725 |
| Net assets | | 84,730,836,427 | 71,815,132,994 |

Consolidated Statement of Financial Position

As at 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Notes | As at 31 December | |
|--|-------|-----------------------|----------------|
| | | 2021 | 2020 |
| Equity: | | | |
| Share capital | 50(a) | 4,827,256,868 | 4,827,256,868 |
| Other equity instruments | 51 | 8,500,000,000 | 5,000,000,000 |
| Reserves | 50(b) | 45,565,955,440 | 44,008,757,978 |
| Retained profits | | 25,528,908,966 | 17,798,924,176 |
| Total equity attributable to shareholders of the Company | | 84,422,121,274 | 71,634,939,022 |
| Non-controlling interests | | 308,715,153 | 180,193,972 |
| Total equity | | 84,730,836,427 | 71,815,132,994 |

The notes on pages 224 to 367 form part of these financial statements.

The consolidated financial statements on pages 214 to 367 were approved and authorised for issue by the board of directors on 30 March 2022.

Shen Rujun
Chairman of Board

Huang Zhaohui
Chief Executive Officer

Company chop

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Attributable to shareholders of the Company | | | | | | | | | | | |
|--|---|--|------------------------------------|--|--|--|--|-----------------------------------|------------------|----------------|---------------------------|----------------|
| | Reserves | | | | | | | | Retained profits | Subtotal | Non-controlling interests | Total equity |
| | Share capital (Note 50(a)) | Other equity instruments (Note 51) | Capital reserve (Note 50(b)(i)) | Surplus reserve (Note 50(b)(ii)) | General reserves (Note 50(b)(iii)) | Investment revaluation reserve (Note 50(b)(iv)) | Foreign currency translation reserve (Note 50(b)(v)) | Other reserve (Note 50(b)(vi)) | | | | |
| At 1 January 2021 | 4,827,256,868 | 5,000,000,000 | 39,533,272,979 | 995,576,479 | 4,074,311,372 | 37,927,416 | (632,330,268) | - | 17,798,924,176 | 71,634,939,022 | 180,193,972 | 71,815,132,994 |
| Changes in equity for the year | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 10,777,713,147 | 10,777,713,147 | 32,208,522 | 10,809,921,669 |
| Other comprehensive income for the year | - | - | - | - | - | 91,819,006 | (323,183,113) | (2,674,098) | - | (234,038,205) | - | (234,038,205) |
| Total comprehensive income for the year | - | - | - | - | - | 91,819,006 | (323,183,113) | (2,674,098) | 10,777,713,147 | 10,543,674,942 | 32,208,522 | 10,575,883,464 |
| Appropriation to surplus reserve | - | - | - | 396,872,318 | - | - | - | - | (396,872,318) | - | - | - |
| Appropriation to general reserves | - | - | - | - | 1,395,749,803 | - | - | - | (1,395,749,803) | - | - | - |
| Distributions to holders of perpetual subordinated bonds | - | - | - | - | - | - | - | - | (386,200,000) | (386,200,000) | - | (386,200,000) |
| Issuance of perpetual subordinated bonds | - | 3,500,000,000 | - | - | - | - | - | - | - | 3,500,000,000 | - | 3,500,000,000 |
| Dividends to shareholders | - | - | - | - | - | - | - | - | (868,906,236) | (868,906,236) | (63,947,434) | (932,853,670) |
| Acquisition of a subsidiary (Note 61(b)) | - | - | - | - | - | - | - | - | - | - | 173,080,789 | 173,080,789 |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | (12,820,696) | (12,820,696) |
| Others | - | - | (1,386,454) | - | - | - | - | - | - | (1,386,454) | - | (1,386,454) |
| At 31 December 2021 | 4,827,256,868 | 8,500,000,000 | 39,531,886,525 | 1,392,448,797 | 5,470,061,175 | 129,746,422 | (955,513,381) | (2,674,098) | 25,528,908,966 | 84,422,121,274 | 308,715,153 | 84,730,836,427 |

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Attributable to shareholders of the Company | | | | | | | | | | |
|--|---|--|------------------------------------|--|--|--|--|------------------|-----------------|---------------------------|-----------------|
| | Reserves | | | | | | | Retained profits | Subtotal | Non-controlling interests | Total equity |
| | Share capital (Note 50(a)) | Other equity instruments (Note 51) | Capital reserve (Note 50(b)(i)) | Surplus reserve (Note 50(b)(ii)) | General reserves (Note 50(b)(iii)) | Investment revaluation reserve (Note 50(b)(iv)) | Foreign currency translation reserve (Note 50(b)(v)) | | | | |
| At 1 January 2020 | 4,368,667,868 | 1,000,000,000 | 26,931,646,975 | 736,558,479 | 3,201,193,156 | 191,007,682 | 84,117,242 | 11,780,607,940 | 48,293,799,342 | 237,736,093 | 48,531,535,435 |
| Changes in equity for the year | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 7,207,452,452 | 7,207,452,452 | 54,686,902 | 7,262,139,354 |
| Other comprehensive income for the year | - | - | - | - | - | (153,080,266) | (716,447,510) | - | (869,527,776) | - | (869,527,776) |
| Total comprehensive income for the year | - | - | - | - | - | (153,080,266) | (716,447,510) | 7,207,452,452 | 6,337,924,676 | 54,686,902 | 6,392,611,578 |
| Appropriation to surplus reserve | - | - | - | 259,018,000 | - | - | - | (259,018,000) | - | - | - |
| Appropriation to general reserves | - | - | - | - | 873,118,216 | - | - | (873,118,216) | - | - | - |
| Distributions to holders of perpetual subordinated bonds | - | - | - | - | - | - | - | (57,000,000) | (57,000,000) | - | (57,000,000) |
| Issuance of RMB denominated ordinary shares ("A Shares") | 458,589,000 | - | 12,573,472,492 | - | - | - | - | - | 13,032,061,492 | - | 13,032,061,492 |
| Issuance of perpetual subordinated bonds | - | 5,000,000,000 | - | - | - | - | - | - | 5,000,000,000 | - | 5,000,000,000 |
| Redemption of perpetual subordinated bonds | - | (1,000,000,000) | - | - | - | - | - | - | (1,000,000,000) | - | (1,000,000,000) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | (15,431,032) | (15,431,032) |
| Acquisition of non-controlling interests | - | - | 28,153,512 | - | - | - | - | - | 28,153,512 | (93,836,612) | (65,683,100) |
| Liquidation of subsidiaries | - | - | - | - | - | - | - | - | - | (2,961,379) | (2,961,379) |
| At 31 December 2020 | 4,827,256,868 | 5,000,000,000 | 39,533,272,979 | 995,576,479 | 4,074,311,372 | 37,927,416 | (632,330,268) | 17,798,924,176 | 71,634,939,022 | 180,193,972 | 71,815,132,994 |

The notes on pages 224 to 367 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Year ended 31 December | |
|--|-------------------------|------------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Profit before income tax | 12,978,112,859 | 8,712,682,287 |
| Adjustments for: | | |
| Net financing interest expenses | 5,878,864,962 | 4,397,010,784 |
| Depreciation and amortisation expenses | 1,182,680,073 | 1,000,778,080 |
| (Reversal of)/provision for impairment losses under ECL model | (408,034,310) | 972,795,291 |
| Net losses/(gains) on disposal of property, equipment and other assets | 4,623,401 | (708,423) |
| Foreign exchange (gains)/losses from derivatives and from others | (982,224,939) | 2,182,256,322 |
| (Gains)/losses on changes in fair value of financial instruments at fair value through profit or loss | (12,644,407,721) | 5,921,265,185 |
| Interest income from financial assets at fair value through other comprehensive income | (1,177,075,057) | (1,163,278,994) |
| Dividend income from investments in financial assets and share of profits of associates and joint ventures | (157,424,440) | (49,225,405) |
| Net gains on disposal of investments | (153,715,325) | (724,905,073) |
| Operating cash flows before movements in working capital | 4,521,399,503 | 21,248,670,054 |
| Increase in receivable from margin clients | (5,299,709,847) | (10,777,778,021) |
| Increase in accounts receivable, other receivables and prepayments | (3,630,819,089) | (27,611,308,094) |
| Increase in reverse REPOs | (7,155,609,294) | (4,380,979,811) |
| Increase in financial instruments at fair value through profit or loss | (50,021,784,852) | (62,275,322,604) |
| Increase in cash held on behalf of clients | (30,082,315,371) | (12,488,113,549) |
| (Increase)/decrease in restricted bank deposits | (408,055,900) | 386,794,440 |
| Increase in refundable deposits | (863,502,823) | (5,269,413,596) |
| Increase in accounts payable to brokerage clients | 22,785,626,006 | 23,055,610,235 |
| (Decrease)/increase in REPOs | (8,699,392,520) | 409,538,302 |
| Increase in other liabilities | 82,746,054,211 | 46,000,357,613 |
| Cash generated from/(used in) operating activities, before income tax | 3,891,890,024 | (31,701,945,031) |
| Income tax paid | (2,024,488,670) | (2,036,745,238) |
| Net cash generated from/(used in) operating activities | 1,867,401,354 | (33,738,690,269) |

Consolidated Statement of Cash Flows

For the year ended 31 December 2021 (Expressed in RMB, unless otherwise stated)

| | Notes | Year ended 31 December | |
|--|-------|-------------------------|------------------|
| | | 2021 | 2020 |
| Cash flows from investing activities: | | | |
| Cash receipts from disposal of investments | | 42,432,404,748 | 39,068,118,584 |
| Cash receipts of investment returns | | 1,607,630,359 | 819,534,578 |
| Cash and cash equivalents from acquisition of a subsidiary | | 236,175,135 | – |
| Proceeds from disposal of interest in associates and joint ventures | | 15,435,237 | – |
| Proceeds from disposal of property, equipment and other long-term assets | | – | 31,576,002 |
| Purchase of investments | | (50,552,079,460) | (47,048,454,517) |
| Purchase of property, equipment and other long-term assets | | (1,058,414,313) | (460,252,973) |
| Net cash outflows on disposal of subsidiaries | 9 | (11,629,041) | (469,103,820) |
| Net cash used in investing activities | | (7,330,477,335) | (8,058,582,146) |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of beneficiary certificates | | 47,872,317,839 | 63,395,882,718 |
| Proceeds from issuance of corporate bonds | | 45,000,000,000 | 55,000,000,000 |
| Proceeds from issuance of medium-term notes (“MTNs”) | | 9,727,050,000 | 11,305,914,640 |
| Proceeds from issuance of subordinated bonds | | 7,000,000,000 | 3,500,000,000 |
| Proceeds from issuance of perpetual subordinated bonds | | 3,500,000,000 | 5,000,000,000 |
| Proceeds from issuance of structured notes | | 2,232,650,401 | 10,529,132,195 |
| Proceeds from issuance of short-term commercial papers | | 1,000,000,000 | – |
| Proceeds from issuance of shares | | – | 13,032,061,492 |
| Redemption of beneficiary certificates | | (55,675,519,569) | (57,224,339,603) |
| Redemption of corporate bonds | | (9,776,000,000) | (19,000,000,000) |
| Redemption of MTNS | | (7,271,702,400) | – |
| Redemption of structured notes | | (6,268,914,105) | (10,773,425,640) |
| Redemption of subordinated bonds | | (5,000,000,000) | (1,000,000,000) |
| Redemption of asset-backed securities | | – | (1,900,000,000) |
| Redemption of perpetual subordinated bonds | | – | (1,000,000,000) |
| Cash paid for dividend or interest | | (4,972,167,490) | (4,136,836,240) |
| Dividends paid to shareholders of the Company | | (868,906,236) | – |
| Repayment of lease liabilities | | (694,738,032) | (554,085,281) |
| Distribution to holders of perpetual subordinated bonds | | (232,000,000) | (57,000,000) |
| Cash outflows associated with other financing activities | | (47,172,588) | (129,280,579) |
| Net cash generated from financing activities | | 25,524,897,820 | 65,988,023,702 |

| | Notes | Year ended 31 December | |
|--|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Net increase in cash and cash equivalents | | 20,061,821,839 | 24,190,751,287 |
| Cash and cash equivalents at the beginning of the year | | 46,662,433,555 | 23,097,595,256 |
| Effect of exchange rate changes | | (1,531,308,670) | (625,912,988) |
| Cash and cash equivalents at the end of the year | 37 | 65,192,946,724 | 46,662,433,555 |
| Net cash used in operating activities including: | | | |
| Interest received | | 8,991,936,481 | 5,904,405,665 |
| Interest paid | | (2,261,950,471) | (2,085,583,493) |

The notes on pages 224 to 367 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB, unless otherwise stated)

1. GENERAL INFORMATION

China International Capital Corporation Limited (中國國際金融股份有限公司) (the “Company”) was established on 25 June 1995 in the People’s Republic of China (“PRC”) as approved by the People’s Bank of China (“PBOC”). On 31 July 1995, it obtained the Business License for Enterprise Legal Person (Qi He Guo Zi No. 000599) issued by the State Administration for Industry and Commerce of the PRC.

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2015 and was listed on the Shanghai Stock Exchange on 2 November 2020.

The Company’s unified social credit code is 91110000625909986U, and the registered address of the Company is the 27th and 28th Floor, China World Trade Center 2, 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC. As at 31 December 2021, the Company has 4 securities business offices and 10 branches. Please refer to Note 61 for details of subsidiaries of the Company.

The Company and its subsidiaries (together the “Group”) are principally engaged in investment banking business, equities business, fixed-income, currency and commodity (“FICC”) business, asset management business, private equity business, wealth management business and other business activities.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards (the “IASs”) Board (the “IASB”), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

| | |
|--|---|
| Amendments to IFRS 16 | <i>Covid-19-Related Rent Concessions</i> |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i> |

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(a) Impacts on application of Amendment to IFRS 16 Covid-19-Related Rent Concessions

The amendment to IFRS 16 provides a practical expedient to Covid-19-Related rent concessions if certain conditions are met. The application of this amendment has had no material impact on the Group’s financial positions and performance for the current and prior years.

(b) Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

As at 1 January 2021, the Group has certain financial assets, financial liabilities and derivatives, of which the interests are indexed to benchmark rates that may be subject to interest rate benchmark reform. After assessment, the application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures of the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

2.2 New and Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 17 | <i>Insurance Contracts and the related Amendmentsⁱⁱⁱ</i> |
| Amendments to IFRS 3 | <i>Reference to the Conceptual Frameworkⁱⁱ</i> |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture^{iv}</i> |
| Amendments to IFRS 16 | <i>Covid-19-Related Rent Concessions beyond 30 June 2021ⁱ</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> |
| Amendments to IAS 1 and IFRS Practice Statement 2 | <i>Disclosure of Accounting Policiesⁱⁱⁱ</i> |
| Amendments to IAS 8 | <i>Definition of Accounting Estimatesⁱⁱⁱ</i> |
| Amendments to IAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transactionⁱⁱⁱ</i> |
| Amendments to IAS 16 | <i>Property, Plant and Equipment – Proceeds before Intended Useⁱ</i> |
| Amendments to IAS 37 | <i>Onerous Contracts – Cost of Fulfilling a Contractⁱⁱ</i> |
| Amendments to IFRS Standards | <i>Annual Improvements to IFRS Standards 2018-2020ⁱⁱ</i> |

- (i) Effective for annual periods beginning on or after 1 April 2021.
- (ii) Effective for annual periods beginning on or after 1 January 2022.
- (iii) Effective for annual periods beginning on or after 1 January 2023.
- (iv) Effective for annual periods beginning on or after a date to be determined.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) (continued)

2.2 New and Amendments to IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (continued)

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies.

Apart from the application of IAS 1 and IFRS Practice Statement 2 will give rise to changes in disclosures of accounting policies, the directors of the Company anticipate that the application of the above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

For financial instruments which are transacted at fair value and for which a valuation technique with unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price or investment cost.

In addition, for financial reporting purposes, fair value measurements are categorised into Level I, II or III based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level II inputs are inputs, other than quoted prices included within Level I, that are observable for the asset or liability, either directly or indirectly; and
- Level III inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.2 Significant accounting policies

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in a business combination is generally measured at fair value, as well as the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) **Business combinations** *(continued)*

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.

(ii) **Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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 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 when preparing the 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 Group, 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 meets 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 statement of financial position within equity, separately from equity attributable to 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 other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between holders of non-controlling interests and shareholders of the Company.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(ii) Subsidiaries and non-controlling interests *(continued)*

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 recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary. Any gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owner of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3.2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see Note 3.2(a)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3.2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Associates and joint ventures

An associate is an entity in which the Group 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 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 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 Note 3.2(k)). 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 recognised in the Group's profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the Group's other comprehensive income.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Associates and joint ventures *(continued)*

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 any other 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 or joint ventures 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 recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the 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 recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3.2(e)).

In the Group's consolidated statement of financial position, investments in associates and joint ventures are accounted for under the equity method, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) 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 recognised 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 cash-generating units ("CGUs"), that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 3.2(k)).

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.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(c) Foreign currency

(i) Translation of foreign currencies

The financial statements are presented in RMB, which is the Company's functional and presentation currency.

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rates ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to the respective functional currencies of the entities at the exchange rates that approximate the spot exchange rate ruling at the transaction dates.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currencies at the spot exchange rates ruling at the end of the year. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency used to hedge a net investment in a foreign operation that are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the functional currencies using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currencies using the foreign exchange rates ruling at the dates the fair value is measured. The exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial assets at fair value through other comprehensive income which are recognised in other comprehensive income.

(ii) Foreign operations

The results of foreign operations are translated to RMB at the exchange rates approximating the spot exchange rate ruling at the transaction dates. Statement of financial position items are translated to RMB at the closing foreign exchange rates at the end of the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

Upon disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits with banks and other institutions, and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments

(i) **Recognition and initial measurement**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 fair value through profit or loss ("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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

(ii) **Classification and subsequent measurement**

(1) *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") (including debt investment and 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 amortised 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 ("SPPI").

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

(1) Financial assets *(continued)*

A debt investment is measured at FVTOCI 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 ("SPPI").

On initial recognition of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI 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 amortised cost or at FVTOCI 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;

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(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(1) Financial assets (continued)

Financial assets – Business model assessment (continued)

- 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.

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 – The "SPPI" assessment

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).

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

(1) Financial assets *(continued)*

Financial assets – The “SPPI” assessment (continued)

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 par 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.

Financial assets – Subsequent measurement and gains and losses

Financial assets classified as at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets classified as at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. For purchased or originated credit-impaired financial assets, the Group recognises interest by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Debt investments classified as at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments classified as at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

(2) Impairment of financial assets

The Group performs impairment assessment under ECL model and correspondingly recognises loss allowances on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, receivable from margin clients, reverse REPOs, accounts receivable in accordance with IFRS 15 *Revenue from contracts with customers* (“IFRS 15”) and loans to associates and joint ventures);
- debt investment measured at FVTOCI; and
- contract assets in accordance with IFRS 15.

The Group measures the 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.

The Group always recognises lifetime ECL for trade receivable and contract assets that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component in accordance with IFRS 15 (or when the group applies the practical expedient in accordance with IFRS 15). The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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 and including forward-looking information.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

(2) *Impairment of financial assets (continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instruments or similar financial instruments with the same expected life;
- an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
- significant deterioration in the value of the collateral supporting the obligation or the quality of third-party guarantees or credit enhancements;
- an actual or expected significant deterioration in the quality of credit enhancement;
- significant changes in the expected performance and behavior of the borrower.

Irrespective of the outcome of the above assessment, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

(2) Impairment of financial assets *(continued)*

Depending on the nature of the financial instruments, the Group identifies significant changes in credit risk on individual financial instruments or a group or sub-group of financial instruments. For purpose of determining significant increases in credit risk on a collective basis, the Group groups financial instruments on the basis of shared credit risk characteristics, which may include, past-due status and credit risk ratings.

The Group considers a financial asset to be in default when:

- the borrower 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.

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 asset.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

(2) *Impairment of financial assets (continued)*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI 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 borrower or issuer;
- 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;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Presentation of allowance for ECL in the statement of financial position

The allowances for ECL for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the allowance for ECL is charged to profit or loss and is recognised in OCI.

Write-off policy

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.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

(3) Financial liabilities and equity – Classification, subsequent measurement and gains and losses

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or of which the Group has the sole discretion to indefinitely defer payment for distribution or redemption are classified as equity instruments.

Repurchase of the Group's own equity instruments is recognised in and deducted directly from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which substantially all 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 does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised 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 derecognised.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(iii) Derecognition *(continued)*

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a financial liability when the terms of the financial liability are substantially 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 recognised 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 recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount 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) Fair value measurement principles

If there is an active market for a financial asset or financial liability, the quoted market price 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 year. Where other pricing models are used, inputs are based on market data at the end of the year.

In estimating the fair value of a financial asset or 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 or financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(vi) Derivative financial instruments and hedge accounting

(1) *Derivative financial instruments*

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designated as hedging instrument are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

A derivative instrument is recognised as an asset when the fair value is positive and as a liability when the fair value is negative.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

(2) *Hedge accounting*

The Group designates certain derivatives as hedging instruments for fair value hedges or hedges of net investments in foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(vi) **Derivative financial instruments and hedge accounting** *(continued)*

(2) *Hedge accounting (continued)*

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

(3) *Fair value hedges*

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

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3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

(e) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

(4) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are hedges of the foreign currency risk of net investments in foreign operations. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss and included in the statement of profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in equity are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(f) Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expenses over the life of each agreement using the effective interest method.

(g) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses (Note 3.2(k)). Property and equipment under construction is stated at cost less impairment losses (Note 3.2(k)).

The cost of a purchased property and equipment asset comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

Costs of construction in progress are determined based on the actual expenditure incurred which include all necessary expenditure incurred during the construction period, borrowing costs eligible for capitalization and other costs incurred to bring the asset to its intended use.

(ii) Subsequent costs

The subsequent costs including the cost of replacing part of an item of property or equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(g) Property and equipment *(continued)*

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of property and equipment. Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns, each part is depreciated separately. The estimated useful lives and the rate of net residual values of each class of property and equipment are as follows:

| | Estimated useful life | Estimated rate of net residual value |
|------------------------|-----------------------|--------------------------------------|
| Buildings | 20 – 35 years | 3% – 5% |
| Office equipment | 2 – 5 years | 0% – 10% |
| Furniture and fixtures | 3 – 5 years | 0% – 10% |
| Motor vehicles | 3 – 5 years | 0% – 10% |
| Leasehold improvements | Benefit period | Nil |

No depreciation is provided in respect of property and equipment under construction.

Depreciation methods, useful lives and net residual values are reassessed at the end of the reporting period.

(iv) Gains or losses from the retirement or disposal

Gains or losses arising from the retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of disposal or retirement.

(h) Leases

(i) Definition of 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.

(ii) The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the consideration is allocated in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead to account for the lease component and any associated non-lease components as a single lease component.

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3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

(h) Leases (continued)

(ii) **The Group as a lessee** (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date (i.e. the date the underlying asset is available for use) and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, a right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(h) Leases *(continued)*

(ii) **The Group as a lessee** *(continued)*

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- 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 by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in an index or a change in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

(h) Leases (continued)

(ii) The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Taxation

For the purposes of measuring deferred tax arising from the recognition of right-of-use assets and related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. Temporary differences associated with right-of-use assets and lease liabilities are not recognised when the Group initially recognising the assets and liabilities and over the lease terms as a result of applying the initial recognition exemption of deferred tax under IAS 12 Income Taxes.

(i) Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (Note 3.2(k)).

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Amortisation of an intangible asset with finite useful life is charged to profit or loss on a straight-line basis over its estimated useful life. Both the period and method of amortisation are reviewed annually.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(i) Intangible assets *(continued)*

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The self-developed software and software acquired from third party shall be amortised over 1 to 10 years. The trade mark right and the securities trading seat rights in mainland China shall be amortised over 10 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 3.2(o)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 3.2(e)(ii)(2) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 3.2(o)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3.2(o)(v)).

(k) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of year to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- intangible assets;
- right-of-use assets;
- investments in subsidiaries, associates and joint ventures; and
- goodwill.

If any impairment indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amounts are estimated annually whether or not there is any indication of impairment.

– **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(k) Impairment of non-financial assets *(continued)*

– **Recognition of impairment losses**

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– **Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements of the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(m) Employee benefits

(i) **Short-term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations in the PRC, the Group participated in the social pension schemes for employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amount stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

The Group also participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong under the *Mandatory Provident Fund Scheme Ordinance* and there is no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

(ii) **Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits 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 recognised in profit or loss in the period in which they arise.

(iii) **Termination benefits**

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(n) Offsetting

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(o) Revenue from contracts with customers and other income

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 recognised when control over a 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.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(o) Revenue from contracts with customers and other income *(continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Where the contract contains a variable consideration, the Group estimates the amount of consideration 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 recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised 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 recognised 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 in 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) Underwriting and sponsoring fees, financial advisory fees and investment advisory fees

Underwriting and sponsoring fees are recognised when the Group has fulfilled its obligations under the underwriting and sponsoring contract.

Depending on the nature of the services and the contract terms, financial advisory fees and investment advisory fees are recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(o) Revenue from contracts with customers and other income *(continued)*

(ii) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fee. The fees are recognised 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 recognised will not occur.

(iii) Brokerage commission income

Brokerage commission income includes commission income from brokerage trading of securities and leasing out trading seats. Commission income from brokerage trading of securities is recognised on the trade date basis when the relevant transactions are executed. Commission income from leasing out trading seats is recognised when the related services are rendered.

(iv) Dividend income

Dividend income from investments is recognised when the rights to receive payment have been established.

(v) Interest income

Interest income is recognised in profit or loss by using the effective interest method. For financial assets measured at amortised cost or debt securities measured at FVTOCI 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 amortised cost (i.e. gross carrying amount net of impairment loss allowance) of the asset.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the year. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation of the effective interest rate includes all fees paid or received between parties to the contract, transaction costs, and all other discounts or premiums that are an integral part of the effective interest rate.

(p) Expenses recognition

(i) Interest expenses

Interest expenses are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(p) Expenses recognition *(continued)*

(ii) Fee and commission expenses

Fee and commission expenses are charged to profit or loss on an accrual basis.

(iii) Other expenses

Other expenses are recognised on an accrual basis.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Income tax

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of year, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss related to the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(r) Income tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of year and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to settle the current tax assets and the current tax liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

(s) Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of the year are not recognised as a liability at the end of the year but disclosed separately in the notes to the consolidated financial statements.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(t) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (2) 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);
- (3) Both entities are joint ventures of the same third party;
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (6) The entity is controlled or jointly controlled by a person identified in Note 3.2(u)(i);
- (7) A person identified in Note 3.2(u)(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).

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.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various business lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of clients, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Fair value of financial instruments

Financial instruments without quotes from an active market require the use of valuation techniques to determine their fair values. Valuation techniques include the use of the latest market transaction information, reference to the current fair values of similar financial instruments, discounted cash flow method and option pricing model. Valuation techniques are subject to validation and adjustment before use to ensure that the valuation results reflect actual market conditions. The valuation models developed by the Group use market information as much as possible and information specific to the Group as little as possible. It should be noted that some of the information used in the valuation models requires management to make estimates (e.g. counterparty risk, risk correlation factors, etc.). The Group regularly reviews these estimates and assumptions and makes adjustments as necessary. Whilst the Group considers these valuations are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility and may affect the investees' or issuer' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current and prior year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investor's returns. The Group reassesses whether it controls an investee when relevant facts and circumstances change to such an extent that there is a change in one or more of the three elements of control listed above.

For structured entities, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the structured entities that is of such significance indicating that the Group is a principal. The structured entities shall be consolidated if the Group acts in the role of principal.

(c) Impairment of goodwill

The Group assesses the recoverable amount of the goodwill at the end of year and performs impairment test no matter whether there is indication that the unit may be impaired or not.

The recoverable amount of a CGU (or group of CGUs) is the greater of its fair value less costs of disposal and value in use. In assessing the present value of expected future cash flows, significant judgements are exercised over the assets' selling price, related operating revenue and expenses and discounting rate to calculate the present value. All relevant information which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related revenue and operating expenses based on reasonable and supportable assumptions. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the Covid-19 pandemic may progress and evolve.

(d) Measurement and recognition of ECLs

The measurement of the ECL allowance for debt investments measured at amortised cost and FVTOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of clients defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios for the ECL of each type of product/market.

See Note 58(a) for more details on ECL.

Notes to the Consolidated Financial Statements
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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(e) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As disclosed in Note 29(b), the recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the Covid-19 pandemic may progress and evolve. Management’s assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

5. TAXATION

(a) Value-added tax (“VAT”) and surcharges

The applicable tax rate is 6%. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT respectively.

(b) Income tax

The income tax rate applicable to the Company and its subsidiaries in mainland China is 25%.

The income tax rate applicable to the subsidiaries in Hong Kong Special Administrative Region (“Hong Kong SAR”) is 16.5%. Taxes of other offshore subsidiaries are charged at the relevant local rates.

6. SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the Group's internal organisational structure, management requirements and internal reporting mechanisms. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management for the purposes of resources allocation and performance evaluation; and
- for which statements of financial position, of profit or loss and of cash flows are available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- nature of the services;
- type or class of clients for the services;
- approaches to providing the services; and
- nature of the regulatory environment.

For management purposes, the Group's businesses are structured and managed separately according to the nature of their operations and the services that the Group provides. Each of the Group's operating segments represents a strategic business unit and offers services which are subject to risks and returns different from those to which the services offered by the other operating segments are subject. A summary of the operating segments is as follows:

- the Investment Banking segment provides investment banking services, including equity financing, debt and structured financing and financial advisory services to domestic and overseas corporations and institutional clients.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

6. SEGMENT REPORTING (continued)

- the Equities segment provides one-stop integrated financial services such as investment research, sales, trading, products and cross-border services to domestic and overseas professional investors, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions.
- the FICC segment provides a package of services and supports in the areas of market making and financing to domestic and overseas institutional and corporate clients on fixed-income products such as interest rate, credit and structured products, as well as on overseas exchange and commodities.
- the Asset Management segment designs and provides a wide range of asset management products and services to domestic and overseas investors, including social security and annuity investment management business, institutional entrusted investment management business, overseas asset management business, retail and mutual fund business, etc.
- the Private Equity segment designs and provides integrated private equity fund products and services to domestic and overseas investors, mainly including corporate equity funds, Fund of Funds, dollar funds, real estate funds, infrastructure funds, etc.
- the Wealth Management segment provides a wide range of wealth management products and services, consisting of transactional services, capital services and product configuration services, to retail clients, families and corporate clients.
- the Others segment mainly comprises of other business departments and back offices.

6. SEGMENT REPORTING (continued)

(a) Segment results

| | Year ended 31 December 2021 | | | | | | | Total |
|--|-----------------------------|-----------------|-----------------|------------------|----------------|-------------------|-----------------|-----------------|
| | Investment banking | Equities | FICC | Asset Management | Private Equity | Wealth Management | Others | |
| Segment revenue | | | | | | | | |
| – Fee and commission income (Note 1) | 6,029,414,530 | 3,652,103,796 | 964,451,035 | 1,451,307,261 | 1,516,753,482 | 6,005,064,578 | (137,868,454) | 19,481,226,228 |
| – Interest income | 83,805,899 | 836,375,326 | 1,268,727,913 | 82,219,323 | 10,291,128 | 4,316,521,155 | 678,537,886 | 7,276,478,630 |
| – Investment income | 665,526,723 | 6,324,957,860 | 4,323,086,108 | 20,123,905 | 961,904,333 | 812,127,406 | 1,595,728,998 | 14,703,455,333 |
| – Other income/(losses), net | 2,155,989 | (446,992,035) | (180,776,704) | (1,976,999) | 56,100,382 | 72,889,971 | 1,860,983 | (496,738,413) |
| Segment revenue and other income | 6,780,903,141 | 10,366,444,947 | 6,375,488,352 | 1,551,673,490 | 2,545,049,325 | 11,206,603,110 | 2,138,259,413 | 40,964,421,778 |
| Segment expenses | 4,327,159,461 | 3,310,707,017 | 4,137,599,903 | 1,072,299,036 | 1,260,660,690 | 8,349,242,670 | 5,676,200,335 | 28,133,869,112 |
| Segment operating profit/(loss) | 2,453,743,680 | 7,055,737,930 | 2,237,888,449 | 479,374,454 | 1,284,388,635 | 2,857,360,440 | (3,537,940,922) | 12,830,552,666 |
| Share of profits/(losses) of associates and joint ventures | - | - | - | 41,976,763 | 170,072,392 | (64,510,727) | 21,765 | 147,560,193 |
| Profit/(loss) before income tax | 2,453,743,680 | 7,055,737,930 | 2,237,888,449 | 521,351,217 | 1,454,461,027 | 2,792,849,713 | (3,537,919,157) | 12,978,112,859 |
| Segment assets | 17,135,821,322 | 228,408,848,666 | 117,869,897,456 | 4,338,697,107 | 6,786,640,301 | 150,898,930,293 | 122,728,014,678 | 648,166,849,823 |
| Deferred tax assets | | | | | | | | 1,628,639,392 |
| Total assets | | | | | | | | 649,795,489,215 |
| Segment liabilities | 16,848,020,822 | 219,005,468,387 | 99,815,856,866 | 3,098,769,889 | 3,848,007,560 | 135,685,090,086 | 86,331,783,944 | 564,632,997,554 |
| Deferred tax liabilities | | | | | | | | 431,655,234 |
| Total liabilities | | | | | | | | 565,064,652,788 |
| Other segment information (Amounts included in the measure of segment profit or loss): | | | | | | | | |
| Interest expenses (Note 2) | 226,457,208 | 1,052,768,284 | 3,086,449,442 | 95,742,862 | 142,695,705 | 2,253,728,486 | 1,408,853,770 | 8,266,695,757 |
| Depreciation and amortisation expenses | 93,281,119 | 79,086,777 | 65,088,274 | 60,375,042 | 47,561,526 | 474,336,326 | 362,951,009 | 1,182,680,073 |
| (Reversal of)/provision for impairment losses under ECL model | (157,491,079) | (49,262,546) | (2,735,538) | (3,185,520) | (2,861,434) | (193,653,589) | 1,155,396 | (408,034,310) |

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

6. SEGMENT REPORTING (continued)

(a) Segment results (continued)

| | Year ended 31 December 2020 | | | | | | | Total |
|---|-----------------------------|-----------------|-----------------|------------------|----------------|-------------------|-----------------|-----------------|
| | Investment banking | Equities | FICC | Asset Management | Private Equity | Wealth Management | Others | |
| Segment revenue | | | | | | | | |
| – Fee and commission income (Note 1) | 5,133,978,615 | 2,489,137,955 | 647,382,025 | 1,149,366,225 | 1,472,814,537 | 4,711,149,590 | 10,870,823 | 15,614,699,770 |
| – Interest income | 50,972,768 | 582,327,810 | 1,310,773,183 | 14,654,763 | 17,676,176 | 3,160,812,264 | 507,654,075 | 5,644,871,039 |
| – Investment income | 941,352,619 | 5,264,400,395 | 4,525,101,195 | 157,777,759 | 488,558,343 | 515,752,603 | 1,265,697,502 | 13,158,640,416 |
| – Other income/(losses), net | 1,105,217 | (1,454,130,377) | (523,398,248) | (5,489,545) | 51,808,120 | 33,970,654 | (120,250,080) | (2,016,384,259) |
| Segment revenue and other income | 6,127,409,219 | 6,881,735,783 | 5,959,858,155 | 1,316,309,202 | 2,030,857,176 | 8,421,685,111 | 1,663,972,320 | 32,401,826,966 |
| Segment expenses | 4,267,367,992 | 2,846,902,460 | 3,554,550,075 | 939,096,109 | 926,715,137 | 6,532,847,358 | 4,588,873,574 | 23,656,352,705 |
| Segment operating profit/(loss) | 1,860,041,227 | 4,034,833,323 | 2,405,308,080 | 377,213,093 | 1,104,142,039 | 1,888,837,753 | (2,924,901,254) | 8,745,474,261 |
| Share of profits/(losses) of associates and joint ventures | - | - | - | 10,615,161 | 29,703,534 | (52,194,113) | (20,916,556) | (32,791,974) |
| Profit/(loss) before income tax | 1,860,041,227 | 4,034,833,323 | 2,405,308,080 | 387,828,254 | 1,133,845,573 | 1,836,643,640 | (2,945,817,810) | 8,712,682,287 |
| Segment assets | 8,251,152,358 | 198,621,486,212 | 121,206,372,204 | 5,339,010,437 | 5,294,197,539 | 99,795,490,534 | 81,325,175,967 | 519,832,885,251 |
| Deferred tax assets | | | | | | | | 1,787,614,365 |
| Total assets | | | | | | | | 521,620,499,616 |
| Segment liabilities | 8,154,224,741 | 188,917,761,031 | 102,946,304,906 | 2,089,648,102 | 1,830,183,332 | 88,893,111,909 | 56,467,464,936 | 449,298,698,957 |
| Deferred tax liabilities | | | | | | | | 506,667,665 |
| Total liabilities | | | | | | | | 449,805,366,622 |
| Other segment information (Amounts included in the measure of segment profit or loss): | | | | | | | | |
| Interest expenses (Note 2) | 253,491,014 | 953,735,323 | 2,760,772,473 | 47,866,061 | 65,072,299 | 1,693,942,202 | 938,868,796 | 6,713,748,168 |
| Depreciation and amortisation expenses | 98,801,239 | 62,167,371 | 56,404,643 | 57,664,394 | 45,508,972 | 367,945,114 | 312,286,347 | 1,000,778,080 |
| Provision for/(reversal of) impairment losses under ECL model | 228,684,382 | 232,463,958 | 19,050,305 | 91,446,643 | (6,942,533) | 388,865,426 | 19,227,110 | 972,795,291 |

Note 1: Disaggregation of revenue was disclosed in Note 7. Brokerage commission income is mainly generated from brokerage service provided by Equities and Wealth Management segments; underwriting and sponsoring fees and financial advisory fees are mainly generated by Investment Banking segment; asset management fees are mainly generated by Asset Management, Private Equity and Wealth Management segments.

Note 2: The Group allocates interest expenses across the reportable segments based on the capital used during the reporting period for the purpose of measuring segment operating performance and improving efficiencies of capital management.

6. SEGMENT REPORTING *(continued)*

(b) Geographical information

The following table sets out the Group's revenue and other income from external clients and the Group's non-current assets (excluding financial assets at fair value through profit or loss, reverse REPOs, refundable deposits and deferred tax assets, same as below) in terms of geographical locations. The geographical locations of the revenue and other income from external clients are identified based on the locations of the clients in which the services or the products are rendered. The geographical locations of the non-current assets are identified based on where the fixed assets are located, where the intangible assets are allocated or where the associates and joint ventures operate.

| | Revenue and other income from external clients | |
|------------------------|--|----------------|
| | Year ended 31 December | |
| | 2021 | 2020 |
| Mainland China | 32,647,239,421 | 25,947,518,788 |
| Outside mainland China | 8,317,182,357 | 6,454,308,178 |
| Total | 40,964,421,778 | 32,401,826,966 |

| | Non-current assets | |
|------------------------|----------------------|---------------|
| | As at 31 December | |
| | 2021 | 2020 |
| Mainland China | 6,610,534,969 | 4,896,853,135 |
| Outside mainland China | 986,831,439 | 1,716,414,067 |
| Total | 7,597,366,408 | 6,613,267,202 |

Reconciliation of segment non-current assets:

| | Non-current assets | |
|---|-------------------------|------------------|
| | As at 31 December | |
| | 2021 | 2020 |
| Total non-current assets for segments | 34,550,643,922 | 29,361,611,314 |
| Elimination of inter-segment non-current assets | (26,953,277,514) | (22,748,344,112) |
| Total | 7,597,366,408 | 6,613,267,202 |

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(Expressed in RMB, unless otherwise stated)

6. SEGMENT REPORTING (continued)

(c) Major clients

The Group's client base is diversified and there was no case where the revenue recognised from a single client exceeded 10% of the Group's revenue for the years ended 31 December 2021 and 2020.

7. FEE AND COMMISSION INCOME

| | Year ended 31 December | |
|----------------------------------|------------------------|----------------|
| | 2021 | 2020 |
| Brokerage commission income | 8,175,013,657 | 6,110,720,519 |
| Underwriting and sponsoring fees | 6,155,083,342 | 5,343,341,053 |
| Asset management fees | 3,265,434,816 | 2,796,022,145 |
| Financial advisory fees | 1,168,263,233 | 866,049,521 |
| Investment advisory fees | 654,185,716 | 458,541,700 |
| Others | 63,245,464 | 40,024,832 |
| Total | 19,481,226,228 | 15,614,699,770 |

The remaining performance obligation is recognised as contract liabilities as at 31 December 2021 and 31 December 2020, and disclosed in Note 48. Except as otherwise stated, there is no significant remaining performance obligation. Therefore, other information associated with the remaining performance obligations is not disclosed.

8. INTEREST INCOME

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2021 | 2020 |
| Interest income from margin financing and securities lending | 2,857,404,292 | 2,038,478,998 |
| Interest income from financial institutions | 2,131,342,257 | 1,640,819,396 |
| Interest income from financial assets at fair value through other comprehensive income | 1,177,075,057 | 1,163,278,994 |
| Interest income from reverse REPOs | 976,184,479 | 687,030,820 |
| Others | 134,472,545 | 115,262,831 |
| Total | 7,276,478,630 | 5,644,871,039 |

9. INVESTMENT INCOME

| | Year ended 31 December | |
|--|-------------------------|------------------|
| | 2021 | 2020 |
| Net gains from disposal of financial assets at fair value through other comprehensive income | 60,742,856 | 143,553,236 |
| Net gains from financial instruments at fair value through profit or loss | 27,440,230,992 | 31,863,283,753 |
| Net losses from derivative financial instruments | (12,737,765,442) | (19,076,807,851) |
| Others (Note) | (59,753,073) | 228,611,278 |
| Total | 14,703,455,333 | 13,158,640,416 |

Note: For the year ended 31 December 2020, other investment income mainly consisted of a gain of RMB214 million arising from disposal of a subsidiary owned by China CICC Wealth Management Securities Company Limited ("CICC Wealth Management", "CISC" or "CICC WMS"). CICC Wealth Management is a wholly owned subsidiary of the Company.

10. OTHER LOSSES, NET

| | Year ended 31 December | |
|--|------------------------|-----------------|
| | 2021 | 2020 |
| Tax refunds | 44,391,214 | 35,743,324 |
| Government grants | 112,633,477 | 99,197,508 |
| Foreign exchange losses from derivatives | (96,071,265) | (1,913,029,046) |
| Others (Note) | (557,691,839) | (238,296,045) |
| Total | (496,738,413) | (2,016,384,259) |

Note: Others mainly consisted of gains and losses arising from foreign currency transactions other than foreign exchange derivative transactions due to exchange rate fluctuations.

11. FEE AND COMMISSION EXPENSES

| | Year ended 31 December | |
|--------------------------------------|------------------------|---------------|
| | 2021 | 2020 |
| Brokerage commission expenses | 2,144,191,097 | 1,500,251,148 |
| Underwriting and sponsoring expenses | 287,052,839 | 253,255,410 |
| Asset management expenses | 221,580,804 | 235,576,798 |
| Others | 3,719 | – |
| Total | 2,652,828,459 | 1,989,083,356 |

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

12. INTEREST EXPENSES

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2021 | 2020 |
| Interest expenses on: | | |
| – Corporate bonds | 3,467,593,358 | 1,928,655,754 |
| – Subordinated bonds | 1,304,385,699 | 1,035,950,167 |
| – Placements from financial institutions | 1,027,143,459 | 821,960,532 |
| – REPOs | 716,756,920 | 795,605,313 |
| – MTNs | 493,946,229 | 462,090,895 |
| – Beneficiary certificates | 411,578,311 | 516,641,459 |
| – Accounts payable to brokerage clients | 294,094,060 | 232,542,671 |
| – Financial bonds | 84,750,000 | 84,982,192 |
| – Lease liabilities | 57,334,036 | 57,162,780 |
| – Structured notes | 51,808,887 | 179,053,499 |
| – Short-term commercial papers | 2,235,616 | – |
| – Others | 355,069,182 | 599,102,906 |
| Total | 8,266,695,757 | 6,713,748,168 |

13. STAFF COSTS

| | Year ended 31 December | |
|---------------------------------|------------------------|----------------|
| | 2021 | 2020 |
| Salaries, bonus and allowance | 12,041,725,539 | 10,091,602,451 |
| Retirement scheme contributions | 529,110,488 | 167,961,232 |
| Other social welfare | 543,735,077 | 352,698,453 |
| Other benefits | 211,959,896 | 163,248,668 |
| Total | 13,326,531,000 | 10,775,510,804 |

The Group is required to participate in pension schemes in mainland China, Hong Kong SAR and other jurisdictions whereby the Group pays annual contributions for its employees at certain ratios of salaries. The Group has no other material obligations of payment for retirement benefits to its employees beyond the annual contributions described above.

14. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration is as follows:

| Name | Year ended 31 December 2021 | | | | Total remuneration |
|---|-----------------------------|---|-----------------------|---------------------------------|--------------------|
| | Fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | |
| Executive Director | | | | | |
| Huang Zhaohui (ii) (iii) | - | 1,666,769 | 6,154,406 | 132,089 | 7,953,264 |
| Non-executive Director | | | | | |
| Shen Rujun | - | - | - | - | - |
| Xiong Lianhua (vi) | - | - | - | - | - |
| Zhu Hailin (vii) | - | - | - | - | - |
| Tan Lixia (iii) | - | - | - | - | - |
| Duan Wenwu (iii) | - | - | - | - | - |
| Independent Non-executive Director | | | | | |
| Liu Li | 835,000 | - | - | - | 835,000 |
| Siu Wai Keung | 860,000 | - | - | - | 860,000 |
| Ben Shenglin | 830,000 | - | - | - | 830,000 |
| Peter Hugh Nolan (iii) | 780,000 | - | - | - | 780,000 |
| Supervisor | | | | | |
| Gao Tao | - | 1,528,942 | 6,313,662 | 100,572 | 7,943,176 |
| Jin Lizuo | 385,000 | - | - | - | 385,000 |
| Cui Zheng (iii) | - | - | - | - | - |
| Total | 3,690,000 | 3,195,711 | 12,468,068 | 232,661 | 19,586,440 |

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

14. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

| Name | Year ended 31 December 2020 | | | | Total remuneration |
|---|-----------------------------|---|-----------------------|---------------------------------|--------------------|
| | Fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | |
| Executive Director | | | | | |
| Bi Mingjian (iv) | – | 521,767 | – | 5,656 | 527,423 |
| Huang Zhaohui (ii) (iii) | – | 1,441,318 | 11,875,028 | 69,157 | 13,385,503 |
| Non-executive Director | | | | | |
| Shen Rujun | – | – | – | – | – |
| Xiong Lianhua (vi) | – | – | – | – | – |
| Tan Lixia (iii) | – | – | – | – | – |
| Duan Wenwu (iii) | – | – | – | – | – |
| Zhao Haiying (iv) | – | – | – | – | – |
| David Bonderman (iv) | – | – | – | – | – |
| Liu Haifeng David (iv) | – | – | – | – | – |
| Shi Jun (iv) | – | – | – | – | – |
| Cha Mou Daid Johnson (iv) | – | – | – | – | – |
| Huang Hao (iii) (v) | – | – | – | – | – |
| Independent Non-executive Director | | | | | |
| Liu Li | 767,917 | – | – | – | 767,917 |
| Siu Wai Keung | 787,083 | – | – | – | 787,083 |
| Ben Shenglin | 804,688 | – | – | – | 804,688 |
| Peter Hugh Nolan (iii) | 591,667 | – | – | – | 591,667 |
| Edwin Roca Lim (iv) | 120,000 | – | – | – | 120,000 |
| Supervisor | | | | | |
| Gao Tao | – | 1,522,795 | 3,901,080 | 51,770 | 5,475,645 |
| Jin Lizuo | 375,250 | – | – | – | 375,250 |
| Cui Zheng (iii) | – | – | – | – | – |
| Liu Haoling (iv) | – | – | – | – | – |
| Total | 3,446,605 | 3,485,880 | 15,776,108 | 126,583 | 22,835,176 |

- (i) The amounts disclosed above in respect of the remuneration of directors and supervisors were presented before income tax.
- (ii) The remuneration of Mr. Huang Zhaohui includes the compensation for the services provided by Mr. Huang Zhaohui acting as the Chief Executive Officer of the Company.
- (iii) Appointed as executive Director, non-executive Director, independent non-executive Director or supervisor in February 2020. Mr. Peter Hugh Nolan donated a total of RMB180,000 to CICC Charity Foundation in 2021 (2020: RMB150,000).
- (iv) Resigned as executive Director, non-executive Director, independent non-executive Director or supervisor in February 2020.
- (v) Resigned as non-executive Director in December 2020.
- (vi) Appointed as non-executive Director in February 2020 and resigned as non-executive Director in January 2021.
- (vii) Appointed as non-executive in September 2021.

There were no amounts paid during the year to the directors and supervisors in connection with their retirement from employment or as compensation for loss of office with the Group, or as inducement to join. There was no other arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments in 2021 are directors or supervisors of the Company. Of the five individuals with the highest emoluments in 2020, one is a director whose emoluments are disclosed (see Note 14). The aggregate of the emoluments are as follows:

| | Year ended 31 December | |
|---------------------------------|------------------------|------------|
| | 2021 | 2020 |
| Salaries and other emoluments | 9,822,091 | 14,621,320 |
| Discretionary bonuses | 74,276,967 | 71,247,114 |
| Retirement scheme contributions | 735,121 | 263,349 |
| Total | 84,834,179 | 86,131,783 |

The emoluments of these individuals with the highest emoluments are within the following bands:

| | Number of individuals | |
|-------------------------------------|-----------------------|------|
| | 2021 | 2020 |
| From RMB15,500,001 to RMB16,000,000 | – | 2 |
| From RMB16,000,001 to RMB16,500,000 | – | 1 |
| From RMB16,500,001 to RMB17,000,000 | 3 | – |
| From RMB17,000,001 to RMB17,500,000 | 2 | – |
| From RMB17,500,001 to RMB18,000,000 | – | – |
| From RMB18,000,001 to RMB18,500,000 | – | – |
| From RMB18,500,001 to RMB19,000,000 | – | 1 |
| From RMB19,000,001 to RMB19,500,000 | – | 1 |
| From RMB19,500,001 to RMB20,000,000 | – | – |

No emoluments are paid or payable to these individuals in connection with their retirement from employment or as compensation for loss of office or inducement to join during the year.

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16. DEPRECIATION AND AMORTISATION EXPENSES

| | Year ended 31 December | |
|--|------------------------|----------------------|
| | 2021 | 2020 |
| Depreciation of right-of-use assets | 658,186,767 | 598,536,803 |
| Depreciation of property and equipment | 369,610,860 | 285,280,264 |
| Amortisation of intangible assets | 153,514,193 | 115,811,547 |
| Others | 1,368,253 | 1,149,466 |
| Total | 1,182,680,073 | 1,000,778,080 |

17. OTHER OPERATING EXPENSES AND COSTS

| | Year ended 31 December | |
|---|------------------------|----------------------|
| | 2021 | 2020 |
| Business development expenses | 1,054,482,439 | 712,511,530 |
| Information technology related expenses | 704,537,923 | 390,778,139 |
| Travelling and transportation expenses | 312,333,243 | 210,582,323 |
| Professional service fees | 298,000,168 | 217,575,762 |
| Utilities and maintenance | 101,770,914 | 77,217,917 |
| Securities Investor Protection Fund | 99,672,124 | 77,097,941 |
| Lease expenses | 86,612,764 | 29,823,722 |
| Auditors' remuneration | 14,067,170 | 12,842,024 |
| Others | 307,848,502 | 360,231,728 |
| Total | 2,979,325,247 | 2,088,661,086 |

18. (REVERSAL OF)/PROVISION FOR IMPAIRMENT LOSSES UNDER ECL MODEL

| | Year ended 31 December | |
|---|------------------------|--------------------|
| | 2021 | 2020 |
| Impairment losses (reversed of)/provided for: | | |
| Accounts receivable and other assets | (201,248,299) | 572,058,918 |
| Receivable from margin clients | 25,496,642 | 111,960,873 |
| Reverse REPOs | (233,163,431) | 287,054,140 |
| Financial assets at fair value through other comprehensive income | 769,369 | 1,841,028 |
| Cash and bank balances | 111,409 | (119,668) |
| Total | (408,034,310) | 972,795,291 |

19. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss:

| | Year ended 31 December | |
|---|------------------------|---------------|
| | 2021 | 2020 |
| Current tax | | |
| – Mainland China income tax | 1,410,042,352 | 1,496,238,833 |
| – Outside mainland China profits tax | 698,291,402 | 464,232,341 |
| Subtotal | 2,108,333,754 | 1,960,471,174 |
| Deferred tax | | |
| – Origination and reversal of temporary differences | 59,857,436 | (509,928,241) |
| Total | 2,168,191,190 | 1,450,542,933 |

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in mainland China during the period. Taxes on profits assessable outside mainland China have been calculated at the applicable tax rates prevailing in the countries/jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices. Reconciliation between income tax expense that would result from applying the PRC statutory income tax rate to the Group's profit before income tax and the income tax expense in the consolidated statement of profit or loss is as follows:

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2021 | 2020 |
| Profit before income tax | 12,978,112,859 | 8,712,682,287 |
| Income tax calculated at the PRC statutory income tax rate | 3,244,528,215 | 2,178,170,572 |
| Effect of non-deductible expenses | 37,367,219 | 55,513,014 |
| Effect of non-taxable income | (510,699,925) | (430,165,877) |
| Effect of different applicable tax rates of the subsidiaries | (492,083,117) | (258,185,995) |
| Effect of deductible temporary differences or deductible tax losses with no deferred tax asset recognised during the year | 17,622,340 | 56,934,075 |
| Effect of utilisation of the deductible temporary differences or deductible tax losses with no deferred tax asset recognised in previous periods | (54,638,580) | (115,094,712) |
| Others | (73,904,962) | (36,628,144) |
| Total income tax expense | 2,168,191,190 | 1,450,542,933 |

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20. BASIC EARNINGS PER SHARE

| | Year ended 31 December | |
|---|------------------------|---------------|
| | 2021 | 2020 |
| Profit attributable to shareholders of the Company | 10,777,713,147 | 7,207,452,452 |
| Interest for holders of perpetual subordinated bonds for the year | (354,349,041) | (102,564,384) |
| Total | 10,423,364,106 | 7,104,888,068 |
| Weighted average number of ordinary shares in issue (Note) | 4,827,256,868 | 4,445,099,368 |
| Basic earnings per share (in RMB per share) | 2.16 | 1.60 |

Note: In November 2020, the Company completed the issuance of 458,589,000 A Shares at a price of RMB28.78 per share with par value of RMB1 and listed on the Shanghai Stock Exchange. Accordingly, the registered capital and share capital of the Company increased to RMB4,827,256,868.

Basic earnings per share was calculated as the profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

No diluted earnings per share has been presented for the years ended 31 December 2021 and 2020 as the Company had no potential ordinary shares in issue during the periods.

21. PROPERTY AND EQUIPMENT

| | Buildings | Office equipment | Furniture and fixtures | Motor vehicles | Leasehold improvements | Construction in progress | Total |
|---|--------------|------------------|------------------------|----------------|------------------------|--------------------------|-----------------|
| Cost | | | | | | | |
| As at 31 December 2020 | 92,721,687 | 1,600,593,892 | 105,571,362 | 21,250,345 | 811,121,887 | 37,337,284 | 2,668,596,457 |
| Acquired on acquisition of a subsidiary | - | 1,303,344 | 917,435 | - | 5,300,327 | - | 7,521,106 |
| Additions and transfer-in | - | 411,826,489 | 25,086,388 | - | 172,020,313 | 245,529,612 | 854,462,802 |
| Transfer-out | - | - | - | - | - | (93,430,044) | (93,430,044) |
| Disposals | - | (118,562,250) | (6,854,388) | (10,854,540) | (88,585,163) | - | (224,856,341) |
| Effect of changes in exchange rates | - | (4,416,986) | (1,307,295) | - | (4,818,191) | - | (10,542,472) |
| As at 31 December 2021 | 92,721,687 | 1,890,744,489 | 123,413,502 | 10,395,805 | 895,039,173 | 189,436,852 | 3,201,751,508 |
| Accumulated depreciation | | | | | | | |
| As at 31 December 2020 | (41,485,338) | (1,167,366,201) | (78,923,235) | (17,163,812) | (615,259,547) | - | (1,920,198,133) |
| Acquired on acquisition of a subsidiary | - | (979,879) | (389,617) | - | (2,136,835) | - | (3,506,331) |
| Additions | (4,450,571) | (244,230,810) | (12,794,005) | (344,880) | (107,790,594) | - | (369,610,860) |
| Disposals | - | 111,529,437 | 6,309,389 | 9,128,295 | 88,585,162 | - | 215,552,283 |
| Effect of changes in exchange rates | - | 3,929,987 | 428,869 | - | 3,520,200 | - | 7,879,056 |
| As at 31 December 2021 | (45,935,909) | (1,297,117,466) | (85,368,599) | (8,380,397) | (633,081,614) | - | (2,069,883,985) |
| Carrying amount | | | | | | | |
| As at 31 December 2021 | 46,785,778 | 593,627,023 | 38,044,903 | 2,015,408 | 261,957,559 | 189,436,852 | 1,131,867,523 |
| As at 31 December 2020 | 51,236,349 | 433,227,691 | 26,648,127 | 4,086,533 | 195,862,340 | 37,337,284 | 748,398,324 |

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(Expressed in RMB, unless otherwise stated)

21. PROPERTY AND EQUIPMENT (continued)

| | Buildings | Office equipment | Furniture and fixtures | Motor vehicles | Leasehold improvements | Construction in progress | Total |
|---|--------------|------------------|------------------------|----------------|------------------------|--------------------------|-----------------|
| Cost | | | | | | | |
| As at 31 December 2019 | 91,329,992 | 1,481,439,154 | 104,438,927 | 54,751,668 | 806,063,472 | 6,514,139 | 2,544,537,352 |
| Transfer-out due to disposals of subsidiaries | - | (4,496,590) | (37,147) | (593,130) | (7,261,768) | - | (12,388,635) |
| Additions and transfer-in | 1,391,695 | 216,248,401 | 7,830,289 | 360,080 | 66,793,587 | 58,823,981 | 351,448,033 |
| Transfer-out | - | - | - | - | - | (28,000,836) | (28,000,836) |
| Disposals | - | (84,484,221) | (5,605,381) | (33,261,678) | (45,365,875) | - | (168,717,155) |
| Effect of changes in exchange rates | - | (8,112,852) | (1,055,326) | (6,595) | (9,107,529) | - | (18,282,302) |
| As at 31 December 2020 | 92,721,687 | 1,600,593,892 | 105,571,362 | 21,250,345 | 811,121,887 | 37,337,284 | 2,668,596,457 |
| Accumulated depreciation | | | | | | | |
| As at 31 December 2019 | (37,124,241) | (1,065,069,036) | (72,650,171) | (45,328,010) | (594,859,174) | - | (1,815,030,632) |
| Transfer-out due to disposals of subsidiaries | - | 3,960,597 | 14,859 | 593,130 | 6,958,083 | - | 11,526,669 |
| Additions | (4,361,097) | (190,552,412) | (11,449,962) | (2,018,424) | (76,898,369) | - | (285,280,264) |
| Disposals | - | 79,246,758 | 5,141,517 | 29,582,897 | 45,345,873 | - | 159,317,045 |
| Effect of changes in exchange rates | - | 5,047,892 | 20,522 | 6,595 | 4,194,040 | - | 9,269,049 |
| As at 31 December 2020 | (41,485,338) | (1,167,366,201) | (78,923,235) | (17,163,812) | (615,259,547) | - | (1,920,198,133) |
| Carrying amount | | | | | | | |
| As at 31 December 2020 | 51,236,349 | 433,227,691 | 26,648,127 | 4,086,533 | 195,862,340 | 37,337,284 | 748,398,324 |
| As at 31 December 2019 | 54,205,751 | 416,370,118 | 31,788,756 | 9,423,658 | 211,204,298 | 6,514,139 | 729,506,720 |

22. RIGHT-OF-USE ASSETS

| | Buildings | Leasehold land | Equipment | Total |
|---|-----------------|----------------|-----------|-----------------|
| Cost | | | | |
| As at 31 December 2020 | 2,192,003,536 | 1,266,558,879 | 877,867 | 3,459,440,282 |
| Acquired on acquisition of a subsidiary | 58,017,322 | – | – | 58,017,322 |
| Transfer-out due to disposals of subsidiaries | (2,066,509) | – | – | (2,066,509) |
| Increases | 1,609,171,350 | – | – | 1,609,171,350 |
| Decreases | (609,719,980) | – | – | (609,719,980) |
| Effect of changes in exchange rates | (15,266,792) | – | (23,022) | (15,289,814) |
| As at 31 December 2021 | 3,232,138,927 | 1,266,558,879 | 854,845 | 4,499,552,651 |
| Accumulated depreciation | | | | |
| As at 31 December 2020 | (1,002,613,003) | (184,821,786) | (453,157) | (1,187,887,946) |
| Acquired on acquisition of a subsidiary | (30,620,253) | – | – | (30,620,253) |
| Transfer-out due to disposals of subsidiaries | 1,606,446 | – | – | 1,606,446 |
| Increases | (658,081,165) | (32,910,658) | (156,625) | (691,148,448) |
| Decreases | 395,439,400 | – | – | 395,439,400 |
| Effect of changes in exchange rates | 7,687,383 | – | 13,310 | 7,700,693 |
| As at 31 December 2021 | (1,286,581,192) | (217,732,444) | (596,472) | (1,504,910,108) |
| Carrying amount | | | | |
| As at 31 December 2021 | 1,945,557,735 | 1,048,826,435 | 258,373 | 2,994,642,543 |
| As at 31 December 2020 | 1,189,390,533 | 1,081,737,093 | 424,710 | 2,271,552,336 |
| Expense relating to leases of low-value assets, short-term leases and other leases with lease terms end within 12 months for the year | | | | 86,612,764 |
| Total cash outflow for leases for the year | | | | 863,668,568 |

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(Expressed in RMB, unless otherwise stated)

22. RIGHT-OF-USE ASSETS (continued)

| | Buildings | Leasehold land | Equipment | Total |
|---|-----------------|----------------|-----------|-----------------|
| Cost | | | | |
| As at 31 December 2019 | 2,023,843,309 | 1,266,558,879 | 891,449 | 3,291,293,637 |
| Increases | 317,109,121 | – | 74,410 | 317,183,531 |
| Decreases | (116,914,915) | – | – | (116,914,915) |
| Effect of changes in exchange rates | (32,033,979) | – | (87,992) | (32,121,971) |
| As at 31 December 2020 | 2,192,003,536 | 1,266,558,879 | 877,867 | 3,459,440,282 |
| Accumulated depreciation | | | | |
| As at 31 December 2019 | (535,523,833) | (151,911,128) | (349,805) | (687,784,766) |
| Increases | (568,695,032) | (32,910,658) | (162,125) | (601,767,815) |
| Decreases | 92,838,106 | – | – | 92,838,106 |
| Effect of changes in exchange rates | 8,767,756 | – | 58,773 | 8,826,529 |
| As at 31 December 2020 | (1,002,613,003) | (184,821,786) | (453,157) | (1,187,887,946) |
| Carrying amount | | | | |
| As at 31 December 2020 | 1,189,390,533 | 1,081,737,093 | 424,710 | 2,271,552,336 |
| As at 31 December 2019 | 1,488,319,476 | 1,114,647,751 | 541,644 | 2,603,508,871 |
| Expense relating to leases of low-value assets, short-term leases and other leases with lease terms end within 12 months for the year | | | | 29,823,722 |
| Total cash outflow for leases for the year | | | | 634,214,025 |

23. GOODWILL

(a) Changes in goodwill

| Subsidiaries | As at 1 January 2021 | Additions | Disposals | As at 31 December 2021 | Less: Impairment loss allowance |
|---|----------------------------|-------------------|-----------|------------------------------|---------------------------------------|
| CICC Wealth Management (Note 1) | 1,582,678,646 | - | - | 1,582,678,646 | - |
| Beijing Science & Technology Innovation Investment Management Co., Ltd (Note 2) | - | 39,984,637 | - | 39,984,637 | - |
| Total | 1,582,678,646 | 39,984,637 | - | 1,622,663,283 | - |

| Subsidiaries | As at 1 January 2020 | Additions | Disposals | As at 31 December 2020 | Less: Impairment loss allowance |
|---------------------------------|----------------------------|-----------|-----------|------------------------------|---------------------------------------|
| CICC Wealth Management (Note 1) | 1,582,678,646 | - | - | 1,582,678,646 | - |

Note 1: The Company acquired CICC Wealth Management in 2017 and paid, as the cost of the acquisition, the consideration of RMB16,700,695,000 in the form of share issuance. The difference between the consideration and the fair value of the identifiable net assets attributable to the Company amounted to RMB1,582,678,646 and was recognised as goodwill related to the cash-generating unit ("CGU") of Wealth Management.

Note 2: In 2021, CICC Capital Management Co., Ltd. ("CICC Capital"), a subsidiary of CICC, invested RMB220,129,947 as the cash consideration to increase the capital of Beijing Science & Technology Innovation Investment Management Co., Ltd. ("Science & Technology Innovation") and therefore acquired 51% equity interests of Science & Technology Innovation. Science & Technology Innovation became a subsidiary of the Company after this acquisition. The difference between the consideration and the fair value of the identifiable net assets attributable to CICC Capital amounted to RMB39,984,637 and was recognised as goodwill.

(b) Impairment test

The recoverable amount of the CGU in respect of Wealth Management is determined based on the present value of expected future cash flows, which was determined based on the financial budgets (including budgeted income and profit margins based on the CGU's past performance and management's expectations for market development) approved by the management covering a certain period, cash flows beyond the certain period are extrapolated using an estimated long-term growth rate of 3.0% (2020: 3.0%). Pre-tax discount rates used by the Group was 16.0% (31 December 2020: 18.9%). As the goodwill arising from the acquisition of Science and Technology Innovation is not material, the details of the impairment analysis are not disclosed.

As at 31 December 2021 and 31 December 2020, the Group performed annual goodwill impairment test. There was no impairment recognised for the goodwill related to the aforesaid CGUs since the recoverable amounts were greater than its carrying amounts individually.

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24. INTANGIBLE ASSETS

| | Securities trading seat rights | Others (Note) | Total |
|---|-----------------------------------|---------------|---------------|
| Cost | | | |
| As at 31 December 2020 | 163,112,847 | 603,671,526 | 766,784,373 |
| Acquired on acquisition of a subsidiary | – | 1,259,638 | 1,259,638 |
| Additions | – | 274,823,982 | 274,823,982 |
| Disposals | – | (5,536,526) | (5,536,526) |
| Effect of changes in exchange rates | (12,020) | (30,225) | (42,245) |
| As at 31 December 2021 | 163,100,827 | 874,188,395 | 1,037,289,222 |
| Accumulated amortisation | | | |
| As at 31 December 2020 | (109,487,844) | (346,476,553) | (455,964,397) |
| Acquired on acquisition of a subsidiary | – | (315,970) | (315,970) |
| Additions | (8,580,000) | (144,934,193) | (153,514,193) |
| Disposals | – | 5,228,358 | 5,228,358 |
| Effect of changes in exchange rates | – | 19,692 | 19,692 |
| As at 31 December 2021 | (118,067,844) | (486,478,666) | (604,546,510) |
| Carrying amount | | | |
| As at 31 December 2021 | 45,032,983 | 387,709,729 | 432,742,712 |
| As at 31 December 2020 | 53,625,003 | 257,194,973 | 310,819,976 |

24. INTANGIBLE ASSETS (continued)

| | Securities trading seat rights | Others (Note) | Total |
|---|-----------------------------------|---------------|---------------|
| Cost | | | |
| As at 31 December 2019 | 164,008,627 | 466,228,881 | 630,237,508 |
| Transfer-out due to disposals of subsidiaries | (885,930) | (1,553,999) | (2,439,929) |
| Additions | – | 142,967,169 | 142,967,169 |
| Disposals | – | (3,926,177) | (3,926,177) |
| Effect of changes in exchange rates | (9,850) | (44,348) | (54,198) |
| As at 31 December 2020 | 163,112,847 | 603,671,526 | 766,784,373 |
| Accumulated amortisation | | | |
| As at 31 December 2019 | (100,890,344) | (244,246,505) | (345,136,849) |
| Transfer-out due to disposals of subsidiaries | – | 1,520,400 | 1,520,400 |
| Additions | (8,597,500) | (107,214,047) | (115,811,547) |
| Disposals | – | 3,445,863 | 3,445,863 |
| Effect of changes in exchange rates | – | 17,736 | 17,736 |
| As at 31 December 2020 | (109,487,844) | (346,476,553) | (455,964,397) |
| Carrying amount | | | |
| As at 31 December 2020 | 53,625,003 | 257,194,973 | 310,819,976 |
| As at 31 December 2019 | 63,118,283 | 221,982,376 | 285,100,659 |

Note: As at 31 December 2021 and 2020, others mainly included computer software used by the Group.

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(Expressed in RMB, unless otherwise stated)

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES

| | As at 31 December | |
|---------------------|----------------------|---------------|
| | 2021 | 2020 |
| Share of net assets | | |
| – Associates | 497,800,566 | 610,484,204 |
| – Joint ventures | 589,135,019 | 578,368,662 |
| Total | 1,086,935,585 | 1,188,852,866 |

The following list contains only the particulars of the major associate and joint venture which are unlisted corporate entities of which quoted market prices are not available:

| Name of an associate | Form of business structure | Place of incorporation | Particulars of issued and paid-in capital | Proportion of ownership interest | | | Principal activity |
|---|----------------------------|------------------------|---|----------------------------------|---------------------|----------------------|--------------------|
| | | | | Group's effective interest | Held by the Company | Held by a subsidiary | |
| Zheshang Jinhui Trust Co., Ltd. ("Zheshang Jinhui") (Note 1) | Incorporated | Hangzhou, PRC | RMB2,880,000,000 | 10.33% | 10.33% | – | Trust business |

| Name of a joint venture | Form of business structure | Place of incorporation | Particulars of issued and paid-in capital | Proportion of ownership interest | | | Principal activity |
|--|----------------------------|------------------------|---|----------------------------------|---------------------|----------------------|---------------------------------|
| | | | | Group's effective interest | Held by the Company | Held by a subsidiary | |
| Jinteng Technology Information (Shenzhen) Co., Ltd. ("Jinteng Technology") (Note 2) | Incorporated | Shenzhen, PRC | RMB500,000,000 | 51.00% | 51.00% | – | Information technology services |

Note 1: The Company holds 10.33% equity interest of Zheshang Jinhui but has significant influence over Zheshang Jinhui as it can appoint members in Zheshang Jinhui's Board of Directors. Zheshang Jinhui is accounted for as an associate of the Company.

Note 2: The Company holds 51.00% equity interest of Jinteng Technology and jointly controls Jinteng Technology with a third party according to the contractual arrangement. Jinteng Technology is accounted for as a joint venture of the Company.

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

A summary of financial information of the Group's associates and joint ventures is presented below:

(a) Zheshang Jinhui

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2021 | 2020 |
| Financial information of the associate | | |
| – Assets | 4,526,101,883 | 2,681,511,107 |
| – Liabilities | 355,327,056 | 400,057,759 |
| – Net assets | 4,170,774,827 | 2,281,453,348 |
| – Operating income | 533,258,877 | 509,623,208 |
| – Net profit | 189,563,750 | 105,924,119 |
| Reconciled to the Group's interests in the associate: | | |
| Group's effective interest | 10.33% | 17.50% |
| Group's share of net assets of the associate | 430,835,247 | 399,254,336 |
| Carrying amount in the consolidated financial statements | 430,835,247 | 399,254,336 |

(b) Jinteng Technology

| | Year ended 31 December | |
|---|------------------------|--------------|
| | 2021 | 2020 |
| Financial information of the joint venture | | |
| – Assets | 189,865,289 | 185,800,654 |
| – Liabilities | 93,160,173 | 63,532,985 |
| – Net assets | 96,705,116 | 122,267,669 |
| – Operating income | 27,130,050 | – |
| – Net loss | (125,562,552) | (77,732,331) |
| Reconciled to the Group's interests in the joint venture: | | |
| Group's effective interest | 51.00% | 51.00% |
| Group's share of net assets of the joint venture | 49,319,609 | 62,356,511 |
| Carrying amount in the consolidated financial statements | 49,319,609 | 62,356,511 |

25. INTERESTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

(c) Other associates and joint ventures:

| | Year ended 31 December | |
|--|------------------------|--------------|
| | 2021 | 2020 |
| Aggregate carrying amount of Group's interests in other associates and joint ventures in the consolidated financial statements | 606,780,729 | 727,242,019 |
| Aggregate amounts of the Group's share of profit or loss and other comprehensive income of those associates and joint ventures | | |
| – Profit/(loss) for the year | 178,629,729 | (11,690,273) |
| – Total comprehensive income/(loss) | 178,629,729 | (11,586,995) |

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

| | As at 31 December | |
|-------------------|----------------------|---------------|
| | 2021 | 2020 |
| Equity securities | 8,778,820,783 | 6,709,361,710 |

Current

| | As at 31 December | |
|-----------------------------|------------------------|-----------------|
| | 2021 | 2020 |
| Equity securities | 118,970,508,810 | 104,210,837,992 |
| Debt securities (Note) | 82,090,098,250 | 80,814,486,684 |
| Funds and other investments | 91,334,787,261 | 55,871,011,259 |
| Total | 292,395,394,321 | 240,896,335,935 |

Note: As at 31 December 2021, the perpetual bonds included in debt securities amounted to RMB10,422,322,751 (31 December 2020: RMB13,646,545,485).

27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (“REVERSE REPOS”)

(a) Analysed by collateral type:

Non-current

| | As at 31 December | |
|---------------------------------|--------------------|--------------------|
| | 2021 | 2020 |
| Stocks | 340,465,446 | 886,465,533 |
| Accrued interests | 7,538,312 | 18,705,684 |
| Less: Impairment loss allowance | (265,347) | (2,984,859) |
| Total | 347,738,411 | 902,186,358 |

Current

| | As at 31 December | |
|---------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| Stocks | 7,843,426,753 | 8,697,855,495 |
| Debt securities | 17,543,357,356 | 8,987,319,233 |
| Subtotal | 25,386,784,109 | 17,685,174,728 |
| Accrued interests | 193,159,541 | 142,967,983 |
| Less: Impairment loss allowance | (69,188,002) | (299,631,921) |
| Total | 25,510,755,648 | 17,528,510,790 |

(b) Analysed by market:

Non-current

| | As at 31 December | |
|-------------------------|--------------------|--------------------|
| | 2021 | 2020 |
| Stock exchanges | 51,790,819 | 550,856,785 |
| Over-the-counter market | 295,947,592 | 351,329,573 |
| Total | 347,738,411 | 902,186,358 |

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(Expressed in RMB, unless otherwise stated)

27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (“REVERSE REPOS”) (continued)

(b) Analysed by market: (continued)

Current

| | As at 31 December | |
|-------------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Stock exchanges | 19,235,585,288 | 15,465,920,946 |
| Inter-bank market | 5,625,905,902 | 1,727,510,775 |
| Over-the-counter market | 649,264,458 | 335,079,069 |
| Total | 25,510,755,648 | 17,528,510,790 |

The Group receives securities as collaterals in connection with reverse REPO business. The Group is allowed to sell or re-pledge the collaterals held in connection with debt securities outright REPO business in the absence of default of its counterparties. If the securities depreciate in value, the Group may, in certain circumstances, require additional collaterals. The Group has an obligation to return the collaterals to its counterparties at the expiration of the agreements.

As at 31 December 2021, the collaterals received by the Group in connection with reverse REPO business amounted to RMB48,706,057,222 (31 December 2020: RMB43,423,699,202).

28. REFUNDABLE DEPOSITS

| | As at 31 December | |
|---|-----------------------|----------------|
| | 2021 | 2020 |
| Self-owned refundable deposits | 5,746,718,946 | 8,107,621,610 |
| Refundable deposits held on behalf of clients | 6,884,557,743 | 3,660,152,256 |
| Subtotal | 12,631,276,689 | 11,767,773,866 |
| Accrued interests | 636,075 | 550,069 |
| Total | 12,631,912,764 | 11,768,323,935 |

Refundable deposits are mainly placed at stock exchanges and clearinghouses, futures and commodity exchanges, China Securities Finance Corporation Limited, Shanghai Clearing House, futures companies and other institutions.

29. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

| | As at 1 January 2021 | Credited/ (charged) to profit or loss | Charged to equity | Addition from acquisition of a subsidiary | Effect of changes in exchange rates | As at 31 December 2021 | | |
|---|----------------------------|--|----------------------|--|--|------------------------|------------------------|-----------------------------|
| | | | | | | Deferred tax, net | Deferred tax assets | Deferred tax liabilities |
| Deferred tax assets/(liabilities) before set-off: | | | | | | | | |
| Staff cost | 1,286,938,753 | 469,560,114 | - | 5,259,609 | (259,787) | 1,761,498,689 | 1,761,498,689 | - |
| Deductible tax losses | 65,048,404 | (55,693,352) | - | 15,516,134 | (1,096,610) | 23,774,576 | 23,774,576 | - |
| Depreciation and amortisation | (29,798,976) | (34,582,015) | - | - | (36,346) | (64,417,337) | 1,966,994 | (66,384,331) |
| Changes in fair values of financial instruments at fair value through profit or loss | (282,134,833) | (512,782,147) | - | (608,438) | (11,059) | (795,536,477) | 37,931,705 | (833,468,182) |
| Changes in fair values of financial assets at fair value through other comprehensive income | (4,795,623) | - | (42,162,889) | - | 153,867 | (46,804,645) | 11,904,446 | (58,709,091) |
| Impairment loss allowance | 192,516,052 | (69,759,884) | (444,878) | - | (370,024) | 121,941,266 | 121,941,266 | - |
| Fair value adjustment arising from acquisition of a subsidiary | (167,194,386) | 3,252,243 | - | (46,919) | - | (163,989,062) | - | (163,989,062) |
| Others | 220,367,309 | 140,147,605 | - | - | 2,234 | 360,517,148 | 364,844,020 | (4,326,872) |
| Subtotal | 1,280,946,700 | (59,857,436) | (42,607,767) | 20,120,386 | (1,617,725) | 1,196,984,158 | 2,323,861,696 | (1,126,877,538) |
| Set off | | | | | | | (695,222,304) | 695,222,304 |
| Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position | | | | | | | 1,628,639,392 | (431,655,234) |

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29. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(a) Deferred tax assets and liabilities recognised (continued)

| | As at 1 January 2020 | Credited/ (charged) to profit or loss | Credited/ (charged) to equity | Effect of changes in exchange rates | As at 31 December 2020 | | |
|--|----------------------------|--|-------------------------------------|--|------------------------|------------------------|-----------------------------|
| | | | | | Deferred tax, net | Deferred tax assets | Deferred tax liabilities |
| Deferred tax assets/(liabilities) before set-off: | | | | | | | |
| Staff cost | 830,304,832 | 457,384,927 | - | (751,006) | 1,286,938,753 | 1,286,938,753 | - |
| Deductible tax losses | 33,729,748 | 34,680,521 | - | (3,361,865) | 65,048,404 | 65,048,404 | - |
| Depreciation and amortisation | (30,173,159) | 429,382 | - | (55,199) | (29,798,976) | 1,709,895 | (31,508,871) |
| Changes in fair values of financial instruments | | | | | | | |
| at fair value through profit or loss | (78,058,586) | (204,197,972) | - | 121,725 | (282,134,833) | 225,082,043 | (507,216,876) |
| Changes in fair values of financial assets at fair value | | | | | | | |
| through other comprehensive income | (53,438,968) | - | 48,518,724 | 124,621 | (4,795,623) | 7,288,066 | (12,083,689) |
| Impairment loss allowance | 57,335,066 | 137,306,696 | (474,066) | (1,651,644) | 192,516,052 | 191,252,622 | 1,263,430 |
| Fair value adjustment arising from | | | | | | | |
| acquisition of a subsidiary | (174,993,509) | 7,799,123 | - | - | (167,194,386) | - | (167,194,386) |
| Others | 143,851,131 | 76,525,564 | - | (9,386) | 220,367,309 | 237,935,468 | (17,568,159) |
| Subtotal | 728,556,555 | 509,928,241 | 48,044,658 | (5,582,754) | 1,280,946,700 | 2,015,255,251 | (734,308,551) |
| Set off | | | | | | (227,640,886) | 227,640,886 |
| Deferred tax assets/(liabilities) recognised in the consolidated statement of financial position | | | | | | 1,787,614,365 | (506,667,665) |

(b) Deferred tax assets not recognised

As at 31 December 2021, the accumulated deductible temporary differences and deductible tax losses with no deferred tax asset recognised of the Group amounted to RMB1,533 million (31 December 2020: RMB1,505 million).

Deferred tax assets not recognised in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

Deferred tax asset arising from unused tax losses is recognised only to the extent that an entity has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilised by the entity, when the entity has a history of recent losses. The directors of the Company review the financial performance of these overseas subsidiaries at the end of year to determine whether there is sufficient taxable profit to be available against the unused tax losses, and they are of the opinion that it is probable that sufficient future taxable profits against which the losses can be utilised may not be available in these overseas entities in the foreseeable future, given the current market conditions, and that further expenditures of these overseas subsidiaries are considered necessary for expanding the Group's overseas operations based on its business strategies.

30. OTHER NON-CURRENT ASSETS

| | As at 31 December | |
|---------------------------------|-------------------|---------------|
| | 2021 | 2020 |
| Rental and other deposits | 242,435,920 | 150,211,057 |
| Others | 87,378,935 | 528,831,735 |
| Subtotal | 329,814,855 | 679,042,792 |
| Less: Impairment loss allowance | (1,300,093) | (168,077,738) |
| Total | 328,514,762 | 510,965,054 |

31. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

| | As at 31 December | |
|---|-------------------|----------------|
| | 2021 | 2020 |
| Trade receivable (Note) | 43,111,765,949 | 41,104,785,042 |
| Asset management fees receivable | 1,448,802,510 | 1,310,345,227 |
| Underwriting and advisory fees receivable | 1,178,055,128 | 1,296,068,783 |
| Trading seat rental fees receivable | 262,339,248 | 195,405,526 |
| Others | 319,639,028 | 212,101,324 |
| Subtotal | 46,320,601,863 | 44,118,705,902 |
| Less: Impairment loss allowance | (577,721,275) | (624,931,217) |
| Total | 45,742,880,588 | 43,493,774,685 |

Note: Trade receivable mainly consisted of receivables from brokers and clearinghouses for trade settlements and from counterparties in derivative transactions and deposits for securities-based lending.

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31. ACCOUNTS RECEIVABLE *(continued)*

(b) Analysed by aging:

| | As at 31 December 2021 | | | |
|---------------------------|------------------------|----------------|---------------------------|----------------|
| | Gross amount | | Impairment loss allowance | |
| | Amount | % | Amount | % |
| Within 1 year (inclusive) | 45,024,675,488 | 97.21% | (218,683,813) | 37.86% |
| 1 – 2 years (inclusive) | 770,316,421 | 1.66% | (63,912,118) | 11.06% |
| 2 – 3 years (inclusive) | 227,291,657 | 0.49% | (105,037,551) | 18.18% |
| More than 3 years | 298,318,297 | 0.64% | (190,087,793) | 32.90% |
| Total | 46,320,601,863 | 100.00% | (577,721,275) | 100.00% |

| | As at 31 December 2020 | | | |
|---------------------------|------------------------|----------------|---------------------------|----------------|
| | Gross amount | | Impairment loss allowance | |
| | Amount | % | Amount | % |
| Within 1 year (inclusive) | 42,357,168,020 | 96.00% | (206,675,937) | 33.08% |
| 1 – 2 years (inclusive) | 1,317,021,385 | 2.99% | (197,759,198) | 31.64% |
| 2 – 3 years (inclusive) | 141,947,812 | 0.32% | (94,563,609) | 15.13% |
| More than 3 years | 302,568,685 | 0.69% | (125,932,473) | 20.15% |
| Total | 44,118,705,902 | 100.00% | (624,931,217) | 100.00% |

32. RECEIVABLE FROM MARGIN CLIENTS

(a) Analysed by nature:

| | As at 31 December | |
|---------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| Individuals | 33,200,516,997 | 29,229,190,952 |
| Institutions | 5,439,116,673 | 4,110,732,871 |
| Subtotal | 38,639,633,670 | 33,339,923,823 |
| Accrued interests | 1,001,389,159 | 681,692,892 |
| Less: Impairment loss allowance | (161,966,115) | (136,803,436) |
| Total | 39,479,056,714 | 33,884,813,279 |

32. RECEIVABLE FROM MARGIN CLIENTS *(continued)***(b) Analysed by fair value of collaterals:**

| | As at 31 December | |
|-----------------|------------------------|-----------------|
| | 2021 | 2020 |
| Stocks | 124,939,879,833 | 102,655,533,418 |
| Funds | 11,192,319,708 | 5,758,757,056 |
| Cash | 7,441,888,372 | 4,629,138,045 |
| Debt securities | 247,429,455 | 116,697,735 |
| Total | 143,821,517,368 | 113,160,126,254 |

33. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**(a) Analysed by type:**

| | As at 31 December | |
|-------------------|-----------------------|----------------|
| | 2021 | 2020 |
| At fair value | | |
| – Debt securities | 43,009,969,681 | 37,212,187,524 |

(b) Analysed by listing status:

| | As at 31 December | |
|----------------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Listed | | |
| – In Hong Kong, China | 3,873,877,762 | 2,071,334,212 |
| – Outside Hong Kong, China | 39,136,091,919 | 35,140,853,312 |
| Total | 43,009,969,681 | 37,212,187,524 |

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34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

| | As at 31 December 2021 | | |
|---------------------------|------------------------|-----------------------|-------------------------|
| | Notional amount | Fair value | |
| | | Assets | Liabilities |
| Hedging instruments (a) | | | |
| – Interest rate contracts | 6,390,000,000 | 93,610,591 | – |
| – Currency contracts | 565,774,000 | 16,827,830 | – |
| Non-hedging instruments | | | |
| – Interest rate contracts | 242,441,578,342 | 1,171,561,161 | (1,111,387,288) |
| – Currency contracts | 190,415,232,394 | 1,304,156,273 | (1,346,933,865) |
| – Equity contracts | 434,621,453,927 | 11,666,573,674 | (15,423,808,261) |
| – Credit contracts | 3,335,399,000 | 28,522,231 | (12,751,155) |
| – Other contracts (Note) | 47,966,982,401 | 466,303,899 | (350,093,069) |
| Total | 925,736,420,064 | 14,747,555,659 | (18,244,973,638) |
| Less: Settlement | | (183,326,996) | 110,966,130 |
| Net position | | 14,564,228,663 | (18,134,007,508) |

| | As at 31 December 2020 | | |
|---------------------------|------------------------|-----------------------|-------------------------|
| | Notional amount | Fair value | |
| | | Assets | Liabilities |
| Hedging instruments (a) | | | |
| – Interest rate contracts | 9,590,000,000 | 147,610,386 | – |
| Non-hedging instruments | | | |
| – Interest rate contracts | 405,563,762,807 | 610,719,055 | (666,826,709) |
| – Currency contracts | 122,152,208,668 | 1,925,466,923 | (3,427,667,304) |
| – Equity contracts | 301,153,269,581 | 9,045,945,509 | (20,693,731,679) |
| – Credit contracts | 1,228,896,500 | 10,146,455 | (10,762,169) |
| – Other contracts (Note) | 54,619,624,733 | 609,631,600 | (585,781,254) |
| Total | 894,307,762,289 | 12,349,519,928 | (25,384,769,115) |
| Less: Settlement | | (38,256,092) | 702,234,478 |
| Net position | | 12,311,263,836 | (24,682,534,637) |

Note: Other contracts mainly include commodity options and commodity futures.

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

Under a daily mark-to-market settlement arrangement, any gains or losses of the Group's positions in futures contracts in mainland China are settled daily. As at 31 December 2021, derivative financial assets of RMB183,326,996 arose from unexpired commodity and treasury bond futures contracts (31 December 2020: RMB38,256,092); derivative financial liabilities of RMB110,966,130 arose from unexpired stock index futures contracts (31 December 2020: RMB702,234,478). These gains or losses are reflected as settlement in the tables above.

(a) Hedging instruments

(i) Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains of fair value hedges are presented as follows:

| | Year ended 31 December | |
|--|------------------------|------------|
| | 2021 | 2020 |
| Gains arising from fair value hedges, net: | | |
| Interest rate contracts | (3,871,167) | 3,333,399 |
| Hedged items attributable to the hedged risk | 30,725,835 | 26,865,606 |
| Total | 26,854,668 | 30,199,005 |

The notional amounts with remaining life of the designated as hedging instruments in fair value hedges are presented as follows:

| | As at 31 December 2021 | | | Total |
|---|--------------------------------|-----------------------------------|---------------------|---------------|
| | Less than 6 months (inclusive) | 6 months to 12 months (inclusive) | More than 12 months | |
| Hedging instruments-interest rate contracts | 1,550,000,000 | 2,920,000,000 | 1,920,000,000 | 6,390,000,000 |
| | As at 31 December 2020 | | | |
| | Less than 6 months (inclusive) | 6 months to 12 months (inclusive) | More than 12 months | Total |
| Hedging instruments-interest rate contracts | 1,400,000,000 | 2,000,000,000 | 6,190,000,000 | 9,590,000,000 |

34. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

(a) Hedging instruments (continued)

(i) Fair value hedges (continued)

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

| Long-term debt securities issued | As at 31 December | |
|---|----------------------|---------------|
| | 2021 | 2020 |
| Carrying amount of hedged items | 6,559,631,222 | 9,878,977,040 |
| Accumulated adjustments to the fair value of hedged items | 122,669,430 | 207,364,163 |

(ii) Hedges of net investments in foreign operations

The Group's consolidated financial position is affected by the exchange differences between the functional currency of the Company and functional currencies of its subsidiaries. The Group hedges such foreign exchange exposure in limited circumstances. The Group hedges exchange exposures using foreign exchange forward contracts for certain net investments in foreign operations. Under the hedging relationships, the Group separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract. There was no hedge ineffectiveness for the year ended 31 December 2021 (2020: NA).

As at 31 December 2021, the accumulated net gains from the hedging instruments recognised in other comprehensive income amounted to RMB19,772,308 (31 December 2020: NA). For the year ended 31 December 2021, the net gains associated with forward elements of forward contracts recognised in profit or loss were RMB14,572,332 (2020: NA).

As at 31 December 2021, the nominal amount of hedging instruments designated as hedges of net investments in foreign operations by the Group was RMB565,774,000 (31 December 2020: NA), and the remaining maturity date is within 6 months.

35. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold client monies arising from its ordinary course of business. The Group has classified their client monies as cash held on behalf of clients under current assets of the consolidated statement of financial position and recognised the corresponding current liabilities, in particular, accounts payable to brokerage clients and accounts payable to underwriting clients, on the grounds that the Group is liable for any misappropriation of their clients' monies. In mainland China, clients' monies are restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong SAR, clients' monies are restricted and governed by the *Securities and Futures (Client Money) Rules* under the *Securities and Futures Ordinance*.

36. CASH AND BANK BALANCES

| | As at 31 December | |
|---------------------------------|-------------------|----------------|
| | 2021 | 2020 |
| Cash on hand | 146,897 | 139,386 |
| Deposits with banks | 59,655,004,412 | 44,082,495,955 |
| Deposits with clearinghouses | 6,372,900,707 | 3,006,847,606 |
| Subtotal | 66,028,052,016 | 47,089,482,947 |
| Accrued interests | 115,322,702 | 71,756,629 |
| Less: Impairment loss allowance | (279,829) | (168,508) |
| Total | 66,143,094,889 | 47,161,071,068 |

37. CASH AND CASH EQUIVALENTS

| | As at 31 December | |
|--------------------------------|-------------------|----------------|
| | 2021 | 2020 |
| Cash on hand | 146,897 | 139,386 |
| Deposits with banks | 59,655,004,412 | 44,082,495,955 |
| Deposits with clearinghouses | 6,372,900,707 | 3,006,847,606 |
| Subtotal | 66,028,052,016 | 47,089,482,947 |
| Less: Restricted bank deposits | (835,105,292) | (427,049,392) |
| Total | 65,192,946,724 | 46,662,433,555 |

The restricted bank deposits mainly include the risk reserve deposits held for asset management business and temporary deposits held on behalf of non-brokerage clients.

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38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | As at 1 January 2021 | Cash flows | Non-cash changes | | | As at 31 December 2021 |
|--|----------------------------|-----------------------|--------------------------------------|--|-----------------------|---------------------------|
| | | | (Transferred out)/ transferred in | Interests, amortisation and effect of changes in exchange rates | Fair value changes | |
| Short-term debt securities issued | 26,492,570,465 | (3,698,500,070) | (202,222,740) | 398,009,834 | – | 22,989,857,489 |
| Long-term debt securities issued due within one year | 23,386,443,319 | (26,679,555,965) | 36,641,688,229 | 1,451,886,236 | (47,210,245) | 34,753,251,574 |
| Long-term debt securities issued | 104,614,517,533 | 54,304,293,617 | (36,439,465,489) | 3,256,521,153 | 19,431,387 | 125,755,298,201 |
| Total liabilities arising from financing activities | 154,493,531,317 | 23,926,237,582 | – | 5,106,417,223 | (27,778,858) | 183,498,407,264 |

| | As at 1 January 2020 | Cash flows | Non-cash changes | | | As at 31 December 2020 |
|--|----------------------------|-----------------------|--------------------------------------|--|-----------------------|---------------------------|
| | | | (Transferred out)/ transferred in | Interests, amortisation and effect of changes in exchange rates | Fair value changes | |
| Short-term debt securities issued | 21,240,334,869 | 5,727,806,168 | (354,361,607) | (121,208,965) | – | 26,492,570,465 |
| Long-term debt securities issued due within one year | 21,806,085,676 | (22,760,594,553) | 23,426,068,537 | 888,910,595 | 25,973,064 | 23,386,443,319 |
| Long-term debt securities issued | 57,585,268,714 | 69,014,734,667 | (23,071,706,930) | 1,110,133,930 | (23,912,848) | 104,614,517,533 |
| Total liabilities arising from financing activities | 100,631,689,259 | 51,981,946,282 | – | 1,877,835,560 | 2,060,216 | 154,493,531,317 |

39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at 31 December 2021 | | |
|-------------------|--|--|-----------------------|
| | Financial liabilities held for trading | Financial liabilities designated as at fair value through profit or loss | Total |
| Equity securities | 2,755,876,401 | 34,162,624,317 | 36,918,500,718 |
| Debt securities | 823,345,819 | 526,215,128 | 1,349,560,947 |
| Funds and others | 658,725,019 | – | 658,725,019 |
| Total | 4,237,947,239 | 34,688,839,445 | 38,926,786,684 |

| | As at 31 December 2020 | | |
|-------------------|--|--|-----------------------|
| | Financial liabilities held for trading | Financial liabilities designated as at fair value through profit or loss | Total |
| Equity securities | 5,904,122,584 | 33,251,717,178 | 39,155,839,762 |
| Debt securities | 1,066,167,906 | 1,542,983,452 | 2,609,151,358 |
| Funds and others | 1,126,558,207 | – | 1,126,558,207 |
| Total | 8,096,848,697 | 34,794,700,630 | 42,891,549,327 |

Note 1: As at 31 December 2021 and 31 December 2020, there were no significant fair value changes related to the changes in the credit risk of financial liabilities designated as at fair value through profit or loss of the Group.

Note 2: The Group's financial liabilities designated at fair value through profit or loss are mainly equity-linked instruments, and their fair values are linked to stock, index, etc.

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40. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

| | As at 31 December | |
|---|-----------------------|----------------|
| | 2021 | 2020 |
| Client deposits for brokerage trading | 84,806,501,501 | 62,030,728,369 |
| Client deposits for margin financing and securities lending | 8,622,632,712 | 8,612,779,838 |
| Subtotal | 93,429,134,213 | 70,643,508,207 |
| Accrued interests | 16,031,094 | 11,672,249 |
| Total | 93,445,165,307 | 70,655,180,456 |

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and clearinghouses. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under ordinary course of business. Only the amounts in excess of the required amount of margin deposits and cash collaterals are repayable on demand.

41. PLACEMENTS FROM FINANCIAL INSTITUTIONS

(a) Analysed by funding source:

| | As at 31 December | |
|--|-----------------------|----------------|
| | 2021 | 2020 |
| Placements from banks | 50,516,199,330 | 33,796,181,995 |
| Placements from China Securities Finance Corporation Limited | 500,000,000 | 200,000,000 |
| Placements from non-bank financial institution | 200,000,000 | 300,000,000 |
| Subtotal | 51,216,199,330 | 34,296,181,995 |
| Accrued interests | 261,079,348 | 220,232,700 |
| Total | 51,477,278,678 | 34,516,414,695 |

41. PLACEMENTS FROM FINANCIAL INSTITUTIONS *(continued)*

(b) Analysed by residual maturity:

| | As at 31 December | | | |
|-------------------------------|-----------------------|------------------------|----------------|------------------------|
| | 2021 | | 2020 | |
| | Book value | Range of interest rate | Book value | Range of interest rate |
| Within 1 month (inclusive) | 36,379,699,104 | 0.18% – 3.60% | 18,964,291,414 | 0.99% – 3.50% |
| 1 – 3 months (inclusive) | 3,432,566,420 | 0.90% – 3.40% | 4,248,025,919 | 1.08% – 2.99% |
| 3 months – 1 year (inclusive) | 11,665,013,154 | 1.05% – 3.20% | 11,304,097,362 | 1.76% – 3.49% |
| Total | 51,477,278,678 | | 34,516,414,695 | |

42. SHORT-TERM DEBT SECURITIES ISSUED

| | Notes | As at 31 December | |
|------------------------------|-------|-----------------------|----------------|
| | | 2021 | 2020 |
| Beneficiary certificates | (a) | 15,121,477,870 | 19,683,669,800 |
| Short-term corporate bonds | (b) | 5,000,000,000 | – |
| Structured notes | (c) | 1,762,243,471 | 5,884,269,327 |
| Short-term commercial papers | (d) | 1,000,000,000 | – |
| MTNs | (e) | – | 803,260,708 |
| Subtotal | | 22,883,721,341 | 26,371,199,835 |
| Accrued interests: | | | |
| Beneficiary certificates | | 51,422,773 | 92,036,857 |
| Short-term corporate bonds | | 40,963,789 | – |
| Structured notes | | 11,513,970 | 27,082,943 |
| Short-term commercial papers | | 2,235,616 | – |
| MTNs | | – | 2,250,830 |
| Total | | 22,989,857,489 | 26,492,570,465 |

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42. SHORT-TERM DEBT SECURITIES ISSUED (continued)

(a) Beneficiary certificates:

| Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Reclassified to long-term debt securities issued (Note) | Book value as at 31 December 2021 |
|-----------------------|------------------------------------|----------------|--|------------------|--|---|
| 0.00% - 11.02% | 19,775,706,657 | 47,872,317,839 | (38,391,344) | (52,234,509,769) | (202,222,740) | 15,172,900,643 |

| Nominal interest rate | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Redemption | Reclassified to long-term debt securities issued (Note) | Book value as at 31 December 2020 |
|-----------------------|------------------------------------|----------------|--|------------------|--|---|
| 0.00% - 11.02% | 14,590,818,072 | 61,155,882,718 | 8,707,077 | (55,625,339,603) | (354,361,607) | 19,775,706,657 |

Note: A balance of RMB202 million (31 December 2020: RMB354 million) was reclassified to long-term debt securities issued as extension rights were exercised by the holders of these beneficiary certificates.

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 1.50% to 7.90% per annum;
- a fixed rate plus a floating rate; or
- a floating rate.

The floating interest rate is calculated based on stock indices such as Shanghai & Shenzhen 300 Index and China Securities Index 500, individual stocks, prices of commodity products or United States dollar ("USD") index. The yield rate of such income certificates is based on market performance of the underlying instruments in the contractual period, and the non-fixed income is bifurcated and accounted under derivative financial instruments.

42. SHORT-TERM DEBT SECURITIES ISSUED (continued)

(b) Short-term corporate bonds:

| Name | Interest commencement date | Maturity date | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|----------------|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------------|--|------------|-------------------------|-----------------------------------|
| 21 CISC WMS S1 | 09/08/2021 | 09/08/2022 | 2,000,000,000 | 2.68% | - | 2,000,000,000 | 20,042,181 | - | - | 2,020,042,181 |
| 21 CISC WMS S2 | 24/09/2021 | 24/09/2022 | 3,000,000,000 | 2.85% | - | 3,000,000,000 | 20,921,608 | - | - | 3,020,921,608 |
| Total | | | | | - | 5,000,000,000 | 40,963,789 | - | - | 5,040,963,789 |

(c) Structured notes:

| Name | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|----------------------|---------------------------------|---------------|--|-----------------|-------------------------|-----------------------------------|
| Structured notes (i) | 5,911,352,270 | 2,232,650,401 | (15,568,973) | (6,268,914,105) | (85,762,152) | 1,773,757,441 |

| Name | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2020 |
|----------------------|---------------------------------|----------------|--|------------------|-------------------------|-----------------------------------|
| Structured notes (i) | 6,649,516,797 | 10,529,132,195 | (40,654,932) | (10,773,425,640) | (453,216,150) | 5,911,352,270 |

(i) The notes were issued bearing nominal interest rates ranging from 0.25% to 3.80% per annum. The notes are for maturities of 21 days to 365 days.

(d) Short-term commercial papers:

| Name | Interest commencement date | Maturity date | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|---------------|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------------|--|------------|-------------------------|-----------------------------------|
| 21 CICC CP001 | 29/11/2021 | 25/02/2022 | 1,000,000,000 | 2.55% | - | 1,000,000,000 | 2,235,616 | - | - | 1,002,235,616 |

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42. SHORT-TERM DEBT SECURITIES ISSUED (continued)

(e) MTNs:

| Name | Interest commencement date | Maturity date | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|--------|----------------------------|---------------|------------------|-----------------------|---------------------------------|-------------|--|---------------|-------------------------|-----------------------------------|
| MTN(i) | 28/09/2020 | 27/09/2021 | USD123.2 million | 1.05% | 805,511,538 | - | (2,250,830) | (797,042,400) | (6,218,308) | - |
| Name | Interest commencement date | Maturity date | Principal | Nominal interest rate | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2020 |
| MTN(i) | 28/09/2020 | 27/09/2021 | USD123.2 million | 1.05% | - | 840,864,640 | 2,250,830 | - | (37,603,932) | 805,511,538 |

(i) The Group redeemed the MTN on 27 September 2021.

43. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS ("REPOS")

(a) Analysed by collateral type:

| | As at 31 December | |
|-------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Debt securities | 13,428,469,513 | 20,905,356,393 |
| Others | 2,942,551,319 | 4,165,056,959 |
| Subtotal | 16,371,020,832 | 25,070,413,352 |
| Accrued interests | 5,050,119 | 30,670,471 |
| Total | 16,376,070,951 | 25,101,083,823 |

(b) Analysed by market:

| | As at 31 December | |
|-------------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Inter-bank market | 9,477,194,594 | 14,593,790,179 |
| Stock exchanges | 1,960,221,642 | 3,902,244,482 |
| Over-the-counter market | 4,938,654,715 | 6,605,049,162 |
| Total | 16,376,070,951 | 25,101,083,823 |

As at 31 December 2021, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB17,706,662,301 (31 December 2020: RMB25,245,903,799).

44. EMPLOYEE BENEFITS PAYABLE

| | As at 31 December | |
|--------------------------------|-------------------|---------------|
| | 2021 | 2020 |
| Non-current | | |
| Salaries, bonus and allowances | 661,663,772 | 781,920,387 |
| Current | | |
| Salaries, bonus and allowances | 10,352,150,340 | 7,714,334,048 |
| Retirement scheme contribution | 56,349,244 | 14,712,400 |
| Other social welfare | 39,276,663 | 38,179,136 |
| Others | 59,425,061 | 37,818,404 |
| Subtotal | 10,507,201,308 | 7,805,043,988 |
| Total | 11,168,865,080 | 8,586,964,375 |

45. OTHER CURRENT LIABILITIES

| | As at 31 December | |
|--|-------------------|----------------|
| | 2021 | 2020 |
| Trade payable | 134,781,241,379 | 78,737,749,542 |
| Accounts payable to underwriting clients | 7,304,310,900 | – |
| Payables to other investors of consolidated structured entities (Note 1) | 2,843,550,185 | 4,487,977,574 |
| Accrued expenses | 966,024,464 | 787,129,102 |
| Sundry tax payable | 617,465,786 | 908,722,259 |
| Dividends payable (Note 2) | 218,147,434 | – |
| Others | 1,122,943,842 | 1,001,273,096 |
| Total | 147,853,683,990 | 85,922,851,573 |

Note 1: For each reporting period, the consolidation scope of structured entities varies due to the addition of structured entities to which the Group is a principal or due to the liquidation of the consolidated structured entities or changes in the Group's interests therein.

Note 2: As at 31 December 2021, dividends payable includes distribution to holders of perpetual subordinated bonds of RMB154,200,000 and dividends payable to non-controlling interests of RMB63,947,434 (31 December 2020: Nil).

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

46. LONG-TERM DEBT SECURITIES ISSUED

| | Notes | As at 31 December | |
|----------------------------|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Due within one year | | | |
| – Corporate bonds | (a) | 15,533,719,765 | 9,830,163,597 |
| – Subordinated bonds | (b) | 9,960,925,191 | 5,008,689,660 |
| – MTNs | (c) | 6,372,054,429 | 6,520,769,369 |
| – Financial bonds | (d) | 2,500,000,000 | – |
| – Beneficiary certificates | (e) | – | 1,741,009,800 |
| Subtotal | | 34,366,699,385 | 23,100,632,426 |
| Due after one year | | | |
| – Corporate bonds | (a) | 88,004,854,904 | 63,530,023,736 |
| – Subordinated bonds | (b) | 16,555,765,429 | 19,530,109,664 |
| – MTNs | (c) | 19,089,128,134 | 16,269,771,958 |
| – Financial bonds | (d) | – | 2,500,000,000 |
| – Beneficiary certificates | (e) | – | 1,500,000,000 |
| Subtotal | | 123,649,748,467 | 103,329,905,358 |
| Accrued interests: | | | |
| – Corporate bonds | | 1,770,852,575 | 1,045,156,424 |
| – Subordinated bonds | | 568,525,592 | 363,649,805 |
| – MTNs | | 121,842,249 | 63,919,194 |
| – Financial bonds | | 30,881,507 | 30,881,507 |
| – Beneficiary certificates | | – | 66,816,138 |
| Subtotal | | 2,492,101,923 | 1,570,423,068 |
| Total | | 160,508,549,775 | 128,000,960,852 |
| Fair value | | 163,078,293,731 | 127,825,070,661 |

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Corporate bonds:

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|-------------------|----------------------------|---------------|------------------|---------------|-----------------------|---------------------------------|---------------|--|-----------------|-------------------------|-----------------------------------|
| 16-CCC01 (i) | 18/07/2016 | 18/07/2021 | Annually | 3,000,000,000 | 3.56% | 2,923,108,092 | - | (47,108,092) | (2,876,000,000) | - | - |
| 16-CCC02 (ii) | 18/07/2016 | 18/07/2023 | Annually | 1,000,000,000 | 3.29% | 1,015,052,877 | - | (15,052,877) | (1,000,000,000) | - | - |
| 16-CCC04 (iii) | 27/10/2016 | 27/10/2023 | Annually | 900,000,000 | 3.13% | 905,093,753 | - | (5,093,753) | (900,000,000) | - | - |
| 17-CCC03 | 08/05/2017 | 08/05/2022 | Annually | 1,000,000,000 | 5.19% | 1,039,819,940 | - | 5,070,214 | - | (14,169,351) | 1,030,720,703 |
| 18-CCC02 (x) | 26/01/2018 | 26/01/2021 | Annually | 1,000,000,000 | 5.70% | 1,053,487,398 | - | (37,421,339) | (1,000,000,000) | (16,066,059) | - |
| 18-CCC04 (vii) | 24/04/2018 | 24/04/2021 | Annually | 1,000,000,000 | 4.94% | 1,034,778,011 | - | (21,214,544) | (1,000,000,000) | (13,583,467) | - |
| 18-CCC06 (xvi) | 28/06/2018 | 28/06/2021 | Annually | 1,000,000,000 | 5.30% | 1,026,731,144 | - | (18,438,798) | (1,000,000,000) | (8,292,346) | - |
| 19-CCC04 (xv) | 21/11/2019 | 21/11/2025 | Annually | 1,500,000,000 | 3.52% | 1,505,930,959 | - | - | - | - | 1,505,930,959 |
| 20-CCC F1 (xvi) | 26/02/2020 | 26/02/2025 | Annually | 4,000,000,000 | 3.20% | 4,108,361,644 | - | - | - | - | 4,108,361,644 |
| 20-CCC G1 (xvii) | 03/04/2020 | 03/04/2026 | Annually | 1,500,000,000 | 2.89% | 1,532,304,658 | - | - | - | - | 1,532,304,658 |
| 20-CCC G2 (xviii) | 03/04/2020 | 03/04/2027 | Annually | 1,000,000,000 | 3.25% | 1,024,219,178 | - | - | - | - | 1,024,219,178 |
| 20-CCC G3 (xix) | 06/05/2020 | 06/05/2026 | Annually | 3,300,000,000 | 2.37% | 3,351,211,479 | - | - | - | - | 3,351,211,479 |
| 20-CCC G4 (xx) | 06/05/2020 | 06/05/2027 | Annually | 700,000,000 | 2.88% | 713,200,658 | - | - | - | - | 713,200,658 |
| 20-CCC F2 (xvi) | 28/05/2020 | 28/05/2025 | Annually | 3,000,000,000 | 2.95% | 3,052,615,069 | - | - | - | - | 3,052,615,069 |
| 20-CCC G5 (xvii) | 22/06/2020 | 22/06/2026 | Annually | 1,500,000,000 | 3.10% | 1,524,460,274 | - | - | - | - | 1,524,460,274 |
| 20-CCC F3 (xvii) | 24/07/2020 | 24/07/2025 | Annually | 3,000,000,000 | 3.80% | 3,049,972,603 | - | - | - | - | 3,049,972,603 |
| 20-CCC07 (xxiv) | 10/09/2020 | 10/09/2025 | Annually | 5,000,000,000 | 3.78% | 5,057,476,712 | - | - | - | - | 5,057,476,712 |
| 20-CCC09 (xxv) | 23/09/2020 | 23/09/2025 | Annually | 5,000,000,000 | 3.80% | 5,051,013,699 | - | - | - | - | 5,051,013,699 |
| 20-CCC11 (xxvi) | 19/10/2020 | 19/10/2023 | Annually | 2,500,000,000 | 3.50% | 2,517,500,000 | - | - | - | - | 2,517,500,000 |
| 20-CCC12 (xxvii) | 19/10/2020 | 19/10/2025 | Annually | 2,500,000,000 | 3.74% | 2,518,700,000 | - | - | - | - | 2,518,700,000 |
| 20-CCC13 (xxviii) | 28/10/2020 | 28/10/2023 | Annually | 2,000,000,000 | 3.48% | 2,012,203,836 | - | - | - | - | 2,012,203,836 |
| 20-CCC14 (xxix) | 28/10/2020 | 28/10/2025 | Annually | 3,000,000,000 | 3.68% | 3,019,357,808 | - | - | - | - | 3,019,357,808 |
| 20-CCC F4 (xxx) | 14/12/2020 | 14/12/2023 | Annually | 2,500,000,000 | 3.85% | 2,504,482,877 | - | - | - | - | 2,504,482,877 |
| 20-CCC F5 (xxx) | 14/12/2020 | 14/12/2025 | Annually | 2,500,000,000 | 4.09% | 2,504,762,329 | - | - | - | - | 2,504,762,329 |
| 21-CCC F1 (xli) | 18/01/2021 | 18/01/2024 | Annually | 2,500,000,000 | 3.55% | - | 2,500,000,000 | 84,373,288 | - | - | 2,584,373,288 |
| 21-CCC F2 (xlii) | 18/01/2021 | 18/01/2026 | Annually | 2,500,000,000 | 3.75% | - | 2,500,000,000 | 89,126,712 | - | - | 2,589,126,712 |
| 21-CCC F3 (xliii) | 04/03/2021 | 04/03/2024 | Annually | 1,500,000,000 | 3.60% | - | 1,500,000,000 | 44,679,452 | - | - | 1,544,679,452 |
| 21-CCC F4 (xliv) | 04/03/2021 | 04/03/2026 | Annually | 2,000,000,000 | 3.82% | - | 2,000,000,000 | 62,113,151 | - | - | 2,062,113,151 |
| 21-CCC G1 (xlv) | 16/03/2021 | 16/03/2026 | Annually | 2,000,000,000 | 3.58% | - | 2,000,000,000 | 56,887,671 | - | - | 2,056,887,671 |
| 21-CCC G2 | 16/03/2021 | 16/03/2031 | Annually | 2,000,000,000 | 4.10% | - | 2,000,000,000 | 65,150,685 | - | - | 2,065,150,685 |

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Corporate bonds: (continued)

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|----------------------|----------------------------|---------------|------------------|---------------|-----------------------|---------------------------------|----------------|--|-----------------|-------------------------|-----------------------------------|
| 21CCCCG3 (xlii) | 25/03/2021 | 25/03/2026 | Annually | 1,500,000,000 | 3.51% | - | 1,500,000,000 | 40,533,288 | - | - | 1,540,533,288 |
| 21CCCCG4 | 25/03/2021 | 25/03/2031 | Annually | 2,500,000,000 | 4.07% | - | 2,500,000,000 | 78,333,562 | - | - | 2,578,333,562 |
| 21CCCCF5 (xliii) | 13/04/2021 | 13/04/2024 | Annually | 1,000,000,000 | 3.43% | - | 1,000,000,000 | 24,620,822 | - | - | 1,024,620,822 |
| 21CCCCF6 (xliv) | 13/04/2021 | 13/04/2026 | Annually | 3,500,000,000 | 3.70% | - | 3,500,000,000 | 92,601,370 | - | - | 3,592,601,370 |
| 21CCCCG5 (l) | 16/08/2021 | 16/08/2026 | Annually | 1,000,000,000 | 3.04% | - | 1,000,000,000 | 11,410,411 | - | - | 1,011,410,411 |
| 21CCCCG6 (li) | 16/08/2021 | 16/08/2028 | Annually | 1,500,000,000 | 3.39% | - | 1,500,000,000 | 19,086,164 | - | - | 1,519,086,164 |
| 21CCCCG7 | 08/12/2021 | 08/12/2024 | Annually | 2,500,000,000 | 2.97% | - | 2,500,000,000 | 4,678,767 | - | - | 2,504,678,767 |
| 21CCCCG8 | 08/12/2021 | 08/12/2031 | Annually | 1,000,000,000 | 3.68% | - | 1,000,000,000 | 2,318,904 | - | - | 1,002,318,904 |
| 17CSCF2 | 18/07/2017 | 18/07/2022 | Annually | 1,000,000,000 | 5.10% | 1,023,334,247 | - | (2,407) | - | 2,407 | 1,023,334,247 |
| 18CSC01 (xxviii) | 23/03/2018 | 23/03/2021 | Annually | 1,000,000,000 | 5.95% | 1,046,280,749 | - | (46,345,867) | (1,000,000,000) | 65,118 | - |
| 18CSC03 (xxv) | 21/09/2018 | 21/09/2021 | Annually | 1,000,000,000 | 4.99% | 1,013,896,731 | - | (13,994,182) | (1,000,000,000) | 97,451 | - |
| 19CSC01 | 22/04/2019 | 22/04/2022 | Annually | 2,000,000,000 | 4.22% | 2,058,563,227 | - | (3,981) | - | 133,436 | 2,058,692,682 |
| 19CCCCWMS01 (xxvii) | 16/10/2019 | 16/10/2024 | Annually | 3,000,000,000 | 3.58% | 3,020,477,755 | - | (948,462) | - | 939,284 | 3,020,468,577 |
| 20CCCCWMSG1 (xxviii) | 16/01/2020 | 16/01/2025 | Annually | 2,000,000,000 | 3.44% | 2,065,594,368 | - | (1,897,763) | - | 793,230 | 2,064,489,835 |
| 20CCCCWMSF1 (xxviii) | 09/04/2020 | 09/04/2025 | Annually | 3,000,000,000 | 3.17% | 3,069,566,301 | - | (2,834,675) | - | 933,991 | 3,067,665,617 |
| 20CCCCWMSF2 | 28/07/2020 | 28/07/2023 | Annually | 2,000,000,000 | 3.80% | 2,032,690,411 | - | (1,890,377) | - | 876,051 | 2,031,676,085 |
| 20CCCCWMSG2 (xxix) | 21/10/2020 | 21/10/2025 | Annually | 2,000,000,000 | 3.77% | 2,014,873,425 | - | (1,647,802) | - | 369,446 | 2,013,595,069 |
| 20CCCCWMSG3 | 21/10/2020 | 21/10/2025 | Annually | 1,000,000,000 | 4.20% | 1,008,284,932 | - | (824,057) | - | 183,369 | 1,007,644,244 |
| 20CCCCWMSG5 (li) | 24/11/2020 | 24/11/2025 | Annually | 1,000,000,000 | 3.98% | 1,004,143,562 | - | (756,594) | - | 155,831 | 1,003,542,799 |
| 20CCCCWMSG6 (lii) | 15/12/2020 | 15/12/2025 | Annually | 1,000,000,000 | 3.85% | 1,001,793,151 | - | (756,533) | - | 147,969 | 1,001,184,587 |
| 21CCCCWMSG1 (lii) | 26/03/2021 | 26/03/2024 | Annually | 2,000,000,000 | 3.44% | - | 2,000,000,000 | 50,004,311 | - | 759,312 | 2,050,763,623 |
| 21CCCCWMSG2 (liii) | 26/03/2021 | 26/03/2026 | Annually | 3,000,000,000 | 3.65% | - | 3,000,000,000 | 82,686,792 | - | 278,146 | 3,082,964,938 |
| 21CCCCWMSG3 (liii) | 22/04/2021 | 22/04/2026 | Annually | 3,000,000,000 | 3.55% | - | 3,000,000,000 | 72,499,121 | - | 257,032 | 3,072,756,153 |
| 21CCCCWMSG4 | 22/04/2021 | 22/04/2026 | Annually | 2,000,000,000 | 3.84% | - | 2,000,000,000 | 50,482,119 | - | 411,708 | 2,050,893,827 |
| 21CCCCWMSG5 (liii) | 09/12/2021 | 09/12/2026 | Annually | 3,000,000,000 | 3.06% | - | 3,000,000,000 | 4,171,450 | - | 74,778 | 3,004,246,228 |
| Total | | | | | | 74,405,343,757 | 40,000,000,000 | 725,696,151 | (9,776,000,000) | (45,612,664) | 105,309,427,244 |

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Corporate bonds: (continued)

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2020 | Interest accrued, net of | | Redemption | Amortisation and others | Book value as at 31 December 2020 |
|------------------|----------------------------|---------------|------------------|---------------|-----------------------|---------------------------------|--------------------------|---------------|-----------------|-------------------------|-----------------------------------|
| | | | | | | | Issuance | interest paid | | | |
| 16CCC01(i) | 18/07/2016 | 18/07/2021 | Annually | 3,000,000,000 | 3.58% | 2,972,826,008 | - | 282,084 | - | - | 2,923,088,092 |
| 16CCC02(i) | 18/07/2016 | 18/07/2023 | Annually | 1,000,000,000 | 3.29% | 1,015,052,877 | - | - | - | - | 1,015,052,877 |
| 16CCC04(iii) | 27/10/2016 | 27/10/2023 | Annually | 900,000,000 | 3.13% | 905,089,753 | - | - | - | - | 905,089,753 |
| 17CCC01(iv) | 20/01/2017 | 20/01/2020 | Annually | 4,000,000,000 | 4.35% | 4,165,886,653 | - | (136,356,664) | (4,000,000,000) | (29,320,989) | - |
| 17CCC02(v) | 08/05/2017 | 08/05/2020 | Annually | 1,000,000,000 | 4.97% | 1,032,486,932 | - | (19,782,570) | (1,000,000,000) | (12,714,362) | - |
| 17CCC03 | 08/05/2017 | 08/05/2022 | Annually | 1,000,000,000 | 5.19% | 1,055,402,156 | - | (89,170,13) | - | (6,665,303) | 1,059,819,840 |
| 17CCC04(vi) | 27/07/2017 | 27/07/2020 | Annually | 2,000,000,000 | 4.78% | 2,042,823,556 | - | (24,900,980) | (2,000,000,000) | (17,722,606) | - |
| 17CCC05(vii) | 20/10/2017 | 20/10/2020 | Annually | 2,000,000,000 | 5.13% | 2,019,502,86 | - | 1,577,033 | (2,000,000,000) | (20,727,329) | - |
| 17CCC06(viii) | 21/11/2017 | 21/11/2020 | Annually | 2,500,000,000 | 5.45% | 2,512,752,752 | - | 17,466,810 | (2,500,000,000) | (90,219,562) | - |
| 18CCC01(ix) | 26/01/2018 | 26/01/2020 | Annually | 1,000,000,000 | 5.98% | 1,052,245,482 | - | (46,513,328) | (1,000,000,000) | (11,732,104) | - |
| 18CCC02(x) | 26/01/2018 | 26/01/2021 | Annually | 1,000,000,000 | 5.70% | 1,062,144,259 | - | (2,461,455) | - | (6,195,406) | 1,053,487,398 |
| 18CCC03(xi) | 24/04/2018 | 24/04/2020 | Annually | 500,000,000 | 4.80% | 517,057,151 | - | (13,576,425) | (500,000,000) | (3,480,726) | - |
| 18CCC04(xii) | 24/04/2018 | 24/04/2021 | Annually | 1,000,000,000 | 4.94% | 1,041,603,234 | - | (44,701,094) | - | (2,355,129) | 1,034,778,011 |
| 18CCC05(xiii) | 28/06/2018 | 28/06/2020 | Annually | 1,000,000,000 | 5.20% | 1,027,609,961 | - | (23,003,639) | (1,000,000,000) | (4,606,322) | - |
| 18CCC06(xiv) | 28/06/2018 | 28/06/2021 | Annually | 1,000,000,000 | 5.30% | 1,032,202,027 | - | (4,007,022) | - | (1,463,861) | 1,026,731,144 |
| 19CCC04(xv) | 21/11/2019 | 21/11/2025 | Annually | 1,500,000,000 | 3.52% | 1,505,786,301 | - | 144,658 | - | - | 1,505,930,959 |
| 20CCC F1(xvi) | 26/02/2020 | 26/02/2025 | Annually | 4,000,000,000 | 3.20% | - | 4,000,000,000 | 108,361,644 | - | - | 4,108,361,644 |
| 20CCC G1(xvii) | 03/04/2020 | 03/04/2026 | Annually | 1,500,000,000 | 2.89% | - | 1,500,000,000 | 32,304,658 | - | - | 1,532,304,658 |
| 20CCC G2(xviii) | 03/04/2020 | 03/04/2027 | Annually | 1,000,000,000 | 3.25% | - | 1,000,000,000 | 24,219,178 | - | - | 1,024,219,178 |
| 20CCC G3(xix) | 06/05/2020 | 06/05/2026 | Annually | 3,300,000,000 | 2.37% | - | 3,300,000,000 | 51,211,479 | - | - | 3,351,211,479 |
| 20CCC G4(xx) | 06/05/2020 | 06/05/2027 | Annually | 700,000,000 | 2.88% | - | 700,000,000 | 13,200,658 | - | - | 713,200,658 |
| 20CCC F2(xxi) | 28/05/2020 | 28/05/2025 | Annually | 3,000,000,000 | 2.95% | - | 3,000,000,000 | 59,615,069 | - | - | 3,059,615,069 |
| 20CCC G5(xxii) | 22/06/2020 | 22/06/2026 | Annually | 1,500,000,000 | 3.10% | - | 1,500,000,000 | 24,460,274 | - | - | 1,524,460,274 |
| 20CCC F3(xxiii) | 24/07/2020 | 24/07/2025 | Annually | 3,000,000,000 | 3.80% | - | 3,000,000,000 | 49,972,603 | - | - | 3,049,972,603 |
| 20CCC 07(xxiv) | 10/09/2020 | 10/09/2025 | Annually | 5,000,000,000 | 3.78% | - | 5,000,000,000 | 57,476,712 | - | - | 5,057,476,712 |
| 20CCC 09(xxv) | 23/09/2020 | 23/09/2025 | Annually | 5,000,000,000 | 3.80% | - | 5,000,000,000 | 51,013,699 | - | - | 5,051,013,699 |
| 20CCC 11(xxvi) | 19/10/2020 | 19/10/2023 | Annually | 2,500,000,000 | 3.50% | - | 2,500,000,000 | 17,500,000 | - | - | 2,517,500,000 |
| 20CCC 12(xxvii) | 19/10/2020 | 19/10/2025 | Annually | 2,500,000,000 | 3.74% | - | 2,500,000,000 | 18,700,000 | - | - | 2,518,700,000 |
| 20CCC 13(xxviii) | 28/10/2020 | 28/10/2023 | Annually | 2,000,000,000 | 3.48% | - | 2,000,000,000 | 12,208,856 | - | - | 2,012,208,856 |

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Corporate bonds: (continued)

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2020 | Issuance | Interest accrued, net of | | Redemption | Amortisation and others | Book value as at 31 December 2020 |
|------------------------|----------------------------|---------------|------------------|---------------|-----------------------|---------------------------------|----------------|--------------------------|------------------|---------------|-------------------------|-----------------------------------|
| | | | | | | | | interest paid | | | | |
| 20 CCC 14 (xix) | 28/10/2020 | 28/10/2025 | Annually | 3,000,000,000 | 3.68% | - | 3,000,000,000 | 19,357,808 | - | - | - | 3,019,357,808 |
| 20 CCC F4 (xxx) | 14/12/2020 | 14/12/2023 | Annually | 2,500,000,000 | 3.85% | - | 2,500,000,000 | 4,482,877 | - | - | - | 2,504,482,877 |
| 20 CCC F5 (xxxi) | 14/12/2020 | 14/12/2025 | Annually | 2,500,000,000 | 4.09% | - | 2,500,000,000 | 4,762,329 | - | - | - | 2,504,762,329 |
| 17 CSC F1 (xxvii) | 18/07/2017 | 18/07/2020 | Annually | 3,000,000,000 | 4.95% | 3,067,759,196 | - | (67,759,196) | (3,000,000,000) | - | - | - |
| 17 CSC F2 | 18/07/2017 | 18/07/2022 | Annually | 1,000,000,000 | 5.10% | 1,032,270,492 | - | 63,755 | - | - | - | 1,023,334,247 |
| 18 CSC 01 (xxviii) | 23/03/2018 | 23/03/2021 | Annually | 1,000,000,000 | 5.95% | 1,046,088,333 | - | 126,492 | - | - | 65,924 | 1,046,280,749 |
| 18 CSC 02 (xxvii) | 03/09/2018 | 03/09/2020 | Annually | 2,000,000,000 | 4.72% | 2,032,396,587 | - | (40,027,001) | (2,000,000,000) | - | 7,630,414 | - |
| 18 CSC 03 (xxv) | 21/09/2018 | 21/09/2021 | Annually | 1,000,000,000 | 4.99% | 1,013,794,862 | - | 38,100 | - | - | 63,769 | 1,013,896,731 |
| 19 CSC 01 | 22/04/2019 | 22/04/2022 | Annually | 2,000,000,000 | 4.22% | 2,058,278,417 | - | 160,473 | - | - | 124,337 | 2,058,563,227 |
| 19 CCC WMS 01 (xxvii) | 16/10/2019 | 16/10/2024 | Annually | 3,000,000,000 | 3.58% | 3,022,595,081 | - | (2,768,284) | - | - | 650,958 | 3,020,477,755 |
| 20 CCC WMS G1 (xxvii) | 16/01/2020 | 16/01/2025 | Annually | 2,000,000,000 | 3.44% | - | 2,000,000,000 | 65,508,630 | - | - | 85,798 | 2,065,594,388 |
| 20 CCC WMS F1 (xxviii) | 09/04/2020 | 09/04/2025 | Annually | 3,000,000,000 | 3.17% | - | 3,000,000,000 | 69,566,301 | - | - | - | 3,069,566,301 |
| 20 CCC WMS F2 | 28/07/2020 | 28/07/2023 | Annually | 2,000,000,000 | 3.80% | - | 2,000,000,000 | 32,690,411 | - | - | - | 2,032,690,411 |
| 20 CCC WMS G2 (xxix) | 21/10/2020 | 21/10/2025 | Annually | 2,000,000,000 | 3.77% | - | 2,000,000,000 | 14,873,425 | - | - | - | 2,014,873,425 |
| 20 CCC WMS G3 | 21/10/2020 | 21/10/2025 | Annually | 1,000,000,000 | 4.20% | - | 1,000,000,000 | 8,284,932 | - | - | - | 1,008,284,932 |
| 20 CCC WMS G5 (xi) | 24/11/2020 | 24/11/2025 | Annually | 1,000,000,000 | 3.98% | - | 1,000,000,000 | 4,143,562 | - | - | - | 1,004,143,562 |
| 20 CCC WMS G6 (xii) | 15/12/2020 | 15/12/2025 | Annually | 1,000,000,000 | 3.85% | - | 1,000,000,000 | 1,793,151 | - | - | - | 1,001,793,151 |
| Total | | | | | | 38,173,915,296 | 55,000,000,000 | 370,811,020 | (19,000,000,000) | (138,582,559) | | 74,405,343,757 |

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

- (i) The Company redeemed the bonds on 19 July 2021.
- (ii) The Company has an option to redeem the bonds on 18 July 2021. If the early-redemption option is not exercised, the Company will have an option to increase the nominal interest rate and an obligation to redeem the bonds when requested by the investors. The Company redeemed the bonds on 19 July 2021.
- (iii) The Company has an option to redeem the bonds on 27 October 2021. If the early-redemption option is not exercised, the Company will have an option to increase the nominal interest rate and an obligation to redeem the bonds when requested by the investors. The Company redeemed the bonds on 27 October 2021.
- (iv) The Company redeemed the bonds on 20 January 2020.
- (v) The Company redeemed the bonds on 8 May 2020.
- (vi) The Company redeemed the bonds on 27 July 2020.
- (vii) The Company redeemed the bonds on 20 October 2020.
- (viii) The Company redeemed the bonds on 23 November 2020.
- (ix) The Company redeemed the bonds on 3 February 2020.
- (x) The Company redeemed the bonds on 26 January 2021.
- (xi) The Company redeemed the bonds on 24 April 2020.
- (xii) The Company redeemed the bonds on 26 April 2021.
- (xiii) The Company redeemed the bonds on 29 June 2020.
- (xiv) The Company redeemed the bonds on 28 June 2021.
- (xv) The Company has an option to adjust the nominal interest rate on 21 November 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xvi) The Company has an option to adjust the nominal interest rate on 26 February 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xvii) The Company has an option to adjust the nominal interest rate on 3 April 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xviii) The Company has an option to adjust the nominal interest rate on 3 April 2025 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xix) The Company has an option to adjust the nominal interest rate on 6 May 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xx) The Company has an option to adjust the nominal interest rate on 6 May 2025 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxi) The Company has an option to adjust the nominal interest rate on 28 May 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxii) The Company has an option to adjust the nominal interest rate on 22 June 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxiii) The Company has an option to adjust the nominal interest rate on 24 July 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxiv) The Company has an option to adjust the nominal interest rate on 10 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxv) The Company has an option to adjust the nominal interest rate on 23 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxvi) The Company has an option to adjust the nominal interest rate on 19 October 2022 and an obligation to redeem the bonds when requested by the investors accordingly.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(a) Corporate bonds: (continued)

- (xxvii) The Company has an option to adjust the nominal interest rate on 19 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxviii) The Company has an option to adjust the nominal interest rate on 28 October 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxix) The Company has an option to adjust the nominal interest rate on 28 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxx) The Company has an option to adjust the nominal interest rate on 14 December 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxi) The Company has an option to adjust the nominal interest rate on 14 December 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxii) CICC Wealth Management redeemed the bonds on 20 July 2020.
- (xxxiii) CICC Wealth Management redeemed the bonds on 23 March 2021.
- (xxxiv) CICC Wealth Management redeemed the bonds on 3 September 2020.
- (xxxv) CICC Wealth Management redeemed the bonds on 22 September 2021.
- (xxxvi) CICC Wealth Management has an option to adjust the nominal interest rate on 16 October 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxvii) CICC Wealth Management has an option to adjust the nominal interest rate on 16 January 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxviii) CICC Wealth Management has an option to adjust the nominal interest rate on 9 April 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxix) CICC Wealth Management has an option to adjust the nominal interest rate on 21 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xl) CICC Wealth Management has an option to adjust the nominal interest rate on 24 November 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xli) CICC Wealth Management has an option to adjust the nominal interest rate on 15 December 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xlii) The Company has an option to adjust the nominal interest rate on 18 January 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xliii) The Company has an option to adjust the nominal interest rate on 18 January 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xliv) The Company has an option to adjust the nominal interest rate on 4 March 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xlv) The Company has an option to adjust the nominal interest rate on 4 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xlvi) The Company has an option to adjust the nominal interest rate on 16 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xlvii) The Company has an option to adjust the nominal interest rate on 25 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xlviii) The Company has an option to adjust the nominal interest rate on 13 April 2023 and an obligation to redeem the bonds when requested by the investors accordingly.

46. LONG-TERM DEBT SECURITIES ISSUED *(continued)*

(a) Corporate bonds: *(continued)*

- (xix) The Company has an option to adjust the nominal interest rate on 13 April 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (i) The Company has an option to adjust the nominal interest rate on 16 August 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (ii) The Company has an option to adjust the nominal interest rate on 16 August 2026 and an obligation to redeem the bonds when requested by the investors accordingly.
- (iii) CICC Wealth Management has an option to adjust the nominal interest rate on 26 March 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (iv) CICC Wealth Management has an option to adjust the nominal interest rate on 26 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (v) CICC Wealth Management has an option to adjust the nominal interest rate on 22 April 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (vi) CICC Wealth Management has an option to adjust the nominal interest rate on 9 December 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(b) Subordinated bonds:

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|--------------------|----------------------------|---------------|------------------|---------------|-----------------------|---------------------------------|---------------|--|-----------------|-------------------------|-----------------------------------|
| 16CCC2(i) | 15/12/2016 | 15/12/2021 | Annually | 3,400,000,000 | 4.60% | 3,406,855,890 | - | (6,855,890) | (3,400,000,000) | - | - |
| | | | | | 1st-5th year, 5.00%; | | | | | | |
| | | | | | 6th-8th year, 8.00% | | | | | | |
| 16CCC Futures (ii) | 16/12/2016 | 16/12/2024 | Annually | 100,000,000 | 8.00% | 100,219,178 | - | (219,178) | (100,000,000) | - | - |
| 17CCC1 | 22/05/2017 | 22/05/2022 | Annually | 600,000,000 | 5.39% | 624,072,690 | - | 1,721,943 | - | (7,474,554) | 618,319,699 |
| 17CCC2 | 24/07/2017 | 24/07/2022 | Annually | 1,500,000,000 | 4.98% | 1,541,393,943 | - | 632,098 | - | (13,093,121) | 1,528,932,820 |
| 17CCC3 | 16/11/2017 | 16/11/2022 | Annually | 1,500,000,000 | 5.50% | 1,514,165,601 | - | (2,327,379) | - | (15,420,217) | 1,496,418,005 |
| 18CCCC1 | 20/04/2018 | 20/04/2023 | Annually | 1,000,000,000 | 5.30% | 1,051,682,141 | - | (3,478,752) | - | (4,066,834) | 1,044,136,555 |
| 18CCCC2 (iii) | 29/08/2018 | 29/08/2021 | Annually | 1,500,000,000 | 4.70% | 1,522,573,405 | - | (13,883,743) | (1,500,000,000) | (8,689,862) | - |
| 19CCCC1 | 19/04/2019 | 19/04/2022 | Annually | 1,500,000,000 | 4.20% | 1,544,358,904 | - | - | - | - | 1,544,358,904 |
| 19CCCC3 | 14/10/2019 | 14/10/2024 | Annually | 1,500,000,000 | 4.09% | 1,513,110,411 | - | - | - | - | 1,513,110,411 |
| 19CCCC4 | 11/11/2019 | 11/11/2024 | Annually | 1,500,000,000 | 4.12% | 1,508,465,753 | - | - | - | - | 1,508,465,753 |
| 19CCCC5 | 05/12/2019 | 05/12/2024 | Annually | 2,000,000,000 | 4.20% | 2,005,983,562 | - | - | - | - | 2,005,983,562 |
| 20CCCC1 | 17/02/2020 | 17/02/2025 | Annually | 1,500,000,000 | 3.85% | 1,550,155,479 | - | - | - | - | 1,550,155,479 |
| 21CCCC1 | 08/02/2021 | 08/02/2024 | Annually | 1,000,000,000 | 3.90% | - | 1,000,000,000 | 33,609,951 | - | 8,822,662 | 1,042,432,613 |
| 21CCCC2 | 08/02/2021 | 08/02/2026 | Annually | 1,000,000,000 | 4.49% | - | 1,000,000,000 | 39,005,787 | - | 14,675,560 | 1,053,681,347 |
| 17CSC02 | 23/02/2017 | 23/02/2022 | Annually | 1,800,000,000 | 5.00% | 1,876,112,521 | - | (99,952) | - | 747,762 | 1,876,820,331 |
| 19CSCC1 | 25/04/2019 | 25/04/2022 | Annually | 3,000,000,000 | 4.50% | 3,091,333,871 | - | (6,367) | - | 1,132,583 | 3,092,460,087 |
| 20CCCCWMS C1 | 17/04/2020 | 17/04/2025 | Annually | 2,000,000,000 | 3.80% | 2,051,965,880 | - | (3,585) | - | 428,361 | 2,052,390,656 |
| 21CCCCWMS C1 | 09/03/2021 | 09/03/2024 | Annually | 1,000,000,000 | 3.98% | - | 1,000,000,000 | 31,437,643 | - | 289,038 | 1,031,726,681 |
| 21CCCCWMS C2 | 09/03/2021 | 09/03/2026 | Annually | 1,000,000,000 | 4.58% | - | 1,000,000,000 | 36,336,272 | - | 172,465 | 1,036,508,737 |
| 21CCCCWMS C3 | 09/04/2021 | 09/04/2024 | Annually | 2,000,000,000 | 3.94% | - | 2,000,000,000 | 56,567,267 | - | 279,551 | 2,056,846,818 |
| 21CCCCWMS C4 | 09/04/2021 | 09/04/2026 | Annually | 1,000,000,000 | 4.50% | - | 1,000,000,000 | 32,380,072 | - | 87,682 | 1,032,467,754 |
| Total | | | | | | 24,902,449,129 | 7,000,000,000 | 204,875,787 | (5,000,000,000) | (22,108,704) | 27,085,216,212 |

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(b) Subordinated bonds: (continued)

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2020 | Interest accrued, net of | | Amortisation and others | Book value as at 31 December 2020 |
|---------------------|----------------------------|---------------|------------------|---------------|---|---------------------------------|--------------------------|---------------|-------------------------|-----------------------------------|
| | | | | | | | Issuance | interest paid | | |
| 16CCCC2 (i) | 15/12/2016 | 15/12/2021 | Annually | 3,400,000,000 | 4.60% | 3,406,855,890 | - | - | - | 3,406,855,890 |
| 16CCCC Futures (ii) | 16/12/2016 | 16/12/2024 | Annually | 100,000,000 | 1st - 5th year, 5.00%; 6th - 8th year, 8.00% | 100,219,178 | - | - | - | 100,219,178 |
| 17CCCC1 | 22/05/2017 | 22/05/2022 | Annually | 600,000,000 | 5.39% | 632,624,900 | - | (5,395,148) | (3,207,662) | 624,027,690 |
| 17CCCC2 | 24/07/2017 | 24/07/2022 | Annually | 1,500,000,000 | 4.98% | 1,593,930,549 | - | (12,806,812) | (51,893,894) | 1,541,333,843 |
| 17CCCC3 | 16/11/2017 | 16/11/2022 | Annually | 1,500,000,000 | 5.50% | 1,540,393,113 | - | (16,046,016) | (10,181,496) | 1,514,165,601 |
| 18CCCC1 | 20/04/2018 | 20/04/2023 | Annually | 1,000,000,000 | 5.30% | 1,058,803,374 | - | (8,452,147) | 1,330,914 | 1,051,682,141 |
| 18CCCC2 (iii) | 29/08/2018 | 29/08/2021 | Annually | 1,500,000,000 | 4.70% | 1,529,206,314 | - | (61,943,998) | (437,971) | 1,522,573,405 |
| 19CCCC1 | 19/04/2019 | 19/04/2022 | Annually | 1,500,000,000 | 4.20% | 1,544,186,301 | - | 172,403 | - | 1,544,358,904 |
| 19CCCC3 | 14/10/2019 | 14/10/2024 | Annually | 1,500,000,000 | 4.09% | 1,512,942,239 | - | 168,082 | - | 1,513,110,411 |
| 19CCCC4 | 11/11/2019 | 11/11/2024 | Annually | 1,500,000,000 | 4.12% | 1,508,296,438 | - | 169,315 | - | 1,508,465,753 |
| 19CCCC5 | 05/12/2019 | 05/12/2024 | Annually | 2,000,000,000 | 4.20% | 2,005,753,455 | - | 230,137 | - | 2,005,983,592 |
| 20CCCC1 | 17/02/2020 | 17/02/2025 | Annually | 1,500,000,000 | 3.89% | - | 1,500,000,000 | 50,155,479 | - | 1,550,155,479 |
| 17CSC01 (iv) | 23/02/2017 | 23/02/2020 | Annually | 1,000,000,000 | 4.85% | 1,041,359,653 | - | (41,457,534) | (1,000,000,000) | 97,881 |
| 17CSC02 | 23/02/2017 | 23/02/2022 | Annually | 1,800,000,000 | 5.00% | 1,875,369,227 | - | 35,706 | 707,588 | 1,876,112,521 |
| 19CSCC1 | 25/04/2019 | 25/04/2022 | Annually | 3,000,000,000 | 4.50% | 3,092,581,966 | - | (31,425,577) | 1,894,402 | 3,091,333,871 |
| 20CCCCMMS C1 | 17/04/2020 | 17/04/2025 | Annually | 2,000,000,000 | 3.80% | - | 2,000,000,000 | 51,664,618 | 301,262 | 2,051,965,880 |
| Total | | | | | | 22,408,032,657 | 3,500,000,000 | 9,100,768 | (14,684,296) | 24,902,449,129 |

- (i) The Company redeemed the bonds on 15 December 2021.
- (ii) CICC Futures Co., Ltd redeemed the bonds on 16 December 2021.
- (iii) The Company redeemed the bonds on 30 August 2021.
- (iv) CICC Wealth Management redeemed the bonds on 24 February 2020.

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(c) MTNs:

| Name | Interest commencement date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|----------|----------------------------|------------------|------------------|-----------------------|---------------------------------|---------------|--|-----------------|-------------------------|-----------------------------------|
| MTN (i) | 25/04/2018 | Quarterly | USD600 million | 3M LIBOR plus 1.2% | 3,923,367,904 | - | (10,263,951) | (3,894,780,000) | (16,323,953) | - |
| MTN (ii) | 11/09/2018 | Quarterly | USD400 million | 3M LIBOR plus 1.2% | 2,609,690,057 | - | (2,024,642) | (2,579,880,000) | (27,785,415) | - |
| MTN | 03/05/2019 | Quarterly | USD700 million | 3M LIBOR plus 1.2% | 4,569,141,336 | - | (636,940) | - | (98,528,933) | 4,469,976,363 |
| MTN | 03/05/2019 | Semi-annually | USD300 million | 3.38% | 1,963,183,847 | - | (239,186) | - | (41,194,684) | 1,921,749,977 |
| MTN | 18/02/2020 | Quarterly | USD1,000 million | 3M LIBOR plus 0.9% | 6,519,649,063 | - | (509,910) | - | (142,290,787) | 6,376,848,366 |
| MTN | 10/08/2020 | Semi-annually | USD500 million | 1.75% | 3,269,428,314 | - | (201,391) | - | (68,786,235) | 3,200,440,688 |
| MTN | 26/01/2021 | Semi-annually | USD1,000 million | 1.63% | - | 6,484,700,000 | 44,347,244 | - | (122,073,503) | 6,406,973,741 |
| MTN | 26/01/2021 | Semi-annually | USD500 million | 2.00% | - | 3,242,350,000 | 27,450,931 | - | (62,765,254) | 3,207,035,677 |
| Total | | | | | 22,854,460,321 | 9,727,050,000 | 57,923,055 | (6,474,660,000) | (581,748,764) | 25,583,024,812 |

| Name | Interest commencement date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2020 |
|----------|----------------------------|------------------|------------------|-----------------------|---------------------------------|----------------|--|------------|-------------------------|-----------------------------------|
| MTN (i) | 25/04/2018 | Quarterly | USD600 million | 3M LIBOR plus 1.2% | 4,203,319,129 | - | (14,183,383) | - | (265,767,842) | 3,923,367,904 |
| MTN (ii) | 11/09/2018 | Quarterly | USD400 million | 3M LIBOR plus 1.2% | 2,789,214,903 | - | (2,765,171) | - | (176,759,675) | 2,609,690,057 |
| MTN | 03/05/2019 | Quarterly | USD700 million | 3M LIBOR plus 1.2% | 4,892,001,713 | - | (13,741,110) | - | (309,119,267) | 4,569,141,336 |
| MTN | 03/05/2019 | Semi-annually | USD300 million | 3.38% | 2,095,186,685 | - | (723,490) | - | (131,279,348) | 1,963,183,847 |
| MTN | 18/02/2020 | Quarterly | USD1,000 million | 3M LIBOR plus 0.9% | - | 6,982,600,000 | 8,722,089 | - | (471,673,026) | 6,519,649,063 |
| MTN | 10/08/2020 | Semi-annually | USD500 million | 1.75% | - | 3,482,450,000 | 22,361,315 | - | (235,383,061) | 3,269,428,314 |
| Total | | | | | 13,979,722,430 | 10,465,050,000 | (329,690) | - | (1,589,982,219) | 22,854,460,521 |

(i) The maturity date of floating-rate MTN is the interest payment date falling on or nearest to the date listed above.

(ii) The Group redeemed the MTN on 26 April 2021.

(iii) The Group redeemed the MTN on 13 September 2021.

46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(d) Financial bonds:

| Name | Interest commencement date | Maturity date | Interest payment | Principal | Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Redemption | Amortisation and others | Book value as at 31 December 2021 |
|--------------------------|----------------------------|---------------|--|--|---|---------------------------------|----------|--|---|--|-----------------------------------|
| 19.CCC Financial Bond 01 | 22/08/2019 | 22/08/2022 | Annually | 2,500,000,000 | 3.39% | 2,530,881,507 | - | - | - | - | 2,530,881,507 |
| | Interest commencement date | Maturity date | Interest payment <td>Principal <td>Nominal interest rate <td>Book value as at 1 January 2020</td> <td>Issuance</td> <td>Interest accrued, net of interest paid</td> <td>Redemption <td>Amortisation and others <td>Book value as at 31 December 2020</td> </td></td></td></td> | Principal <td>Nominal interest rate <td>Book value as at 1 January 2020</td> <td>Issuance</td> <td>Interest accrued, net of interest paid</td> <td>Redemption <td>Amortisation and others <td>Book value as at 31 December 2020</td> </td></td></td> | Nominal interest rate <td>Book value as at 1 January 2020</td> <td>Issuance</td> <td>Interest accrued, net of interest paid</td> <td>Redemption <td>Amortisation and others <td>Book value as at 31 December 2020</td> </td></td> | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Redemption <td>Amortisation and others <td>Book value as at 31 December 2020</td> </td> | Amortisation and others <td>Book value as at 31 December 2020</td> | Book value as at 31 December 2020 |
| 19.CCC Financial Bond 01 | 22/08/2019 | 22/08/2022 | Annually | 2,500,000,000 | 3.39% | 2,530,649,315 | - | 232,192 | - | - | 2,530,881,507 |

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46. LONG-TERM DEBT SECURITIES ISSUED (continued)

(e) Beneficiary certificates:

| Nominal interest rate | Book value as at 1 January 2021 | Issuance | Interest accrued, net of interest paid | Reclassified from short-term debt securities issued | Redemption | Book value as at 31 December 2021 |
|-----------------------|---------------------------------------|----------|--|---|-----------------|---|
| 3.05% - 10.50% | 3,307,825,938 | - | (69,038,878) | 202,222,740 | (3,441,009,800) | - |

| Nominal interest rate | Book value as at 1 January 2020 | Issuance | Interest accrued, net of interest paid | Reclassified from short-term debt securities issued | Redemption | Book value as at 31 December 2020 |
|-----------------------|---------------------------------------|---------------|--|---|-----------------|---|
| 2.40% - 10.50% | 2,299,034,692 | 2,240,000,000 | 13,429,639 | 354,361,607 | (1,599,000,000) | 3,307,825,938 |

The Group has issued beneficiary certificates bearing nominal interest at:

- a fixed rate, ranging from 2.40% to 4.65% per annum; or
- a fixed rate plus a floating rate.

The floating interest rate is calculated based on the index market. The yield rate of such beneficiary certificates is based on market performance of the underlying instruments in the contractual period, and the non-fixed income is bifurcated and accounted under derivative financial instruments.

An investor put or issuer call is applicable for certain beneficiary certificates.

The beneficiary certificates are for maturities of 1 year to 3 years.

47. LEASE LIABILITIES

| | As at 31 December | |
|--|----------------------|---------------|
| | 2021 | 2020 |
| Buildings | 2,002,637,088 | 1,204,434,599 |
| Equipment | 258,338 | 424,673 |
| Subtotal | 2,002,895,426 | 1,204,859,272 |
| Less: Amount due for settlement within 12 months shown under current liabilities | 725,687,814 | 541,299,132 |
| Amount due for settlement after 12 months shown under non-current liabilities | 1,277,207,612 | 663,560,140 |

For the year ended 31 December 2021, the weighted average incremental borrowing rate applied to lease liabilities is 3.60% (For the year ended 31 December 2020: 4.46%).

(a) Leases committed

As at 31 December 2021, the Group entered into new leases that are not yet commenced, with average non-cancellable period ranged from 3 to 6 years (31 December 2020: from 2 to 5 years) and extension options. The total future undiscounted cash flows over the non-cancellable period amounted to RMB507,150,934 (31 December 2020: RMB181,981,193).

Details of the lease maturity analysis of lease liabilities are disclosed in Note 58(b).

48. CONTRACT LIABILITIES

| | As at 31 December | |
|-----------------------------|--------------------|-------------|
| | 2021 | 2020 |
| Investment banking services | 200,707,492 | 86,228,079 |
| Asset management services | 192,423,929 | 79,043,664 |
| Others | 19,819,453 | 5,656,537 |
| Total | 412,950,874 | 170,928,280 |

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49. OTHER NON-CURRENT LIABILITIES

| | As at 31 December | |
|---|--------------------|-------------|
| | 2021 | 2020 |
| Payables to other investors of consolidated structured entities | 200,000,000 | – |
| Deferred income | 146,982,000 | 146,982,000 |
| Long-term borrowings | 10,200,000 | 10,200,000 |
| Total | 357,182,000 | 157,182,000 |

50. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company's number of shares and nominal value are as follows:

| | As at 31 December | |
|---|----------------------|---------------|
| | 2021 | 2020 |
| Ordinary shares of RMB1 each, issued and fully paid | | |
| A shares | 2,923,542,440 | 2,923,542,440 |
| H shares | 1,903,714,428 | 1,903,714,428 |
| Total | 4,827,256,868 | 4,827,256,868 |
| Share capital | | |
| A shares | 2,923,542,440 | 2,923,542,440 |
| H shares | 1,903,714,428 | 1,903,714,428 |
| Total | 4,827,256,868 | 4,827,256,868 |

On 2 November 2020, the Company completed the initial public offering of 458,589,000 A shares at a price of RMB28.78 per share with par value of RMB1 and listed on the Shanghai Stock Exchange. Accordingly, the registered capital of the Company increased to RMB4,827,256,868 and the total number of shares of the Company increased to 4,827,256,868 shares, including 2,923,542,440 A shares and 1,903,714,428 H shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares in issue confer identical right in respect of the Company's residual assets.

50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves

(i) Capital reserve

The Group

| | As at 31 December | |
|----------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Share premium (Note) | 39,458,384,639 | 39,458,384,639 |
| Others | 73,501,886 | 74,888,340 |
| Total | 39,531,886,525 | 39,533,272,979 |

The Company

| | As at 31 December | |
|----------------------|-----------------------|----------------|
| | 2021 | 2020 |
| Share premium (Note) | 41,677,969,578 | 41,677,969,578 |
| Others | 20,322,467 | 21,708,921 |
| Total | 41,698,292,045 | 41,699,678,499 |

Note: The premium arising from the Company's share issuance (see Note 50(a)), net of expenses which met the capitalisation criteria, was recorded in share premium.

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. According to the Accounting Standards for Business Enterprises issued by the MOF and other relevant requirements, the Company is required to appropriate 10% of its net profit, after offsetting prior year's accumulated losses, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory surplus 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.

The Company makes the appropriation to surplus reserve at the end of each year.

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50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Reserves *(continued)*

(iii) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Cai Jin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In addition, the Company as the mutual fund custodian shall accrue general risk reserve at a proportion of no less than 2.5% of custodian fee income. The accrument could be suspended on condition that the ending balance of risk reserve reached 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions, securities companies shall be analogically governed by relevant laws and requirements of public offering funds. Accordingly, the Company and CICC Wealth Management accrued risk reserves for large collective asset management business in accordance with relevant regulations on mutual funds.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

(iv) Investment revaluation reserve

The investment revaluation reserve mainly represents cumulative gains and losses arising on the revaluation of financial assets at fair value through other comprehensive income, net of amounts reclassified to profit or loss when those financial assets are disposed of or are determined to be impaired.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

(vi) Other reserve

Other reserve represents the costs of hedging of the Group's hedges of net investments in foreign operations.

50. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Dividends

On 30 March 2022, the 2021 profit distribution plan was approved by the Board of Directors. For details, please refer to Note 63(f).

The Company's Annual General Meeting approved the 2020 profit distribution plan on 18 May 2021. The distribution of cash dividends amounting to RMB868,906,236 was made in July 2021.

Dividends proposed by the directors are not deducted from equity, until approved by the Annual General Meeting. After being approved and declared, the dividends are recognised as a liability.

51. OTHER EQUITY INSTRUMENTS

At initial recognition, the Group classifies the perpetual subordinated bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual subordinated bonds issued that should be classified as equity instruments are recognised in equity at the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the perpetual subordinated bonds are redeemed pursuant to the contractual terms, the redemption price is charged to equity.

Key contractual terms related to the above perpetual subordinated bonds are as follows:

- The bonds bear interest at a fixed rate;
- The nominal interest rate of the first five interest-bearing years is determined by book building and will remain unchanged. The nominal interest rate resets every five years since the sixth interest-bearing year;
- The Company has an option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer to the next interest payment date the payment for the interest for the current period as well as all the accreted interests as a result of exercising the interest payment deferral option. There is no limitation on number of times that the Company exercises the deferral option. Exercising the interest payment deferral option shall not be deemed as the issuer's failure to pay the interest in full as agreed. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital.

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51. OTHER EQUITY INSTRUMENTS *(continued)*

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

- (a) On 29 May 2020, the Company exercised the issuer early-redemption option for the 2015 perpetual subordinated bonds to redeem all of the perpetual subordinated bonds that had been registered as at the redemption registration date.
- (b) The Company issued 20 CICC Y1 with an aggregate principal amount of RMB5.0 billion and the interest commencement date is 28 August 2020.
- (c) The Company issued 21 CICC Y1 with an aggregate principal amount of RMB1.5 billion and the interest commencement date is 29 January 2021, and issued 21 CICC Y2 with an aggregate principal amount of RMB2.0 billion and the interest commencement date is 26 April 2021.

52. COMMITMENTS

(a) Capital commitments

As at 31 December 2021 and 31 December 2020 the capital commitments contracted but not provided for in the financial statements were as follows:

| | As at 31 December | |
|----------------------------------|----------------------|---------------|
| | 2021 | 2020 |
| Contracted, but not provided for | 3,927,668,725 | 2,703,292,134 |

(b) Underwriting commitments

According to the relevant tendering documents, the underwriting commitments taken but not provided for at 31 December 2021 was RMB285,714,286 for the Group (31 December 2020: RMB600,200,820).

53. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in structured entities consolidated by the Group

When considering the power over structured entities, the Group determines whether the Group is a principal or an agent based on a combination of factors such as the Group's decision-making scope, the power of other investees and the exposure to variable returns, etc. The structured entities in which the Group exercises investment decision-making power as a principal and in which the Group's entitled variable return accounts for a relatively large portion of in the total return of the structured entities shall be consolidated.

As at 31 December 2021, the total assets of the consolidated structured entities amounted to RMB60,543,962,370 (31 December 2020: RMB48,869,898,450), and the carrying amount of interests held by the Group in the consolidated structured entities amounted to RMB28,605,810,011 (31 December 2020: RMB23,704,298,145).

(b) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but holds an interest in include wealth management products, asset management schemes, mutual funds, trust products, and other vehicles issued by other financial institutions.

The Group's exposure to the variable returns in these structured entities is not significant and the maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

| | As at 31 December | |
|---|------------------------|----------------|
| | 2021 | 2020 |
| Carrying amount of interests held by the Group | | |
| – Financial assets at fair value through profit or loss (Note) | 132,554,971,825 | 92,373,416,588 |
| – Financial assets at fair value through other comprehensive income | – | 9,097,634 |

Note: As at 31 December 2021, the Group's FVTPL amounting to RMB23,978,375,338 and certain derivative financial instruments (including derivative financial assets of RMB132,629,450 and derivative financial liabilities of RMB2,258,315,881) were arranged as a combination of relevant trading arrangements with an aim to hedge the fluctuation of profits and losses of FVTPL as a whole and to lock in the income of such business..

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53. INTERESTS IN STRUCTURED ENTITIES *(continued)*

(c) Interests in structured entities sponsored by the Group but not consolidated

Structured entities in which the Group serves as a general partner or a manager, and therefore over which the Group has a power during the years include private equity funds, mutual funds and asset management products. These structured entities are mainly financed through issuing units to investors.

| | As at 31 December | |
|---|----------------------|---------------|
| | 2021 | 2020 |
| Carrying amount of interests held by the Group | | |
| – Financial assets at fair value through profit or loss | 8,699,907,953 | 9,198,529,370 |
| – Accounts receivable | 1,448,802,510 | 1,310,345,227 |
| – Interests in associates and joint ventures | 44,863,002 | 300,388,852 |

For the year ended 31 December 2021, the management fee and performance fee obtained from these structured entities amounted to RMB3,265,434,816 (For the year ended 31 December 2020: RMB2,796,022,145).

Except for those which have been consolidated by the Group as set out in Note 53(a), the Group's exposure to the variable returns in the rest of these structured entities is not significant. The maximum exposure to losses is limited to the carrying amount of the interests held by the Group in these structured entities.

During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support in the future.

54. TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at an agreed date and price. The repurchase price is fixed and the Group is still exposed to substantially all risks and rewards of the financial asset transferred. The financial asset is not derecognised from the consolidated financial statements but is regarded as “collateral” for any secured borrowing arrangements because the Group retains substantially all the risks and rewards of the financial asset. A financial liability is recognised for cash received under the borrowing arrangements. In this kind of transactions, the recourse of counterparties against the Group is not limited to the transferred financial assets.

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

| As at 31 December 2021 | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|------------------------|
| Carrying amount of transferred assets | 3,598,214,479 | 1,843,575,006 | 5,441,789,485 |
| Carrying amount of associated liabilities | (3,237,655,794) | (1,700,998,923) | (4,938,654,717) |
| Net position | 360,558,685 | 142,576,083 | 503,134,768 |
| As at 31 December 2020 | Financial assets measured at fair value through profit or loss | Financial assets measured at fair value through other comprehensive income | Total |
| Carrying amount of transferred assets | 3,071,449,427 | 2,443,009,186 | 5,514,458,613 |
| Carrying amount of associated liabilities | (2,794,138,331) | (2,427,831,582) | (5,221,969,913) |
| Net position | 277,311,096 | 15,177,604 | 292,488,700 |

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54. TRANSFERS OF FINANCIAL ASSETS (continued)

(b) Securities lending arrangement

The Group enters into securities lending agreements with clients under which it lend out its financial assets measured at fair value through profit or loss that are secured by clients' securities and deposits held as collateral. As at 31 December 2021, the equity securities and ETFs which were lent out by the Group amounted to RMB2,753,557,470 (31 December 2020: RMB2,931,885,022). Pursuant to the securities lending agreements, the Group lent its own securities to clients. In view of this, the Group determined that it retains substantially all the risks and rewards of ownership of these securities and therefore did not derecognise these securities in the consolidated financial statements.

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. (“Huijin”)

As at 31 December 2021, Huijin owned 40.17% of the equity interest of the Company (31 December 2020: 40.17%) directly and indirectly.

In November 2020, the Company completed the initial public offering of 458,589,000 A shares and listed on the Shanghai Stock Exchange. After the completion of the issuance, the registered capital and share capital of the Company increased to RMB4,827,256,868 (see Note 50(a)). Accordingly, the equity interest held directly by Huijin decreased to 40.11%.

Huijin does not carry out any other commercial business activities, nor does it interfere with the daily operations of the state-owned key financial enterprises it controls. The Group's daily business transactions with Huijin and Huijin's affiliates are conducted on normal commercial terms.

(i) Related party transactions with Huijin and Huijin's affiliates

| | Year ended 31 December | |
|---|------------------------|-------------|
| | 2021 | 2020 |
| Brokerage commission income | 45,400,929 | 16,725,271 |
| Underwriting and sponsoring fees | 57,380,913 | 78,441,988 |
| Asset management fees | 10,410,595 | 1,064,125 |
| Investment advisory fees | 566,038 | – |
| Interest income | 1,404,036,967 | 866,345,958 |
| Net gains from financial instruments at fair value through profit or loss | 211,944,336 | 56,611,061 |
| Net gains from derivative financial instruments | 669,045,692 | 181,895,569 |
| Other income/(losses), net | 88,033,291 | (703,901) |
| Brokerage commission expenses | 61,637,544 | 45,978,789 |
| Underwriting and sponsoring expenses | 114,749 | – |
| Asset management expenses | 27,385,012 | 35,599,752 |
| Interest expenses | 431,472,648 | 322,950,675 |
| Other operating expenses and costs | 9,977,364 | 8,308,280 |

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) The controlling shareholder of the Company – Central Huijin Investment Ltd. (“Huijin”)

(continued)

(ii) The balances of transactions with Huijin and Huijin’s affiliates

| | As at 31 December | |
|---|-------------------|----------------|
| | 2021 | 2020 |
| Accounts receivable | 103,906,491 | 892,335,688 |
| Financial assets at fair value through other comprehensive income | 4,721,292,896 | 4,486,800,088 |
| Financial assets at fair value through profit or loss | 8,909,393,809 | 3,558,032,591 |
| Refundable deposits | 31,593,102 | 40,442,798 |
| Derivative financial assets | 808,971,579 | 929,893,328 |
| Cash and bank balances (Note) | 60,132,857,289 | 44,011,197,862 |
| Other non-current assets | 3,526,859 | 930,481 |
| Financial liabilities at fair value through profit or loss | 40,332,880 | 269,373,752 |
| Derivative financial liabilities | 336,215,231 | 965,555,551 |
| Accounts payable to brokerage clients | 6,895,535 | 32,030,997 |
| Placements from financial institutions | 14,550,235,866 | 10,490,809,695 |
| REPOs | 3,160,809,973 | 4,228,739,184 |
| Short-term debt securities issued | 19,701,000 | 25,245,000 |
| Long-term debt securities issued | 2,157,387,672 | 1,536,168,603 |
| Other current liabilities | 818,859,662 | 1,298,816,638 |

Note: Balances of deposits at Huijin’s affiliates include self-owned cash and bank balances and cash held on behalf of clients.

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives. Remuneration for key management personnel of the Group is as follows:

| | Year ended 31 December | |
|---|------------------------|--------------------|
| | 2021 | 2020 |
| Salaries, allowances and benefits in kind | 27,850,320 | 32,150,429 |
| Discretionary bonuses | 67,174,595 | 135,243,190 |
| Retirement scheme contributions | 1,488,691 | 869,714 |
| Total | 96,513,606 | 168,263,333 |

(c) Related party transactions with other shareholders holding 5% or more shares of the Company

(i) Related party transactions with other shareholders holding 5% or more shares of the Company

| | Year ended 31 December | |
|-----------------------------|------------------------|--------|
| | 2021 | 2020 |
| Brokerage commission income | – | 12,954 |
| Interest expenses | 444 | 7,689 |

(ii) The balances of transactions with other shareholders holding 5% or more shares of the Company

| | As at 31 December | |
|---------------------------------------|-------------------|---------|
| | 2021 | 2020 |
| Accounts payable to brokerage clients | 47 | 210,514 |
| Other current liabilities | 3,996 | – |

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Related party transactions with the Group's associates and joint ventures

(i) Related party transactions with associates and joint ventures and their affiliates

| | Year ended 31 December | |
|---|------------------------|------------|
| | 2021 | 2020 |
| Brokerage commission income | 16,952,485 | 25,113,571 |
| Investment advisory fees | 17,145,824 | 26,236,793 |
| Asset management fees | – | 12,074,281 |
| Asset management expenses | 400,000 | 12,462,334 |
| Interest income | 4,342,408 | 6,123,248 |
| Interest expenses | 27,220 | 27,377 |
| Other operating expenses and costs | 250,000 | 659,210 |
| (Reversal of)/provision for impairment losses under ECL model | (61,638) | 11,269 |

(ii) The balances of transactions with associates and joint ventures and their affiliates

| | As at 31 December | |
|---------------------------------------|--------------------|-------------|
| | 2021 | 2020 |
| Accounts receivable | 19,576,095 | 32,211,963 |
| Other non-current assets | 184,365,488 | 182,958,826 |
| Accounts payable to brokerage clients | 448,379 | 905 |
| Other current liabilities | 12,480,000 | 12,080,000 |

55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions above do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Reports.

(f) Directors' and supervisors' interests in contracts and service contracts

At any time during the year, none of the Group's directors or supervisors had any interest, whether directly or indirectly, in any contract (excluding service contracts) of significance in relation to the Company's business to which the Company, or its associated companies, is a party. None of the directors and supervisors has entered into a service contract with the Company that cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

56. FAIR VALUE INFORMATION

The Group adopts the following methods and assumptions when evaluating fair values:

- (i) Financial assets including cash and bank balances, cash held on behalf of clients and reverse REPOs and financial liabilities including short-term placements from financial institutions and REPOs, are mainly instruments with floating interest rates or for short-term financing. Accordingly, the carrying amounts approximate their fair values.
- (ii) Financial instruments at fair value through profit or loss or through other comprehensive income and derivatives are stated at fair value. For financial instruments traded in active markets, the Group uses market prices as the best estimate for their fair values. For financial instruments without any market price, the Group determines their fair values using discounted cash flows or other valuation techniques.
- (iii) The fair values of short-term and long-term debt securities issued 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 estimates the fair values using discounted cash flows or other valuation techniques with reference to the yields of financial instruments with similar characteristics such as similar credit risk and maturity. The fair values of long-term debt securities issued are disclosed in Note 46. The carrying amounts of short-term debt securities issued approximate their fair values.
- (iv) Accounts receivable and accounts payable to brokerage clients are mainly due within one year. Accordingly, the carrying amounts approximate their fair values.

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level I: Fair value measured using only Level I inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities) at the measurement date.
- Level II: Fair value measured using Level II inputs (i.e. observable inputs which are unqualified as Level I inputs), and no significant unobservable inputs. Unobservable inputs are the inputs for which market data are not available.
- Level III: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level II, the valuation techniques applied include discounted cash flow analysis and option pricing models. The significant observable inputs to the valuation techniques used for Level II include future cash flows estimated based on contractual terms, risk-free and benchmark interest rates, credit spreads and foreign exchange rates. For the fair value of financial instruments categorised within Level III, the valuation techniques and significant unobservable inputs are disclosed in Note 56(a)(ii).

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56. FAIR VALUE INFORMATION (continued)

(a) Financial assets and liabilities measured at fair value (continued)

The following table presents the analysis of financial instruments measured at fair value at the end of the year on the basis of the fair value hierarchy:

| | As at 31 December 2021 | | | Total |
|--|------------------------|-------------------------|-----------------------|-------------------------|
| | Level I | Level II | Level III | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Equity securities | 112,422,691,042 | 672,818,230 | 14,653,820,321 | 127,749,329,593 |
| – Debt securities | 1,150,817,250 | 80,606,354,975 | 332,926,025 | 82,090,098,250 |
| – Funds and other investments | 13,326,241,884 | 76,623,979,003 | 1,384,566,374 | 91,334,787,261 |
| Derivative financial assets | 268,377,960 | 14,295,850,703 | – | 14,564,228,663 |
| Financial assets at fair value through other comprehensive income | | | | |
| – Debt securities | – | 43,009,969,681 | – | 43,009,969,681 |
| Total | 127,168,128,136 | 215,208,972,592 | 16,371,312,720 | 358,748,413,448 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities held for trading | | | | |
| – Equity securities | (2,755,627,220) | (249,181) | – | (2,755,876,401) |
| – Debt securities | – | (823,345,819) | – | (823,345,819) |
| – Funds and others | (658,725,019) | – | – | (658,725,019) |
| Financial liabilities designated as at fair value through profit or loss | | | | |
| – Equity securities | – | (34,162,624,317) | – | (34,162,624,317) |
| – Debt securities | – | (526,215,128) | – | (526,215,128) |
| Derivative financial liabilities | (224,649,958) | (17,909,357,550) | – | (18,134,007,508) |
| Total | (3,639,002,197) | (53,421,791,995) | – | (57,060,794,192) |

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

| | As at 31 December 2020 | | | Total |
|--|------------------------|-------------------------|-----------------------|-------------------------|
| | Level I | Level II | Level III | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Equity securities | 92,814,231,510 | 538,538,406 | 17,567,429,786 | 110,920,199,702 |
| – Debt securities | 1,210,768,017 | 79,171,022,879 | 432,695,788 | 80,814,486,684 |
| – Funds and other investments | 11,965,827,662 | 43,571,807,870 | 333,375,727 | 55,871,011,259 |
| Derivative financial assets | 836,397,586 | 11,474,866,250 | – | 12,311,263,836 |
| Financial assets at fair value through other comprehensive income | | | | |
| – Debt securities | – | 37,212,187,524 | – | 37,212,187,524 |
| Total | 106,827,224,775 | 171,968,422,929 | 18,333,501,301 | 297,129,149,005 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities held for trading | | | | |
| – Equity securities | (5,889,938,351) | (14,184,233) | – | (5,904,122,584) |
| – Debt securities | – | (1,066,167,906) | – | (1,066,167,906) |
| – Funds and others | (1,126,558,207) | – | – | (1,126,558,207) |
| Financial liabilities designated as at fair value through profit or loss | | | | |
| – Equity securities | – | (33,251,717,178) | – | (33,251,717,178) |
| – Debt securities | – | (1,542,983,452) | – | (1,542,983,452) |
| Derivative financial liabilities | (236,239,998) | (24,446,294,639) | – | (24,682,534,637) |
| Total | (7,252,736,556) | (60,321,347,408) | – | (67,574,083,964) |

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

(i) Transfer between levels

As of 31 December 2021, the Group's investments in suspended stocks of RMB1 million (31 December 2020: RMB30 million) were transferred from Level I to Level II, as the quoted prices of these stocks were no longer regularly available.

As of 31 December 2021, the Group's investments in equity securities of RMB107 million (31 December 2020: RMB33 million) were transferred from Level I or II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as delisting, etc.

As of 31 December 2021, the Group's investments in debt securities of RMB30 million (31 December 2020: RMB388 million) were transferred from Level II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as potential credit risk in existence, etc.

As of 31 December 2021, the Group's investments in fund and other securities of RMB181 million (31 December 2020: nil) were transferred from Level II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as potential credit risk in existence, etc.

As of 31 December 2021, the Group's investments in FVTPL of RMB647 million (31 December 2020: RMB35 million) were transferred from Level III to Level I or II, as the fair values of these investments were determined with the use of quoted prices instead of valuation techniques, due to events such as listing, re-listing or expiration of lock-up period, etc.

Apart from the transfers above, for the years ended 31 December 2021 and 2020, there was no other significant transfer among Level I, Level II and Level III for the Group's financial assets and liabilities measured at fair value. In accordance with its accounting policies, the Group recognises transfers among the levels as at the end of the reporting period in which such transfers occur.

There is no significant change for the Group's applied fair value valuation techniques in 2021 and 2020.

56. FAIR VALUE INFORMATION *(continued)*

(a) Financial assets and liabilities measured at fair value *(continued)*

(ii) Information about Level III fair value measurements

The following table presents a reconciliation from the beginning balances to the ending balances of financial assets measured at Level III through profit or loss:

| | Financial assets at fair value through profit or loss |
|--|--|
| As at 1 January 2021 | 18,333,501,301 |
| Gains for the year | 1,487,733,359 |
| Purchases | 8,064,703,195 |
| Disposals and settlement | (11,185,602,711) |
| Transfer into Level III | 318,388,093 |
| Transfer out of Level III | (647,410,517) |
| As at 31 December 2021 | 16,371,312,720 |
| Net gains for the year included in profit or loss for assets held at the end of the year | 1,799,435,471 |

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56. FAIR VALUE INFORMATION (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Information about Level III fair value measurements (continued)

| | Financial assets at fair value through profit or loss |
|--|--|
| As at 1 January 2020 | 4,857,511,258 |
| Gains for the year | 1,897,406,804 |
| Purchases | 12,138,828,913 |
| Disposals and settlement | (945,940,038) |
| Transfer into Level III | 420,628,728 |
| Transfer out of Level III | (34,934,364) |
| As at 31 December 2020 | 18,333,501,301 |
| Net gains for the year included in profit or loss for assets held at the end of the year | 1,983,597,596 |

For financial instruments measured at Level III, fair values are determined based on the reports on capital account for these instruments obtained by management or determined by using valuation techniques such as discounted cash flow model, market comparable company analysis and recent financing price method. Key determinant to categorise fair value as Level III is the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs used in the valuation of the major financial instruments measured at Level III. As of 31 December 2021 and 31 December 2020, the fair value of the financial instruments measured at Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

| Financial instruments | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable input(s) to fair value |
|-----------------------|----------------------|---|---|---|
| Debt securities | Level III | Discounted cash flow models | Discount rate (Note 1) | The higher the discount, the lower the fair value |
| Equity securities | Level III | Option pricing models | Historical volatility (Note 2) | The higher the volatility, the lower the fair value |
| Equity securities | Level III | Market comparable companies | Discount for lack of marketability (Note 3) | The higher the discount, the lower the fair value |

Note 1: Discount rate, ranging from 2.48% to 5.42% (31 December 2020: 2.47% to 3.36%).

Note 2: Historical volatility, ranging from 17.85% to 88.40% (31 December 2020: 22.57% to 90.00%).

Note 3: Discount for lack of marketability, ranging from 20.00% to 60.00% (31 December 2020: 60.00%).

56. FAIR VALUE INFORMATION *(continued)*

(b) Fair value of financial assets and liabilities carried at other than fair value

The fair values of long-term debt securities issued have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the Group. The fair values of long-term debt securities issued are classified as Level II and disclosed in Note 46.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the Group's consolidated statement of financial position approximate their fair values.

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57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

When there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously, the relevant financial assets and liabilities:

- are offset in the consolidated statement of financial position of the Group; and
- are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in the consolidated statement of financial position of the Group.

The table below presents the amount of account receivables and payables which are settled on the same settlement date and for the same currency on a net basis with the same overseas clearing house..

| | As at 31 December 2021 | | | | | |
|---|--|---|--|---|-----------------|-------------|
| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | Net amount |
| | | | | Financial instruments | Cash collateral | |
| Accounts receivable from clearinghouse | 5,499,891,478 | (4,778,010,534) | 721,880,944 | (153,445,591) | – | 568,435,353 |

| | As at 31 December 2021 | | | | | |
|--------------------------------------|---|--|---|---|-----------------|------------|
| | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | Net amount |
| | | | | Financial instruments | Cash collateral | |
| Accounts payable to clearinghouse | 4,931,456,125 | (4,778,010,534) | 153,445,591 | (153,445,591) | – | – |

57. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

| | As at 31 December 2020 | | | | | |
|--|--|---|---|---|-----------------|---------------|
| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | Net amount |
| | | | | Financial instruments | Cash collateral | |
| Accounts receivable from clearinghouse | 11,301,343,002 | (9,255,571,852) | 2,045,771,150 | (2,692,821) | - | 2,043,078,329 |

| | As at 31 December 2020 | | | | | |
|-----------------------------------|---|--|--|---|-----------------|------------|
| | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | Net amount |
| | | | | Financial instruments | Cash collateral | |
| Accounts payable to clearinghouse | 9,258,264,673 | (9,255,571,852) | 2,692,821 | (2,692,821) | - | - |

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(Expressed in RMB, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT

The Group's risk management aims to effectively allocate risk-based capital, limit risks to a controllable level, maximise the corporate value and constantly solidify the foundation for a steady and sustainable development of the Group. The Group monitors and controls different types of risk exposures, such as credit risk, liquidity risk and market risk which incurred from Group's holdings on various financial instruments.

(a) Credit risk

Credit risk refers to the risk caused by deterioration in creditworthiness or default losses of counterparties, borrowers and securities issuers.

The exposure to credit risk of the Group arises mainly from: (1) credit risk from default or bankruptcy of debtors, including the loss due to default of intermediary institutions (such as brokers or custodian banks), in which case the risk exposure is the total value of outstanding debts; (2) counterparty risk in terms of failure to fulfill obligations under contracts or deterioration in creditworthiness of counterparties in the over-the-counter ("OTC") derivative transactions (such as forward, swap or option transactions), in which case the risk exposure depends on current exposure and potential future exposure of the derivatives; (3) credit risk caused by the deterioration in creditworthiness or default losses of securities issuers.

At the end of the reporting period, the Group's maximum credit risk exposure is the net carrying amount of financial assets without taking account of any collateral or other credit enhancements.

Measurement of ECL

The Group recognises an impairment loss allowance for financial assets measured at amortised cost (including receivable from margin clients, reverse REPOs, etc.) and debt securities measured at fair value through other comprehensive income via ECL model. The measurement of the ECL is based on the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

A default is that a client, a financier or issuer of investment products fails to fulfil the contract. PD is an estimate of the likelihood of default over a given time horizon. The Group estimates the PD based on its internal rating model, integrating factors such as external rating information, macroeconomic environment and changes in quantitative and qualitative indicators of the counterparties or bonds issuers. LGD is an estimate of the loss bore by the Group on the exposure at default. In the determination of LGD, the Group estimates the recoverable cash flow from disposing underlying assets and collaterals by taking their liquidity and relevant historical market data into full consideration, and estimates LGD based on the difference between the recoverable and the contracted cash flows. EAD is the amount that shall be repaid to the Group when a default occurs. When measuring the ECL, the Group classifies the assets into different risk stages based on whether the credit risk of each asset has increased significantly since the initial recognition. Accordingly, the Group measures the loss allowance on either a 12-month or the lifetime basis for the investments at different risk stages.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Measurement of ECL *(continued)*

Provision method of ECL

The Group recognises impairment allowance based on ECL for businesses such as debt securities investment and margin financing. For the financial instruments for which the ECL measurement is used, the Group classifies these financial instruments into different risk stages based on whether the credit risk of each instrument has increased significantly since the initial recognition. The financial instruments with low credit risk on the balance sheet date or of which the credit risk has not increased significantly since the initial recognition will be classified into “Stage 1”; the financial instruments of which the credit risk has increased significantly since the initial recognition will be classified into “Stage 2”; and the financial instruments that have been credit-impaired will be transferred into “Stage 3”. The Group measures ECL based on the parameters such as PD, LGD, EAD and forward looking information, and regularly tests and updates ECL models and assumptions.

The criteria of significant increase in credit risk (“SICR”)

The Group considers a financial instrument experiencing SICR when one or more of the following quantitative and qualitative criteria have been met: (1) for debt securities investment business: the latest external or internal ratings of the bond issuer or the debt securities per se decline substantially compared with their ratings on the initial recognition, or there are adverse changes in business, financial or external conditions of the bond issuer and these adverse changes are expected to cause a significant decrease in the bond issuer’s ability to meet its obligations; or (2) for margin financing business: the performance guarantee ratio is lower than or equal to the predetermined liquidation line but above 100%, or when contractual payments are less than or equal to 30 days past due.

The criteria of credit-impaired assets

The Group considers that a financial instrument has been credit-impaired when (1) for debt securities: the circumstances in which a bond issuer can be regarded as in default include failure to perform the payment obligations as agreed, having other bond defaults or having significant financial difficulties; (2) for margin financing business: the performance guarantee ratio is lower than or equal to 100%, or when contractual payments are more than 30 days past due.

Forward-looking information

The Group measures ECL using forward looking information without undue costs or efforts. In order to adjust the default rates to incorporate forward-looking information, the Group, using forecasted of year-on-year growth rates on GDP (cumulatively accounted) and outstanding RMB loans as the basis, establishes relationship between the two macroeconomic indicators and default rates with the use of statistical models and sets different scenario weightings. The Group determined the forecasted values of the two macroeconomic indicators to be 5.34% and 11.36% as at 31 December 2021 based on publicly available forecasts of third parties. The tuning parameter was determined with the use of weighted average of the values under optimistic, neutral and pessimistic hypothetical scenarios in combination with qualitative analysis method.

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58. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Debt securities (including debt securities measured at FVTPL and at FVTOCI)

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by setting up limits on investment size, product types, credit ratings and concentrations, and closely monitors and tracks bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

The carrying amount of the Group's debt securities is presented as follows:

| | As at 31 December | |
|---|------------------------|-----------------|
| | 2021 | 2020 |
| Financial assets at fair value through profit or loss | 82,090,098,250 | 80,814,486,684 |
| Financial assets at fair value through other comprehensive income | 43,009,969,681 | 37,212,187,524 |
| Total | 125,100,067,931 | 118,026,674,208 |

(i) The exposure to credit risk for debt securities at FVTPL and FVTOCI by the location of issuer is presented as follows.

| | As at 31 December | |
|------------------------|------------------------|-----------------|
| | 2021 | 2020 |
| Mainland China | 124,997,230,937 | 117,490,283,780 |
| Outside mainland China | 102,836,994 | 536,390,428 |
| Total | 125,100,067,931 | 118,026,674,208 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVTOCI) *(continued)*

(ii) The following table presents an analysis of credit quality of the debt securities at FVTPL and FVTOCI.

| Credit rating | As at 31 December | | | | | |
|--|-------------------|----------------|------------------------|----------------|----------------|------------------------|
| | 2021 | | | 2020 | | |
| | FVTPL | 12-month ECL | FVTOCI Lifetime ECL | Total | FVTPL | FVTOCI 12-month ECL |
| Outside mainland China (by international rating agencies) | | | | | | |
| – AAA | 12,640 | – | – | – | 13,428 | – |
| – From AA- to AA+ | 19,036,790 | – | – | – | 195,266,774 | – |
| – From A- to A+ | 1,000,030,827 | 3,365,289,987 | – | 3,365,289,987 | 976,835,477 | 1,266,183,968 |
| – Below A- | 8,768,819,581 | 2,240,680,695 | 11,200,033 | 2,251,880,728 | 11,918,910,384 | 2,473,257,046 |
| Subtotal | 9,787,899,838 | 5,605,970,682 | 11,200,033 | 5,617,170,715 | 13,091,026,063 | 3,739,441,014 |
| Mainland China (by domestic rating agencies) | | | | | | |
| – AAA | 41,383,207,132 | 26,236,935,997 | – | 26,236,935,997 | 36,619,827,151 | 29,898,050,228 |
| – From AA- to AA+ | 5,164,263,554 | 1,449,602,872 | – | 1,449,602,872 | 6,886,308,780 | 487,227,674 |
| – From A- to A+ | 1,125,912,041 | – | – | – | 1,850,277,198 | – |
| – Below A- | 942,942,839 | – | – | – | 502,380,429 | – |
| Subtotal | 48,616,325,566 | 27,686,538,869 | – | 27,686,538,869 | 45,858,793,558 | 30,385,277,902 |
| Non-rated I (Note 1) | 8,454,699,987 | 9,685,899,037 | – | 9,685,899,037 | 5,953,043,593 | 3,087,468,608 |
| Non-rated II (Note 2) | 15,231,172,859 | 20,361,060 | – | 20,361,060 | 15,911,623,470 | – |
| Total | 82,090,098,250 | 42,998,769,648 | 11,200,033 | 43,009,969,681 | 80,814,486,684 | 37,212,187,524 |
| Impairment loss allowance | | (18,216,690) | (558,347) | (18,775,037) | | (18,166,922) |

Note 1: These non-rated financial assets mainly include government bonds and policy financial bonds.

Note 2: These non-rated financial assets are mainly other debt securities and trading securities with no ratings provided by independent rating agencies.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Debt securities (including debt securities measured at FVTPL and at FVTOCI) *(continued)*

(iii) Movement of impairment loss allowance

The movement in impairment loss allowance for debt investments at FVTOCI during the year was as follows.

| | 12-month ECL | 2021 Lifetime ECL | Total | 2020 12-month ECL |
|--|--------------|----------------------|--------------|----------------------|
| As at 1 January 2021 | 18,166,922 | - | 18,166,922 | 17,043,688 |
| Changes due to financial instruments recognised as at 1 January 2021: | | | | |
| – Transfer to lifetime ECL | (121,271) | 121,271 | - | - |
| – Impairment losses recognised | 249,948 | 239,858 | 489,806 | 2,167,942 |
| – Impairment losses reversed | (750,527) | - | (750,527) | (3,459,968) |
| New financial assets originated or purchased | 14,717,219 | 180,871 | 14,898,090 | 12,484,361 |
| Financial assets derecognised (including written-offs) | (13,868,000) | - | (13,868,000) | (9,351,307) |
| Others | (177,601) | 16,347 | (161,254) | (717,794) |
| As at 31 December 2021 | 18,216,690 | 558,347 | 18,775,037 | 18,166,922 |

As at 31 December 2020, there was no lifetime ECL on debt investments held by the Group.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities)

The Group has adopted the following measures to manage credit risk in capital businesses including margin financing and securities lending business and stock-based lending business: vetting counterparties determining credit ratings and setting lending limits; managing collaterals (via haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios, establishing and implementing margin call and mandatory liquidation policy.

- (i) The exposure to credit risk for financial assets other than debt securities at the reporting date by geographic region was as follows.

| | As at 31 December | |
|------------------------|------------------------|-----------------|
| | 2021 | 2020 |
| Mainland China | 205,458,656,185 | 161,864,911,019 |
| Outside mainland China | 76,293,494,356 | 54,449,388,368 |
| Total | 281,752,150,541 | 216,314,299,387 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance

The movement in impairment loss allowance for other financial instruments (other than debt investments) at amortised cost during the year was as follows.

(1) Financial assets held under resale agreements

| | Year ended 31 December 2021 | | | Total |
|---|-----------------------------|---|----------------------------------|----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2021 | 41,298,123 | 7,386,813 | 253,931,844 | 302,616,780 |
| Changes due to financial instruments recognised as at 1 January 2021 | | | | |
| – Transfer to credit-impaired | - | - | - | - |
| – Transfer to lifetime ECL | - | - | - | - |
| – Transfer to 12m ECL | 4,685,542 | (4,685,542) | - | - |
| – Impairment losses recognised | 56,298 | - | - | 56,298 |
| – Impairment losses reversed | (5,067,213) | - | (2,500,000) | (7,567,213) |
| New financial assets originated or purchased | 18,504,105 | - | - | 18,504,105 |
| Financial assets derecognised (including written-offs) | (18,272,755) | (2,701,271) | (223,182,595) | (244,156,621) |
| Others | - | - | - | - |
| Impairment loss allowance as at 31 December 2021 | 41,204,100 | - | 28,249,249 | 69,453,349 |
| Gross carrying amount as at 31 December 2021 | 25,879,070,810 | - | 48,876,598 | 25,927,947,408 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance *(continued)*

(1) Financial assets held under resale agreements *(continued)*

| | Year ended 31 December 2020 | | | Total |
|--|-----------------------------|---|----------------------------------|----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2020 | 5,831,361 | 769,153 | 23,997,626 | 30,598,140 |
| Changes due to financial instruments recognised as at 1 January 2020: | | | | |
| – Transfer to credit-impaired | (13,715) | – | 13,715 | – |
| – Transfer to lifetime ECL | (252,621) | 252,621 | – | – |
| – Transfer to 12m ECL | 192,970 | (192,970) | – | – |
| – Impairment losses recognised | 9,377,301 | 1,184,818 | 238,862,186 | 249,424,305 |
| – Impairment losses reversed | (264,067) | – | (6,000,000) | (6,264,067) |
| New financial assets originated or purchased | 30,386,511 | 5,949,374 | 16,456,111 | 52,791,996 |
| Financial assets derecognised (including written-offs) | (3,959,617) | (576,183) | (19,397,794) | (23,933,594) |
| Others | – | – | – | – |
| Impairment loss allowance as at 31 December 2020 | 41,298,123 | 7,386,813 | 253,931,844 | 302,616,780 |
| Gross carrying amount as at 31 December 2020 | 16,951,368,082 | 1,291,037,939 | 490,907,907 | 18,733,313,928 |

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58. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Other non-derivative financial investments (other than debt securities) (continued)

(ii) Movement of impairment loss allowance (continued)

(2) Receivable from margin clients

| | Year ended 31 December 2021 | | | Total |
|--|-----------------------------|---|----------------------------------|----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2021 | 131,830,972 | 4,832,093 | 140,371 | 136,803,436 |
| Changes due to financial instruments recognised as at 1 January 2021: | | | | |
| – Transfer to credit-impaired | – | – | – | – |
| – Transfer to lifetime ECL | – | – | – | – |
| – Transfer to 12m ECL | 4,007,761 | (3,874,349) | (133,412) | – |
| – Impairment losses recognised | 36,671,817 | – | – | 36,671,817 |
| – Impairment losses reversed | (23,225,981) | – | – | (23,225,981) |
| New financial assets originated or purchased | 34,454,141 | – | – | 34,454,141 |
| Financial assets derecognised (including written-offs) | (21,446,732) | (949,644) | (6,959) | (22,403,335) |
| Others | (325,863) | (8,100) | – | (333,963) |
| Impairment loss allowance as at 31 December 2021 | 161,966,115 | – | – | 161,966,115 |
| Gross carrying amount as at 31 December 2021 | 39,641,022,829 | – | – | 39,641,022,829 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance *(continued)*

(2) Receivable from margin clients *(continued)*

| | Year ended 31 December 2020 | | | Total |
|--|-----------------------------|---|----------------------------------|----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2020 | 22,634,834 | 1,029,104 | 19,288,172 | 42,952,110 |
| Changes due to financial instruments recognised as at 1 January 2020: | | | | |
| – Transfer to credit-impaired | (22,423) | (24,413) | 46,836 | – |
| – Transfer to lifetime ECL | (1,090,117) | 1,090,117 | – | – |
| – Transfer to 12m ECL | 852,501 | (615,411) | (237,090) | – |
| – Impairment losses recognised | 74,420,775 | 3,252,465 | 93,449 | 77,766,689 |
| – Impairment losses reversed | (1,704,912) | (175,891) | (2,972) | (1,883,775) |
| New financial assets originated or purchased | 39,609,040 | 338,425 | 3,057 | 39,950,522 |
| Financial assets derecognised (including written-offs) | (2,718,590) | (62,303) | (1,091,670) | (3,872,563) |
| Others | (150,136) | – | (17,959,411) | (18,109,547) |
| Impairment loss allowance as at 31 December 2020 | 131,830,972 | 4,832,093 | 140,371 | 136,803,436 |
| Gross carrying amount as at 31 December 2020 | 33,048,396,685 | 945,529,412 | 27,690,618 | 34,021,616,715 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance *(continued)*

(3) Other financial instruments at amortised cost

| | Year ended 31 December 2021 | | | Total |
|--|-----------------------------|---|----------------------------------|-----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2021 | 246,164,910 | 66,698,100 | 488,887,781 | 801,750,791 |
| Changes due to financial instruments recognised as at 1 January 2021: | | | | |
| – Transfer to credit-impaired | (101,000) | (4,802) | 105,802 | – |
| – Transfer to lifetime ECL | (4,290) | 4,290 | – | – |
| – Transfer to 12m ECL | 3,995,533 | (3,282,621) | (712,912) | – |
| – Impairment losses recognised | 2,305,977 | 4,736,550 | 72,799,222 | 79,841,749 |
| – Impairment losses reversed | (196,289,709) | (17,703,439) | (23,275,507) | (237,268,655) |
| New financial assets originated or purchased | 166,163,264 | 8,320,114 | 2,482 | 174,485,860 |
| Financial assets derecognised (including written-offs) | (12,014,672) | (41,677) | (206,291,184) | (218,347,533) |
| Others | (4,197,824) | 1,241,457 | (1,928,641) | (4,885,008) |
| Impairment loss allowance as at 31 December 2021 | 206,022,189 | 59,967,972 | 329,587,043 | 595,577,204 |
| Gross carrying amount as at 31 December 2021 | 178,938,564,809 | 2,940,057,310 | 382,606,641 | 182,261,228,760 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Other non-derivative financial investments (other than debt securities) *(continued)*

(ii) Movement of impairment loss allowance *(continued)*

(3) Other financial instruments at amortised cost *(continued)*

| | Year ended 31 December 2020 | | | Total |
|--|-----------------------------|---|----------------------------------|-----------------|
| | 12-month ECL | Lifetime ECL- not credit impaired | Lifetime ECL- credit impaired | |
| As at 1 January 2020 | 591,187 | 13,416,548 | 247,094,928 | 261,102,663 |
| Changes due to financial instruments recognised as at 1 January 2020: | | | | |
| – Transfer to credit-impaired | – | – | – | – |
| – Transfer to lifetime ECL | – | – | – | – |
| – Transfer to 12m ECL | – | – | – | – |
| – Impairment losses recognised | 87,187,854 | 40,835,118 | 299,837,451 | 427,860,423 |
| – Impairment losses reversed | (93,674) | (494) | (3,763,460) | (3,857,628) |
| New financial assets originated or purchased | 160,325,843 | 12,810,836 | 676,754 | 173,813,433 |
| Financial assets derecognised (including written-offs) | (1,726,376) | – | (40,827,360) | (42,553,736) |
| Others | (119,924) | (363,908) | (14,130,532) | (14,614,364) |
| Impairment loss allowance as at 31 December 2020 | 246,164,910 | 66,698,100 | 488,887,781 | 801,750,791 |
| Gross carrying amount as at 31 December 2020 | 137,087,617,961 | 3,073,423,290 | 576,138,791 | 140,737,180,042 |

Other financial instruments at amortised cost mainly include accounts receivable, other receivables and deposits with banks.

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(Expressed in RMB, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established a counterparty credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and determines credit ratings accordingly. On the basis of credit ratings, the Group sets a corresponding limit of credit risk exposure for each counterparty, and manages counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and by requiring performance guarantees. The Group calculates the minimum amount required as collateral and credit risk exposure for an OTC derivative counterparty by establishing dynamic scenarios combined with stress test, and measures and monitors the minimum collateral value and credit risk exposure through the system on a daily basis. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

(b) Liquidity risk

Liquidity risk refers to the risks arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to meet its debt obligations, fulfill other payment obligations, and satisfy the funding needs in conducting ordinary business operations.

The Group implements vertical and centralised management on liquidity risks of all domestic and overseas branches and subsidiaries. The Group has adopted the following measures to manage liquidity risk: closely monitoring balance sheets of the Group and of its branches and subsidiaries, and managing liquidity gaps between assets and liabilities; setting liquidity risk limits based on the Group's overall situation and regulatory requirement; conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyse and assess the Group's liquidity risk level; maintaining adequate high-quality liquid assets and establishing contingency plan for potential liquidity crisis situation.

At the end of the reporting period, the contractual undiscounted cash flows (including the principal and interests) of the Group's non-derivative financial liabilities are analysed according to the maturity dates. The derivative financial liabilities stated at the fair values and presented at the expected maturity dates or possible termination dates are as follows:

58. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

| | As at 31 December 2021 | | | | | Total |
|--|------------------------------------|------------------------------|----------------------------|-----------------------|----------|------------------------|
| | Overdue/ repayable on demand | Within 1 year (inclusive) | 1 – 5 years (inclusive) | More than 5 years | Undated | |
| Financial liabilities | | | | | | |
| Financial liabilities at fair value through profit or loss | - | 38,925,007,061 | 2,252,774 | - | - | 38,927,259,835 |
| Derivative financial liabilities | - | 16,982,247,611 | 1,143,550,424 | 8,209,473 | - | 18,134,007,508 |
| Accounts payable to brokerage clients | 93,445,165,307 | - | - | - | - | 93,445,165,307 |
| Placements from financial institutions | - | 51,678,428,196 | - | - | - | 51,678,428,196 |
| Short-term debt securities issued | - | 21,653,617,895 | 1,507,907,732 | - | - | 23,161,525,627 |
| REPOs | - | 16,379,116,195 | - | - | - | 16,379,116,195 |
| Long-term debt securities issued | - | 28,091,584,553 | 139,400,410,022 | 9,957,110,000 | - | 177,449,104,575 |
| Lease liabilities | - | 768,435,057 | 1,235,827,786 | 76,094,482 | - | 2,080,357,325 |
| Others | 90,791,707,443 | 56,806,142,292 | 14,780,088 | - | - | 147,612,629,823 |
| Total | 184,236,872,750 | 231,284,578,860 | 143,304,728,826 | 10,041,413,955 | - | 568,867,594,391 |

| | As at 31 December 2020 | | | | | Total |
|--|------------------------------------|------------------------------|----------------------------|----------------------|----------|------------------------|
| | Overdue/ repayable on demand | Within 1 year (inclusive) | 1 – 5 years (inclusive) | More than 5 years | Undated | |
| Financial liabilities | | | | | | |
| Financial liabilities at fair value through profit or loss | - | 42,861,548,262 | 31,204,353 | - | - | 42,892,752,615 |
| Derivative financial liabilities | - | 24,274,292,861 | 404,514,934 | 3,726,842 | - | 24,682,534,637 |
| Accounts payable to brokerage clients | 70,655,180,456 | - | - | - | - | 70,655,180,456 |
| Placements from financial institutions | - | 34,693,675,373 | - | - | - | 34,693,675,373 |
| Short-term debt securities issued | - | 24,786,178,088 | 1,777,427,519 | - | - | 26,563,605,607 |
| REPOs | - | 25,176,471,507 | - | - | - | 25,176,471,507 |
| Long-term debt securities issued | - | 25,317,890,096 | 107,220,070,994 | 8,273,380,000 | - | 140,811,341,090 |
| Lease liabilities | - | 583,385,659 | 631,680,737 | 80,101,973 | - | 1,295,168,369 |
| Others | 55,400,011,773 | 29,438,926,631 | 13,888,735 | - | - | 84,852,827,139 |
| Total | 126,055,192,229 | 207,132,368,477 | 110,078,787,272 | 8,357,208,815 | - | 451,623,556,793 |

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(Expressed in RMB, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk

Market risk is the risk of loss of the Group's income and value of financial instruments arising from unfavourable market conditions such as adverse changes in interest rates, stock prices and exchange rates. The objectives of market risk management are to monitor the market risk and control it within the acceptable range and to maximise the risk-adjusted return. The Group conducts stress test on a regular basis and calculates risk control indicators and operating indicators under different scenarios. The Group monitors the market risk for investment portfolios and non-trading portfolios separately.

(i) Market risk of investment portfolios

Investment portfolio includes financial assets at FVTPL and at FVTOCI, derivative financial assets, financial liabilities at FVTPL, derivative financial liabilities. The risk exposures are measured and monitored against limits on principal, stop loss limit, etc., and are maintained within the established limits. The Group adopts various kinds of methods (such as Value-at-Risk ("VaR") analysis, sensitivity limit analysis, investment concentration limit analysis, scenario analysis and stress test) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor market risk of the investment portfolios.

VaR is a technique with the use of which the Group estimates the potential losses that could incur on its risk position under the unfavourable market condition over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group computes VaR using historical simulation method and implements relevant controls over the market risk accordingly. The historical simulation method is used to estimate future profit or loss based on observed historical market risk factors movements and sensitivity of the current investment portfolio to those risk factors.

Based on three-year historically observed market risk factors movements, the Group has adopted the historical simulation method at the 95% confidence level to compute its daily VaR. The 95% daily VaR indicates that the expected one-day loss of the Group's portfolio will not exceed this VaR at 95% chance, if the portfolio were held constant for one day. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do have some limitations, including the following:

- When there is severe market illiquidity for a prolonged period, the realisable value of the Group's investment portfolio in a trade day may vary from the estimate due to the one-day time horizon of VaR;
- The 95% confidence level does not reflect losses that may occur beyond this level. Under the model currently in use, the unrealised loss in portfolio value would have been exceeded with a frequency of 5%;
- VaR is calculated on an end-of-day basis and does not take into account intraday trading; and
- Historical changes in market risk factors may not be accurate predictors of future market conditions, especially in terms of fully incorporating the risk of extreme market events.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Market risk of investment portfolios *(continued)*

The following tables set forth the Group computed VaRs by risk categories as of the dates and for the years of 2021 and 2020 respectively:

| | As at 31 | Year ended 31 December 2021 | | |
|------------------------|--------------------|-----------------------------|--------------------|--------------------|
| | December 2021 | Average | Highest | Lowest |
| Equity prices | 185,696,707 | 180,086,116 | 215,684,592 | 132,532,882 |
| Interest rates | 51,739,456 | 54,591,702 | 79,273,858 | 35,761,912 |
| Currency rates | 39,091,828 | 33,845,476 | 44,258,664 | 18,989,510 |
| Commodity prices | 953,532 | 559,318 | 1,548,226 | 116,233 |
| Diversification effect | (97,190,940) | (83,694,087) | | |
| Total portfolio | 180,290,583 | 185,388,525 | 220,752,094 | 151,260,280 |

| | As at 31 | Year ended 31 December 2020 | | |
|------------------------|--------------------|-----------------------------|--------------------|-------------------|
| | December 2020 | Average | Highest | Lowest |
| Equity prices | 168,760,417 | 159,476,256 | 271,586,230 | 32,843,887 |
| Interest rates | 35,629,109 | 43,610,214 | 53,094,558 | 29,775,232 |
| Currency rates | 37,172,023 | 36,988,612 | 43,489,561 | 25,464,285 |
| Commodity prices | 1,309,872 | 1,359,948 | 5,372,547 | 283,783 |
| Diversification effect | (63,062,795) | (71,837,789) | | |
| Total portfolio | 179,808,626 | 169,597,241 | 267,183,358 | 62,439,644 |

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(Expressed in RMB, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios

(1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits with banks and with clearinghouses, receivable from margin clients and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

| | Sensitivity of net profit Year ended 31 December | |
|-------------------------------------|---|---------------|
| | 2021 | 2020 |
| Changes in basis points (bps) | | |
| Increase by 50 bps | (294,941,100) | (287,838,356) |
| Decrease by 50 bps or decrease to 0 | 371,242,196 | 323,448,026 |

| | Sensitivity of equity As at 31 December | |
|-------------------------------------|--|---------------|
| | 2021 | 2020 |
| Changes in bps | | |
| Increase by 50 bps | (294,941,100) | (287,838,356) |
| Decrease by 50 bps or decrease to 0 | 371,242,196 | 323,448,026 |

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(1) Interest rate risk *(continued)*

The sensitivity analysis is based on the static rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes of interest rates within one year and shows how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions that:

- The 50-bp changes of interest rates at the end of the reporting periods apply to all of the Group's non-trading financial instruments in the next 12 months;
- The shift in the yield curve is parallel with the changes of interest rate;
- There are no changes in the assets and liabilities portfolios;
- Other variables (including exchange rates) remain unchanged; and
- Risk management measures undertaken by the Group are not considered.

As the actual changes of interest rate can be different from the above assumptions, the impact of the interest rate changes on the Group's net profit and equity may vary from the estimated results of the sensitivity analysis.

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(Expressed in RMB, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Market risk of non-trading portfolios (continued)

(2) Currency risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. The table below presents the exchange rate sensitivity analysis of the Group's major currency risk exposures, which calculates the impact of reasonably possible changes in the foreign exchange rate on equity where all other variables are held constant. This analysis does not take into account any foreign exchange correlations or changes in fair values of financial instruments denominated in foreign currencies, nor does it take into account any measures (for instance use of currency derivatives) that the Group may take to address the adverse impact of foreign exchange exposure on equity.

| Currency | Changes in exchange rates | Sensitivity of equity As at 31 December | |
|--------------------------|---------------------------|--|---------------|
| | | 2021 | 2020 |
| USD | 1% | (257,894,315) | (257,483,322) |
| Hong Kong dollar ("HKD") | 1% | 82,566,111 | 80,385,868 |
| Others | 1% | 14,302,180 | 1,773,972 |

While the table above indicates the impact on equity of 1% appreciation of USD, HKD and other foreign currencies, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

58. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Market risk of non-trading portfolios *(continued)*

(2) Currency risk *(continued)*

The table below presents the Group's exposure to foreign exchange risk as at 31 December 2021 and 31 December 2020. The Group's exposure to RMB is presented in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

| | As at 31 December 2021 | | | | | Total |
|--|------------------------|--------------------------|--------------------------|----------------------------|----------------|-------|
| | RMB | USD in RMB equivalent | HKD in RMB equivalent | Other in RMB equivalent | | |
| Net exposure in the consolidated statement of financial position | 117,757,949,422 | (41,430,626,148) | 6,358,529,794 | 2,044,983,359 | 84,730,836,427 | |

| | As at 31 December 2020 | | | | | Total |
|--|------------------------|--------------------------|--------------------------|----------------------------|----------------|-------|
| | RMB | USD in RMB equivalent | HKD in RMB equivalent | Other in RMB equivalent | | |
| Net exposure in the consolidated statement of financial position | 108,221,153,244 | (41,876,793,298) | 5,012,104,375 | 458,668,673 | 71,815,132,994 | |

59. CAPITAL MANAGEMENT

The Group's capital management policy is to maintain an adequate capital base, so as to retain the confidence of the investors, the creditors and the counterparties and to ensure the sound development of future business. The objective of the Group's capital management is to meet legal and regulatory requirements, while maintaining adequate capital and maximising returns. Based on its strategic plan, its business development needs and the tendency in its risk exposure, the Group carries out the forecast, planning and management of its regulatory capital through scenario analysis and stress testing.

The Group calculates its regulatory capital in accordance with relevant regulations applicable in the local jurisdiction and which may vary from jurisdictions. The Company calculates regulatory capital in accordance with the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies (CSRC Announcement [2020] No. 10) issued by the CSRC on 23 January 2020.

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59. CAPITAL MANAGEMENT (continued)

In accordance with CSRC Announcement [2020] No. 10, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) Risk Coverage Ratio (Net capital/Total risk capital reserves×100%) shall be no less than 100% ("Ratio i");
- (ii) Capital Leverage Ratio (Core net capital/Total on-and-off-balance-sheet assets×100%) shall be no less than 8% ("Ratio ii");
- (iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days×100%) shall be no less than 100% ("Ratio iii");
- (iv) Net Stable Funding Ratio (Stable funding available/Stable funding required×100%) shall be no less than 100% ("Ratio iv");
- (v) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio v");
- (vi) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio vi");
- (vii) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio vii");
- (viii) The ratio of equity securities and related derivatives held divided by net capital shall not exceed 100% ("Ratio viii");
- (ix) The ratio of non-equity securities and related derivatives held divided by net capital shall not exceed 500% ("Ratio ix").

As at 31 December 2021 and 2020, the above risk control indicators of the Company were as follows:

| | As at 31 December | |
|-------------|-----------------------|----------------|
| | 2021 | 2020 |
| Net Capital | 48,228,680,303 | 46,601,687,730 |
| Ratio i | 151.62% | 162.87% |
| Ratio ii | 12.81% | 14.36% |
| Ratio iii | 316.68% | 248.55% |
| Ratio iv | 136.45% | 124.96% |
| Ratio v | 72.35% | 77.26% |
| Ratio vi | 19.67% | 22.73% |
| Ratio vii | 27.19% | 29.42% |
| Ratio viii | 58.01% | 45.62% |
| Ratio ix | 306.44% | 278.46% |

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements imposed by their local regulators, including the CSRC, the Hong Kong Securities and Futures Commission, etc.

The above risk control indicators are calculated based on the financial information prepared in accordance with China Accounting Standards for Business Enterprises.

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) The Company's statement of financial position

| | Note | As at 31 December | |
|---|------|------------------------|-----------------|
| | | 2021 | 2020 |
| Non-current assets: | | | |
| Property and equipment | | 545,111,929 | 431,948,535 |
| Right-of-use assets | | 558,563,929 | 452,276,527 |
| Intangible assets | | 227,366,712 | 130,797,304 |
| Interests in subsidiaries | 61 | 26,953,277,514 | 24,953,777,514 |
| Interests in associates and joint ventures | | 507,023,713 | 488,556,150 |
| Reverse REPOs | | 51,790,820 | 525,896,882 |
| Refundable deposits | | 1,184,105,034 | 1,815,919,438 |
| Deferred tax assets | | 1,027,518,156 | 1,220,716,177 |
| Other non-current assets | | 130,438,831 | 106,657,344 |
| Total non-current assets | | 31,185,196,638 | 30,126,545,871 |
| Current assets: | | | |
| Accounts receivable | | 38,074,249,428 | 31,412,045,335 |
| Receivable from margin clients | | 3,001,822,335 | 5,333,303,299 |
| Financial assets at fair value through other comprehensive income | | 25,515,241,608 | 24,588,747,038 |
| Financial assets at fair value through profit or loss | | 148,144,757,401 | 126,086,149,449 |
| Derivative financial assets | | 12,348,351,195 | 14,737,812,715 |
| Reverse REPOs | | 21,318,427,115 | 13,055,783,358 |
| Cash held on behalf of clients | | 18,308,909,816 | 20,765,908,168 |
| Cash and bank balances | | 30,293,487,155 | 18,186,478,824 |
| Other current assets | | 2,170,979,257 | 1,801,416,554 |
| Total current assets | | 299,176,225,310 | 255,967,644,740 |
| Total assets | | 330,361,421,948 | 286,094,190,611 |

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60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(a) The Company's statement of financial position (continued)

| | Notes | As at 31 December | |
|--|-------|------------------------|-----------------|
| | | 2021 | 2020 |
| Current liabilities: | | | |
| Financial liabilities at fair value through profit or loss | | 530,502,335 | 1,317,838,255 |
| Derivative financial liabilities | | 14,133,736,779 | 16,407,248,492 |
| Accounts payable to brokerage clients | | 11,205,854,169 | 20,745,017,791 |
| Placements from financial institutions | | 31,203,985,700 | 22,537,987,183 |
| Short-term debt securities issued | | 9,518,576,154 | 14,992,735,169 |
| REPOs | | 4,271,897,912 | 12,825,570,771 |
| Employee benefits payable | | 6,196,491,185 | 4,868,599,963 |
| Income tax payable | | 6,127,631 | 505,905,753 |
| Long-term debt securities issued due within one year | | 17,289,749,310 | 13,135,347,932 |
| Contract liabilities | | 117,421,490 | 85,493,272 |
| Other current liabilities | | 93,792,029,672 | 54,371,291,980 |
| Total current liabilities | | 188,266,372,337 | 161,793,036,561 |
| Net current assets | | 110,909,852,973 | 94,174,608,179 |
| Total assets less current liabilities | | 142,095,049,611 | 124,301,154,050 |
| Non-current liabilities: | | | |
| Non-current employee benefits payable | | 958,885,757 | 527,356,440 |
| Long-term debt securities issued | | 73,902,636,078 | 62,974,381,321 |
| Lease liabilities | | 576,921,556 | 479,386,472 |
| Total non-current liabilities | | 75,438,443,391 | 63,981,124,233 |
| Net assets | | 66,656,606,220 | 60,320,029,817 |
| Equity: | | | |
| Share capital | 50(a) | 4,827,256,868 | 4,827,256,868 |
| Other equity instruments | 51 | 8,500,000,000 | 5,000,000,000 |
| Reserves | 50(b) | 47,117,371,591 | 45,796,713,361 |
| Retained profits | | 6,211,977,761 | 4,696,059,588 |
| Total equity | | 66,656,606,220 | 60,320,029,817 |

60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

(b) Movement in the Company's reserves

| | Reserves | | | | | | | | Total equity |
|--|---------------|--------------------------|-----------------|-----------------|------------------|--------------------------------|----------------|------------------|----------------|
| | Share capital | Other equity instruments | Capital reserve | Surplus reserve | General reserves | Investment revaluation reserve | Subtotal | Retained profits | |
| At 1 January 2021 | 4,827,256,868 | 5,000,000,000 | 41,699,678,499 | 995,576,479 | 3,118,978,079 | (17,519,696) | 45,796,713,361 | 4,696,059,588 | 60,320,029,817 |
| Changes in equity for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 3,968,723,182 | 3,968,723,182 |
| Other comprehensive income for the year | - | - | - | - | - | 124,345,911 | 124,345,911 | - | 124,345,911 |
| Total comprehensive income for the year | - | - | - | - | - | 124,345,911 | 124,345,911 | 3,968,723,182 | 4,093,069,093 |
| Appropriation to surplus reserve | - | - | - | 396,872,318 | - | - | 396,872,318 | (396,872,318) | - |
| Appropriation to general reserves | - | - | - | - | 800,826,455 | - | 800,826,455 | (800,826,455) | - |
| Distributions to holders of perpetual subordinated bonds | - | - | - | - | - | - | - | (386,200,000) | (386,200,000) |
| Issuance of perpetual subordinated bonds | - | 3,500,000,000 | - | - | - | - | - | - | 3,500,000,000 |
| Dividends to shareholders | - | - | - | - | - | - | - | (868,906,236) | (868,906,236) |
| Others | - | - | (1,386,454) | - | - | - | (1,386,454) | - | (1,386,454) |
| At 31 December 2021 | 4,827,256,868 | 8,500,000,000 | 41,698,292,045 | 1,392,448,797 | 3,919,804,534 | 106,826,215 | 47,117,371,591 | 6,211,977,761 | 66,656,606,220 |

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60. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Movement in the Company's reserves (continued)

| | Reserves | | | | | | | | Total equity |
|--|---------------|--------------------------|-----------------|-----------------|------------------|--------------------------------|----------------|------------------|-----------------|
| | Share capital | Other equity instruments | Capital reserve | Surplus reserve | General reserves | Investment revaluation reserve | Subtotal | Retained profits | |
| At 1 January 2020 | 4,368,667,868 | 1,000,000,000 | 29,126,206,007 | 736,558,479 | 2,594,387,788 | 113,040,994 | 32,570,193,268 | 2,946,487,882 | 40,885,349,018 |
| Changes in equity for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 2,590,179,997 | 2,590,179,997 |
| Other comprehensive income for the year | - | - | - | - | - | (130,560,690) | (130,560,690) | - | (130,560,690) |
| Total comprehensive income for the year | - | - | - | - | - | (130,560,690) | (130,560,690) | 2,590,179,997 | 2,459,619,307 |
| Appropriation to surplus reserve | - | - | - | 259,018,000 | - | - | 259,018,000 | (259,018,000) | - |
| Appropriation to general reserves | - | - | - | - | 524,590,291 | - | 524,590,291 | (524,590,291) | - |
| Distributions to holders of perpetual subordinated bonds | - | - | - | - | - | - | - | (57,000,000) | (57,000,000) |
| Issuance of A Shares | 458,589,000 | - | 12,573,472,492 | - | - | - | 12,573,472,492 | - | 13,032,061,492 |
| Issuance of perpetual subordinated bonds | - | 5,000,000,000 | - | - | - | - | - | - | 5,000,000,000 |
| Redemption of perpetual subordinated bonds | - | (1,000,000,000) | - | - | - | - | - | - | (1,000,000,000) |
| At 31 December 2020 | 4,827,256,868 | 5,000,000,000 | 41,699,678,499 | 995,576,479 | 3,118,978,079 | (17,519,696) | 45,796,713,361 | 4,696,059,588 | 60,320,029,817 |

61. INTERESTS IN SUBSIDIARIES

| | As at 31 December | |
|---|-----------------------|----------------|
| | 2021 | 2020 |
| Unlisted shares, at cost or deemed cost | 26,953,277,514 | 24,953,777,514 |

61. INTERESTS IN SUBSIDIARIES *(continued)*

(a) Particulars of the Company's principal subsidiaries are as follows:

| Name of company | Place of incorporation and operation | Kind of legal entity | Particulars of issued and paid-in capital | Equity interest held by the Company as at 31 December | | Principal activity | Auditor ⁽¹⁾ |
|---|--------------------------------------|---------------------------|---|---|------|---|------------------------|
| | | | | 2021 | 2020 | | |
| China International Capital Corporation (Hong Kong) Limited | Hong Kong SAR | Company limited by shares | HKD 3,900,000,000 | 100% | 100% | Overseas investment holding business | DTT |
| CICC Wealth Management | Shenzhen, PRC | Limited liability company | RMB 8,000,000,000 | 100% | 100% | Wealth management and securities brokerage business | DTT PRC |
| CICC Capital | Beijing, PRC | Limited liability company | RMB922,804,807 | 100% | 100% | Private equity investment business | DTT PRC |
| CICC Pucheng Investment Co., Ltd. | Shanghai, PRC | Limited liability company | RMB 3,000,000,000 | 100% | 100% | Alternative investment business: financial products, equity, etc. | DTT PRC |
| CICC Fund Management Co., Ltd. | Beijing, PRC | Limited liability company | RMB 500,000,000 | 100% | 100% | Management of funds business | DTT PRC |
| CICC Futures Co., Ltd. | Xining, PRC | Limited liability company | RMB 350,000,000 | 100% | 100% | Futures brokerage and asset management business | DTT PRC |
| CICC Private Equity Management Co., Ltd. | Shanghai, PRC | Limited liability company | RMB 99,500,000 | 100% | 100% | Private equity investment business | DTT PRC |
| CICC Financial Trading Limited ⁽²⁾ | Hong Kong SAR | Company limited by shares | HKD1 | 100% | 100% | Securities trading business | DTT |

Notes:

- (1) Statutory auditors of the respective subsidiaries of the Group are as follows:
- DTT PRC represents Deloitte Touche Tohmatsu Certified Public Accountants LLP, 德勤華永會計師事務所(特殊普通合伙), a firm of certified public accountants registered in the PRC;
 - DTT represents Deloitte Touche Tohmatsu, 德勤關黃陳方會計師行(香港), a firm of certified public accountants registered in Hong Kong;
- (2) The equity interest of the subsidiary was indirectly held by the Company.

Notes to the Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

61. INTERESTS IN SUBSIDIARIES *(continued)*

(b) Acquisition of a subsidiary

CICC Capital, a subsidiary of the Company, increased the capital of Science & Technology Innovation with cash consideration of RMB220,129,947 as the consolidation cost in October 2021. After the capital increase, CICC Capital held 51% of shareholding and voting rights, which resulted in the control over Science & Technology Innovation that was included in the scope of consolidation.

The deal price of CICC Capital's capital increase in Science & Technology Innovation was based on the assessment value determined by the Asset Assessment Report on the Value of All Equity of Science & Technology Innovation Shareholders Involved in the Capital Increase in Science & Technology Innovation Proposed by CICC Capital Through Non-public Agreement, which was issued by China Enterprise Appraisals Consultation Co., Ltd. with 31 December 2020 as the assessment base date (Zhong Qi Hua Ping Bao Zi (2021) No. 1226). The aforesaid Assessment Report was approved by the Reply of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality on the Capital Increase Asset Assessment Project of Science & Technology Innovation (Jing Guo Zi Chan Quan [2021] No. 22).

The difference between the consolidation consideration and the fair value of identifiable net assets of Science & Technology Innovation attributable to CICC Capital on the consolidation date was recognised as goodwill of RMB39,984,637.

62. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with the IAS, believes that the probability for the occurrence of such risk is relatively low. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as at 31 December 2021.

63. SUBSEQUENT EVENTS

(a) Corporate bonds

On 8 March 2022, the Group issued the first tranche of public corporate bonds, with type I named as 22 CICC WMS G1 and type II named as 22 CICC WMS G2. The total principal amount of 22 CICC WMS G1 is RMB1.5 billion with duration of 3 years and the interest rate is 3.07% per annum. The total principal amount of 22 CICC WMS G2 is RMB0.5 billion with duration of 5 years and the interest rate is 3.49% per annum.

(b) Subordinated bonds

On 24 March 2022, the Group issued the first tranche of public subordinated bonds, with type I named as 22 CICC WMS C1 and type II named as 22 CICC WMS C2. The total principal amount of 22 CICC WMS C1 is RMB1.5 billion with duration of 3 years and the interest rate is 3.50% per annum. The total principal amount of 22 CICC WMS C2 is RMB0.5 billion with duration of 5 years and the interest rate is 3.89% per annum. The Group redeemed 17 CISC 02 with an aggregate principal amount of RMB1.8 billion on 23 February 2022.

(c) MTNs

The Group issued a tranche of 3-year MTN with an aggregate principal amount of USD0.6 billion on 21 March 2022 and the interest rate is 2.875% per annum.

(d) Short-term commercial papers

The Group redeemed 21 CICC CP001 with an aggregate principal amount of RMB1.0 billion on 25 February 2022.

(e) Perpetual subordinated bonds

On 13 January 2022, the Group issued the first tranche of public perpetual subordinated bonds named as 22 CICC Y1. The total principal amount is RMB3.9 billion and the interest rate is 3.60% per annum.

(f) Proposed profit distribution after the reporting period

In accordance with the 2021 profit distribution plan approved by the Board of Directors on 30 March 2022, the Company will adopt the method of cash dividends for its 2021 profit distribution. The total of proposed cash dividends to be distributed is RMB1,448,177,060 (tax inclusive). On the basis of 4,827,256,868 shares in issue as at the date of approval of the financial statements of the Company, a cash dividend of RMB3.00 (tax inclusive) for every ten shares will be distributed. The 2021 profit distribution plan is subject to approval of the related resolution by the annual general meeting. The cash dividends will be recognized as liabilities after the approval and declaration by the annual general meeting.

INDEX OF DOCUMENTS FOR INSPECTION

- I. Financial statements carrying the signature and seal of the Company's person-in-charge, principal-in-charge of Accounting, and person-in-charge of Accounting Department (i.e. head of the accounting affairs).
- II. The original audit report carrying the seal of the accounting firm and the signature and seal of the certified public accountant.
- III. The original copies of all documents and announcements of the Company made public during the Reporting Period.
- IV. Annual reports published in other securities markets.

INFORMATION DISCLOSURE OF SECURITIES COMPANIES

I. MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

| No. | Recipient of approval | Name of approval document/ business license | No. of approval document/ certificate | Approval agency | Date of approval |
|-----|---|---|--|--|------------------|
| 1 | China International Capital Corporation Limited | Approval relating to the Qualification of the Stock Options Market Making Business of China International Capital Corporation Limited | Zheng Jian Xu Ke [2021] No. 341 | China Securities Regulatory Commission | 2/3/2021 |

II. RESULTS OF CLASSIFICATION BY REGULATORY AUTHORITIES

In 2021, the Company was rated Class AA under Category A by the CSRC according to the classification of securities companies.

APPENDIX I: COMPANY'S MAIN BUSINESS QUALIFICATIONS

- (1) In 1995, obtained license for operating foreign exchange business, the State Administration of Foreign Exchange (replaced by license of securities business in foreign currency in 2015)
- (2) In 1996, qualification of member of the Shanghai Stock Exchange, the Shanghai Stock Exchange
- (3) In 1997, qualification of member of the Shenzhen Stock Exchange, the Shenzhen Stock Exchange
- (4) In 1999, qualification for underwriting business, proprietary trading and brokerage business for domestic and overseas government bonds, corporate bonds and enterprise bonds, the CSRC
- (5) In 1999, obtained approval to enter the national interbank market, the PBOC
- (6) In 2000, qualification of member of National Debt Association of China, the National Debt Association of China
- (7) In 2001, qualification for RMB ordinary equities brokerage business, the CSRC
- (8) In 2002, qualification for securities investment advisory business, the CSRC
- (9) In 2002, qualification for entrusted investment management business, the CSRC
- (10) In 2004, obtained approval to become one of the first batch of sponsor institutions, the CSRC
- (11) In 2004, qualification for internet securities entrustment business, the CSRC
- (12) In 2004, qualification of sales agent for open-ended securities investment funds, the CSRC
- (13) In 2004, securities firm engaging in innovative activities, the SAC
- (14) In 2004, qualification of NSSF investment manager, the National Council for Social Security Fund
- (15) In 2005, obtained approval to set up collective asset management plans for CICC's short-term bonds, the CSRC
- (16) In 2005, qualification for underwriting business of short-term commercial papers, the PBOC
- (17) In 2005, qualification for bond forward transactions business in the national interbank bond market, the PBOC
- (18) In 2005, qualification of bilateral market maker for block transactions of bonds, the Shanghai Stock Exchange
- (19) In 2005, qualification for warrant trading business, the Shanghai Stock Exchange

- (20) In 2005, qualification of corporate annuity fund manager, the Ministry of Human Resources and Social Security of the People's Republic of China
- (21) In 2005, qualification for foreign exchange asset management business, the SAC
- (22) In 2006, qualification of first-class dealer for SSE 180 Trading Open-ended Index Securities Investment Fund (i.e. ETF), the Shanghai Stock Exchange
- (23) In 2006, qualification of NSSF offshore investment manager, the National Council for Social Security Fund
- (24) In 2006, qualification of Participant of China Securities Depository and Clearing Corporation, the China Securities Depository and Clearing Co., Ltd
- (25) In 2007, approved the proposal of third party custodian for settlement funds of client transactions, the Beijing Office of the CSRC
- (26) In 2007, qualification of dealer on Integrated Electronic Platform of Fixed-income Securities of the Shanghai Stock Exchange, the Shanghai Stock Exchange
- (27) In 2007, engaged in offshore securities investment management business as a QDII, the CSRC
- (28) In 2007, qualification for the business of SSE Fund Connect (上證基金通), the Shanghai Stock Exchange
- (29) In 2007, obtained approval to commence direct investment business (through the promotion and establishment of a wholly-owned direct investment company), the CSRC
- (30) In 2007, qualification to engage in interbank market interest rate swap business, the CSRC
- (31) In 2008, qualification of Class A Clearing Participant of China Securities Depository and Clearing Corporation, the China Securities Depository and Clearing Co., Ltd
- (32) In 2008, qualification for lead underwriting business of short-term commercial paper, the PBOC
- (33) In 2008, obtained approval to set up collective asset management plan for gains from CICC's enhanced bonds, the CSRC
- (34) In 2009, qualification of member of the Tianjin Climate Exchange, the Tianjin Climate Exchange
- (35) In 2010, qualification to commence RMB ordinary equities proprietary trading, the CSRC
- (36) In 2010, qualification to provide introducing brokerage business to futures companies, the CSRC

Appendix I: Company's Main Business Qualifications

- (37) In 2010, qualification of market maker in the national interbank bond market, the PBOC
- (38) In 2010, qualification to commence offshore securities investment specific asset management business, the CSRC
- (39) In 2010, qualification of ordinary clearing member of the Interbank Market Clearing House Co., Ltd., the Interbank Market Clearing House Co., Ltd.
- (40) In 2010, qualification for margin financing and securities lending business, the CSRC
- (41) In 2011, qualification for business of Nominated Advisers & Brokers on the Third Board (Agency Share Transfer System), the SAC
- (42) In 2011, obtained approval to increase agency sale institutions for collective asset management plan for gains from CICC's enhanced bonds and collective asset management plans for CICC's selective funds, the Beijing Office of the CSRC
- (43) In 2011, qualification of member of book-entry government bond underwriting syndicates from 2012-2014, the Ministry of Finance of China, the PBOC and the CSRC
- (44) In 2011, obtained approval to launch and set up investment funds for strategic emerging industries, the National Development and Reform Commission of China
- (45) In 2012, qualification to commence placing business for SME bonds, the SAC
- (46) In 2012, qualification for bond pledged quotation and repo transaction, the CSRC
- (47) In 2012, qualification of insurance funds investment manager, the CIRC
- (48) In 2012, authorization for trading in securities under repurchase agreements, the Shanghai Stock Exchange
- (49) In 2012, qualification to provide refinancing for margin financing and securities lending business, the CSF
- (50) In 2012, expanded the financing investment of bond pledged quotation and repo transaction, the Shanghai Stock Exchange
- (51) In 2012, qualification to establish a professional subsidiary for commencing real estate direct investment fund business, the CSRC
- (52) In 2013, qualification for over-the-counter trading business, the SAC
- (53) In 2013, authorization for stock pledged repo transaction, the Shanghai Stock Exchange and the Shenzhen Stock Exchange

- (54) In 2013, qualification for equities swap transaction business, the SAC
- (55) In 2013, qualification for agency business of financial products, the CSRC Beijing Bureau
- (56) In 2013, qualification for sponsor, brokerage business on the National Equities Exchange and Quotations (NEEQ), NEEQ
- (57) In 2013, qualification for witnessing account opening business, the CSDC
- (58) In 2013, qualification for split conversion and merger conversion business of funds, the CSDC
- (59) In 2013, qualification of advisory service for military industry and confidential business (renewed in 2017 with a valid term of 3 years), the State Administration for Science, Technology and Industry for National Defense
- (60) In 2013, authorization for trading in securities under repurchase agreement, the Shenzhen Stock Exchange
- (61) In 2014, qualification for mutual funds business (through the promotion and establishment of a wholly-owned fund company), the CSRC
- (62) In 2014, business for special institutional customers of insurance institutions, the China Insurance Regulatory Commission
- (63) In 2014, qualification for internet account opening business, the CSDC
- (64) In 2014, qualification for market-making business on the National Equities Exchange and Quotations (NEEQ), NEEQ
- (65) In 2014, qualification for Southbound Trading (Shanghai-Hong Kong Stock Connect), the Shanghai Stock Exchange
- (66) In 2014, qualification for over-the-counter issuance of beneficiary certificates business, the China Securities Internet System Co., Ltd.
- (67) In 2015, qualifications for stock options brokerage business and proprietary trading business, the Shanghai Stock Exchange and the Shenzhen Stock Exchange
- (68) In 2015, qualification of internet finance business, the CSRC
- (69) In 2015, qualification of integrated custodian business for private funds, the China Securities Investor Protection Fund Corporation Limited
- (70) In 2015, qualification of security agency business for long-distance pledge and registration, the CSDC
- (71) In 2015, qualifications for spot precious metals agency business and spot gold proprietary trading business and member of the Shanghai Gold Exchange, the CSRC and the Shanghai Gold Exchange

Appendix I: Company's Main Business Qualifications

- (72) In 2015, qualification of custodian business for securities investment funds, the CSRC
- (73) In 2016, qualification of standard bond futures centralized settlement business with Shanghai Clearing House, the Interbank Market Clearing House Co., Ltd.
- (74) In 2016, qualification for Southbound Trading (Shenzhen-Hong Kong Stock Connect), the Shenzhen Stock Exchange
- (75) In 2017, qualification for the northbound trading quotation bureau under bond connect granted by the National Interbank Funding Center, the China Foreign Exchange Trade System
- (76) In 2017, replaced the original permit to operate securities business with the permit to operate securities and futures business, the CSRC
- (77) In 2018, qualification for conducting pilot cross-border businesses, the CSRC
- (78) In 2018, qualification of first-class dealer for OTC options, the CSRC
- (79) In 2019, qualification of core dealer for Credit Protection Contract, the Shanghai Stock Exchange
- (80) In 2019, pilot qualification of financing business through exercising incentive share options of listed companies, the Shenzhen Stock Exchange
- (81) In 2019, qualification of private fund services (including qualifications for quota registration business service and valuation and accounting business service), the Asset Management Association
- (82) In 2019, qualification of core dealer for Credit Protection Contract, the Shenzhen Stock Exchange
- (83) In 2019, qualification for main market maker business of listed funds, the Shanghai Stock Exchange
- (84) In 2019, qualification of member of China Banking Association, the China Banking Association
- (85) In 2019, qualification for conducting margin financing business on the science and technology innovation board, the CSF
- (86) In 2019, qualification for conducting market making business of commodity options, the CSRC
- (87) In 2019, authorization for trading in stock options business, the Shenzhen Stock Exchange
- (88) In 2019, qualification of the Credit Protection Certificate Creation Agency granted by the Shanghai Stock Exchange, the Shanghai Stock Exchange

- (89) In 2020, commenced interest rate option business on a pilot basis, the China Foreign Exchange Trade System
- (90) In 2020, pilot qualification of fund investment advisory business, the CSRC
- (91) In 2020, qualification of market maker for hot rolled coils futures, the Shanghai Futures Exchange
- (92) In 2020, filing of foreign exchange business on behalf of customers (to conduct the settlement and sale of foreign exchange for customers (including themselves) engaged in cross-border investment and financing transactions in compliance with laws and regulations; RMB structured products (QUANTO); foreign exchange trading business on behalf of customers), the State Administration of Foreign Exchange
- (93) In 2020, qualification to independently carry out the lead underwriting business for the debt financing instruments of non-financial enterprises, the National Association of Financial Market Institutional Investors
- (94) In 2020, qualification to conduct foreign exchange settlement and sales business, the State Administration of Foreign Exchange
- (95) In 2020, qualification of member of inter-bank foreign exchange market, the China Foreign Exchange Trade System
- (96) In 2020, qualification of the Credit Protection Certificate Creation Agency granted by the Shenzhen Stock Exchange, the Shenzhen Stock Exchange
- (97) In 2021, qualification for conducting market making business of commodity futures, the CSRC
- (98) In 2021, qualification for the stock options market making business, the CSRC
- (99) In 2021, qualification of member of the Beijing Stock Exchange, the Beijing Stock Exchange
- (100) In 2021, qualification for conducting southbound trading ("Southbound Trading") business under the bond market connect between the Mainland and Hong Kong, the PBOC
- (101) In 2021, qualification for conducting market making business of government bond futures, the CSRC
- (102) In 2021, qualification for non-bank financial institutions to carry out the pilot business of the settlement and sale of foreign exchange on behalf of customers, the State Administration of Foreign Exchange

APPENDIX II: INFORMATION ON SECURITIES BUSINESS OFFICES OF THE COMPANY

As of the end of the Reporting Period, CICC and CICC Wealth Management Securities, a subsidiary of CICC had a total of 221 securities business offices, the basic information of which is as follows:

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|--|--|-----------------------|
| 1 | Beijing | Beijing Jianguomenwai Avenue Securities Business Office of CICC | Units 06 & 07, 6/F, 1 Jianguomenwai Avenue (Phase II), Chaoyang District, Beijing | January 22, 2003 |
| 2 | Guangdong | Shenzhen Yitian Road Securities Business Office of CICC | Unit 02, 72/F, Ping An Finance Center, No. 5033 Yitian Road, Fu'an Community, Futian Street, Futian District, Shenzhen | August 21, 2003 |
| 3 | Shanghai | Shanghai Pudong New District Century Avenue Securities Business Office of CICC | Room 4609-14, 46/F, Office Building (Phase II), Shanghai International Financial Tower, No. 8 Century Avenue, China (Shanghai) Pilot Free Trade Zone | September 10, 2013 |
| 4 | Shanghai | Shanghai Huangpu District Hubin Road Securities Business Office of CICC | Unit 1804B, No. 168 Hubin Road, Huangpu District, Shanghai | January 29, 2003 |
| 5 | Anhui | Hefei Changjiang Middle Road Securities Business Office of CICC Wealth Management Securities | 5/F, China Merchants Tower, No. 168 Changjiang Middle Road, Luyang District, Hefei, Anhui | November 22, 2005 |
| 6 | Anhui | Ma'anshan Yinshan Road Securities Business Office of CICC Wealth Management Securities | No. 1438 Yinshan Road, Yushan District, Ma'anshan | November 4, 2010 |
| 7 | Anhui | Feidong Gongyuan Road Securities Business Office of CICC Wealth Management Securities | Room 3-7-1301, Xingguang International Plaza, Gongyuan Road, Dianbu Town, Feidong County | July 26, 2006 |
| 8 | Anhui | Anqing Linghu South Road Securities Business Office of CICC Wealth Management Securities | No. 315 Linghu South Road, Yingjiang District, Anqing, Anhui | November 6, 2014 |
| 9 | Anhui | Huangshan Binjiang East Road Securities Business Office of CICC Wealth Management Securities | No. 8 Zhongyi Tower, Shiji Huayuan, Binjiang East Road, Tunxi District, Huangshan, Anhui | November 7, 2014 |
| 10 | Anhui | Lu'an Meishan South Road Securities Business Office of CICC Wealth Management Securities | Room 1301, 13/F, Highway Fortune Plaza, Meishan South Road, Yu'an District, Lu'an, Anhui | November 5, 2014 |
| 11 | Anhui | Xuancheng Jingting Road Securities Business Office of CICC Wealth Management Securities | No. 2, Building 5, North Group of Sijia Garden, Xuanzhou District, Xuancheng, Anhui | August 8, 2016 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|---|--|-----------------------|
| 12 | Anhui | Huaibei Liyuan Road Securities Business Office of CICC Wealth Management Securities | Shop 101, Building 2#, Liyuan Road, Yuyuan Community, Xiangshan District, Huaibei, Anhui | August 23, 2016 |
| 13 | Anhui | Wuhu Jiuhua Middle Road Securities Business Office of CICC Wealth Management Securities | Room 7-12, 2/F, Building 7, Jiuhuashan Apartment, Jiuhua Middle Road, Jinghu District, Wuhu, Anhui | September 28, 2016 |
| 14 | Beijing | Beijing Wanshou Road Securities Business Office of CICC Wealth Management Securities | Room 301, 3/F, Room 131, 1/F, No. 2 West Street, Wanshou Road, Haidian District, Beijing | December 8, 2005 |
| 15 | Beijing | Beijing Fuchengmenwai Avenue Securities Business Office of CICC Wealth Management Securities | Room A1503, 15/F, No. 2 Fuchengmenwai Avenue, Xicheng District, Beijing | March 24, 2016 |
| 16 | Beijing | Beijing Fufeng Road Securities Business Office of CICC Wealth Management Securities | No. 04, 1/F, Block A, FIC Building, No. 4 Fufeng Road, Fengtai District, Beijing | May 27, 2016 |
| 17 | Beijing | Beijing Beisanhuan East Road Securities Business Office of CICC Wealth Management Securities | 1/F, 2/F, Tower A, Global Trade Center, No. 36 Beisanhuan East Road, Dongcheng District, Beijing | November 28, 2005 |
| 18 | Beijing | Beijing Chaoyang Road Securities Business Office of CICC Wealth Management Securities | Room 300-316, Building 2, No. 3 Yanjingli Middle Street, Chaoyang District, Beijing | November 16, 2005 |
| 19 | Beijing | Beijing Songzhuang Road Securities Business Office of CICC Wealth Management Securities | 11-12/F, Building 1, No. 71 Songzhuang Road, Fengtai District, Beijing | November 28, 2005 |
| 20 | Beijing | Beijing Fengtai North Road Securities Business Office of CICC Wealth Management Securities | Rooms 1008, 1009, 1010 in 1001, 10/F, Building 4, No. 18 Fengtai North Road, Fengtai District, Beijing | December 13, 2010 |
| 21 | Beijing | Beijing Wangjing Street Securities Business Office of CICC Wealth Management Securities | Room 211, 02/F, Commercial Building, No. 9 Wangjing Street, Chaoyang District, Beijing | September 29, 2011 |
| 22 | Beijing | Beijing Huayuan Road Securities Business Office of CICC Wealth Management Securities | Room 107, 1/F, No. 1 Huayuan Road, Haidian District, Beijing | December 2, 2015 |
| 23 | Beijing | Beijing Shunyi Zhanqian Street Securities Business Office of CICC Wealth Management Securities | Rooms 713, 714, 7/F, Building 1, No. 3 Zhanqian Street, Renhe Town, Shunyi District, Beijing | March 11, 2016 |
| 24 | Beijing | Beijing Zhongguancun South Street Securities Business Office of CICC Wealth Management Securities | Room 2601, 22/F, Building 1, No. 12 South Street B, Zhongguancun, Haidian District, Beijing | May 9, 2016 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|--|-----------------------|
| 25 | Beijing | Beijing Asian Games Village Securities Business Office of CICC Wealth Management Securities | Rooms 2701, 2702, 2703 in 2701, 27/F, Building 1, No. 8 Beichen East Road, Chaoyang District, Beijing | November 19, 2019 |
| 26 | Beijing | Beijing Ke Xue Yuan South Road Securities Business Office of CICC Wealth Management Securities | Units 1309-1311, 13/F, Building 1, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing | June 9, 2014 |
| 27 | Beijing | Beijing Jianguomenwai Avenue Securities Business Office of CICC Wealth Management Securities | Room 01 in 3601, 36/F, Building 3, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing | August 20, 2021 |
| 28 | Fujian | Jinjiang Century Avenue Securities Business Office of CICC Wealth Management Securities | Units 1303, 1305, 1306, 1307, Building D, Powerlong Residence, No. 520 Century Avenue, Qingyang Street, Jinjiang, Fujian | January 18, 2006 |
| 29 | Fujian | Pingtán Xihang Road Securities Business Office of CICC Wealth Management Securities | Building 2, Zone E, Jinxiang Residence, Dongmenzhuang, Chengzhong Village, Tancheng Town, Pingtan County, Fuzhou, Fujian | January 5, 2011 |
| 30 | Fujian | Xiamen Hubin East Road Securities Business Office of CICC Wealth Management Securities | Units 1502-1504, 1507, Building B, CR Building, No. 95 Hubin East Road, Siming District, Xiamen | January 8, 2015 |
| 31 | Fujian | Quanzhou Fengze Street Securities Business Office of CICC Wealth Management Securities | Units 03, 04, 21/F, Nanyi Square Office, No. 666 Fengze Street, Fengze District, Quanzhou, Fujian | July 10, 2014 |
| 32 | Fujian | Zhangzhou Jiulong Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 1401, 1402, 1407, Jiulong Eastmoney Center, No. 1 Jianyuan East Road, Longwen District, Zhangzhou, Fujian | June 17, 2020 |
| 33 | Fujian | Xiamen Lianyue Road Securities Business Office of CICC Wealth Management Securities | Room 0401, Office Building of Paragon Center, No. 1 Lianyue Road, Siming District, Xiamen | May 28, 2010 |
| 34 | Fujian | Fuzhou Wusi Road Securities Business Office of CICC Wealth Management Securities | Rooms 02-03, 38/F, Office Building of Hengli City, No. 128-1 Wusi Road, Gulou District, Fuzhou, Fujian | July 22, 2014 |
| 35 | Gansu | Lanzhou Nanbinhe Road Securities Business Office of CICC Wealth Management Securities | 11/F, Jinkairui Tower, No. 503 Nanbinhe East Road, Chengguan District, Lanzhou, Gansu | January 27, 2014 |

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|---|---|-----------------------|
| 36 | Guangdong | Guangzhou Panyu Qiaonan Road Securities Business Office of CICC Wealth Management Securities | Room 301, No. 228 Qiaonan Road, Qiaonan Street, Panyu District, Guangzhou | December 26, 2005 |
| 37 | Guangdong | Guangzhou Panyu Xingnan Avenue Securities Business Office of CICC Wealth Management Securities | No. 282, No. 284, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou | March 28, 2016 |
| 38 | Guangdong | Guangzhou Tianhe Road Securities Business Office of CICC Wealth Management Securities | Rooms 601, 602, 611, 612, No. 3 Tianhe Road, Huanghuagang Street, Yuexiu District, Guangzhou | December 29, 2005 |
| 39 | Guangdong | Shenzhen Aiguo Road Securities Business Office of CICC Wealth Management Securities | No. 1, 2/F, Block B, Jintong Building, No. 1058 Aiguo Road, Xinyi Community, Huangbei Street, Luohu District, Shenzhen | November 25, 2005 |
| 40 | Guangdong | Guangzhou Binjiang East Road Securities Business Office of CICC Wealth Management Securities | Shop A (Self-numbered), No. 837 Binjiang East Road, Haizhu District, Guangzhou | December 7, 2005 |
| 41 | Guangdong | Dongguan Humen Securities Business Office of CICC Wealth Management Securities | Shop 26, 3/F, Zhonglian Building, Humen Avenue, Humen Town, Dongguan | June 5, 2006 |
| 42 | Guangdong | Dongguan International Trade Center Securities Business Office of CICC Wealth Management Securities | Rooms 1302, 1303, 1304, 1307, Building 1, International Trade Center, No. 1 Hongfu East Road, Dongcheng Street, Dongguan, Guangdong | December 23, 2005 |
| 43 | Guangdong | Dongguan Chang'an Dezheng Middle Road Securities Business Office of CICC Wealth Management Securities | Shop 199, 1/F, No. 222 Dezheng Middle Road, Jinxia Community, Chang'an Town, Dongguan | August 27, 2015 |
| 44 | Guangdong | Shenzhen Bao An Zhongxin Road Securities Business Office of CICC Wealth Management Securities | 104, 15A, Times Center, No. 102 Zhongxin Road, Shangxing Community, Xinqiao Street, Bao An District, Shenzhen | March 30, 2007 |
| 45 | Guangdong | Shenzhen Taoyuan Road Securities Business Office of CICC Wealth Management Securities | Room 04-07, 3/F, HALO Plaza, No. 8 Taoyuan Road, Sungang Street, Luohu District, Shenzhen, Guangdong | November 23, 2005 |
| 46 | Guangdong | Shenzhen Houhai Avenue Securities Business Office of CICC Wealth Management Securities | Unit 2405B, Yihua Financial Technology Building, No. 3939 Baishi Road, Binhai Community, Yuehai Street, Nanshan District, Shenzhen | November 29, 2005 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|--|---|-----------------------|
| 47 | Guangdong | Jiangmen Yingbin Avenue Securities Business Office of CICC Wealth Management Securities | Units 1001, 1004-1011, 10/F, Building 1, International Finance Building, No. 118 Yingbin Avenue Central, Pengjiang District, Jiangmen, Guangdong | November 21, 2005 |
| 48 | Guangdong | Guangzhou Haizhu Plaza Securities Business Office of CICC Wealth Management Securities | Units 05, 06, 15/F, No. 181 Yanjiang West Road, Haizhu Plaza, Yuexiu District, Guangzhou, Guangdong | December 22, 2005 |
| 49 | Guangdong | Zhongshan Boai Fifth Road Securities Business Office of CICC Wealth Management Securities | Units 1001, 1002, No. 1 Boai Fifth Road, East District, Zhongshan | December 1, 2005 |
| 50 | Guangdong | Zhuhai Lovers South Road Securities Business Office of CICC Wealth Management Securities | Office Rooms 1402-2-1404, Building 5, No. 1 Lovers South Road, Xiangzhou District, Zhuhai, Guangdong | November 22, 2005 |
| 51 | Guangdong | Guangzhou Tiyu East Road Securities Business Office of CICC Wealth Management Securities | Room 2901, 29F, No. 140-148 Tiyu East Road, Tianhe District, Guangzhou, Guangdong | December 8, 2005 |
| 52 | Guangdong | Zhanjiang Leshan Road Securities Business Office of CICC Wealth Management Securities | Rooms 901, 904, CZZ Finance Center, No. 27 Leshan Road, Zhanjiang Development Zone, Guangdong | September 8, 2006 |
| 53 | Guangdong | Yangjiang Yingxin Plaza Securities Business Office of CICC Wealth Management Securities | Rooms 1507, 1508, 1509, 1510 in 1501, 15/F, Office Building of Yingxin Plaza, No. 88 Dongfeng Third Road, Jiangcheng District, Yangjiang, Guangdong | November 23, 2005 |
| 54 | Guangdong | Foshan Shunde Beijiao Chengde Road Securities Business Office of CICC Wealth Management Securities | Rooms 1401, 1402, 1403, 1404, Building 4, Midea Fortune Plaza, No. 1 Chengde Road, Junlan Community, Beijiao Town, Shunde District, Foshan | November 24, 2005 |
| 55 | Guangdong | Guangzhou Science Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 1004, 1005, 1006, No. 60 Science Avenue, Huangpu District, Guangzhou | September 26, 2011 |
| 56 | Guangdong | Zhanjiang Wuchuan Haigang Avenue Securities Business Office of CICC Wealth Management Securities | Shops 01, 02, 03, 1/F, Building 1, Haiyi Bandao Residential District, South of Haigang Avenue, Wuchuan City, Zhanjiang, Guangdong | July 28, 2006 |

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|---|---|-----------------------|
| 57 | Guangdong | Yangjiang Yangchun Chaonan Road Securities Business Office of CICC Wealth Management Securities | No. 75 Chaonan Road, Yangchun, Yangchun, Guangdong | July 24, 2014 |
| 58 | Guangdong | Guangzhou Huadu Fenghuang North Road Securities Business Office of CICC Wealth Management Securities | Room 1005, Yongyu Garden Hotel, No. 41 Fenghuang North Road, Huadu District, Guangzhou | November 18, 2014 |
| 59 | Guangdong | Zhongshan Xiaolan Shengping East Road Securities Business Office of CICC Wealth Management Securities | Room 101, 1/F, Building B, No. 33 Shengping East Road, Xiaolan Town, Zhongshan, Guangdong | March 10, 2015 |
| 60 | Guangdong | Foshan Nanhai Guicheng Denghu East Road Securities Business Office of CICC Wealth Management Securities | Units A, K, 28/F, Block 2, AIA Finance Center, No. 1 Denghu East Road, Guicheng Street, Nanhai District, Foshan | June 23, 2015 |
| 61 | Guangdong | Huizhou Wenchang First Road Securities Business Office of CICC Wealth Management Securities | Rooms 3809, 3810, 3811, 38/F, Building 3, Huamao Building, Platinum Garden, No. 11 Wenchang First Road, Jiangbei, Huicheng District, Huizhou | May 13, 2016 |
| 62 | Guangdong | Shenzhen Shum Yip UpperHills Securities Business Office of CICC Wealth Management Securities | Rooms 1803, 1804, 18/F, Building T1, Shum Yip UpperHills (South Zone), No. 5001 Huanggang Road, Lianhua Yi Village Community, Huafu Street, Futian District, Shenzhen | November 25, 2005 |
| 63 | Guangdong | Shenzhen One Shenzhen Bay Securities Business Office of CICC Wealth Management Securities | T1-17A, One Shenzhen Bay Plaza, No. 2233 Keyuan South Road, Seatopia Resort Community, Yuehai Street, Nanshan District, Shenzhen | January 20, 2006 |
| 64 | Guangdong | Shenzhen Baoan Xinghua Road Securities Business Office of CICC Wealth Management Securities | Rooms 1103-1106, Building 1, N23 Zone, Logan Century Center, Haiwang Community, Xin'an Street, Baoan District, Shenzhen | December 5, 2005 |
| 65 | Guangdong | Shenzhen Longgang Longfu Road Securities Business Office of CICC Wealth Management Securities | Room 02A-05, 6/F, Block A, Rongchaoyinglong Building, No. 5 Longfu Road, Longgang District, Shenzhen | May 31, 2010 |
| 66 | Guangdong | Shenzhen Wuhe Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2606-08, Building A, Galaxy WORLD Tower, Wuhe Avenue, Bantian Street, Longgang District, Shenzhen | June 4, 2010 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|---|---|-----------------------|
| 67 | Guangdong | Shenzhen Pingshan Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 118, B905, Podium buildings of Chuangxin Square, No. 2007 Pingshan Avenue, Liulian Community, Pingshan Street, Pingshan District, Shenzhen | July 7, 2011 |
| 68 | Guangdong | Shenzhen Shennan Avenue Times Technology Building Securities Business Office of CICC Wealth Management Securities | Rooms 1910, 1911, Times Technology Building, No. 7028 Shennan Avenue, Donghai Community, Xiangmihu Street, Futian District, Shenzhen | May 21, 2020 |
| 69 | Guangdong | Jiangmen Xinhui Qichao Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 1023-1024, No. 11 Qichao Avenue, Huicheng, Xinhui District, Jiangmen, Guangdong | April 20, 2020 |
| 70 | Guangdong | Maoming Xiyue North Road Securities Business Office of CICC Wealth Management Securities | Rooms 40, 41, 42, 43, 1/F, Building 8, No. 9 Xiyue North Road, Maoming, Guangdong | April 29, 2020 |
| 71 | Guangdong | Dongguan Tangxia Securities Business Office of CICC Wealth Management Securities | Rooms 1202, 1204, Building 1, Zhongfa Building, No. 8 Tangxing Road, No.4 Village, Tangxia Town, Dongguan, Guangdong | April 28, 2020 |
| 72 | Guangdong | Guangzhou Zhujiang New Town Securities Business Office of CICC Wealth Management Securities | Rooms 2804, 2805, 2806, 2807, 2808, 28/F, Kaihua International Center, No. 5 Xiancun Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong | April 17, 2009 |
| 73 | Guangdong | Foshan Jihua Fifth Road Securities Business Office of CICC Wealth Management Securities | Rooms 3010, 3011, 3012, 3013, Block 2, No. 57 Jihua Fifth Road, Chancheng District, Foshan, Guangdong | January 7, 2011 |
| 74 | Guangdong | Yunfu Xinxing Dongdi North Road Securities Business Office of CICC Wealth Management Securities | Units 4-6, 1/F, Building C1, Service Building, Wens Science and Technology Park, Dongdi North Road, Xincheng Town, Xinxing County, Yunfu, Guangdong | February 19, 2014 |
| 75 | Guangdong | Shenzhen Kerry Plaza Securities Business Office of CICC Wealth Management Securities | Rooms 701, 702, 703, 704, Block 3, Kerry Plaza, No. 1-1 Zhongxin Forth Road, Fu'an Community, Futian Street, Futian District, Shenzhen | June 3, 2021 |
| 76 | Guangdong | Guangzhou Panyu Hanxi Avenue East Securities Business Office of CICC Wealth Management Securities | Rooms 3303, 3304, No. 362 East Hanxi Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong | August 18, 2021 |

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|--|---|-----------------------|
| 77 | Guangdong | Yangjiang Jianglang Avenue Securities Business Office of CICC Wealth Management Securities | 3/F, Building 23, Zone A, Baoli Luolan Xianggu, No. 48 Jianglang Avenue, Jiangcheng District, Yangjiang, Guangdong | November 3, 2021 |
| 78 | Guangxi | Nanning Minzu Avenue Securities Business Office of CICC Wealth Management Securities | Unit 03, 38/F, East Office Building, Nanning China Resources Center, No. 136-1 Minzu Avenue, Qingxiu District, Nanning | November 23, 2021 |
| 79 | Guizhou | Guiyang Huaguoyuan Street Securities Business Office of CICC Wealth Management Securities | No. 3, 12/F, Building 9, Zone E, Huaguoyuan Project, No. 1 Huaguoyuan Street, Nanming District, Guiyang, Guizhou | November 24, 2005 |
| 80 | Hainan | Haikou Longhua Road Securities Business Office of CICC Wealth Management Securities | No. 15 Longhua Road, Haikou | November 23, 2005 |
| 81 | Hebei | Chengde Cuiqiao Road Securities Business Office of CICC Wealth Management Securities | No. 6 South of Cuiqiao Road, Shuangqiao District, Chengde, Hebei | November 15, 2005 |
| 82 | Hebei | Shijiazhuang Ziqiang Road Securities Business Office of CICC Wealth Management Securities | Room 1-301B, 3/F, Unit 1, T1 & T2 Commercial Office Buildings, Zhongjiao Fortune Center, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei | September 26, 2014 |
| 83 | Henan | Luoyang Tianjin Road Securities Business Office of CICC Wealth Management Securities | Shops 113, 203, Ground Floor, E953 Apartment, Tianjin Road, Jianxi District, Luoyang, Henan | November 21, 2005 |
| 84 | Henan | Zhengzhou Jianshe Road Securities Business Office of CICC Wealth Management Securities | No. 5 (Annex), 3/F, Building 1, No. 11 Jianshe West Road, Zhongyuan District, Zhengzhou | November 16, 2005 |
| 85 | Henan | Zhengzhou Commercial Inner Ring Road Securities Business Office of CICC Wealth Management Securities | No. 02, 1/F, No. 02, 2/F, Unit 2, Building 27, Commercial Inner Ring Road, Zhengzhou Area (Zhengdong), Henan Pilot Free Trade Zone | November 24, 2005 |
| 86 | Henan | Dengfeng Dayu Road Securities Business Office of CICC Wealth Management Securities | 2/F, Jinniu Group, West Section of Dayu Road, Dengfeng, Henan | December 27, 2005 |
| 87 | Henan | Xinyang Xinliu Street Securities Business Office of CICC Wealth Management Securities | Shops 115, 116, 215, 216, 217, Building 5, Shangri-La Garden Community, Xinliu Street, Yangshan New District, Xinyang | January 7, 2011 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|--------------|---|--|-----------------------|
| 88 | Henan | Anyang Zhonghua Road Securities Business Office of CICC Wealth Management Securities | Shop 2, Building 1, Zone G, Anhuiyuan, Huiyuan Street, Wenfeng District, Anyang, Henan | December 25, 2015 |
| 89 | Heilongjiang | Harbin Ganshui Road Securities Business Office of CICC Wealth Management Securities | 1-4/F, No. 41 Ganshui Road, Nangang District, Harbin | November 18, 2005 |
| 90 | Heilongjiang | Harbin Ziyuan Road Securities Business Office of CICC Wealth Management Securities | No. 2, 1-5/F, No. 8 Ziyuan Road, Daoli District, Harbin | November 18, 2005 |
| 91 | Heilongjiang | Harbin Shangjing Avenue Securities Business Office of CICC Wealth Management Securities | Shop 2, Building 1, Jicheng Jiayuan, Shangjing Avenue, Acheng District, Harbin | September 29, 2006 |
| 92 | Heilongjiang | Daqing Kunlun Street Securities Business Office of CICC Wealth Management Securities | Commercial Service Office 1, Building 25, Phase 4, Yangguang Jiayuan, Ranghu Road District, Daqing, Heilongjiang | May 20, 2016 |
| 93 | Hubei | Wuhan Zhongbei Road Securities Business Office of CICC Wealth Management Securities | Unit R5, 25/F, Office Building T1, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, Hubei | November 23, 2005 |
| 94 | Hubei | Wuhan Hong Kong Road Securities Business Office of CICC Wealth Management Securities | Room 9, 1/F, No. 8 Vanke · Hong Kong Road, Jiang'an District, Wuhan | November 25, 2005 |
| 95 | Hubei | Qianjiang Jiangnan Road Securities Business Office of CICC Wealth Management Securities | No. 21 Jiangnan Road, Qianjiang, Hubei | November 17, 2005 |
| 96 | Hubei | Qianjiang Wuqi Avenue Securities Business Office of CICC Wealth Management Securities | No. 20 Wuqi Avenue, Guanghua Office for Provincial administrative bodies, Qianjiang, Hubei | December 8, 2005 |
| 97 | Hubei | Wuhan Dongfeng Avenue Securities Business Office of CICC Wealth Management Securities | Room 6, 8/F, Building 6, Phase II, Jingkai Wanda Plaza, Economic and Technological Development Zone, Wuhan | July 21, 2014 |
| 98 | Hubei | Jingzhou Gongyuan Road Securities Business Office of CICC Wealth Management Securities | 1/F, Building 1, Gongyuan Road (west of Zhongshan Park), Shashi District, Jingzhou, Hubei | November 20, 2014 |
| 99 | Hubei | Wuhan Guanshan Avenue Securities Business Office of CICC Wealth Management Securities | No. 603A, 605, Office Building A, Lot A of Guanggu New World Center, No. 355 Guanshan Avenue, Donghu High-tech Development Zone, Wuhan | August 22, 2016 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|---|---|-----------------------|
| 100 | Hubei | Wuhan Zhongshan Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2606-2610, CITIC Pacific Mansion, No. 1627 Zhongshan Avenue, Jiang'an District, Wuhan, Hubei | May 19, 2020 |
| 101 | Hunan | Changsha Jiefang West Road Securities Business Office of CICC Wealth Management Securities | 27/F, Building T1, Changsha International Finance Square, No. 188 Jiefang West Road, Furong District, Changsha, Hunan | September 16, 2021 |
| 102 | Hunan | Changsha Xiangjiang Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 3302, 3303, Building 5, Huayuanhua Center, No. 36 Section Two of Xiangjiang Middle Road, Tianxin District, Changsha, Hunan | December 6, 2005 |
| 103 | Hunan | Zhuzhou Zhujiang North Road Securities Business Office of CICC Wealth Management Securities | Rooms 17002, 17003, 17004, Building 1 & 2, Lot A, Shennong Culture and Leisure Street, No. 37 Zhujiang North Road, Tianyuan District, Zhuzhou, Hunan | December 29, 2015 |
| 104 | Hunan | Xiangtan Shuangyong Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 0101004, 0201004, Unit 1, Building 3-B, Phase III Bid I of Dongfang Mingyuan, No. 9 Shuangyong Middle Road, Baota Street, Yuetang District, Xiangtan, Hunan | December 29, 2015 |
| 105 | Hunan | Yueyang Jin'e Middle Road Securities Business Office of CICC Wealth Management Securities | 1701 West, DeLong Haoting Fortune Center, No. 227 Jin'e Middle Road, Yueyanglou District, Yueyang, Hunan | December 30, 2015 |
| 106 | Jilin | Changchun Changchun Street Securities Business Office of CICC Wealth Management Securities | 5/F, Changchun University for Employees, No. 309 Changchun Street, Nanguan District, Changchun, Jilin | November 21, 2005 |
| 107 | Jilin | Songyuan Jinghu South Road Securities Business Office of CICC Wealth Management Securities | No. 340 Jinghu South Road, Economic and Technological Development Zone, Songyuan | August 5, 2014 |
| 108 | Jilin | Jilin Songjiang Middle Road Securities Business Office of CICC Wealth Management Securities | Commercial Outlet 1, Building 5, Cuijiang Jinyuan, Songjiang Middle Road, Chuanying District, Jilin, Jilin | December 24, 2015 |
| 109 | Jiangsu | Changzhou Laodong West Road Securities Business Office of CICC Wealth Management Securities | 16/F, Jingu Tower, No. 206 Laodong West Road, Zhonglou District, Changzhou, Jiangsu | December 19, 2005 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|--|-----------------------|
| 110 | Jiangsu | Changzhou Yanzheng Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 816, 818, 8/F, Changfa Tower, No. 5 Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu | April 15, 2016 |
| 111 | Jiangsu | Changzhou Tongjiang South Road Securities Business Office of CICC Wealth Management Securities | Rooms 701, 702, 7/F, Xincheng International Building, No. 88 Tongjiang South Road, Zhonglou District, Changzhou | May 24, 2016 |
| 112 | Jiangsu | Wuxi Renmin Middle Road Securities Business Office of CICC Wealth Management Securities | Units 2803-2805, 28/F, Block 2, Office Building of Hang Lung Plaza, No. 139 Renmin Middle Road, Liangxi District, Wuxi | November 22, 2005 |
| 113 | Jiangsu | Yixing Yangxian East Road Securities Business Office of CICC Wealth Management Securities | No. 137 Yangxian East Road, Yicheng Street, Yixing | September 22, 2014 |
| 114 | Jiangsu | Nanjing Longpan Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 06, 07, 08, 33F, AVIC Science and Technology Building, No. 218 Longpan Middle Road, Qinhuai District, Nanjing, Jiangsu | November 23, 2005 |
| 115 | Jiangsu | Nanjing Zhongyang Road Securities Business Office of CICC Wealth Management Securities | 5/F, Phoenix International Building, No. 389 Zhongyang Road, Nanjing | November 23, 2005 |
| 116 | Jiangsu | Nantong Yaogang Road Securities Business Office of CICC Wealth Management Securities | 1-3/F, No. 38 Yaogang Road, Nantong | November 23, 2005 |
| 117 | Jiangsu | Yangzhou Wenchang West Road Securities Business Office of CICC Wealth Management Securities | Parts of 504, 503, 502, 5/F, Zijin Plaza, No. 10 Wenchang West Road, Hanjiang District, Yangzhou, Jiangsu | November 23, 2005 |
| 118 | Jiangsu | Huaian Shuidukou Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2-1601, 2-1604, Building B2, Central Business District, Finance Center, Huaian | November 25, 2005 |
| 119 | Jiangsu | Yangzhou Longcheng Road Securities Business Office of CICC Wealth Management Securities | 2-3/F, Podium buildings of Bank of China Tower, No. 19 Longcheng Road, Jiangdu District, Yangzhou, Jiangsu | March 9, 2010 |
| 120 | Jiangsu | Yizheng Daqing North Road Securities Business Office of CICC Wealth Management Securities | Building 3, No. 99 Daqing North Road, Zhenzhou Town, Yizheng | December 6, 2005 |
| 121 | Jiangsu | Suqian Hongzehu Road Securities Business Office of CICC Wealth Management Securities | 1-2/F, Shop A03-1, Block A, Golden Eagle Tiandi Plaza, No. 2 Hongzehu Road, Sucheng District, Suqian, Jiangsu | February 8, 2006 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|---|-----------------------|
| 122 | Jiangsu | Zhenjiang Zhongshan East Road Securities Business Office of CICC Wealth Management Securities | Room 1504, Unit A, Suning Plaza Tower, No. 301 Zhongshan East Road, Jingkou District, Zhenjiang | September 13, 2011 |
| 123 | Jiangsu | Suzhou Ganjiang West Road Securities Business Office of CICC Wealth Management Securities | Rooms 601-608, No. 151 Yangyu Lane, Suzhou | November 23, 2005 |
| 124 | Jiangsu | Liyang Meijian Road Securities Business Office of CICC Wealth Management Securities | No. 1 Meijian Road, Licheng Town, Liyang | January 23, 2006 |
| 125 | Jiangsu | Nantong Rudong Qingyuan North Road Securities Business Office of CICC Wealth Management Securities | 4/F, Building 19, No. 9 Qingyuan North Road, Juegang Town, Rudong County, Nantong, Jiangsu | January 16, 2006 |
| 126 | Jiangsu | Huai'an City Huai'an District Yonghuai East Road Securities Business Office of CICC Wealth Management Securities | Shop 14-1, Buildings 1 & 2, Oriental Hilton, No. 2 Yonghuai East Road, Huai'an District, Huai'an | September 25, 2014 |
| 127 | Jiangsu | Xuzhou Meigang Road Securities Business Office of CICC Wealth Management Securities | No. 3#-110, Binhu City Garden, No. 16 Meigang Road, Gulou District, Xuzhou | October 9, 2014 |
| 128 | Jiangsu | Jingjiang Renmin South Road Securities Business Office of CICC Wealth Management Securities | Room 109, Building 1, Jinghai Community, Renmin South Road, Jingcheng Street, Jingjiang | December 17, 2014 |
| 129 | Jiangsu | Yangzhou Gaoyou Wenyou Middle Road Securities Business Office of CICC Wealth Management Securities | Shop 19, Jiahe Huayuan, Gaoyou City, Yangzhou, Jiangsu | March 18, 2015 |
| 130 | Jiangsu | Nanjing Olympic Sports Street Securities Business Office of CICC Wealth Management Securities | Room 5105, 1/F, Building 05, Xincheng Science and Technology Building, No. 69 Olympic Sports Street, Jianye District, Nanjing | March 5, 2015 |
| 131 | Jiangsu | Lianyungang Cangwu Road Securities Business Office of CICC Wealth Management Securities | Shop 06, Building 25, Mingzhu Huangguan Huayuan, No. 30 Cangwu Road, Haizhou District, Lianyungang | November 12, 2015 |
| 132 | Jiangsu | Wujiang Shengze Shunxin Middle Road Securities Business Office of CICC Wealth Management Securities | 12/F, Silk Building, No. 439 Shunxin Middle Road, Shengze Town, Wujiang District, Suzhou, Jiangsu | December 23, 2005 |
| 133 | Jiangsu | Wujiang Zhongshan South Road Securities Business Office of CICC Wealth Management Securities | Shops 6, 7, Zhongshan South Road, Songling Town, Wujiang District, Suzhou | June 20, 2016 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------------|---|--|-----------------------|
| 134 | Jiangsu | Jiangyin Chaoyang Road Securities Business Office of CICC Wealth Management Securities | No. 2-10 Xiangye Road, Jiangyin, Jiangsu | July 10, 2020 |
| 135 | Jiangsu | Suzhou Center Securities Business Office of CICC Wealth Management Securities | Room 02/03, 11/F, Block B, Building 88, Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone | October 31, 2019 |
| 136 | Jiangsu | Nanjing Hanzhong Road Securities Business Office of CICC Wealth Management Securities | Areas C, D1, 30/F, Asia Pacific Business Building, No. 2 Hanzhong Road, Gulou District, Nanjing, Jiangsu | March 24, 2009 |
| 137 | Jiangxi | Nanchang Honggu Middle Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2907, 2908, 2909, 2910, 29/F, Office Building of Lianfa Plaza, No. 129 Lvying Road, Honggutan New District, Nanchang, Jiangxi | December 9, 2005 |
| 138 | Liaoning | Shenyang Youhao Street Securities Business Office of CICC Wealth Management Securities | Units 03, 04, 29/F (33 for Elevator), Building 1, Sunny World Center, Area I of Northeast World Trade Plaza, No. 10 Youhao Street, Shenhe District, Shenyang | November 14, 2005 |
| 139 | Liaoning | Shenyang Qingnian Street Securities Business Office of CICC Wealth Management Securities | Units 3306-3309, Building B, Enterprise Plaza, No. 125 Qingnian Street, Shenhe District, Shenyang | November 15, 2005 |
| 140 | Liaoning | Tieling Yinzhou Road Securities Business Office of CICC Wealth Management Securities | No. 1 Yinzhou Road, Yinzhou District, Tieling, Liaoning | November 15, 2005 |
| 141 | Liaoning | Anshan South Shengli Road Securities Business Office of CICC Wealth Management Securities | No. 21 South Shengli Road, Tiedong District, Anshan | November 21, 2005 |
| 142 | Liaoning | Dalian Renmin Road Securities Business Office of CICC Wealth Management Securities | No. 96 Renmin Road, Zhongshan District, Dalian | November 17, 2005 |
| 143 | Liaoning | Shenyang Tiancheng Street Securities Business Office of CICC Wealth Management Securities | No. 0215-0221 & Room 4, 1/F, Tiancheng Street 6A - 1, Hunnan District, Shenyang | March 3, 2016 |
| 144 | Liaoning | Dalian Gangxing Road Securities Business Office of CICC Wealth Management Securities | Units 05-12, 32/F, Wanda Center, No. 6 Gangxing Road, Zhongshan District, Dalian, Liaoning | March 4, 2011 |
| 145 | Inner Mongolia | Hohhot Tengfei Road Securities Business Office of CICC Wealth Management Securities | Rooms 7013, 7014, 7015, 7016, 7017, Block C, BBMG Global Center, Tengfei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region | May 15, 2020 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|--|-----------------------|
| 146 | Ningxia | Yinchuan Beijing Middle Road Securities Business Office of CICC Wealth Management Securities | No. 3105, 31/F, NIG Office Building, Dening International Center, Beijing Middle Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region | October 19, 2015 |
| 147 | Qinghai | Qinghai Oilfield Securities Business Office of CICC Wealth Management Securities | Middle section of Kunlun Road, Qili Town, Dunhuang, Gansu | March 28, 2006 |
| 148 | Qinghai | Xining Shengli Road Securities Business Office of CICC Wealth Management Securities | No. 10 Shengli Road, Chengxi District, Xining | November 30, 2005 |
| 149 | Qinghai | Xining Xiguan Street Xinning Plaza Securities Business Office of CICC Wealth Management Securities | 4/F, Hydropower Building, No. 57 Xiguan Street, Chengxi District, Xining | January 15, 2008 |
| 150 | Shandong | Weihai Qingdao North Road Securities Business Office of CICC Wealth Management Securities | Units 201, 202, 203, No. 52 Qingdao North Road, Zhudao Street, Huancui District, Weihai, Shandong | November 14, 2005 |
| 151 | Shandong | Qingdao Yanji Road Securities Business Office of CICC Wealth Management Securities | Unit 04, 5/F, Zhonghai Building, Block 6, No. 76 Yanji Road, Shibei District, Qingdao, Shandong | November 23, 2005 |
| 152 | Shandong | Jining Huancheng West Road Securities Business Office of CICC Wealth Management Securities | No. 23 Huancheng West Road, Rencheng District, Jining, Shandong | December 14, 2010 |
| 153 | Shandong | Dong'e Qingnian Street Securities Business Office of CICC Wealth Management Securities | Shop 7 (From South to North), Jianxin Jiayuan, West of Middle Section of Qingnian Street, Dong'e County, Shandong | February 2, 2015 |
| 154 | Shandong | Zibo Liuquan Road Securities Business Office of CICC Wealth Management Securities | Room 601, Building 4, Torch Plaza, No. 111 Liuquan Road, Hi-tech District, Zibo, Shandong | January 8, 2020 |
| 155 | Shandong | Weifang Shengli East Street Securities Business Office of CICC Wealth Management Securities | Unit 5, No. 5243 Shengli East Street, Kuiwen District, Weifang, Shandong | January 10, 2020 |
| 156 | Shandong | Qingdao Hong Kong Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 1104-07, 903, Shangri-La Office Building Center, No. 9 Hong Kong Middle Road, Shinan District, Qingdao, Shandong | May 25, 2010 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|--|-----------------------|
| 157 | Shandong | Jinan Long'ao West Road Securities Business Office of CICC Wealth Management Securities | Rooms 1717, 1718, 1719, 17/F, Block D, Yinfeng Fortune Plaza, No. 1 Long'ao West Road, Lixia District, Jinan | August 3, 2021 |
| 158 | Shanxi | Taiyuan Jinci Road Securities Business Office of CICC Wealth Management Securities | Units 02, 03, 04, 05, 28/F, West Tower, Zhonghai International Center, No. 8 Section One of Jinci Road, Wanbailin District, Taiyuan | November 15, 2005 |
| 159 | Shanxi | Yuncheng Zhouxi Road Securities Business Office of CICC Wealth Management Securities | Room 101, 1/F, Bank of China Building, Zhouxi Road, Yanhu District, Yuncheng, Shanxi | March 29, 2016 |
| 160 | Shaanxi | Yulin Changcheng South Road Securities Business Office of CICC Wealth Management Securities | Room 1022, 10/F, Dongheng Times, Southeast Corner of the Junction of East Fukang Road and Changcheng Road, Yuyang District, Yulin, Shaanxi | December 18, 2014 |
| 161 | Shaanxi | Hanzhong South Tuanjie Street Securities Business Office of CICC Wealth Management Securities | Office room 102-103, 1/F, Podium buildings of Liuyuan Building 1, Phase I of Hanjiang New Town, Middle section of South Tuanjie Street, Hantai District, Hanzhong, Shaanxi | December 30, 2014 |
| 162 | Shaanxi | Xi'an Yanta Securities Business Office of CICC Wealth Management Securities | No. (OB) 02/03, 21/F, West Tower, CapitalLand Plaza, No. 64 West Section of Second Ring South Road, Yanta District, Xi'an, Shaanxi | January 11, 2017 |
| 163 | Shaanxi | Yulin Shenmu Securities Business Office of CICC Wealth Management Securities | Room 301, Financial Holding Building, Shenmu City, Yulin, Shaanxi | September 16, 2021 |
| 164 | Shanghai | Shanghai Jing'an District Lingshi Road Securities Business Office of CICC Wealth Management Securities | 3/F, Building 23, No. 695 Lingshi Road, Shanghai | April 19, 2006 |
| 165 | Shanghai | Shanghai Huangpu District Zhongshan East Second Road Securities Business Office of CICC Wealth Management Securities | Room 101, No. 88 Zhongshan East Second Road, Huangpu District, Shanghai | December 22, 2005 |
| 166 | Shanghai | Xuhui District Huaihai Middle Road Securities Business Office of CICC Wealth Management Securities | Units 2502, 2503, 2504, 25/F, No. 1045 Huaihai Middle Road, Xuhui District, Shanghai | December 15, 2005 |
| 167 | Shanghai | Shanghai Pudong New District Minsheng Road Securities Business Office of CICC Wealth Management Securities | Rooms 1002, 1003 (Nominal floor, Actual floor is 9/F), No. 1188 Minsheng Road, China (Shanghai) Pilot Free Trade Zone | April 6, 2006 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|---|--|-----------------------|
| 168 | Shanghai | Shanghai Jing'an District Nanjing West Road Securities Business Office of CICC Wealth Management Securities | Room 1, 9/F (Actual floor is 8/F), No. 1717 Nanjing West Road, Jing'an District, Shanghai | December 19, 2005 |
| 169 | Shanghai | Shanghai Yangpu District Huangxing Road Securities Business Office of CICC Wealth Management Securities | Rooms 601, 602, 603, Building 3, No. 1800 Huangxing Road, Yangpu District, Shanghai | December 2, 2005 |
| 170 | Shanghai | Shanghai Changning District Hongbaoshi Road Securities Business Office of CICC Wealth Management Securities | Rooms 3306, 3307, 3205, Building 1, No. 188 Hongbaoshi Road, Changning District, Shanghai | December 19, 2005 |
| 171 | Shanghai | Shanghai Huangpu District Hubin Road Securities Business Office of CICC Wealth Management Securities | Rooms 02, 03, 04A, 05, 06, 07, 08, 18/F, No. 168 Hubin Road, Huangpu District, Shanghai | July 7, 2021 |
| 172 | Shanghai | Shanghai Hongkou District North Bund Securities Business Office of CICC Wealth Management Securities | 5/F, Building 8, No. 18 Gongping Road, Hongkou District, Shanghai | June 9, 2021 |
| 173 | Shanghai | Shanghai Pudong New District Century Avenue Securities Business Office of CICC Wealth Management Securities | Room 4609-14, 46/F, Block B, No. 8 Century Avenue, China (Shanghai) Pilot Free Trade Zone | December 31, 2021 |
| 174 | Sichuan | Mianyang Linyuan Road Securities Business Office of CICC Wealth Management Securities | No. 1, 3/F, Building 1, No. 56 East Section of Linyuan Road, Fucheng District, Mianyang, Sichuan | November 16, 2005 |
| 175 | Sichuan | Chengdu First Ring Road North Section Three Wanda Plaza Securities Business Office of CICC Wealth Management Securities | 25/F, Unit 4, Building 1, Jinniu Wanda Plaza, No. 1 North Section Three, First Ring Road, Jinniu District, Chengdu | November 29, 2005 |
| 176 | Sichuan | Zigong Dangui South Street Securities Business Office of CICC Wealth Management Securities | No. 1, 7/F, Building 1, Caifu Mingdu, Dangui South Street, Ziliujing District, Zigong | November 16, 2005 |
| 177 | Sichuan | Suining Deshui Middle Road Securities Business Office of CICC Wealth Management Securities | No. 1, 3/F, Building 8, Shuangfa Cannes International, No. 20 Deshui Middle Road, Hedong New District, Suining | November 15, 2005 |
| 178 | Sichuan | Chengdu Xindu Guihu East Road Securities Business Office of CICC Wealth Management Securities | 12/F, CCB Building, No. 58 Guihu East Road, Xindu Town, Xindu District, Chengdu | December 26, 2005 |
| 179 | Sichuan | Suining Pengxi Xihu Road Securities Business Office of CICC Wealth Management Securities | Room 4, 1/F, Building 4, Huanxiya Zhixifang, No. 283 Xihu Road, Chicheng Town, Pengxi County, Suining, Sichuan | November 22, 2005 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|---|-----------------------|
| 180 | Sichuan | Nanchong Baituba Road Securities Business Office of CICC Wealth Management Securities | Rooms 1, 2, 3, 2/F, No. 330 Baituba Road, Shunqing District, Nanchong, Sichuan | June 9, 2014 |
| 181 | Sichuan | Jiayang Financial Street Securities Business Office of CICC Wealth Management Securities | 2/F, Building 3, No. 1-3 (Annex) (Garden 3), No. 162 Financial Street, Shiqiao Town, Jiayang, Chengdu | May 27, 2014 |
| 182 | Sichuan | Chengdu Pengzhou Jinpeng East Road Securities Business Office of CICC Wealth Management Securities | 1/F, Building 3, No. 196 Jinpeng East Road, Tianpeng Town, Pengzhou, Sichuan | June 6, 2014 |
| 183 | Sichuan | Chengdu Dongyu Street Securities Business Office of CICC Wealth Management Securities | Units 07-09, 19/F, Building 1, No. 18 Dongyu Street, Jinjiang District, Chengdu | June 6, 2014 |
| 184 | Sichuan | Meishan Meizhou Avenue Securities Business Office of CICC Wealth Management Securities | No. 6, 8, 12/F, Building 29, Hualu Shiji Jingcheng, No. 71 West of Section One of Meizhou Avenue, Dongpo District, Meishan, Sichuan | August 12, 2014 |
| 185 | Sichuan | Chengdu Dayi Dadong Street Securities Business Office of CICC Wealth Management Securities | No. 329-331, 1/F, Building 1, Dadong Street, Jinyuan Town, Dayi County, Chengdu, Sichuan | June 25, 2014 |
| 186 | Sichuan | Chengdu Huaifu Avenue Securities Business Office of CICC Wealth Management Securities | Units 09-10, 23/F, Building 1, Lanrun Land Plaza, No. 1 Section One of Huaifu Avenue, Tianfu New District, Chengdu | June 27, 2014 |
| 187 | Sichuan | Guanghan Shaoshan Road Securities Business Office of CICC Wealth Management Securities | Business Room on the 1st and 2nd Floor, Building 8, Happiness Courtyard, No. 67 Section One of Shaoshan Road, Guanghan, Sichuan | August 22, 2014 |
| 188 | Sichuan | Ya'an Panda Avenue Securities Business Office of CICC Wealth Management Securities | No. 1 (Annex), No. 387 Panda Avenue, Yucheng District, Ya'an, Sichuan | June 27, 2014 |
| 189 | Sichuan | Chengdu Wenjiang Guanghua Avenue Securities Business Office of CICC Wealth Management Securities | No. 1868, Section Three of Guanghua Avenue, Wenjiang District, Chengdu | April 23, 2015 |
| 190 | Sichuan | Chengdu Wuyang Avenue Securities Business Office of CICC Wealth Management Securities | No. 304, 3/F, Unit 1, Next Station Complex, No. 5 Section Three of Wuyang Avenue, Wuhou District, Chengdu | November 6, 2015 |
| 191 | Sichuan | Deyang Taishan South Road Securities Business Office of CICC Wealth Management Securities | No. 733, Section Two of Taishan South Road, Deyang, Sichuan | February 19, 2016 |

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|--|--|-----------------------|
| 192 | Sichuan | Chengdu Tianfu New District Hanzhou Road Securities Business Office of CICC Wealth Management Securities | No. 507, 508, 5/F, Unit 1, Building 1, Zhongjiao International Center, No. 969 Hanzhou Road, Zhengxing Street, Tianfu New District, Chengdu, China (Sichuan) Pilot Free Trade Zone | March 22, 2016 |
| 193 | Sichuan | Guang'an Jin'an Avenue Securities Business Office of CICC Wealth Management Securities | No. 144, Section Two of Jin'an Avenue, Guang'an District, Guang'an, Sichuan | April 18, 2016 |
| 194 | Sichuan | Leshan Fenghuang Road Securities Business Office of CICC Wealth Management Securities | No. 1, 2/F, No. 44 Middle Section of Fenghuang Road, Shizhong District, Leshan, Sichuan | May 10, 2016 |
| 195 | Sichuan | Chengdu Jintang Jinyuan Street Securities Business Office of CICC Wealth Management Securities | No. 83-85, Jinyuan Street, Zhaozhen Town, Jintang County, Chengdu, Sichuan | July 22, 2016 |
| 196 | Sichuan | Chengdu Binjiang East Road Securities Business Office of CICC Wealth Management Securities | Rooms 1603~1605, Tower B, Shangri-La Office Building, No. 9 Binjiang East Road, Jinjiang District, Chengdu, Sichuan | January 21, 2010 |
| 197 | Sichuan | Chengdu Tianfu Avenue Securities Business Office of CICC Wealth Management Securities | No. 3604, 36/F, Building 3, No. 1199 North Section of Tianfu Avenue, Chengdu Hi-tech Zone, China (Sichuan) Pilot Free Trade Zone | May 31, 2021 |
| 198 | Tianjin | Tianjin Nanma Road Securities Business Office of CICC Wealth Management Securities | No. 114, 1/F, No. 1060, 1061, 10/F, Maigou International Tower, No. 11, 13, Nanma Road, Nanshi Street, Heping District, Tianjin | March 29, 2006 |
| 199 | Tianjin | Tianjin Beima Road Securities Business Office of CICC Wealth Management Securities | Rooms 2106, 2107, 21/F, Block A, Tianjin Lujiazui Financial Plaza, No. 170 Beima Road, Hongqiao District, Tianjin Municipal District | December 7, 2005 |
| 200 | Tianjin | Tianjin Jizhou Xinghua Street Securities Business Office of CICC Wealth Management Securities | No. A-1-02, Xinghua Shops, West of Xinghua Market, Jizhou District, Tianjin | July 11, 2006 |
| 201 | Tianjin | Tianjin Binhai New Area Xinkai Middle Road Securities Business Office of CICC Wealth Management Securities | 3/F (Zhaishang Street), No. 77 Xinkai Middle Road, Hangu, Binhai New Area, Tianjin | January 24, 2007 |
| 202 | Tianjin | Tianjin Baodi Guangyang Road Securities Business Office of CICC Wealth Management Securities | Shop 21, Commercial Building, No. 1-7 Jiaxynguan, Guangyang Road, Baoping Street, Baodi District, Tianjin | May 31, 2010 |

Appendix II: Information on Securities Business Offices of the Company

| No. | Location | Name | Business address | Date of establishment |
|-----|----------|---|--|-----------------------|
| 203 | Tianjin | Tianjin Wuqing Yongyang West Road Securities Business Office of CICC Wealth Management Securities | No. 590 (East Puwa Street), Yongyang West Road, Wuqing District, Tianjin | May 16, 2006 |
| 204 | Tianjin | Tianjin Fifth Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 03, 04, No. 137 Machang Road, Hexi District, Tianjin | January 4, 2011 |
| 205 | Tibet | Lhasa Linkuo West Road Securities Business Office of CICC Wealth Management Securities | No. 28, Linkuo West Road, Lhasa | August 8, 2011 |
| 206 | Yunnan | Kunming Huancheng West Road Securities Business Office of CICC Wealth Management Securities | Room 1402, Building 2, Huahai Xinjingjie Commercial Building, No. 368 Huancheng West Road, Xishan District, Kunming, Yunnan | March 4, 2014 |
| 207 | Zhejiang | Jianghehui Securities Business Office of CICC Wealth Management Securities | Rooms 1111 and 1112, 11F, Zhongtian Qiantang Ginza, No. 1300 Zhijiang Road, Shangcheng District, Hangzhou, Zhejiang | December 8, 2005 |
| 208 | Zhejiang | Jiaxing Huayuan Road Securities Business Office of CICC Wealth Management Securities | Room 1202, Building 3, Nanhu Huayuan Plaza, Jiaxing, Zhejiang | January 28, 2011 |
| 209 | Zhejiang | Ningbo Jiangdong North Road Securities Business Office of CICC Wealth Management Securities | Room 1603, Guting Building, Ningbo Hefeng Creative Square, No. 495 Jiangdong North Road, Yinzhou District, Ningbo, Zhejiang | July 11, 2014 |
| 210 | Zhejiang | Ningbo Lingqiao Road Securities Business Office of CICC Wealth Management Securities | Rooms 803, 804, China Life Building, No. 777 Lingqiao Road, Haishu District, Ningbo, Zhejiang | June 16, 2015 |
| 211 | Zhejiang | Taizhou Jiefang South Road Securities Business Office of CICC Wealth Management Securities | No. 125, Jiefang South Road, Jiaojiang District, Taizhou | December 19, 2014 |
| 212 | Zhejiang | Quzhou Huayuan Avenue Securities Business Office of CICC Wealth Management Securities | Room 202, Block A, Yigao Plaza, Building 88, Baiyun Middle Avenue, Baiyun Street, Kecheng District, Quzhou, Zhejiang | December 18, 2014 |
| 213 | Zhejiang | Hangzhou Canhigh Center Securities Business Office of CICC Wealth Management Securities | Rooms 1106, 1107, No. 208, Huancheng North Road, Xiacheng District, Hangzhou, Zhejiang (Rooms 1001, 1003, No. 208 Huancheng North Road specified in the title certificate) | December 19, 2014 |

| No. | Location | Name | Business address | Date of establishment |
|-----|-----------|--|---|-----------------------|
| 214 | Zhejiang | Jinhua Wujiang West Road Securities Business Office of CICC Wealth Management Securities | Room 604, Building 1, Times Business Center, No. 28 Wujiang West Road, Wucheng District, Jinhua, Zhejiang | February 15, 2015 |
| 215 | Zhejiang | Wenzhou Jinxiu Road Securities Business Office of CICC Wealth Management Securities | Rooms 608-611, Building 1, Faith-trust Center, No. 1067 Jinxiu Road, Lucheng District, Wenzhou, Zhejiang | July 10, 2015 |
| 216 | Zhejiang | Huzhou Longxi North Road Securities Business Office of CICC Wealth Management Securities | Rooms 1101, 1102, Liyang Business Building, Huzhou Economic and Technological Development Zone, Huzhou, Zhejiang | May 12, 2016 |
| 217 | Zhejiang | Ningbo Haiyan North Road Securities Business Office of CICC Wealth Management Securities | Offices 2, 4, 6, 6/F, Bank of Communications Building, No. 455 Haiyan North Road, Yinzhou District, Ningbo, Zhejiang | November 7, 2011 |
| 218 | Zhejiang | Hangzhou Jiaogong Road Securities Business Office of CICC Wealth Management Securities | Rooms 801, 803, 805, 807, Block B, Building 1, Europe and America Center, No. 18 Jiaogong Road, Xihu District, Hangzhou | April 2, 2009 |
| 219 | Zhejiang | Shaoxing Yangjiang West Road Securities Business Office of CICC Wealth Management Securities | Rooms B1601, B1602, 16/F, Shengxin Building, No. 292 Yangjiang West Road, Lingzhi Street, Yuecheng District, Shaoxing, Zhejiang | August 25, 2021 |
| 220 | Chongqing | Chongqing Jiangbeizui Securities Business Office of CICC Wealth Management Securities | Rooms 8-1, 8-2, 8-3, No. 2 Qingyun Road, Jiangbei District, Chongqing | November 23, 2005 |
| 221 | Chongqing | Chongqing Honghu West Road Securities Business Office of CICC Wealth Management Securities | 10/F, Ori Lanjue Business Center, 1/F, Ori Lanjue Mansion, No. 9 Honghu West Road, North New District, Chongqing | May 18, 2010 |

APPENDIX III: ESTABLISHMENT, CHANGE AND DISPOSAL OF SECURITIES BUSINESS OFFICES

1. NEWLY-ESTABLISHED SECURITIES BUSINESS OFFICES

| No. | Name of the newly-established securities business offices | Address of the newly-established securities business offices | Date of establishment |
|-----|---|--|-----------------------|
| 1 | Shanghai Hongkou District North Bund Securities Business Office of CICC Wealth Management Securities | 5/F, Building 8, No. 18 Gongping Road, Hongkou District, Shanghai | June 9, 2021 |
| 2 | Beijing Jianguomenwai Avenue Securities Business Office of CICC Wealth Management Securities | Room 302A in 1-3, Block A, 3/F, Building 1, 6A Jianguomenwai Avenue, Chaoyang District, Beijing | August 20, 2021 |
| 3 | Shanghai Huangpu District Hubin Road Securities Business Office of CICC Wealth Management Securities | Room 08, 18/F, No. 168 Hubin Road, Huangpu District, Shanghai | July 9, 2021 |
| 4 | Shenzhen Kerry Plaza Securities Business Office of CICC Wealth Management Securities | Rooms 701, 702, 703, 704, Block 3, Kerry Plaza, No. 1-1 Zhongxin Forth Road, Futian District, Shenzhen, Guangdong | June 3, 2021 |
| 5 | Jinan Long'ao West Road Securities Business Office of CICC Wealth Management Securities | Rooms 1717, 1718, 1719, 17/F, Block D, Yinfeng Fortune Plaza, No. 1 Long'ao West Road, Lixia District, Jinan, Shandong | August 3, 2021 |
| 6 | Chengdu Tianfu Avenue Securities Business Office of CICC Wealth Management Securities | No. 3604, 36/F, Building 3, No. 1199 North Section of Tianfu Avenue, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone | May 31, 2021 |
| 7 | Guangzhou Panyu Hanxi Avenue East Securities Business Office of CICC Wealth Management Securities | Rooms 3303, 3304, No. 362 East of Hanxi Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong | August 18, 2021 |
| 8 | Yulin Shenmu Securities Business Office of CICC Wealth Management Securities | Room 301, Financial Holding Building, Shenmu, Yulin, Shaanxi | September 16, 2021 |
| 9 | Yangjiang Jianglang Avenue Securities Business Office of CICC Wealth Management Securities | 3/F, Building 23, Zone A, Baoli Luolan Xianggu, No. 48, Jianglang Avenue, Jiangcheng District, Yangjiang, Guangdong | November 3, 2021 |
| 10 | Shaoxing Yangjiang West Road Securities Business Office of CICC Wealth Management Securities | Rooms B1601, B1602, 16/F, Shengxin Building, No. 292 Yangjiang West Road, Lingzhi Street, Yuecheng District, Shaoxing, Zhejiang | August 25, 2021 |
| 11 | Nanning Minzu Avenue Securities Business Office of CICC Wealth Management Securities | Unit 03, 38/F, East Office Building, Nanning China Resources Center, No. 136-1 Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region | November 23, 2021 |
| 12 | Shanghai Pudong New District Century Avenue Securities Business Office of CICC Wealth Management Securities | Room 4609-14, 46/F, Block B, No. 8 Century Avenue, China (Shanghai) Pilot Free Trade Zone | December 31, 2021 |

2. CHANGE OF NAME OF SECURITIES BUSINESS OFFICES

| No. | Name of securities business offices before name change | Name of securities business offices after name change | Date of name change |
|-----|--|---|---------------------|
| 1 | Shenzhen Fuhua Yi Road Securities Business Office of CICC | Shenzhen Yitian Road Securities Business Office of CICC | June 21, 2021 |
| 2 | Beijing Asian Games Village Securities Business Office of CICC | Beijing Asian Games Village Securities Business Office of CICC Wealth Management Securities | August 6, 2021 |
| 3 | Beijing Ke Xue Yuan South Road Securities Business Office of CICC | Beijing Ke Xue Yuan South Road Securities Business Office of CICC Wealth Management Securities | August 13, 2021 |
| 4 | Nanjing Hanzhong Road Securities Business Office of CICC | Nanjing Hanzhong Road Securities Business Office of CICC Wealth Management Securities | August 23, 2021 |
| 5 | Xi'an Yanta Securities Business Office of CICC | Xi'an Yanta Securities Business Office of CICC Wealth Management Securities | August 30, 2021 |
| 6 | Yunfu Xinxing Dongdi North Road Securities Business Office of CICC | Yunfu Xinxing Dongdi North Road Securities Business Office of CICC Wealth Management Securities | September 2, 2021 |
| 7 | Dalian Gangxing Road Securities Business Office of CICC | Dalian Gangxing Road Securities Business Office of CICC Wealth Management Securities | September 3, 2021 |
| 8 | Foshan Jihua Fifth Road Securities Business Office of CICC | Foshan Jihua Fifth Road Securities Business Office of CICC Wealth Management Securities | September 6, 2021 |
| 9 | Wuhan Zhongshan Avenue Securities Business Office of CICC | Wuhan Zhongshan Avenue Securities Business Office of CICC Wealth Management Securities | September 6, 2021 |
| 10 | Guangzhou Zhujiang New Town Securities Business Office of CICC | Guangzhou Zhujiang New Town Securities Business Office of CICC Wealth Management Securities | September 9, 2021 |
| 11 | Suzhou Center Securities Business Office of CICC | Suzhou Center Securities Business Office of CICC Wealth Management Securities | September 13, 2021 |
| 12 | Hangzhou Jiaogong Road Securities Business Office of CICC | Hangzhou Jiaogong Road Securities Business Office of CICC Wealth Management Securities | September 16, 2021 |
| 13 | Changsha Jiefang West Road Securities Business Office of CICC | Changsha Jiefang West Road Securities Business Office of CICC Wealth Management Securities | September 16, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

| No. | Name of securities business offices before name change | Name of securities business offices after name change | Date of name change |
|-----|--|---|---------------------|
| 14 | Chongqing Honghu West Road Securities Business Office of CICC | Chongqing Honghu West Road Securities Business Office of CICC Wealth Management Securities | September 30, 2021 |
| 15 | Chengdu Binjiang East Road Securities Business Office of CICC | Chengdu Binjiang East Road Securities Business Office of CICC Wealth Management Securities | October 13, 2021 |
| 16 | Fuzhou Wusi Road Securities Business Office of CICC | Fuzhou Wusi Road Securities Business Office of CICC Wealth Management Securities | October 29, 2021 |
| 17 | Ningbo Haiyan North Road Securities Business Office of CICC | Ningbo Haiyan North Road Securities Business Office of CICC Wealth Management Securities | November 2, 2021 |
| 18 | Qingdao Hong Kong Middle Road Securities Business Office of CICC | Qingdao Hong Kong Middle Road Securities Business Office of CICC Wealth Management Securities | November 8, 2021 |
| 19 | Xiamen Lianyue Road Securities Business Office of CICC | Xiamen Lianyue Road Securities Business Office of CICC Wealth Management Securities | November 9, 2021 |
| 20 | Tianjin Nanjing Road Securities Business Office of CICC | Tianjin Fifth Avenue Securities Business Office of CICC Wealth Management Securities | December 13, 2021 |
| 21 | Ningbo Chuangyuan Road Securities Business Office of CICC Wealth Management Securities | Ningbo Lingqiao Road Securities Business Office of CICC Wealth Management Securities | January 11, 2021 |
| 22 | Beijing Lize Road Securities Business Office of CICC Wealth Management Securities | Beijing Fengtai North Road Securities Business Office of CICC Wealth Management Securities | January 22, 2021 |
| 23 | Lu'an Wanfo Road Securities Business Office of CICC Wealth Management Securities | Lu'an Meishan South Road Securities Business Office of CICC Wealth Management Securities | February 1, 2021 |
| 24 | Wuhan Xingye Road Securities Business Office of CICC Wealth Management Securities | Wuhan Guanshan Avenue Securities Business Office of CICC Wealth Management Securities | March 5, 2021 |
| 25 | Jingzhou Beijing Middle Road Securities Business Office of CICC Wealth Management Securities | Jingzhou Gongyuan Road Securities Business Office of CICC Wealth Management Securities | March 29, 2021 |
| 26 | Taiyuan Sanqiang Road Securities Business Office of CICC Wealth Management Securities | Taiyuan Jinci Road Securities Business Office of CICC Wealth Management Securities | April 12, 2021 |
| 27 | Shishi Baqi Road Securities Business Office of CICC Wealth Management Securities | Quanzhou Fengze Street Securities Business Office of CICC Wealth Management Securities | May 14, 2021 |

| No. | Name of securities business offices before name change | Name of securities business offices after name change | Date of name change |
|-----|--|---|---------------------|
| 28 | Tianjin Baodi Yuhua Street Securities Business Office of CICC Wealth Management Securities | Tianjin Baodi Guangyang Road Securities Business Office of CICC Wealth Management Securities | April 29, 2021 |
| 29 | Chongqing Miquan Road Securities Business Office of CICC Wealth Management Securities | Chongqing Jiangbeizui Securities Business Office of CICC Wealth Management Securities | May 20, 2021 |
| 30 | Wuxi Qingyang Road Securities Business Office of CICC Wealth Management Securities | Wuxi Renmin Middle Road Securities Business Office of CICC Wealth Management Securities | May 13, 2021 |
| 31 | Huaian Huaihai East Road Securities Business Office of CICC Wealth Management Securities | Huaian Shuidukou Avenue Securities Business Office of CICC Wealth Management Securities | April 30, 2021 |
| 32 | Shanghai Jing'an District Xikang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Jing'an District Nanjing West Road Securities Business Office of CICC Wealth Management Securities | May 18, 2021 |
| 33 | Shanghai Pudong New District Dongfang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Pudong New District Minsheng Road Securities Business Office of CICC Wealth Management Securities | June 7, 2021 |
| 34 | Hangzhou Jincheng Road Securities Business Office of CICC Wealth Management Securities | Hangzhou Canhigh Center Securities Business Office of CICC Wealth Management Securities | July 19, 2021 |
| 35 | Yangzhou Hanjiang North Road Securities Business Office of CICC Wealth Management Securities | Yangzhou Wenchang West Road Securities Business Office of CICC Wealth Management Securities | July 2, 2021 |
| 36 | Guangzhou Kaichuang Avenue North Securities Business Office of CICC Wealth Management Securities | Guangzhou Science Avenue Securities Business Office of CICC Wealth Management Securities | July 9, 2021 |
| 37 | Lanzhou Minzhu East Road Securities Business Office of CICC Wealth Management Securities | Lanzhou Nanbinhe Road Securities Business Office of CICC Wealth Management Securities | July 20, 2021 |
| 38 | Shijiazhuang Zhonghua South Street Securities Business Office of CICC Wealth Management Securities | Shijiazhuang Ziqiang Road Securities Business Office of CICC Wealth Management Securities | July 23, 2021 |
| 39 | Chengdu Shujin Road Securities Business Office of CICC Wealth Management Securities | Chengdu Huaifu Avenue Securities Business Office of CICC Wealth Management Securities | August 6, 2021 |
| 40 | Changchun Renmin Street Securities Business Office of CICC Wealth Management Securities | Changchun Changchun Street Securities Business Office of CICC Wealth Management Securities | July 22, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

| No. | Name of securities business offices before name change | Name of securities business offices after name change | Date of name change |
|-----|---|---|---------------------|
| 41 | Jinjiang Yingbin Road Securities Business Office of CICC Wealth Management Securities | Jinjiang Century Avenue Securities Business Office of CICC Wealth Management Securities | September 18, 2021 |
| 42 | Zhuhai Shuiwan Road Securities Business Office of CICC Wealth Management Securities | Zhuhai Lovers South Road Securities Business Office of CICC Wealth Management Securities | August 31, 2021 |
| 43 | Foshan Nanhai Guicheng Haiqi Road Securities Business Office of CICC Wealth Management Securities | Foshan Nanhai Guicheng Denghu East Road Securities Business Office of CICC Wealth Management Securities | September 8, 2021 |
| 44 | Weihai Gongyuan Road Securities Business Office of CICC Wealth Management Securities | Weihai Qingdao North Road Securities Business Office of CICC Wealth Management Securities | October 18, 2021 |
| 45 | Shenyang Hunnan Third Road Securities Business Office of CICC Wealth Management Securities | Shenyang Tiancheng Street Securities Business Office of CICC Wealth Management Securities | October 26, 2021 |
| 46 | Shanghai Hongkou District Hengbang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Xuhui District Huaihai Middle Road Securities Business Office of CICC Wealth Management Securities | November 4, 2021 |
| 47 | Shenyang Sanhao Street Securities Business Office of CICC Wealth Management Securities | Shenyang Qingnian Street Securities Business Office of CICC Wealth Management Securities | December 2, 2021 |
| 48 | Changzhou Longjin Road Securities Business Office of CICC Wealth Management Securities | Changzhou Tongjiang South Road Securities Business Office of CICC Wealth Management Securities | November 22, 2021 |
| 49 | Leshan Jiading North Road Securities Business Office of CICC Wealth Management Securities | Leshan Fenghuang Road Securities Business Office of CICC Wealth Management Securities | December 2, 2021 |
| 50 | Chengdu Dongda Street Securities Business Office of CICC Wealth Management Securities | Chengdu Dongyu Street Securities Business Office of CICC Wealth Management Securities | November 22, 2021 |
| 51 | Nanjing Taiping South Road Securities Business Office of CICC Wealth Management Securities | Nanjing Longpan Middle Road Securities Business Office of CICC Wealth Management Securities | December 21, 2021 |

3. RELOCATION OF SECURITIES BUSINESS OFFICES

| No. | Name of securities business offices before relocation | Name of securities business offices after relocation | New address | Date of relocation |
|-----|--|--|---|-----------------------------------|
| 1 | Beijing Jianguomenwai Avenue Securities Business Office of CICC | Beijing Jianguomenwai Avenue Securities Business Office of CICC | Units 06 & 07, 6/F, 1 Jianguomenwai Avenue (Phase II), Chaoyang District, Beijing | July 15, 2021 |
| 2 | Shanghai Huangpu District Hubin Road Securities Business Office of CICC | Shanghai Huangpu District Hubin Road Securities Business Office of CICC | Unit 1802-07, No. 168 Hubin Road, Huangpu District, Shanghai Unit 1804B, No. 168 Hubin Road, Huangpu District, Shanghai | July 1, 2021 September 2, 2021 |
| 3 | Shenzhen Fuhua Yi Road Securities Business Office of CICC | Shenzhen Yitian Road Securities Business Office of CICC | Unit 02, 72/F, Ping An Finance Center, No. 5033 Yitian Road, Fu'an Community, Futian Street, Futian District, Shenzhen | June 21, 2021 |
| 4 | Guangzhou Zhongshan Sixth Road Securities Business Office of CICC Wealth Management Securities | Guangzhou Haizhu Plaza Securities Business Office of CICC Wealth Management Securities | Units 05, 06, 15/F, No. 181 Yanjiang West Road, Haizhu Plaza, Yuexiu District, Guangzhou, Guangdong | January 4, 2021 |
| 5 | Foshan Shunde Zhenghe North Road Securities Business Office of CICC Wealth Management Securities | Foshan Shunde Beijiao Chengde Road Securities Business Office of CICC Wealth Management Securities | Rooms 1401, 1402, 1403, 1404, Building 4, Midea Fortune Plaza, No. 1 Chengde Road, Junlan Community, Beijiao Town, Shunde District, Foshan, Guangdong | January 4, 2021 |
| 6 | Zhenjiang Beifu Road Securities Business Office of CICC Wealth Management Securities | Zhenjiang Zhongshan East Road Securities Business Office of CICC Wealth Management Securities | Room 1504, Unit A, Suning Plaza Tower, No. 301 Zhongshan East Road, Jingkou District, Zhenjiang, Jiangsu | January 4, 2021 |
| 7 | Zhanjiang Wuchuan Securities Business Office of CICC Wealth Management Securities | Zhanjiang Wuchuan Haigang Avenue Securities Business Office of CICC Wealth Management Securities | Shops 01, 02, 03, 1/F, Building 1, Haiyi Bandaoh Residential District, South of Haigang Avenue, Wuchuan, Zhanjiang, Guangdong | January 18, 2021 |
| 8 | Ningbo Chuangyuan Road Securities Business Office of CICC Wealth Management Securities | Ningbo Lingqiao Road Securities Business Office of CICC Wealth Management Securities | Rooms 803, 804, China Life Building, No. 777 Lingqiao Road, Haishu District, Ningbo, Zhejiang | January 25, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

| No. | Name of securities business offices before relocation | Name of securities business offices after relocation | New address | Date of relocation |
|-----|--|--|---|--------------------|
| 9 | Ya'an Panda Avenue Securities Business Office of CICC Wealth Management Securities | Ya'an Panda Avenue Securities Business Office of CICC Wealth Management Securities | No. 1 (Annex), No. 387 Panda Avenue, Yucheng District, Ya'an, Sichuan | February 8, 2021 |
| 10 | Guangzhou Tianhe Road Securities Business Office of CICC Wealth Management Securities | Guangzhou Tianhe Road Securities Business Office of CICC Wealth Management Securities | Rooms 601, 602, 611, 612, No. 3 Tianhe Road, Huanghuagang Street, Yuexiu District, Guangzhou, Guangdong | February 22, 2021 |
| 11 | Beijing Lize Road Securities Business Office of CICC Wealth Management Securities | Beijing Fengtai North Road Securities Business Office of CICC Wealth Management Securities | Rooms 1008, 1009, 1010 in 1001, 10/F, Building 4, No. 18 Fengtai North Road, Fengtai District, Beijing | February 22, 2021 |
| 12 | Lu'an Wanfo Road Securities Business Office of CICC Wealth Management Securities | Lu'an Meishan South Road Securities Business Office of CICC Wealth Management Securities | Room 1301, 13/F, Highway Fortune Plaza, Meishan South Road, Yu'an District, Lu'an, Anhui | February 22, 2021 |
| 13 | Wuhan Xingye Road Securities Business Office of CICC Wealth Management Securities | Wuhan Guanshan Avenue Securities Business Office of CICC Wealth Management Securities | No. 603A, 605, Office Building A, Lot A of Guanggu New World Center, No. 355 Guanshan Avenue, Donghu High-tech Development Zone, Wuhan, Hubei | March 15, 2021 |
| 14 | Jingzhou Beijing Middle Road Securities Business Office of CICC Wealth Management Securities | Jingzhou Gongyuan Road Securities Business Office of CICC Wealth Management Securities | 1/F, Building 1, Gongyuan Road (West of Zhongshan Park), Shashi District, Jingzhou, Hubei | April 19, 2021 |
| 15 | Taiyuan Sanqiang Road Securities Business Office of CICC Wealth Management Securities | Taiyuan Jinci Road Securities Business Office of CICC Wealth Management Securities | Units 02, 03, 04, 05, 28/F, West Tower, Zhonghai International Center, No. 8 Section One of Jinci Road, Wanbailin District, Taiyuan, Shanxi | May 17, 2021 |
| 16 | Shishi Baqi Road Securities Business Office of CICC Wealth Management Securities | Quanzhou Fengze Street Securities Business Office of CICC Wealth Management Securities | Units 03, 04, 21/F, Nanyi Square Office, No. 666 Fengze Street, Fengze District, Quanzhou, Fujian | May 17, 2021 |

| No. | Name of securities business offices before relocation | Name of securities business offices after relocation | New address | Date of relocation |
|-----|--|---|---|--------------------|
| 17 | Tianjin Baodi Yuhua Street Securities Business Office of CICC Wealth Management Securities | Tianjin Baodi Guangyang Road Securities Business Office of CICC Wealth Management Securities | Shop 21, Commercial Building, No. 1-7 Jiaxynguan, Guangyang Road, Baoping Street, Baodi District, Tianjin | May 24, 2021 |
| 18 | Chongqing Minquan Road Securities Business Office of CICC Wealth Management Securities | Chongqing Jiangbeizui Securities Business Office of CICC Wealth Management Securities | Rooms 8-1, 8-2, 8-3, No. 2 Qingyun Road, Jiangbei District, Chongqing | May 31, 2021 |
| 19 | Wuxi Qingyang Road Securities Business Office of CICC Wealth Management Securities | Wuxi Renmin Middle Road Securities Business Office of CICC Wealth Management Securities | Units 2803-2805, 28/F, Block 2, Office Building of Hang Lung Plaza, No. 139 Renmin Middle Road, Liangxi District, Wuxi, Jiangsu | June 7, 2021 |
| 20 | Huaian Huaihai East Road Securities Business Office of CICC Wealth Management Securities | Huaian Shuidukou Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2-1601, 2-1604, Building B2, Central Business District, Finance Center, Huaian, Jiangsu | June 15, 2021 |
| 21 | Shanghai Jing'an District Xikang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Jing'an District Nanjing West Road Securities Business Office of CICC Wealth Management Securities | Room 1, 9/F, No. 1717 Nanjing West Road, Jing'an District, Shanghai | June 28, 2021 |
| 22 | Shanghai Pudong New District Dongfang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Pudong New District Minsheng Road Securities Business Office of CICC Wealth Management Securities | Rooms 1002, 1003, No. 1188 Minsheng Road, Pudong New District, Shanghai | June 28, 2021 |
| 23 | Hangzhou Jincheng Road Securities Business Office of CICC Wealth Management Securities | Hangzhou Canhigh Center Securities Business Office of CICC Wealth Management Securities | Rooms 1106, 1107, Canhigh Center, No. 208 Huancheng North Road, Xiacheng District, Hangzhou, Zhejiang | July 26, 2021 |
| 24 | Yangzhou Hanjiang North Road Securities Business Office of CICC Wealth Management Securities | Yangzhou Wenchang West Road Securities Business Office of CICC Wealth Management Securities | Parts of 504, 503, 502, 5/F, Zijin Plaza, No. 10 Wenchang West Road, Hanjiang District, Yangzhou, Jiangsu | August 2, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

| No. | Name of securities business offices before relocation | Name of securities business offices after relocation | New address | Date of relocation |
|-----|--|--|---|--------------------|
| 25 | Guangzhou Kaichuang Avenue North Securities Business Office of CICC Wealth Management Securities | Guangzhou Science Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 1004, 1005, 1006, No. 60 Science Avenue, Huangpu District, Guangzhou, Guangdong | August 2, 2021 |
| 26 | Lanzhou Minzhu East Road Securities Business Office of CICC Wealth Management Securities | Lanzhou Nanbinhe Road Securities Business Office of CICC Wealth Management Securities | 11/F, Jinkairui Tower, No. 503 Nanbinhe East Road, Chengguan District, Lanzhou, Gansu | August 16, 2021 |
| 27 | Shijiazhuang Zhonghua South Street Securities Business Office of CICC Wealth Management Securities | Shijiazhuang Ziqiang Road Securities Business Office of CICC Wealth Management Securities | Room 1-301B, 3/F, Unit 1, T1 & T2 Commercial Office Buildings, Zhongjiao Fortune Center, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei | August 30, 2021 |
| 28 | Chengdu Shujin Road Securities Business Office of CICC Wealth Management Securities | Chengdu Huafu Avenue Securities Business Office of CICC Wealth Management Securities | Units 09-10, 23/F, Building 1, Lanrun Land Plaza, No. 1 Section One of Huafu Avenue, Tianfu New District, Chengdu, Sichuan | August 30, 2021 |
| 29 | Changchun Renmin Street Securities Business Office of CICC Wealth Management Securities | Changchun Changchun Street Securities Business Office of CICC Wealth Management Securities | 5/F, Changchun University for Employees, No. 309 Changchun Street, Nanguan District, Changchun, Jilin | September 22, 2021 |
| 30 | Jinjiang Yingbin Road Securities Business Office of CICC Wealth Management Securities | Jinjiang Century Avenue Securities Business Office of CICC Wealth Management Securities | Units 1303, 1305, 1306, 1307, Building D, Powerlong Residence, No. 520 Century Avenue, Qingyang Street, Jinjiang, Quanzhou, Fujian | September 27, 2021 |
| 31 | Luoyang Tianjin Road Securities Business Office of CICC Wealth Management Securities | Luoyang Tianjin Road Securities Business Office of CICC Wealth Management Securities | Shops 113, 203, Ground Floor, E953 Apartment, Tianjin Road, Jianxi District, Luoyang, Henan | September 27, 2021 |
| 32 | Zhuhai Shuiwan Road Securities Business Office of CICC Wealth Management Securities | Zhuhai Lovers South Road Securities Business Office of CICC Wealth Management Securities | Office Rooms 1402-2-1404, Building 5, No. 1 Lovers South Road, Xiangzhou District, Zhuhai, Guangdong | September 28, 2021 |

| No. | Name of securities business offices before relocation | Name of securities business offices after relocation | New address | Date of relocation |
|-----|---|---|--|--------------------|
| 33 | Foshan Nanhai Guicheng Haiqi Road Securities Business Office of CICC Wealth Management Securities | Foshan Nanhai Guicheng Denghu East Road Securities Business Office of CICC Wealth Management Securities | Units A, K, 28/F, Block 2, AIA Finance Center, No. 1 Denghu East Road, Guicheng Street, Nanhai District, Foshan, Guangdong | October 8, 2021 |
| 34 | Weihai Gongyuan Road Securities Business Office of CICC Wealth Management Securities | Weihai Qingdao North Road Securities Business Office of CICC Wealth Management Securities | Units 201, 202, 203, No. 52 Qingdao North Road, Zhudao Street, Huancui District, Weihai, Shandong | November 1, 2021 |
| 35 | Shenyang Hunnan Third Road Securities Business Office of CICC Wealth Management Securities | Shenyang Tiancheng Street Securities Business Office of CICC Wealth Management Securities | No. 0215-0221 & Room 4, 1/F, Tiancheng Street 6A – 1, Hunnan District, Shenyang, Liaoning | November 1, 2021 |
| 36 | Shanghai Hongkou District Hengbang Road Securities Business Office of CICC Wealth Management Securities | Shanghai Xuhui District Huaihai Middle Road Securities Business Office of CICC Wealth Management Securities | Units 2502, 2503, 2504, 25/F, No. 1045 Huaihai Middle Road, Xuhui District, Shanghai | November 29, 2021 |
| 37 | Shenyang Sanhao Street Securities Business Office of CICC Wealth Management Securities | Shenyang Qingnian Street Securities Business Office of CICC Wealth Management Securities | Units 3306-3309, Building B, Enterprise Plaza, No. 125 Qingnian Street, Shenhe District, Shenyang, Liaoning | December 13, 2021 |
| 38 | Changzhou Longjin Road Securities Business Office of CICC Wealth Management Securities | Changzhou Tongjiang South Road Securities Business Office of CICC Wealth Management Securities | Rooms 701, 702, 7/F, Xincheng International Building, No. 88 Tongjiang South Road, Zhonglou District, Changzhou, Jiangsu | December 13, 2021 |
| 39 | Leshan Jiading North Road Securities Business Office of CICC Wealth Management Securities | Leshan Fenghuang Road Securities Business Office of CICC Wealth Management Securities | No. 1, 2/F, No. 44 Middle Section of Fenghuang Road, Shizhong District, Leshan, Sichuan | December 27, 2021 |
| 40 | Chengdu Dongda Street Securities Business Office of CICC Wealth Management Securities | Chengdu Dongyu Street Securities Business Office of CICC Wealth Management Securities | Units 07-09, 19/F, Building 1, No. 18 Dongyu Street, Jinjiang District, Chengdu, Sichuan | December 27, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

4. CANCELLATION OF SECURITIES BUSINESS OFFICES

| No. | Name of cancelled securities business offices | Address of cancelled securities business offices | Date of cancellation |
|-----|---|--|----------------------|
| 1 | Harbin Anguo Street Securities Business Office of CICC Wealth Management Securities | No. 83, Anguo Street, Daoli District, Harbin, Heilongjiang | July 6,, 2021 |

5. TRANSFER OF SECURITIES BUSINESS OFFICES

| No. | Name of securities business offices before transfer | Name of securities business offices after transfer | Address of securities business offices | Date of transfer |
|-----|---|--|--|--------------------|
| 1 | Beijing Asian Games Village Securities Business Office of CICC | Beijing Asian Games Village Securities Business Office of CICC Wealth Management Securities | Rooms 2701, 2702, 2703 in 2701, 27/F, Building 1, No. 8 Beichen East Road, Chaoyang District, Beijing | August 6, 2021 |
| 2 | Beijing Ke Xue Yuan South Road Securities Business Office of CICC | Beijing Ke Xue Yuan South Road Securities Business Office of CICC Wealth Management Securities | Units 1309-1311, 13/F, Building 1, No. 2 Ke Xue Yuan South Road, Haidian District, Beijing | August 13, 2021 |
| 3 | Xi'an Yanta Securities Business Office of CICC | Xi'an Yanta Securities Business Office of CICC Wealth Management Securities | No. (OB) 02/03, 21/F, West Tower, CapitaLand Plaza, No. 64 West Section of Second Ring South Road, Yanta District, Xi'an, Shaanxi | August 30, 2021 |
| 4 | Wuhan Zhongshan Avenue Securities Business Office of CICC | Wuhan Zhongshan Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 2606-2610, CITIC Pacific Mansion, No. 1627 Zhongshan Avenue, Jiang'an District, Wuhan, Hubei | September 6, 2021 |
| 5 | Dalian Gangxing Road Securities Business Office of CICC | Dalian Gangxing Road Securities Business Office of CICC Wealth Management Securities | Units 05-12, 32/F, Wanda Center, No. 6 Gangxing Road, Zhongshan District, Dalian, Liaoning | September 3, 2021 |
| 6 | Nanjing Hanzhong Road Securities Business Office of CICC | Nanjing Hanzhong Road Securities Business Office of CICC Wealth Management Securities | Areas C, D1, 30/F, Asia Pacific Business Building, No. 2 Hanzhong Road, Gulou District, Nanjing, Jiangsu | August 23, 2021 |
| 7 | Suzhou Center Securities Business Office of CICC | Suzhou Center Securities Business Office of CICC Wealth Management Securities | Rooms 02/03, 11/F, Block B, Building 88, Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone | September 13, 2021 |

| No. | Name of securities business offices before transfer | Name of securities business offices after transfer | Address of securities business offices | Date of transfer |
|-----|--|---|---|--------------------|
| 8 | Yunfu Xinxing Dongdi North Road Securities Business Office of CICC | Yunfu Xinxing Dongdi North Road Securities Business Office of CICC Wealth Management Securities | Units 4-6, 1/F, Building C1, Service Building, Wens Science and Technology Park, Dongdi North Road, Xincheng Town, Xinxing County, Yunfu, Guangdong | September 2, 2021 |
| 9 | Foshan Jihua Fifth Road Securities Business Office of CICC | Foshan Jihua Fifth Road Securities Business Office of CICC Wealth Management Securities | Rooms 3010, 3011, 3012, 3013, Block 2, No. 57 Jihua Fifth Road, Chancheng District, Foshan, Guangdong | September 6, 2021 |
| 10 | Guangzhou Zhujiang New Town Securities Business Office of CICC | Guangzhou Zhujiang New Town Securities Business Office of CICC Wealth Management Securities | Rooms 2804, 2805, 2806, 2807, 2808, 28/F, Kaihua International Center, No. 5 Xiancun Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong | September 9, 2021 |
| 11 | Hangzhou Jiaogong Road Securities Business Office of CICC | Hangzhou Jiaogong Road Securities Business Office of CICC Wealth Management Securities | Rooms 801, 803, 805, 807, Block B, Building 1, Europe and America Center, No. 18 Jiaogong Road, Xihu District, Hangzhou, Zhejiang | September 16, 2021 |
| 12 | Changsha Jiefang West Road Securities Business Office of CICC | Changsha Jiefang West Road Securities Business Office of CICC Wealth Management Securities | 27/F, Building T1, Changsha International Finance Square, No. 188 Jiefang West Road, Furong District, Changsha, Hunan | September 16, 2021 |
| 13 | Chongqing Honghu West Road Securities Business Office of CICC | Chongqing Honghu West Road Securities Business Office of CICC Wealth Management Securities | 10/F, Ori Lanjue Business Center, 1/F, Ori Lanjue Mansion, No. 9 Honghu West Road, North New District, Chongqing | September 30, 2021 |
| 14 | Chengdu Binjiang East Road Securities Business Office of CICC | Chengdu Binjiang East Road Securities Business Office of CICC Wealth Management Securities | Rooms 1603-1605, Shangri-La Office Building, No. 9 Binjiang East Road, Jinjiang District, Chengdu, Sichuan | October 13, 2021 |
| 15 | Ningbo Haiyan North Road Securities Business Office of CICC | Ningbo Haiyan North Road Securities Business Office of CICC Wealth Management Securities | Offices 2, 4, 6, 6/F, Bank of Communications Building, No. 455 Haiyan North Road, Yinzhou District, Ningbo, Zhejiang | November 2, 2021 |

Appendix III: Establishment, Change and Disposal of Securities Business Offices

| No. | Name of securities business offices before transfer | Name of securities business offices after transfer | Address of securities business offices | Date of transfer |
|-----|--|---|--|-------------------|
| 16 | Qingdao Hong Kong Middle Road Securities Business Office of CICC | Qingdao Hong Kong Middle Road Securities Business Office of CICC Wealth Management Securities | Rooms 1104-07, 903, 11/F, Shangri-La Office Building Center, No. 9 Hong Kong Middle Road, Shinan District, Qingdao, Shandong | November 8, 2021 |
| 17 | Fuzhou Wusi Road Securities Business Office of CICC | Fuzhou Wusi Road Securities Business Office of CICC Wealth Management Securities | Rooms 02-03, 38/F, Office Building of Hengli City, No. 128-1 Wusi Road, Gulou District, Fuzhou, Fujian | October 29, 2021 |
| 18 | Xiamen Lianyue Road Securities Business Office of CICC | Xiamen Lianyue Road Securities Business Office of CICC Wealth Management Securities | Room 0401, Office Building of Paragon Center, No.1 Lianyue Road, Siming District, Xiamen, Fujian | November 9, 2021 |
| 19 | Tianjin Nanjing Road Securities Business Office of CICC | Tianjin Fifth Avenue Securities Business Office of CICC Wealth Management Securities | Rooms 03, 04, No. 137 Machang Road, Hexi District, Tianjin | December 13, 2021 |

Note: The relevant dates in Appendices II and III are all business license dates.

