

# 2021 中信証券 年度報告

CITIC SECURITIES 2021  
Annual Report

A joint stock limited company incorporated  
in the People's Republic of China with limited liability  
Stock Code: 6030



## IMPORTANT NOTICE

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The Board and the Supervisory Committee and the Directors, Supervisors and Senior Management of the Company warrant the truthfulness, accuracy and completeness of the contents of this report and that there is no false representation, misleading statement contained herein or material omission from this report, for which they will assume joint and several liabilities.

This report was considered and approved at the 37th Meeting of the Seventh Session of the Board of the Company. All Directors attended this meeting of the Board. No Director raised any objection to this report.

The Company's domestic and international financial statements for the year were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, respectively, and they have issued standard and unqualified auditor's reports.

Mr. ZHANG Youjun, head of the Company, Mr. SHI Benliang, the Chief Financial Officer and head of the Company's accounting department, warrant that the financial statements set out in this report are true, accurate and complete.

The Company's 2021 profit distribution plan as considered and approved by the Board is to distribute a cash dividend of RMB5.40 (tax inclusive) for every 10 Shares. This proposal is subject to the approval by the general meeting of the Company.

Forward looking statements, including future plans and development strategies, contained in this report do not constitute a substantive commitment to the investors by the Company. Investors should be aware of investment risks.

There was no appropriation of funds of the Company by the controlling shareholder and its related/connected parties for non-operating purposes.

The Company had made no guarantee to external parties in violation of the stipulated decision-making procedures.

There is no such a situation where the majority of the Directors cannot warrant the truthfulness, accuracy and completeness of the annual report disclosed by the Company.

The Company prepared this report in both English and Chinese versions. In the event of any discrepancies between the English version and the Chinese version of this report, the Chinese version shall prevail.

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# Chairman's Statement



– Chairman **ZHANG Youjun**

## Dear Shareholders,

2021 was a milestone year in the history of the Communist Party of China (CPC) and the Chinese nation, during which the centenary of the founding of the CPC was solemnly celebrated, and the new journey to achieve the goals for the second centenary was initiated, and a new chapter for the 14th Five-Year Plan began.

CITIC Securities never ceased to promote high-quality development when striving to sail through the irresistible torrents of time, with key operating results reaching a record high in 2021 since its inception. The Company recorded total revenue and other income of RMB97,324 million for the year, representing a year-on-year increase of 35.42%; net profit attributable to shareholders of the Company amounted to RMB23,100 million, representing a year-on-year increase of 55.01%; and return on equity was 12.07%, representing a year-on-year increase of 3.64 percentage points. In early 2022, the Company completed the rights issue of A shares and H shares, raising funds of approximately RMB27,330 million, which further consolidated its capital strength and conduced to its business expansion and business structure optimization.

In the face of a complex and volatile market environment, we firmly believe that we shall do our part of duty, do the right thing, and strive relentlessly to achieve our development vision of “becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world”. We are committed to serving the real economy, giving back to communities, building a more closely connected community with shared future with our country and community as a whole, and providing more definite value.

We actively implemented the new development concept and provided service in capital market of green finance. In 2021, we completed a number of A-share IPO projects for clean energy companies, including China Three Gorges Renewables (Group) Co., Ltd., and assisted 71 enterprises with their issuance of green bonds of RMB136.2 billion. We completed the issuance of market-leading products such as the first batch of carbon-neutral green bonds, and the first rural revitalization green bonds. We worked with banks to launch the first batch of ESG global asset allocation index products, carbon emissions right pledge loan business and carbon neutral index OTC option trading in the market. China AMC, our subsidiary, was the first in the industry to set out a specific target and implementation path for “carbon neutrality”. We have been a key player in China’s green finance service by playing a leading role in promoting sustainable development.

We gave back to the communities by contributing to education, rural revitalization, public health and other fields. For ten years in a row, we have been donating money to upgrade the hardware facilities of the middle schools in Guyuan County, Hebei Province, sponsoring more than 2,700 students there from impoverished families through their education. In Xainza County, Tibet, we built the village-level kindergarten at the highest altitude in the world to assist in solving the local problems regarding fundamental education. In Jishishan County, Gansu Province, we invested nearly RMB10 million to build dormitory buildings and bathrooms for local schools to improve the study and living conditions for local students. In Huichang County, Jiangxi Province, we made cumulative contribution of RMB5.94 million to build two phases of photovoltaic power stations, and 90% of the income from power generation was paid to poor households and village collectives without income sources for a long time. We exploited our professional advantages to provide diverse financing services for a broad range of issuers contributing to raise funds for rural revitalization, with a cumulative underwriting amount of RMB9.1 billion. In 2021, we and our subsidiaries, China AMC and CITIC Futures, donated RMB12 million to the flooded areas in Henan Province and Shanxi Province for flood relief and post-disaster reconstruction. We made a charitable donation of up to RMB50 million during the year, and established “CITIC Securities Charitable Foundation” with China Foundation for Poverty Alleviation.

We upheld our strategy of internationalization and won the full trust of clients across the globe. CITIC Securities, together with its major overseas business platform, CLSA Limited, has established presence in 13 countries around the world, with more than 2,000 overseas institutional clients. It is the Chinese securities company which has the largest number of local institutions, sales networks and clearing and settlement facilities in the Belt and Road Initiative region. We have fully implemented global integrated management. With our unique position in the industry and strengths from years of experience, we have built a bridge for Chinese enterprises to go global and foreign enterprises to go local in China through investment banking, research, institutional equities business, fixed income business, derivatives business and other businesses. As one of the major securities companies in countries such as Singapore, Malaysia, the Philippines, Indonesia, Thailand, Sri Lanka, we are highly recognized by local large enterprises, investors, regulators and governments. In 2021, CLSA Limited recorded the highest results since its acquisition by the Company in 2013.

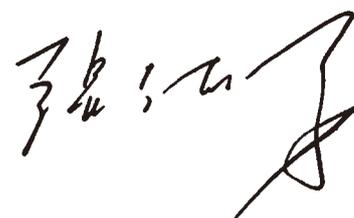
We selected the top-notch talents without sticking only to one certain pattern. Internally, we helped groups of young employees become the backbone of the Company and the industry; and recruited and nurtured professionals with international vision, proficiency in international operations and creative thinking. This young talent team, featuring diversity, internationality, and professionalism, will serve as our core competitiveness for further success in the future. By establishing a market-oriented management mechanism in the fields of remuneration and performance, competence management, professional decision-making, and global integrated vertical management, we released the potential of comprehensive development of talents. During the process of keeping good practice from our experience while seeking development, we have gradually formed the business philosophy of law abidance, standardized management and strict risk control, forged the pioneering spirit of seeking excellence, striving to make innovations and develop through trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the style of

## Chairman's Statement

staying humble, working hard, and being modest and prudent; and fostered the traditions such as being diligent and thrifty, advocating conciseness, and abandoning red tape. These honorable elements of our corporate culture have been borne in our mind. In 2021, CITIC Securities was rated class A in the first assessment of cultural construction practice in security industry.

As China has launched the new journey of building a modern socialist country in a comprehensive way, with new development philosophy being implemented, new development pattern being developed and high-quality development being achieved. Capital market will play a more and more important role, which will create a great opportunity for the growth of first-class investment banks. In an era full of opportunities and challenges, we shall keep our original aspiration and mission deeply in heart, continue to uphold the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We will continue to anchor our responsibilities to follow national strategies and serve real economy, to satisfy major strategic needs of China, optimize and upgrade the economic system, strive for reforms in the forefront of capital market, and achieve maintenance and appreciation the value of social wealth. By earnestly fulfilling our social responsibilities, endeavoring to promote common prosperity and serving the new development pattern, we will forge ahead with our vision of becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world and create a greater value for the Shareholders.

Hope all Shareholders can move forward side by side with us to embrace the great era together.



**ZHANG Youjun**

*Chairman*

28 March 2022



# Company Information

## Profile

Name in Chinese	中信証券股份有限公司
Abbreviation in Chinese	中信証券
Name in English	CITIC Securities Company Limited
Abbreviation in English	CITIC Securities Co., Ltd.
Legal Representative	ZHANG Youjun
President	YANG Minghui
Authorized Representatives	YANG Minghui, LIU Xiaomeng

## Registered Capital and Net Capital of the Company

	<i>In RMB Yuan</i>
	As at the end of the Reporting Period
	As at the end of last year
Registered Capital	<b>12,926,776,029.00</b>
Net Capital	<b>107,575,219,488.54</b>

Note: As of the date of publication of this report, the total number of Shares of the Company was 14,820,546,829, of which 12,200,469,974 were A Shares and 2,620,076,855 were H Shares.

## Business Qualifications for Individual Business of the Company

- Business qualifications approved or certified by the CSRC: entrusted investment management business, online securities entrustment business; entrusted wealth management; operation of overseas securities investment management business by qualified domestic institutional investors (QDII); direct investment; interbank market interest rate swap business; stock index futures trading in proprietary business and asset management business; pilot business of stock return swap; first class OTC option dealer; treasury bond futures trading in proprietary business and securities asset management business; pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts; custodian business for securities investment funds; and credit risk mitigation instruments selling business; market making business of treasury bond futures; commodities derivatives transaction and the trading of financial products on overseas exchanges; carrying out pilot cross-border business.
- Business qualifications approved by the stock exchange: market maker of stock exchange fixed income platform; warrants trading; stock repo business; stock pledge-style repo business; margin refinancing and securities relending; Southbound Trading Connect business; Bond pledge-style quoted repo business; financing business with respect to exercising rights under share incentive schemes of listed companies; stock options brokerage; proprietary trading for stock options; SSE and SZSE ETF options market makers; China Financial Futures Exchange stock index options market maker; commodity options market maker of Dalian Commodity Exchange, Zhengzhou Commodity Exchange, Shanghai Futures Exchange, Shanghai International Energy Trading Center; and member of BSE.

## Company Information

3. Business qualifications approved by SAC: quoted transfer business; OTC market business; OTC trading business; internet-based securities business pilot; cross-border income swap transaction business.
4. Business qualifications approved by the People's Bank of China: qualification for lending transactions and bond transactions in the National Interbank Funding Centre; short-term commercial paper underwriting; market maker in interbank bond market; and primary dealer of open market.
5. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); investment manager for enterprise annuity fund and occupational pension fund; member of underwriting syndicate of policy bank; manager of converted shares of the NSSF; NSSF domestic investment manager; entrusted management of insurance funds; securities investment management for national basic pension insurance fund; pilot refinancing business; sideline insurance agency business; business with special institutional clients of insurance institutions; recommending business and brokerage business through National Equities Exchange and Quotation; market-making business through National Equities Exchange and Quotation; consultancy services relating to the secrecy-involved business of the military industry; member of Shanghai Gold Exchange; product general clearing member of Shanghai Clearing House; foreign exchange settlement and sale business; member of Asset Management Association of China; member of interbank foreign exchange market; member of interbank foreign currency market; member of the Shanghai Bill Exchange Co., Ltd.; and trustee of debt financing instruments for non-financial enterprises.

## Contact Person and Methods

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### Board Secretary, Securities Affairs Representative, Company Secretary

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Name	Board Secretary: WANG Junfeng Securities Affairs Representative: YANG Baolin Joint Company Secretaries: LIU Xiaomeng; YU Hiu Kwan, Hilda
Contact Address	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing  CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province <small>(Note: This is a postal address and is in the same building as that of the registered address of the Company. The registered address of the Company corresponds to the name of the building registered with the Shenzhen Real Estate Ownership Registration Centre)</small>
Telephone	0086-10-6083 6030, 0086-755-2383 5383
Facsimile	0086-10-6083 6031, 0086-755-2383 5525
Email	ir@citics.com

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## Basic Information

Registered Address of the Company	North Tower, Excellence Times Plaza (II), No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Historical Change of Registered Address of the Company	On 6 April 2000, with the approval of CSRC and the State Administration for Industry & Commerce of the People's Republic of China, the registered office of the Company was changed from Beijing to Shenzhen.
Office Address of the Company	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Office Address of the Company	100026, 518048
Business Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	<a href="http://www.citics.com">http://www.citics.com</a>
Email	<a href="mailto:ir@citics.com">ir@citics.com</a>
Telephone	0086-10-6083 8888, 0086-755-2383 5888
Facsimile	0086-10-6083 6029, 0086-755-2383 5861
Customer Service Hotline for Brokerage and Asset Management Business	95548, 4008895548
Investor Relations Hotline	0086-10-60836030, 0086-755-23835383
Unified Social Credibility Code	914403001017814402

## Information Disclosure and Availability Places

Media designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The websites designated for publication of the Annual Reports of the Company	Website designated by the CSRC: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> (website of the SSE) Website designated by the Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> (HKExnews website of HKEx) Website of the Company: <a href="http://www.citics.com">http://www.citics.com</a>
Places where Annual Reports of the Company are available	10/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing  16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province  26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

# Company Information

## Brief Information of the Shares of the Company

<b>Class of Shares</b>	<b>Stock Exchange of Listing</b>	<b>Stock Short Name</b>	<b>Stock Code</b>	<b>Stock Short Name Before Change</b>
A Shares	SSE	CITIC Securities	600030	N/A
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030	N/A

## Other Information of the Company

### History of the Company

The Company was incorporated in Beijing on 25 October 1995, under the name of CITIC Securities Limited, with registered capital of RMB300,000,000. The principal Shareholder of the Company was CITIC Group which directly held 95% of share capital of the Company.

On 29 December 1999, CITIC Securities Limited increased share capital and was converted into a joint stock limited company known as CITIC Securities Company Limited. The registered capital was increased to RMB2,081,500,000 and the direct shareholding of CITIC Group was 37.85%.

On 6 April 2000, with the approval of CSRC and the State Administration for Industry & Commerce of the People's Republic of China, the registered address of the Company was changed to Shenzhen.

In December 2002, the Company conducted the initial public offering of 400,000,000 A Shares at the price of RMB4.50 per Share, and such Shares were listed on the SSE on 6 January 2003. Upon completion of the offering, the total number of Shares of the Company was increased to 2,481,500,000 Shares and the direct shareholding of CITIC Group was 31.75%.

On 15 August 2005, the Company carried out the non-tradable shares reform. As a result, holders of non-tradable shares paid consideration to holders of tradable shares in exchange for listing and trading rights of non-trading shares at a ratio of 10:3.5, pursuant to which holders of tradable shares received 3.5 shares for every 10 tradable shares. In addition, a total of 30,000,000 shares were provided by all the holders of non-tradable shares as the shares for the Company's first share incentive scheme. Upon completion of the non-tradable shares reform, the total number of issued Shares of the Company remained at 2,481,500,000 and all such Shares were tradable shares, of which, 1,941,500,000 shares were subject to trading moratorium, accounting for 78.24% of the total issued Shares of the Company, and the direct shareholding of CITIC Group was 29.89%. On 15 August 2008, all Shares held by the promoters which were previously subject to trading moratorium became tradable on the market.

On 27 June 2006, the 500,000,000 A Shares issued by the Company to China Life Insurance (Group) Company and China Life Insurance Company Ltd. by private placement at the price of RMB9.29 per Share were listed and traded on SSE. The total number of issued Shares of the Company increased from 2,481,500,000 to 2,981,500,000 and the direct shareholding of CITIC Group was 24.88%.

On 4 September 2007, the 333,733,800 A Shares issued by Company by public offering at the price of RMB74.91 per Share were listed and traded on SSE. The total number of issued Shares of the Company increased from 2,981,500,000 to 3,315,233,800 and the direct shareholding of CITIC Group was 23.43%.

In April 2008, the Company conducted the 2007 profit distribution and capitalization issue, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 Shares, and completed a capitalization issue of 10 bonus Shares for every 10 Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 3,315,233,800 to 6,630,467,600.

In June 2010, the Company conducted the 2009 profit distribution and capitalization issue, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 Shares, and completed a capitalization issue of 5 bonus Shares for every 10 Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 6,630,467,600 to 9,945,701,400.

In October 2011, the Company conducted the initial public offering of 1,071,207,000 H Shares (inclusive of the H Shares issued upon partial exercise of the over-allotment option) at the offering price of HK\$13.30 per share. All such Shares were ordinary shares, with a par value of RMB1 per Share. According to the Administrative Measures for Reducing the State-owned Shares to Raise Social Security Funds and with the approval from Ministry of Finance, the 13 State-owned Shareholders of the Company transferred their 107,120,700 State-owned shares (inclusive of the shares reduced as a result of partial exercise of over-allotment option) to the NSSF and converted them into H Shares. The 1,094,830,000 H Shares issued and converted pursuant to the global offering (including the H Shares converted from corresponding State-owned shares), the 75,907,000 H Shares issued upon the partial exercise of the over-allotment option and the 7,590,700 H Shares converted from the corresponding State-owned shares, respectively, were listed and traded on the Main Board of the Hong Kong Stock Exchange on 6 October 2011, 1 November 2011 and 7 November 2011. Upon completion of the offering, the total number of issued Shares of the Company increased from 9,945,701,400 to 11,016,908,400, of which 9,838,580,700 Shares were A Shares and 1,178,327,700 Shares were H Shares, and the direct shareholding of CITIC Group was 20.30%.

On 27 December 2011, the largest Shareholder of the Company, CITIC Group, was restructured into a wholly Stated-owned company and changed its name to "CITIC Group Corporation", which took over all of the business and assets of former CITIC Group. CITIC Group together with Beijing CITIC Enterprise Management Co., Ltd. established CITIC Limited (renamed as CITIC Corporation Limited in 2014) on 27 December 2011 by contributing substantially all of its operating net assets (inclusive of its 20.30% Shares in the Company). With the approval of CSRC, CITIC Group and CITIC Corporation Limited completed the procedures for the transfer of shareholding on 25 February 2013. The largest Shareholder of the Company was changed to CITIC Corporation Limited and its direct shareholding in the Company is 20.30%. On 16 April 2014, CITIC Group and Beijing CITIC Enterprise Management Co., Ltd., as the shareholders of CITIC Corporation Limited, entered into a share transfer agreement with CITIC Pacific, pursuant to which they agreed to transfer their 100% equity interest held in CITIC Corporation Limited to CITIC Pacific. The relevant equity transfer was completed on 25 August 2014, and CITIC Pacific became the sole and direct shareholder of CITIC Corporation Limited, the largest Shareholder of the Company. On 27 August 2014, CITIC Pacific changed its name to CITIC Limited.

On 23 June 2015, upon the listing and trading on the Hong Kong Stock Exchange of the 1,100,000,000 H Shares issued by the Company to 10 investors, including Kuwait Investment Authority, by private placement at the price of HK\$24.60 per Share, the total number of issued Shares of the Company increased from 11,016,908,400 to 12,116,908,400, of which 9,838,580,700 Shares were A Shares and 2,278,327,700 Shares were H Shares. Following completion of the issuance, the direct shareholding of CITIC Corporation Limited was 15.59%.

On 26 February 2016 and 29 February 2016, CITIC Corporation Limited, through its own stock account, increased its shareholding in the Company by an aggregate of 110,936,871 A Shares. Upon the completion of the increase in shareholding, the total number of Shares of the Company directly held by CITIC Corporation Limited increased from 1,888,758,875 Shares to 1,999,695,746 Shares, and the direct shareholding of CITIC Corporation Limited increased from 15.59% to 16.50%.

## Company Information

On 27 May 2019, the 2019 First Extraordinary General Meeting of the Company considered and approved the transaction in relation to acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares. The procedures for transfer of the target assets under the aforementioned transaction and the relevant industrial and commercial registration of changes were completed in January 2020. Guangzhou Securities has changed its name to CITIC Securities South China Company Limited with the Company holding 100% of its equity interest. On 11 March 2020, the Company completed the issuance of 265,352,996 and 544,514,633 consideration Shares to Yuexiu Financial Holdings and Financial Holdings Limited, respectively. The registered capital of the Company has been changed from RMB12,116,908,400 to RMB12,926,776,029. The total number of issued Shares of the Company increased from 12,116,908,400 Shares to 12,926,776,029 Shares, of which, the number of A Shares increased from 9,838,580,700 Shares to 10,648,448,329 Shares and the number of H Shares remained as 2,278,327,700 Shares. The direct shareholding of CITIC Corporation Limited is 15.47%. Yuexiu Financial Holdings and Financial Holdings Limited in aggregate hold 6.26% of the Shares of the Company.

On 29 June 2021, the 2020 Annual General Meeting and the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting of the Company considered and approved the proposal of public offering of securities by way of Rights Issue. With the approval of the CSRC, the Company issued 1,552,021,645 RMB ordinary Shares under the A Share Rights Issue at an issue price of RMB14.43 per Share, which were listed on the SSE on 15 February 2022; and issued 341,749,155 Shares under the H Share Rights Issue at an issue price of HK\$17.67 per Share, which were listed on the Hong Kong Stock Exchange on 4 March 2022. After the completion of the Rights Issue, the total number of issued Shares of the Company increased from 12,926,776,029 Shares to 14,820,546,829 Shares, of which A Shares changed from 10,648,448,329 Shares to 12,200,469,974 Shares and H Shares changed from 2,278,327,700 Shares to 2,620,076,855 Shares. As of 3 March 2022, CITIC Limited and CITIC Corporation Limited held a total of 18.45% of the Company's Shares, and Yuexiu Financial Holdings, Financial Holdings Limited and Yuexiu Financial International held a total of 7.47% of the Company's Shares.

After its listing on SSE, the Company has since been included in the SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, FTSE/Xinhua A50 China Index, Dow Jones China 88 Index, and SSE Social Responsibility index, etc. After its listing on the Hong Kong Stock Exchange, the Company has since been included in constituent stocks of indices such as the Hang Seng China H-Financials Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Index – Financials and Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, Hang Seng CSI Shanghai-Hong Kong AH Smart Index, SSE SH Equities Index, FTSE China 25 Index, MSCI China Index and Hang Seng (China A) Corporate Sustainability Benchmark Index, which greatly enhanced the prestige of the Company. Since the launch of Shanghai-Hong Kong Stock Connect on 17 November 2014, the Shares of the Company have been included in its northbound trading list and southbound trading list respectively. Upon the launch of Shenzhen-Hong Kong Stock Connect on 5 December 2016, H Share of the Company has become an eligible stock of Shenzhen-Hong Kong Stock Connect.

### **Changes in registration status during the Reporting Period:**

On 27 July 2021, the Company completed the filing of changes to directors and amendments to the Articles of Association of the Company with the Shenzhen Administration for Market Regulation.

### **Information of first registration:**

Date of First Registration: 25 October 1995

First Registered Address: Capital Mansion, No. 6 Xinyuan South Road, Chaoyang District, Beijing

Registration Number of Corporate Legal Person Business License: 10001830

Certificate of Organization Code: 10178144-0

Please refer to “Company Information” of the 2002 Annual Report of the Company for the information on the first registration of the Company.

## Changes in the businesses

The Company was established by CITIC Group through integrating the original scattered securities operating institutions immediately after the initial start of the securities market in China. The Company has actively operated its businesses following the principle of “standardized operation and stable and healthy development”. At the end of 1996, the Company became one of the first ten securities houses whose stock underwriting qualification was re-approved by CSRC.

In October 1999, the Company became one of the first batch of comprehensive securities companies approved by CSRC and one of the first batch of securities houses whose qualification as a lead underwriter for equity product was re-approved by CSRC. The Company is one of the supervisor members of the Securities Association of China, one of the first batch of securities companies to enter into the national interbank lending market, and one of the first batch of securities companies authorized to engage in stock-secured loans.

In 2002, the Company obtained the qualifications to engage in entrusted investment management business and fund sales agency services.

In 2005, the Company obtained the qualification as enterprise annuity investment manager.

In 2006, the Company became the first batch of securities company to obtain the qualification as a lead underwriter of short-term commercial papers.

In 2007, the Company obtained the qualifications for the trial business of direct investment and overseas securities investment management business as a qualified domestic institutional investor (QDII).

In 2008, the Company became a Class-A clearing participant of CSDC and obtained the qualification for the provision of brokerage services to futures companies.

In 2009, the Company obtained the qualification to manage the transfer of converted shares of the NSSF.

In 2010, the Company obtained the qualifications for margin financing and securities lending business, stock index futures trading in proprietary business and assets management business and was approved to be a domestic investment manager for the NSSF.

In 2011, the Company became one of the first batch of companies to obtain the stock repo trading qualification.

In 2012, the Company obtained the qualifications for underwriting of private placement of SME bonds, entrusted management of insurance funds, distribution of financial products, pilot businesses of stock return swap, pilot refinancing business and consultancy services relating to secrecy-involved business of the military industry.

In 2013, the Company obtained the qualifications for sideline insurance agency business, and treasury bond futures trading in proprietary business and the securities assets management business. It was among the first batch of companies to obtain the qualifications for membership of Shanghai Clearing House on RMB interest rate swaps.

## Company Information

In 2014, the Company was among the first batch of companies to obtain the qualification as a general clearing member of Shanghai Clearing House to conduct the clearing agency business. It obtained the qualifications for agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts, OTC option business, Internet-based securities business, New OTC market-making business, securities investment fund custody business, Southbound Trading Connect business, credit risk mitigation instruments selling business and financing business with respect to exercising rights under share incentive schemes of listed companies, and was qualified as a primary dealer of the open market.

In 2015, the Company obtained the qualification of the stock options market making business, and was approved to commence SSE 50 ETF options market making business; the Company was admitted as a stock options trading participant on the SSE and obtained the trading permission to commence the stock options brokerage and proprietary trading business.

In 2016, the Company obtained the qualification to manage investment with occupational annuity and was accepted as a non-bank member on the Shanghai Bill Exchange Co., Ltd., and obtained the trading permission to commence the rediscount, pledged repurchase, outright repurchase and other transactions of bills.

In 2017, the Company obtained the qualification of market-making of commodity options on the Zhengzhou Commodity Exchange.

In 2018, the Company obtained the qualifications for investment in overseas financial products or instruments that other QDIIs are allowed to invest in using its proprietary capital; obtained the qualifications of market-making on the Shanghai Futures Exchange.

In 2019, the Company obtained the business qualification as principal market maker of listed funds; was approved to conduct the market making business of treasure bond futures and the stock index option market making business; obtained the operation qualification of settlement and sale of foreign exchange business, and can conduct pilot settlement and sale of foreign exchange business; became a member of the interbank foreign exchange market and the interbank foreign currency market, and can engage in spot, forward, swap, currency swap, foreign currency interest rate swap and options trading; obtained the qualification of market-making of commodity options on the Zhengzhou Commodity Exchange and the Dalian Commodity Exchange.

In 2020, after filing with the State Administration of Foreign Exchange, the Company can carry out related foreign exchange business on behalf of customers, and after filing with the National Association of Financial Market Institutional Investors, the Company becomes the trustee of debt-financing instruments for non-financial enterprises and can carry out entrusted management business.

In 2021, the Company obtained the qualification of membership on the BSE. CSRC has no objection to the pilot fund investment advisory business and the pilot business of account management function optimization of the Company. Shanghai Clearing House approved the Company's centralized clearing agency business for credit default swaps.

### Changes of principal Shareholders

Since the establishment of the Company, CITIC Group or its subsidiary has been the largest Shareholder of the Company. Upon completion of the acquisition of 100% equity interest in Guangzhou Securities (as previously named) by issuing Shares to Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, in 2020, Yuexiu Financial Holdings and Financial Holdings Limited in aggregate hold more than 5% Shares of the Company. Please refer to “History of the Company” under this section for details. Yuexiu Financial International, as a party acting in concert of Yuexiu Financial Holdings, has held equity interest in the company since 26 November 2021, which jointly holds more than 5% equity interest in the company together with Yuexiu Financial Holdings and Financial Holdings Co., Ltd.

### Results of the classification of the Company by the regulatory authorities

In the 2021 Classification and Evaluation of Securities Companies, the Company, together with its wholly-owned subsidiaries engaging in securities business, including CITIC Securities (Shandong), CITIC Securities South China and Kington Securities, were rated AA in the category A of the Chinese securities industry.

### The organization status of the Company

As at the end of the Reporting Period, the Company has six principal wholly-owned subsidiaries, namely CITIC Securities (Shandong), CSI, GoldStone Investment, CITIC Securities Investment, CITIC Futures and CITIC Securities South China, and one principal non wholly-owned subsidiary, namely China AMC. Please refer to “Analysis of principal subsidiaries and associated company” of this report for details.

### Number and distribution of securities branches of the Company

As at the end of the Reporting Period, the Company, CITIC Securities (Shandong), CITIC Securities South China, CITIC Futures and Kington Securities had 93 branch offices and 323 outlets in Mainland China (including 319 securities outlets and 4 futures outlets) in total. In addition, as at the end of the Reporting Period, CSI had four branches in Hong Kong through its subsidiary.

The number and distribution of domestic securities outlets of the Group are as follows:

Province, city or area	Number of outlets	Province, city or area	Number of outlets	Province, city or area	Number of outlets
Zhejiang	61	Hubei	10	Shaanxi	5
Shandong	57	Jiangxi	7	Shanxi	2
Guangdong	51	Liaoning	10	Anhui	3
Shanghai	20	Henan	7	Chongqing	1
Jiangsu	26	Sichuan	7	Jilin	1
Beijing	22	Hebei	7	Hunan	6
Fujian	7	Tianjin	4	Inner Mongolia	1
Heilongjiang	1	Yunnan	1	Guangxi	2

## Company Information

### Number and distribution of other branches

The number and distribution of other domestic securities branch offices of the Group are as follows:

Province, city or area	Number of branch offices	Province, city or area	Number of branch offices	Province, city or area	Number of branch offices
Zhejiang	7	Hubei	1	Shaanxi	1
Shandong	5	Jiangxi	1	Shanxi	1
Guangdong	4	Liaoning	2	Anhui	1
Shanghai	2	Henan	1	Chongqing	1
Jiangsu	3	Sichuan	1	Jilin	1
Beijing	1	Hebei	1	Hunan	1
Fujian	2	Tianjin	1	Inner Mongolia	1
Heilongjiang	1	Yunnan	1	Guangxi	1
Hainan	1	Gansu	1	Ningxia	1
Guizhou	1	Xinjiang	1	Qinghai	1

As at the end of the Reporting Period, CITIC Futures held 49 branches, including 45 branch offices and 4 futures outlets (all of them are located in Zhejiang), the number and distribution of which are as follows:

Province, city or area	Number of branches	Province, city or area	Number of branches	Province, city or area	Number of branches
Beijing	3	Guizhou	1	Inner Mongolia	1
Shanghai	4	Hainan	1	Ningxia	1
Guangdong	5	Hebei	1	Shandong	4
Zhejiang	7	Henan	1	Shanxi	1
Yunnan	1	Hubei	1	Shaanxi	1
Heilongjiang	1	Hunan	1	Sichuan	1
Anhui	1	Jiangsu	3	Tianjin	1
Fujian	1	Jiangxi	1	Xinjiang	1
Gansu	1	Liaoning	2	Chongqing	1
Guangxi	1				

## Other Relevant Information

Auditors engaged by the Company (Domestic)	Name	PwC Zhong Tian
	Office Address	11/F, Pricewaterhouse-Coopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai
	Name of the signing accountant	JIANG Kun, LU Yibin
Auditors engaged by the Company (Overseas)	Name	PwC Hong Kong <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i>
	Office Address	22/F, Prince's Building, Central, Hong Kong
	Name of the signing accountant	LEUNG Wai Kin
Legal Advisers as to PRC Laws	Name	Jia Yuan Law Offices
Legal Advisers as to Hong Kong Laws	Name	Jingtian & Gongcheng LLP
A Share Registrar	Name	CSDC, Shanghai Branch
	Office Address	No. 188 Yanggao South Road, Pudong New Area, Shanghai
H Share Registrar	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

# Company Information

## Awards in 2021

### ◆ The Company

Issued by	Name of Awards
SSE	Excellent Options Market Maker, Top 10 Options Brokers, Excellent Funds Market Maker
SZSE	Excellent Stock Options Market Maker, Excellent Stock Options Brokers, Excellent ETF Liquidity Service Provider
Dalian Commodity Exchange	Award for Best Contribution by Options Market Makers, Award for Outstanding Contribution by Futures Market Makers
Zhengzhou Commodity Exchange	Excellent Options Market Maker
Shanghai Futures Exchange	Diamond Award for Market Making Business
Shanghai Bill Exchange Co., Ltd	2021 Excellent Market Organization, Excellent Dealer, Excellent Settlement Institution
China Central Depository & Clearing Co., Ltd. (CCDC)	<b>2021 Annual Evaluation of the Business Development Quality of CCDC Members</b> Annual Bond Market Leader, Annual Development Contribution Institution, Outstanding Underwriter Award in Bond, Outstanding Municipal Bond Underwriter, Top 100 Companies in Self-clearing, Outstanding Contribution Institution for Collateral Business, Outstanding Institution in Valuation Business
National Interbank Funding Centre	Annual Market Influence Award in the Interbank Local Currency Market, Market Innovation Award
Chinese Financial Workers' Union	May Day's Labor Award in China's Financial Sector, Sichuan Branch of CITIC Securities (中信証券四川分公司)
China Association for Public Companies (中國上市公司協會)	Best Practice Cases of 2020 Annual Report Performance Briefing of Public Companies
China Development Bank	Outstanding Underwriter in the Interbank Market, Excellent Market Maker in the Interbank Market, Market Expansion Award
The Export-Import Bank of China	Core Underwriter of Domestic RMB Financial Bonds in 2021, Excellent Market Maker, Green Development Concept Promotion Award, Opening-up Promotion Award
Bond Connect Company Limited	Excellent Market Maker of Bond Connect, Outstanding Investor of Bond Connect (Investment Banking)

Issued by	Name of Awards
Asia Risk	Best Domestic House of the Year
New Fortune	<p><b>The 14th New Fortune Best Investment Bank</b></p> <p>No. 1 Best Local Investment Bank, No. 1 Best Investment Bank in Equity Underwriting, No. 1 Best Investment Bank in Debt Underwriting, No. 1 Best Refinancing Investment Bank, No. 1 Best Investment Bank in Mergers and Acquisitions, No. 2 Best IPO Investment Bank, No. 2 Best Investment Bank in Serving Overseas Markets, No. 2 Best Innovative Investment Bank</p> <p>No. 1 Best Investment Bank in Medicinal Biological Industry, No. 1 Best Investment Bank in Chemical Industry, No. 2 Best Investment Bank in New Energy and Power Equipment Industry, No. 4 Best Investment Bank in Technology Industry, No. 4 Best Investment Bank in Mechanical Intelligent Manufacturing Industry</p> <p>Best IPO Project: Beijing-Shanghai High-speed Railway, CanSino (康希諾)</p> <p>Best Refinancing Project: A+H Shares Rights Issue of China Merchants Securities</p> <p>Best STAR Market Project: Roborock (石頭科技), Supcon Technology (中控技術)</p> <p>Best ChiNext Project: Imeik (愛美客), Issuance of A shares to specific objects by Eve Energy on ChiNext Board</p> <p>Best Overseas Project: JD.com's Hong Kong secondary listing, China Yangtze Power GDR, Nongfu Spring's Hong Kong listing, Privatization of Huaneng Renewables Corporation</p> <p>Best Creative Project: Material assets restructuring of CSSC</p> <p>Best Corporate Bond Project: Registered corporate bonds of Shenzhen Metro Group Co., Ltd., public issuance of corporate bonds by China Coal Energy Company Limited in 2020 (to professional investors) (Tranche I)</p> <p>Best Convertible Bond Project: Public issuance of corporate bonds by Hunan Valin Steel Co., Ltd. (華菱轉2)</p> <p>Best Asset-backed Securitization (ABS) Project: Feichi Jianrong (飛馳建融) Credit Asset-backed Securities Tranche II in 2020, Jianyuan (建元) Personal Residential Mortgage Loan Asset-backed Securities Tranche XV in 2020, Dongfang Yuxiao (東方欲曉)</p> <p>No. 1 Asset-backed Special Plan, Topsperity and Haitong-FOLIDAY-Atlantis Sanya (德邦海通 — 復星旅文 — 三亞亞特蘭蒂斯) Asset-backed Special Plan</p> <p>Best New OTC Market Project: Guandian Defense (觀典防務)</p>

## Company Information

### Issued by

### Name of Awards

#### **The 15th New Fortune Best Investment Bank**

No. 1 Best Local Investment Bank, No. 1 Best Investment Bank in Equity Underwriting, No. 1 Best IPO Investment Bank, No. 1 Best Refinancing Investment Bank, No. 1 Best Investment Bank in Mergers and Acquisitions, No. 2 Best Investment Bank in Debt Underwriting, No. 2 Best Investment Bank in Serving Overseas Markets, Best Innovative Investment Bank, Best Practice ESG Investment Bank

No. 1 Best Investment Bank in Big Health Industry, No. 1 Best Investment Bank in New Energy Industry, No. 1 Best Investment Bank in Energy and Materials Industry, No. 2 Best Investment Bank in Mass Consumption Industry, No. 2 Best Investment Bank in Technology and Smart Manufacturing Industry

Best IPO Project: China Three Gorges Renewables (Group) Co., Ltd., Sino Biological, Chengda Biotech

Best Refinancing Project: Non-public Issuance of A Shares by Weichai Power, Non-public Issuance of A Shares by Yili Industrial by in 2021

Best Creative Project: The Project of the Acquisition of the Controlling Interests of Boya Bio-Pharmaceutical by CR Pharmaceutical

Best Corporate Bond Project: 2021 Public Offering of Green Corporate Bonds to Professional Investors of Shenzhen Metro Construction Group Co., Ltd. (First Tranche) (Specialized for Carbon Neutrality)

Best Convertible Bond Project: Public Issuance of Convertible Corporate Bonds by CECWP

Best Asset-backed Securitization (ABS) Project: CITIC Securities — Chengdu Zhonghai International Center Green Asset-Backed Securities (“ABS”) Special Program (Specialized for Carbon Neutrality), CITIC Securities — China Resources Land The Mixc Chongqing Asset-Backed Securities (“ABS”) Special Program

### Securities Times

#### **2021 Jun Ding Award for Securities Investment Bank in China**

Full-Service Investment Bank, STAR Market Investment Bank, Overseas Investment Bank, Equity Refinancing Team

STAR Market Financing Project: CanSino IPO

Financial Adviser Project: Material assets restructuring of CMSK

#### **Second Most Respected Investment Bank by Listed Companies**

Top Ten Most Respected Investment Banks by Listed Companies

Most Respected Capital Market Department by Listed Companies (Equity)

Most Respected IPO Investment Bank by Listed Companies

Most Respected Refinancing Investment Bank by Listed Companies

Most Respected M&A Investment Bank by Listed Companies

Most Respected Bond Investment Bank by Listed Companies

#### **2021 Jun Ding Award for Securities Industry Asset Management in China**

Full-Service Asset Management Institution, Asset Management Equity Team, Asset Management ABS Team, Team for Transformation of Products to Mutual Funds

Quantitative Asset Management Plan: CITIC Securities Quantitative Optimization

CTA Asset Management Plan: CITIC Securities Wealth Preferred CTA Strategy No. 1 FOF

<b>Issued by</b>	<b>Name of Awards</b>
	<p><b>2021 Jun Ding Award for Securities Industry Wealth Management Broker in China</b> Full-Service Wealth Management Broker Jun Ding Award for Top 30 Securities Outlets (Beijing Anwai Main Street Securities Outlet and Shenzhen Branch of CITIC Securities)</p> <p><b>The 12th Tianma Award for Investor Relations of Chinese Listed Companies</b> Best Investor Relations Award for Chinese Listed Companies</p>
<b>Wind Info</b>	<p><b>Wind's Best Investment Bank for 2020</b> Best Investment Bank, Best Equity Underwriter, Best IPO Underwriter, Best Refinancing Underwriter, Best Preferred Stock Underwriter, Best STAR Market Equity Underwriter, Best ChiNext Equity Underwriter, Best NEEQ Select Tier Equity Underwriter Best Bond Underwriter, Best Credit Bond Underwriter-Excellent Securities Trader Award, Best Private Enterprise Bond Underwriter, Best Mid- To Long-Term Bond Underwriter, Best Financial Bond Underwriter-Excellent Securities Trader Award, Best Asset-backed Securities Underwriter, Best Credit ABS Underwriter, Best Enterprise ABS Underwriter, Best ABN Underwriter, Best Underwriter of Company Bonds, Best Underwriter of Corporate Bonds, Best Underwriter of Convertible Bonds, Best Underwriter of Exchangeable Bonds</p>
<b>China Securities Journal</b>	<p><b>2021 Golden Bull Award in Chinese Securities Industry</b> Golden Bull Award of Top Ten Securities Companies, Golden Bull Award of Social Responsibility of Securities Companies, Golden Bull Award for Culture Construction of the Securities Industry, Golden Bull Award for Financial Technology of Securities Companies, Golden Bull Wealth Management Team Award, Golden Bull Investment Bank Team Award</p> <p><b>2021 Golden Bull Award for Collective Asset Management Plan of Chinese Securities Companies</b> Golden Bull Broker's Collective Asset Manager Three-Year Golden Bull Asset Management Plan for Bond Funds: CITIC Securities Collective Asset Management Plan for Optimal One-Year Holding Bond Funds Three-Year Golden Bull Asset Management Plan for Hybrid Funds: CITIC Securities Collective Asset Management Plan for Growth Power Hybrid Funds Three-Year Golden Bull Asset Management Plan for FOF Funds: CITIC Securities Collective Asset Management Plan for Wealth Optimal One-Year Holding Hybrid FOF Funds One-Year Golden Bull Asset Management Plan for Hybrid Funds: CITIC Securities Collective Asset Management Plan for Quality Life Hybrid Funds</p>
<b>CAIJING Magazine</b>	2021 Institutions with Most Contribution in STAR Market
<b>Financial Times</b>	2021 Best Securities Company
<b>Finance Asia</b>	Best Bond Underwriting Firm in the PRC

## Company Information

Issued by	Name of Awards
Asiamoney	<b>2021 Best Corporate Finance and Investment Bank in China</b> Best Domestic Equity Financing Broker, Best Domestic M&A Consultant Broker <b>2021 China Asset-backed Securitization Leader Award</b> Best Asset-backed Securitization Underwriting Firm of Broker Category
Merger market	Best M&A Deal of the Year: Peking University Founder Group Co., Ltd. (Ping An Insurance (Group) Company of China, Ltd.) Best Energy, Mining and Utilities M&A Deal of the Year: China Gezhouba Group Co., Ltd. (China Energy Engineering Corporation Limited) Best Technology, Media and Telecommunications M&A Deal of the Year: Peking University Founder Group Co., Ltd. (Ping An Insurance (Group) Company of China, Ltd.)
Yicai	Top 10 Investment Banks of the Year of China Financial Value Ranking 2021
National Business Daily	2021 Top 1 Listed Chinese Securities Company in Terms of Brand Value, Golden Tripod Awards for the Most Influential Custody Broker
www.caishiv.com	Fund and Wealth Management • Jie Fu Awards: Outstanding Custodian, Outstanding Administrator, Outstanding Offshore Administrator

### ◆ CITIC Securities/CLSA Limited

Issued by	Name of Awards
Asiamoney	<b>Asiamoney Brokers Poll 2020</b> No. 2 Best Broker in Asia (Excluding Australia & Japan) No. 2 Best Salesperson in Asia (Excluding Australia & Japan) No. 2 Best Research in Asia (Excluding Australia & Japan) No. 2 Best Domestic Broker, No. 2 Best Research, No. 2 Best Salesperson, No. 2 Best Execution, No. 2 Best CA Servicer, No. 2 Best Northbound Trading Broker in China (A & B Shares) No. 2 Best Broker, No. 3 Best Research, No. 2 Best Salesperson, No. 2 Best Execution, No. 2 Best CA Servicer, No. 2 Best Southbound Trading Broker in Hong Kong, China

**Issued by****Name of Awards****Awards in Asia****Japan**

No. 3 Best International Securities Company

**Korea**

No. 2 Best International Securities Company, No. 3 Best Research Business, No. 3 Best for Execution

**Australia**

No. 1 Best International Securities Company, No. 1 Best Research Business, No. 1 Best Sales Business, No. 1 Best CA Servicer, No. 1 Best for Execution

Research: No. 1 Best Economist, No. 1 Best Analyst for Small/mid Caps Stock, No. 1 Best Analyst for Consumer Staples, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Energy, No. 1 Best Analyst for Financials (Non-banking), No. 1 Best Analyst for Real Estate, No. 1 Best Analyst for Technology Hardware & Equipment, No. 1 Best Analyst for Utilities

Sales and Trading: No. 1 Best Salesperson, No. 1 Best Sales Trader

**Indonesia**

No. 1 Best International Securities Company, No. 2 Best Research Business, No. 2 Best Sales Business, No. 2 Best CA Servicer, No. 2 Best for Execution

Research: No. 1 Best Analyst for Energy, No. 1 Best Analyst for Real Estate

Sales and Trading: No. 1 Best Sales Trader

**Malaysia**

No. 1 Best International Securities Company, No. 2 Best Research Business, No. 3 Best Sales Business, No. 3 Best CA Servicer, No. 3 Best for Execution

Research: No. 1 Best Analyst for Industrials, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Semiconductors & Semiconductor Equipment, No. 1 Best Analyst for Technology Hardware & Equipment, No. 1 Best Analyst for Software & Internet Services, No. 1 Best Analyst for Medical Services

Sales and Trading: No. 1 Best Salesperson, No. 1 Best Sales Trader

**The Philippines**

No. 1 Best International Securities Company, No. 1 Best Research Business, No. 1 Best Sales Business, No. 1 Best CA Servicer, No. 1 Best for Execution

Research: No. 1 Best Economist, No. 1 Best Strategist, No. 1 Best Analyst for Small/mid Caps Stocks, No. 1 Best Analyst for Banks, No. 1 Best Analyst for Casinos & Gaming, No. 1 Best Analyst for Consumer Staples, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Energy, No. 1 Best Analyst for Financials (Non-banking), No. 1 Best Analyst for Materials, No. 1 Best Analyst for Real Estate, No. 1 Best Analyst for Software & Internet Services, No. 1 Best Analyst for Telecommunication Services, No. 1 Best Analyst for Utilities

Sales and Trading: No. 1 Best Salesperson, No. 1 Best Sales Trader

**India**

No. 2 Best International Securities Company

Research: No. 1 Best Analyst for Small/mid Caps Stock

# Company Information

<b>Issued by</b>	<b>Name of Awards</b>
	<b>Pakistan</b> No. 2 Best International Securities Companies
	<b>Singapore</b> Sales and Trading: No. 3 Best for Execution
	<b>Thailand</b> No. 2 Best International Securities Companies, No. 2 Best Research Business/No. 2 Best Sale Business, No. 3 Best CA Servicer Research: No. 1 Best Analyst for Banks
<b>Finance Asia</b>	<b>Country Awards for Achievement 2021:</b> Best Securities Issuer of the Year in Hong Kong, China Best IPO of the Year: JD Logistics listing (CITIC Securities, CLSA Limited as one of the sponsors)
<b>Institutional Investor</b>	<b>2021 Research Business Ranking in Asia</b> <b>China</b> No. 2 Best Securities Companies Leading Research: Analyst for Banks, Analyst for Small/mid Caps Stock, Analyst for Technology (Semiconductors) <b>Hong Kong, China</b> No. 2 Best Securities Companies Leading Research: Analyst for Banks, Analyst for Consumer Staples, Analyst for Small/mid Caps Stock, Analyst for Technology (Semiconductors), Analyst for Technology (Hardware equipment) <b>Australia and New Zealand</b> No. 2 Best Securities Companies <b>India</b> No. 3 Best Securities Companies <b>Indonesia</b> No. 1 Best Securities Companies Leading Research: Analyst for Telecom Industry, Analyst for Consumer Staples <b>Malaysia</b> No. 1 Best Securities Companies Leading Research: Analyst for Banks, Analyst for Healthcare and Pharmaceuticals Industry, Analyst for Industrials, Analyst for Technology (Hardware equipment) <b>Philippines</b> No. 1 Best Securities Companies Leading Research: Analyst for Energy <b>Singapore</b> No. 2 Best Securities Companies Leading Research: Analyst for Consumer Staples

<b>Issued by</b>	<b>Name of Awards</b>
	<p><b>Korea</b> No. 2 Best Securities Companies Leading Research: Analyst for Banks, Analyst for Healthcare and Pharmaceuticals Industry, Analyst for Technology (Hardware equipment), Analyst for Technology (Internet Service and Software), Analyst for Tourism and Leisure Industry</p> <p><b>Thailand</b> No. 1 Best Securities Companies Leading Research: Analyst for Consumer Staples</p>
<b>The Asset</b>	<p><b>Triple A Country Awards 2021 of National and Regional Awards for Sustainable Financial Markets</b> Best Equity Advisor (China) Best Sustainable Panda bonds: RMB5 billion of Panda bonds of New Development Bank Best Carbon Neutrality Green Bonds (Enterprises): RMB5 billion green bonds of National Energy Investment Group Best Carbon Neutrality Green Bonds (Airports): RMB500 million carbon neutrality green bonds of Sichuan Province Airport Group Best IPO: RMB54.16 billion of China Telecom A-share IPO Best Bank Capital Bonds: RMB500 million non-fixed term capital bonds of Ningbo Commerce Bank Best Corporate Panda Bonds: RMB3.5 billion public offering Panda bonds of BMW Finance Best Real Estate Investment Trust: 23.5 billion pesos IPO of RL Commercial REIT Best Sustainable Development Bonds (Real Estate): USD300 million sustainable bonds of Minmetals Properties Best Green Bonds (Technology): USD400 million green bonds of Xiaomi Corporation Best Green Bond (Financial Institution): RMB1 billion biodiversity themed green bonds of Bank of China Macau Branch, USD300 million green bonds of Bank of China Sydney Branch Most Innovative Deals: Dual currency floating-rate bonds of Bank of China Hong Kong Branch and London Branch Best Green Bond (Policy Lenders): USD500 million senior unsecured green notes of China Development Bank (Hong Kong)</p>

#### ◆ CITIC Securities (Shandong)

<b>Issued by</b>	<b>Name of Awards</b>
<b>All-China Federation of Trade Unions</b>	Small National Model Home
<b>Chinese Financial Workers' Union</b>	National Finance May 1 Labor Award: CITIC Securities (Shandong) Qingdao Office

# Company Information

## ◆ Goldstone Investment

<b>Issued by</b>	<b>Name of Awards</b>
<b>China Securities Journal</b>	Golden Bull Broker's Equity Investment Annual Winner
<b>Zero2IPO Group</b>	"2021 Top 12 Private Equity Investment Institutions in China" "2021 Top 10 Investment Institutions in Advanced Manufacturing Field in China" "2021 Top 50 China State-owned Investment Institutions in China"
<b>CVINFO</b>	"2020 Top 15 Best Private Equity Investment Institutions in China" "2020 Top 10 Best Chinese-invested Private Equity Investment Institutions in China" "2020 Top 10 Best Private Equity Fund Subsidiaries of Brokers"

## ◆ CITIC Futures

<b>Issued by</b>	<b>Name of Awards</b>
<b>People's Government of Guangdong Province</b>	Third Prize of 2020 Guangdong Financial Innovation Award
<b>Zhengzhou Commodity Exchange</b>	2020 Excellent Member, Excellent Risk Management Company, Excellent Member in International Marketing Services, Excellent Member in Industrial Service, Excellent Member in White Sugar Variety Service, Excellent Member in Methyl Alcohol Variety Service, Excellent Member in Glass Variety Service, Excellent Member in PTA Variety Service, Excellent Member in Cotton Variety Service, Excellent Member in Vegetable Variety Service, Excellent Member in Ferroalloy Variety Service, Excellent Member in Apple Variety Service, Excellent Member in Red Date Variety Service, Excellent Member in Thermal Coal Variety Service, Excellent Member in Staple Fiber Variety Service, Excellent Member in Urea Variety Service, Excellent Member in Soda Ash Variety Service
<b>Dalian Commodity Exchange</b>	Gold Award for Outstanding Member, Outstanding Institutional Service Award, Outstanding Chemical Product Industry Service Award, Outstanding International Market Service Award, Outstanding Black Product Industry Service Award, Outstanding Agricultural Product Industry Service Award, Outstanding Option Market Service Award, Outstanding Technical Support Award, Award for Outstanding Contribution by Futures Market Makers, Award for Outstanding Contribution by Options Market Makers
<b>China Financial Futures Exchange</b>	Platinum Award for Outstanding Member, Technology Management Award, Anti-epidemic Contribution Award, Award for Contribution to Poverty Reduction, Outstanding Investment Education Award, Risk Management Services Award (Stock Index Options, Stock Index Futures, Treasury Futures)
<b>Shanghai Futures Exchange</b>	2020 Outstanding Member (Gold), Industry Service Award (Steel, Nonferrous Metal, Precious Metals, Energy & Chemical), Option Market Service Award, Outstanding Investment Research Team Award (Research Consulting Department of CITIC Futures), Outstanding Industrial Service Team Award

<b>Issued by</b>	<b>Name of Awards</b>
<b>Shanghai International Energy Exchange</b>	2020 Outstanding Member Award
<b>Insurance Asset Management Association of China</b>	2020 Most Popular Futures Company for Insurance Assets, 2020 Most Popular Futures Company for Insurance Assets (Research and Sales Services), 2020 Most Popular Futures Company for Insurance Assets (Futures Business)
<b>Securities Times, Futures Daily</b>	Best Futures Company in China, Best Service Award for Financial Futures, Best Targeted Poverty Alleviation and Charity Award, Best Financial Technology Advancement Award, Best Asset Management Leading Award, Annual Best Investor Education Model Innovation Award, Best Institutional Contribution Award for Futures Talent Training, Emerging Future Company Award for Internationalization Process, Best Corporate Branding Development Award, Most Popular We Media for Futures Business Institutions, Best Derivatives Comprehensive Service Innovative Award, Best Risk Management Subsidiary Service Innovation Award (CITIC Securities Capital Management Co., Ltd.), Best Futures Operation Branch in China (CITIC Futures Zhejiang Branch Office), China Golden Futures Research Institute (Research Consulting Department of CITIC Futures)
<b>www.stockstar.com</b>	Outstanding Futures Company on the Financial Annual Champion Award List for 2021
<b>◆ China AMC</b>	
<b>Issued by</b>	<b>Name of Awards</b>
<b>China Securities Journal</b>	Golden Bull Award for Passive Investment Fund Managers
<b>Shanghai Securities News</b>	Golden Fund • Passive Investment Fund Manager Award Golden Fund • Equity Fund Award (Three-year Type): China AMC Innovation Frontier Golden Fund • Index Fund Award (Three-year Type): China AMC CSI 300 Index ETF Golden Fund • Socially Responsible Investment (ESG) Fund Award: China AMC Energy Innovation
<b>Securities Times</b>	ETF Management Star Fund Company Three-Year Consistent Return Equity Star Fund: China AMC Innovation Frontier Three-Year Consistent Return Absolute Return Strategy Star Fund: China AMC Yongfu Hybrid Three-Year Consistent Return Active Equity QDII Star Fund: China AMC Mobile Internet Hybrid (QDII)
<b>National Business Daily</b>	Most Powerful Dedicated Account Investment Fund Company Best Dedicated Account Investment Fixed Income Product Award: China AMC Fund Fixed Income + One-to-One Dedicated Account

# Financial Summary

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14.98%

10.02%

25.00%

# Financial Summary

## Key Financial Data

### Key accounting data

In RMB million

Items	2021	2020	Variance in comparison with last year (%)	2019
Total revenue and other income	<b>97,324</b>	71,869	35.42	57,080
Operating profit	<b>31,004</b>	19,885	55.92	16,194
Profit before income tax	<b>31,894</b>	20,470	55.81	16,995
Net profit attributable to owners of the parent	<b>23,100</b>	14,902	55.01	12,229
Net cash inflow/(outflow) from operating activities	<b>5,518</b>	20,708	-73.35	-4,004

Items	31 December 2021	31 December 2020	Variance in comparison with last year (%)	31 December 2019
Total assets	<b>1,278,665</b>	1,052,962	21.44	791,722
Total liabilities	<b>1,064,857</b>	867,080	22.81	626,272
Equity attributable to owners of the parent	<b>209,171</b>	181,712	15.11	161,625
Issued share capital	<b>12,927</b>	12,927	—	12,117

### Key financial indicators

Items	2021	2020	Variance in comparison with last year (%)	2019
Basic earnings per share (RMB yuan/share)	<b>1.77</b>	1.16	52.59	1.01
Diluted earnings per share (RMB yuan/share)	<b>1.77</b>	1.16	52.59	1.01
Return on weighted average equity (%)	<b>12.07</b>	8.43	Increased by 3.64 percentage points	7.76

## Financial Summary

Items	31 December 2021	31 December 2020	Variance in comparison with last year (%)	31 December 2019
Net assets per share attributable to owners of the parent (RMB yuan/share)	<b>16.18</b>	14.06	15.08	13.34
Gearing ratio (%)	<b>79.18</b>	78.10	Increased by 1.08 percentage points	75.24

Note: Gearing ratio = (total liabilities — customer brokerage deposits — funds payable to securities issuers)/(total assets — customer brokerage deposits — funds payable to securities issuers)

### Net capital and relevant risk control indices of the parent company

Items	31 December 2021	31 December 2020
Net capital (RMB million)	<b>107,575</b>	85,906
Net assets (RMB million)	<b>173,843</b>	151,705
Total risk capital reserves (RMB million)	<b>61,561</b>	55,438
Risk coverage ratio (%)	<b>174.74</b>	154.96
Capital leverage ratio (%)	<b>14.22</b>	14.95
Liquidity coverage ratio (%)	<b>140.76</b>	141.83
Net stable funding ratio (%)	<b>126.45</b>	124.15
Net capital/net assets (%)	<b>61.88</b>	56.63
Net capital/liabilities (%)	<b>16.73</b>	16.51
Net assets/liabilities (%)	<b>27.04</b>	29.15
Value of proprietary equity securities and derivatives held/net capital (%)	<b>41.37</b>	78.54
Value of proprietary non-equity securities and derivatives held/net capital (%)	<b>319.26</b>	293.17

Note: The risk control indices for every business of the parent company are in compliance with the relevant requirements of Administrative Measures for the Risk Control Indices of Securities Companies issued by the CSRC.

## Financial Data for the Last 5 Years

### Operating results

In RMB million

Items	2021	2020	2019	2018	2017
Total revenue and other income	<b>97,324</b>	71,869	57,080	51,061	56,960
Operating expenses	<b>66,320</b>	51,984	40,886	39,327	41,390
Share of profits and losses of associates and joint ventures	<b>890</b>	585	801	732	604
Profit before income tax	<b>31,894</b>	20,470	16,995	12,466	16,174
Net profit attributable to owners of the parent	<b>23,100</b>	14,902	12,229	9,390	11,433

### Financial position

In RMB million

Items	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Issued share capital	<b>12,927</b>	12,927	12,117	12,117	12,117
Total equity	<b>213,808</b>	185,882	165,450	156,832	153,143
Equity attributable to owners of the parent	<b>209,171</b>	181,712	161,625	153,141	149,799
Total liabilities	<b>1,064,857</b>	867,080	626,272	496,301	472,432
Customer brokerage deposits <sup>Note 7</sup>	<b>251,164</b>	203,111	123,351	97,774	99,855
Funds payable to securities issuers	<b>712</b>	1,071	273	148	61
Total assets	<b>1,278,665</b>	1,052,962	791,722	653,133	625,575

# Financial Summary

## Key financial indicators

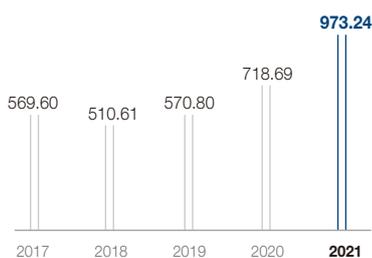
Items	2021	2020	2019	2018	2017
Dividends per share (RMB yuan/share)	<b>0.54</b>	0.40	0.50	0.35	0.40
Basic earnings per share (RMB yuan/share)	<b>1.77</b>	1.16	1.01	0.77	0.94
Diluted earnings per share (RMB yuan/share)	<b>1.77</b>	1.16	1.01	0.77	0.94
Return on weighted average equity (%)	<b>12.07</b>	8.43	7.76	6.20	7.82
Gearing ratio (%) <sup>Note 2</sup>	<b>79.18</b>	78.10	75.24	71.75	70.87

Notes:

- (1) Customer brokerage deposits above represent the amount received from and repayable to clients arising from the normal courses of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit institutions.
- (2) Gearing ratio = (total liabilities – customer brokerage deposits – funds payable to securities issuers)/(total assets – customer brokerage deposits – funds payable to securities issuers)

### Total revenue and other income

In RMB100 million



### Net profit attributable to owners of the parent

In RMB100 million



### Total asset

In RMB100 million

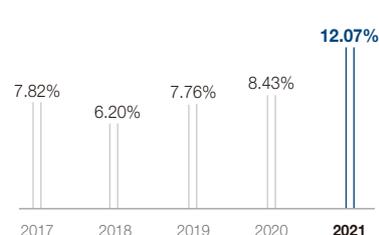


### Equity attributable to owners of the parent

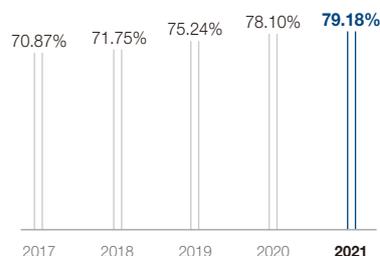
In RMB100 million



### Return on weighted average equity



### Gearing ratio



# Management Discussion and Analysis

## Corporate Strategy and Long-term Operation Model

### Landscape and trend of the industry

In 2022, capital market reform has entered into a critical stage. Internally, the comprehensive registration-based system reform will be the driving force to coordinate the promotion of key reforms such as improving the quality of listed companies, enhancing the delisting mechanism, building a multi-level market, attracting long-term funds into the market, and improving the mechanism of securities enforcement and judicial system and investor protection system. Externally, the two-way opening of the capital market will continue to be advanced, and the interconnection between domestic and foreign markets will be further strengthened. The reform of the overseas listing filing system, international securities regulation cooperation, and handling the relationship between opening and security will be the key directions of system reform.

The regulation of securities industry will place stable growth and risk prevention in a more prominent position, ensure the stable and healthy development of the capital market, and promote the overall balanced and coordinated development of investment and financing; will further improve the registration-based arrangement centered on information disclosure, prioritize the reform in main board, and strengthen the responsibilities of intermediaries as “gatekeepers”; will continue to maintain IPO and refinancing as normal activities while promoting to expand pilot scope for infrastructure REITs; will continue to strengthen the legislative supply in the capital market, protect the legitimate rights and interests of investors, and promote legislation regarding the futures and derivatives law.

The asset scale and profitability of the securities industry have increased significantly, laying the foundation for high-quality development. The high-quality development of the securities industry is not only about enlarging the scale. To a more important extent, it is characterized by making efforts to be specialized, refined, excellent, and strong. The competitive landscape of differentiated and characteristic development of the securities industry is taking shape. Compared to brokers with scale advantage, characteristic brokers driven by innovation have shown better growth potential.

### Development strategy of the Company

The development vision of the Company is to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. It strives to maintain the leading position in China and amongst the top in Asia-Pacific region for its principal businesses, while fully optimizing and enhancing its business layout, management structure, operation mechanism and appraisal system. Through benchmarking with world-class investment banks, the Company will continue to address its shortcomings and aim to outperform them by pursuing business diversification, broader customer base and higher competitiveness in the international market.

### Business plan for 2022

In 2022, the Company will follow the guidance of XI Jinping Thought on Socialism with Chinese Characteristics for a New Era, and implement the decisions and arrangements of the Party Central Committee with practical actions. It will insist on pioneering and innovation, seeking further development in an all-round way, steadily create a new situation of high-quality development of the Company, and accelerate the implementation of the 14th Five-Year Plan, so as to lay a solid foundation for the realization of the 2035 long-term goal. Priority works include: seizing the opportunity of deep reform in the capital market and comprehensive implementation of the registration-based system to further strengthen the business layout of new technologies, new industries and new business models; strengthening the research and development of new products and new businesses around customer needs and changes in the capital market trading mechanism, improving the product spectrum, promoting the upgrade of business models and improving customer service capabilities; continuously optimizing various trading systems and business rules, promoting the upgrade and iteration of business strategies and algorithms, and

# Management Discussion and Analysis

enhancing leadership of information technology innovation; further improving the integrated global management mechanism, strengthening global business control and linkage; improving the construction of the Company's internal control system, integrating and coordinating global risk and compliance management resources, continuously strengthening control over various types of risks, and building a strong security barrier for the Company's development.

Please refer to "Business Overview" of this report.

## Capital requirement

In 2021, the Company conducted all businesses in an orderly manner. The businesses including fixed income and margin financing are all capital intensive and have high capital requirements. As of the end of the Reporting Period, the balance of the Group's domestic and overseas short-term and long-term loans, bonds payable and short-term financing instruments payable totaled RMB203.753 billion. The Company will strengthen its unified management of domestic and overseas capitals, continue to improve its overall capital allocation efficiency and keep exploring new financing products and models to ensure the satisfaction of capital requirement in business development.

## Possible risks exposure

Although the existing world economy is expected to maintain recovery growth, such growth is characterized by instability, uncertainty and imbalance. Affected by the COVID-19 pandemic, especially the mutant strain, global production and logistics have suffered successive shocks. Inflationary pressure in major countries has increased and the exit from ultra-loose policies in developed countries may have strong negative spillovers. The domestic economic development is still facing the pressure from shrinking demand, supply shock and weakening expectations. There are many hidden risks in the economic and financial fields, and the goal to stabilize growth is faced with increasing difficulties and challenges. Against the backdrop of changing external environment, the growth in scale of credit derivatives, bulk commodities, foreign exchange and other new businesses will increase market risks correspondingly. Financing business and fixed income product investment are exposed to changes in credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure that the risks are detectable and controllable amid business expansion.

Please refer to "Material Risk Factors" of this report. Please refer to "Risk Management" of this report for overall risk management, compliance and risk control and IT input.

## The impact of COVID-19 pandemic on the Company

With regard to credit risk, the hit of COVID-19 pandemic on some industries and certain customers did exist, while the overall impact of the COVID-19 pandemic on domestic customers was not significant due to the effective epidemic prevention and control measures in place in China. The customers served by the Company are mainly Chinese enterprises, so the credit risk was generally controllable and was not expected to have a material impact on the Company in the future.

With regard to market risk, as a result of the impact of repeated epidemic, the productivity was still in recovery, and the global economy was weakened with severe inflation. Factors such as the economy and inflation had also intensified geopolitical conflicts and further increased market volatility. The flow-based business remained directionally neutral, on which the market volatility had less adverse directional impact. Directional investments were cautiously made and dynamically adjusted, meanwhile, certain risk diversification effect across asset types existed. The overall impact was not significant, and the risk was controllable.

With regard to operational risk, due to the impact of repeated global epidemic, certain domestic employees in mainland China had to work at home to comply with the requirements of epidemic prevention and control while certain employees in overseas branches were tested positive, which brought challenges to the implementation of business processes and the use of systems. The Company strictly implements the epidemic prevention and control requirements of various countries/regions and localities to ensure the health and safety of its employees and customers. At the same time, it prevents major operational risk events caused by the epidemic by implementing various business continuity management measures such as the standby mechanism, activating remote home office and decentralizing seat density at disaster recovery sites, and the operational risk is generally under control. The Company will continue to monitor the development trend of the epidemic, assess the impact and initiate effective response measures in a timely manner.

With regard to liquidity risk, under the environment of the COVID-19 pandemic, the global central banks and governments have introduced a series of policies to strongly support the stability of financial markets and banking system liquidity. The domestic and overseas liquidity of the Company is less affected by the epidemic. Subsequently, with the gradual recovery from the COVID-19 pandemic and the stabilization of the market environment, the impact on the Company is expected to be insignificant.

Please refer to “Risk Management” of this report for the risk factors, liquidity position and the corresponding measures taken by the Company.

## Business Overview

### Analysis of principal businesses

The investment banking business of the Group consists of equity financing, debt financing and financial advisory services. The Group provides fund raising and financial advisory services to a wide range of enterprises and other institutional clients in China and globally.

The wealth management business of the Group mainly includes securities and futures brokerage business, distribution of financial products and investment consulting services.

The institutional stock brokerage business of the Group provides domestic and overseas professional institutional investors client bases with various professional value-added services, including marketing research, transaction execution, equity financing and trading projects recommendation for their investments and trading, in Chinese stock markets and Asia-Pacific, American and other overseas stock markets.

The financial market business of the Group mainly includes trading and market-making of equity products, fixed income products and derivatives, foreign exchange business, margin financing and securities lending business, alternative investment and bulk commodity business.

The Group provides asset management services and products to clients in China and globally. The Group has been engaged in asset management businesses including collective asset management (“**CAM**”), separately managed account (“**SMA**”) and specialized asset management (“**SAM**”), fund management and other investment accounts management.

The investment business of the Group mainly comprises alternative investment and private equity investment.

The Group provides services such as custody and research.

# Management Discussion and Analysis

## Investment banking

### Equity financing

#### *Market conditions*

In 2021, with the advancement of registration-based system reform, the offering number and offering size of A-share IPO hit a record high, with a total of 524 enterprises completing the IPO process and listed, representing a year-on-year increase of 32.66%. The total offering size amounted to RMB542,675 million, representing a year-on-year increase of 15.80%. The cumulative IPO passing rate was 88.22%, pointing to a high approval rate for IPO issuance and sustained normalized IPO issuance. As the new refinancing policy introduced in 2020 gradually came into implementation, refinancing issuance continued to proliferate in 2021. The total issuance size of private placement (for cash) projects amounted to RMB722,469 million, representing a year-on-year increase of 49.28%. The total issuance of convertible bonds amounted to RMB274,385 million, representing a year-on-year increase of 10.85%.

In 2021, the offering size of A-share (for cash) amounted to RMB1,632,017 million, representing a year-on-year increase of 23.76%; the offering size of A-share (for cash and asset transactions) amounted to RMB1,817,806 million, representing a year-on-year increase of 9.09%. The market share of the top ten securities companies in A-share equity underwriting (for cash) amounted to 71.98%, indicating a high level of concentration.

In 2021, the offering size of Hong Kong IPO amounted to US\$42,453 million, representing a year-on-year decrease of 17.78%; the offering size of Hong Kong refinancing market amounted to US\$80,470 million, representing a year-on-year increase of 68.05%. Calculated based on the underwriting amount distributed evenly among all underwriters, the market share of the top ten investment banks in the Hong Kong equity financing market totaled 75.83%.

#### *Actions and achievements*

In 2021, in respect of domestic equity financing, the Company completed a total of 194 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB331,917 million (for cash and asset transactions), representing a year-on-year increase of 5.84%, accounting for a market share of 18.26% and ranking first in the market. The Company continuously expanded the coverage of clients seeking IPO on the STAR Market and ChiNext with the advancement of the registration-based system reform. The Company completed 68 IPO projects, with a total offering size amounting to RMB85,922 million, accounting for a market share of 15.83%, ranking first in the market. The Company completed a total of 126 refinancing lead underwriting projects with an aggregate lead underwriting amount of RMB245,995 million, accounting for a market share of 19.29% and ranking first in the market. With significant increase in supply and demand of private placement (for cash) market, the Company focused on private placement (for cash) business and completed 86 private placement (for cash) projects, with a total underwriting amount of RMB147,581 million, accounting for a market share of 20.43% and ranking first in the market. Meanwhile, the Company actively explored business opportunities in the convertible bonds, private placement for asset transactions and rights issue and continued to strengthen quality management and risk control for the whole process of equity financing projects, so as to reinforce and enhance its comprehensive competitive strength.

Projects	2021		2020	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	85,922	68	43,585	39
Refinancing issuances	245,995	126	270,014	119
Total	331,917	194	313,599	158

Source: Wind Info and the Company's internal statistics

Note 1: When compiling the above table, the date of completion of an IPO, a public equity issuance, an issuance of convertible bonds/ exchangeable bonds, a private placement, a rights issue and an issuance of preference shares is the listing date

Note 2: In the event that the amount undertaken by respective underwriter is not specified, the underwriting amount of joint-lead underwriting projects is calculated by dividing the total project size by the number of lead underwriters

In 2021, in respect of overseas equity financing, the Company further strengthened domestic and overseas integrated management, and continued to focus on layouts in new economic industries including information media, consumption, healthcare, etc. Calculated based on the bookrunner role, the Company completed a total of 53 overseas equity projects with an underwriting amount of US\$7,935 million in aggregate. Among them, 22 were IPO projects in the Hong Kong market with an aggregate underwriting amount of US\$2,282 million, and 14 were refinancing projects with an aggregate underwriting amount of US\$4,155 million, ranking the second among Chinese securities companies in respect of equity financing business in the Hong Kong market. Meanwhile, the Company completed 17 equity financing projects in U.S., Australia and Southeast Asia and other overseas markets, with an aggregate underwriting amount of US\$1,498 million.

### Outlook for 2022

In 2022, the Company will further expand its coverage of domestic and overseas clients, increase projects in stock, strengthen the research on emerging industries, important clients and innovative products, actively optimize its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its influence in the global market. The Company will act closely in line with policy changes and continue to focus on the businesses in relation to the comprehensive and steady advancement of the registration-based system, the Shanghai-London Stock Connect, the Shenzhen-London Stock Connect, A-share listing, H-share listing and secondary listing in A-share market of companies already listed overseas, IPO on the BSE and refinancing and other businesses. The Company will provide clients with integrated investment banking services by strengthening the abilities in equity underwriting, demanding the management in project quality and leveraging its platform strength.

### Debt financing

#### Market conditions

In the domestic market, the Central Bank implemented a steady monetary policy in 2021, which remained reasonable and sufficient liquidity by using various monetary policy tools. The size of real estate and urban investment & financing was shrinking. The bond market showed a shortage of high-quality asset and the yields went oscillating and downward throughout the year. The aggregate issuance size of bonds amounted to RMB61.75 trillion in 2021, representing a year-on-year increase of 8.54%; and net financing amount reached RMB16.36 trillion, representing a year-on-year decrease

## Management Discussion and Analysis

of RMB0.92 trillion. The aggregate issuance size of credit bonds (excluding interbank certificates of deposit) amounted to RMB20.06 trillion, representing a year-on-year increase of 5.06%. Fiscal policy returns to pre-epidemic normality, while the issuance size of treasury bonds decreased slightly compared with that of 2020, and the pace of the issuance of local government bonds was relatively slow. The issuance size of non-financial corporate bonds remained at the same level as that of 2020 due to the credit contraction in real estate and urban investment. The asset-backed securitization market remained active, with the issuance size of asset-backed bills of Association of Investors increasing significantly over the year 2020.

In overseas market, in 2021, the overseas economies recovered gradually with a rise in expectation of inflation, and the monetary policies of the US and European central banks gradually normalized, while the U.S. bond interest rate witness a significant rise. According to Bloomberg statistics, Chinese enterprises issued a total of 416 USD-denominated bonds with a total financing size of US\$176,795 million in 2021.

### Actions and achievements

In 2021, the Company maintained its leadership in the debt financing business with a total underwriting amount of RMB1,564,054 million, representing a year-on-year increase of 20.02%. The Company contributed 13.74% of the total underwriting amount of securities companies, ranking first among securities companies and 5.84% of the total underwriting amount of underwriting institutions, including commercial banks, ranking third in the market. The Company underwrote 3,318 bonds, ranking first among securities companies.

Projects	2021		2020	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	44,218	59	43,009	54
Corporate bonds	336,374	663	282,153	483
Financial bonds	374,538	231	327,047	158
Medium-term notes	62,694	98	57,360	88
Short-term commercial papers	23,009	57	12,172	30
Private placement notes	15,661	49	21,700	50
Project revenue notes	65	1	0	0
Asset-backed securities	316,267	942	314,660	874
Convertible bonds/exchangeable bonds	40,279	25	56,144	48
Local government bonds	350,949	1,193	184,699	1,204
Total	1,564,054	3,318	1,298,944	2,989

Source: Wind Info and the Company's internal statistics

In respect of USD-denominated bonds issued by Chinese enterprises in overseas market, the Company completed a total of 121 projects with a total underwriting amount of US\$4,016 million, representing a market share of 2.44%, ranking the fourth among Chinese securities companies. In addition to the bond underwriting, the Company provided customers with structured and leveraged financing, risk solutions, liquidity management and other diversified services.

### **Outlook for 2022**

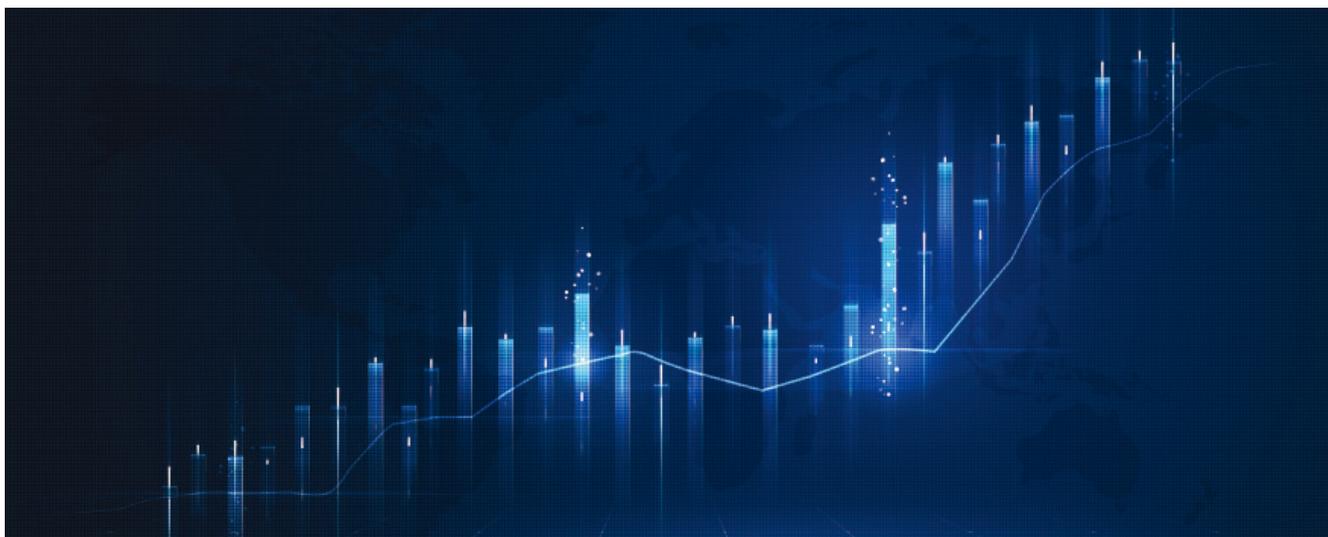
In 2022, there are both opportunities and challenges for the debt financing business. The bond market will continue to reform, open up and innovate, which will bring new business opportunities; the further exposure of corporate default risks and the strengthening of the responsibilities of intermediaries also put forward higher requirements and challenges for bond underwriting business. The Company will actively seize market opportunities, integrate resources, continue to expand the customer market, increase the Company's market share, and strengthen due diligence, risk management and quality control to reduce project risks. In terms of business strategy, the Company will consolidate its leading advantages in debt financing business, and keep increasing investment in bond business with non-financial enterprises, to provide customers with comprehensive services and financial solution packages; the Company will strengthen efforts to explore bond financing opportunities from local enterprises and regional customers to build its regional advantages and competitiveness; the Company will continue to strengthen investment in promoting publicly-offered infrastructure REITs projects, and make efforts to procure projects with market influence to enhance its leading advantages in this business; and the Company will fully implement the strategy of integrating domestic and overseas businesses, strengthen customer and business coordination of domestic and overseas businesses, vigorously expand in the USD bond (issued by Chinese enterprises) market, and improve its underwriting capacity and market share of overseas bond business.

### **Financial advisory services**

#### **Market conditions**

According to Dealogic, in 2021, the total amount of global merger and acquisition transactions announced reached US\$5.90 trillion and the number of transactions amounted to 34,128. On a sector basis, the electronics and computer sector was the most active with the value of merger and acquisition transactions announced in 2021 amounting to US\$1,512,841 million, which accounted for 25.64% of the total amount of merger and acquisition transactions announced; the medical and healthcare sector followed with the amount of merger and acquisition transactions announced in 2021 amounting to US\$593,470 million, accounting for 10.06% of the total amount of merger and acquisition transactions announced.

In 2021, 5,128 transactions out of all the announced merger and acquisition transactions in the market involved Chinese enterprises, with a transaction size of US\$631,556 million, of which 585 were cross-border transactions, with a transaction size of US\$102,404 million.



# Management Discussion and Analysis

## ***Actions and achievements***

In 2021, the size of material assets restructuring transactions in A-share market completed by the Company amounted to RMB95,915 million, ranking the first in the industry. The Company, under the customer-oriented principle and in line with the State's development requirement of improving the quality and core competitiveness of listed companies and providing in-depth services to central enterprise groups, state-owned enterprises and private enterprises, completed a number of influential merger and acquisition and restructuring transactions on the market, including the restructuring of the cement business segment of China National Building Material, absorption and merger of Gezhouba by China Energy Engineering Corporation, merger by absorption through share swap between Dalian Port and Yingkou Port, Huadong Tech's acquisition of TPV Tech and the material assets restructuring of Jidong Cement, which continuously consolidated and improved the Company's market position and competitiveness in the merger and acquisition market.

In 2021, the value of global merger and acquisition transactions involving Chinese enterprises completed by the Company amounted to US\$105,315 million, ranking first in the industry. The Company continued to strengthen domestic and overseas merger and acquisition business coverage and actively assisted clients in integrating global quality resources. In respect of cross-border mergers and acquisitions, the Company assisted Mindray in the acquisition of HyTest to enhance its in vitro diagnostics business capacity; assisted Yili in the privatization of Zhongdi Dairy and acquisition of Ausnutria to help them complete the integration of pastoral resources and optimize the industrial structure; assisted Galanz in buying majority stake in Whirlpool China to promote a comprehensive upgrade of the partnership between the two parties; and assisted Jinbei Automotive in acquiring 50% equity of Adient to enhance its core competitiveness and sustainable profitability. In respect of the debt restructuring, the Company assisted Zhuhai Huafa, Ping An, and other investors in participating in the reorganization of Founder Group. It assisted Hainan Development Holdings in reorganizing HNA Infrastructure, successfully resolving corporate risks through market-based approaches. In respect of the restructuring of central state-owned enterprises, the Company assisted investors in completing the capital increase into China Huarong and helped establish China Rare Earth Group. The Company, by taking the implementation of national strategies as its responsibility, has helped its clients improve their business strength and core competitiveness continuously.

## ***Outlook for 2022***

In 2022, the Company will, under the customer-oriented principle and in line with the State's development strategy and requirements, continue to consolidate its market share, actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, transfer of control of listed companies, debt restructuring, bankruptcy and reorganization of enterprises, etc. The Company will insist on serving the real economy and keep improving its ability to provide integrated merger and acquisition services. The Company will also continue to deepen domestic and overseas collaboration and leverage its global network resources to strengthen the development of businesses including cross-border merger and acquisition, merger and acquisition financing, and merger and acquisition and privatization of overseas-listed companies, so as to increase its global business coverage and market competitiveness continuously.

## **The business of New OTC Market**

### ***Market conditions***

In 2021, with the ongoing reform of the New OTC Market, the BSE officially opened on 15 November 2021, creating a benign landscape of organic linkage and integrated development between the BSE and the New OTC Market. Since the opening of the BSE, the New OTC Market has operated smoothly as a whole, with positive ecological changes. As at the end of 2021, a total of 6,932 companies were listed on the New OTC Market, with total number of issued shares of 459,660 million shares and a total market capitalization of RMB2,284,540 million. A total of 82 companies were listed on the BSE, with total number of issued shares of 12,269 million shares and a total market capitalization of RMB272,275 million. In 2021, the total trading volume of the New OTC Market amounted to RMB214,816 million, and the total proceeds raised from the issuance

of shares amounted to RMB25,967 million. From the opening of the BSE to the end of 2021, the total trading volume of the BSE amounted to RMB66,717 million, and the total public offering proceeds amounted to RMB7,522 million. As at the end of 2021, the NEEQ component index closed at 1,138.22, representing an increase of 12.61% as compared with the end of 2020; and the NEEQ market-making component index closed at 1,455.68, representing an increase of 35.64% as compared to the end of 2020.

### **Actions and achievements**

In 2021, the Company continued to operate the business of New OTC Market on the basis of expanding the customer coverage and centred on value identification and value realization. While actively carrying out the sponsorship and underwriting business of the Beijing Stock Exchange, insisting on optimizing the structure of position held for market-making and increasing the coverage of high-quality enterprises, we attached great importance to quality control work and effectively controlled business risks.

As of the end of the Reporting Period, the Company, as the chief agency broker of the New OTC Market, continuously supervised a total of 12 listed companies, of which 7 companies entered the innovation layer. In 2021, the Company, as the sponsor broker, helped 2 companies to complete the public offering on the selected layer and planned to be listed on the BSE, and the Company provided market-making services for 31 listed companies, of which 1 company has become listed on the BSE and 23 companies have entered the innovation layer.

### **Outlook for 2022**

The Company will continue to improve its business management system and market development system according to the deepening reform process of the New OTC Market, continue to focus on value identification and value realization to drive the development of other related businesses, provide high-quality integrated capital market services of the BSE and New OTC Market for clients, and will select high quality enterprises, and deepen the exploration of enterprise value, so as to create good returns.

## **Wealth management**

### **Market conditions**

In 2021, the overall activity of the domestic securities market was significantly higher than that of 2020, with the SSE Composite Index risen by 4.80%, the SME Composite Index risen by 14.17% and the ChiNext Composite Index risen by 17.93%.

### **Actions and achievements**

In 2021, the Company continued to deepen the transformation of wealth management and achieved high-quality development of brokerage business. The Company built a standardized, platform-based and refined customer operation system, promoted the transformation of the traditional marketing model to the new models of content marketing and digital intelligent marketing, helped to improve customer development and service efficiency, and enhanced the customer service experience; improved the multi-level, personalized and all-asset product and service system, strengthened the capability of core wealth allocation and investment advisory, and the risk control advantages of wealth allocation are prominent under the market volatility, and the ability to help customers achieve wealth management goals continued to improve; the Company has launched an overall solution for entrepreneurs' offices, taken over the Company's advantages in providing services to institutional clients, expanded from cash services to share services, asset services and risk management services, and initially formed a comprehensive service ecology for wealth management for ultra-high net worth clients. The Company has

## Management Discussion and Analysis

3,000 office clients with assets of over RMB50 million and over a trillion in assets. It has renamed the former CITIC Securities Brokerage (Hong Kong) brand to CITIC Securities Wealth Management (Hong Kong), and is committed to establishing a comprehensive wealth management platform that provides global asset allocation and trading services to domestic and overseas high net worth clients, better meeting their needs for wealth preservation, appreciation and inheritance.

In 2021, the Company's insistence on client-centered wealth management transformation achieved remarkable results, with a leap forward in client scale compared to that of the end of 2018 before the full transformation of wealth management. As of the end of the Reporting Period, the cumulative number of clients exceeded 12 million, and the total asset size of clients under custody was RMB11 trillion, representing an increase of 29% compared to that of the end of 2020. The number of wealth management clients with assets of RMB2 million or more reached 158 thousand, with an asset size of RMB1.8 trillion, representing increases of 25% and 21% respectively compared with those of the end of 2020; the number of high net worth clients with assets of RMB6 million or more reached 35,000, with an asset size of RMB1.5 trillion, representing increases of 29% and 19% respectively compared with those of the end of 2020; the number and asset size of the aforementioned wealth management clients and high net worth clients have doubled compared to those of the end of 2018. The size of public and private fund holdings exceeded RMB380 billion, representing an increase of 26% compared with that of the end of 2020 and 2.6 times from that of the end of 2018. Since the launch of the public fund investment advisory business on 1 November 2021, a total of over 90,000 clients have been signed up in two months, and the assets from the signed-up clients exceeded RMB7 billion.

Wealth management has become an important source of revenue for the Company. In 2021, the Company's revenue from wealth management has increased to 30% of the revenue from the wealth management segment, while the market share of traditional channel-type revenue such as agency trading securities business revenue still maintained growth. The diversified revenue sources of wealth management further enhanced the role of wealth management as a stabilizer in the Company's operation.

While deepening the development of wealth management and implementing the requirements of global integration development, the Company adhered to the origin of its brokerage business and improved the overall competitiveness of its brokerage business. In 2021, the Company, together with CITIC Securities (Shandong) and CITIC Securities South China, provided agency services for stock and fund transactions of a total of RMB38.4 trillion, representing an increase of 34% as compared with that of the previous year.

### Outlook for 2022

In 2022, the Company will continue to help play the role of the capital market in serving the country's goal of common wealth development, fully implement the customer-centered business philosophy and business purposes of helping customers achieve asset preservation and appreciation, based on the huge development space of the wealth management market, leveraging on the unified wealth management system of CITIC Group's "CITIC Happy Wealth", take advantage of the Company's comprehensive financial services, take the rapid development of public fund investment advisory business as an opportunity, take the overall resolution of entrepreneur Office as the flagship brand, and use the first batch of account management function optimization pilot to innovate the wealth management service model, achieve multi-level and comprehensive upgrade of wealth management service ecology, and promote the stable growth of clients and their assets. The Company will continue to enrich our professional team, enhance our professional capabilities, deepen our professional empowerment, better serve our regional business strategies, promote the linkage development of wealth management and integrated finance to realize our professional value. We will adhere to the origin of brokerage business, build institutional brokerage service ecology, maintain and expand the leading edge of brokerage business revenue while optimizing business

revenue structure, further increase the proportion of revenue from wealth management, and help improve the stability of the Company's operation.

## **Institutional stock brokerage business**

**Market conditions (please refer to the section "Wealth Management" of this report)**

### ***Actions and achievements***

The Company's institutional equity brokerage business achieved satisfying performance growth in 2021, further strengthened cross-border integrated management and synergistic business development, made continuous progress in cross-border joint coverage of service provided to customers as well as product cross-selling, and transformed offshore research from a traditional single business model to a multi-product model that supports company-wide business development.

The domestic institutional stock brokerage business mainly covers services for domestic and foreign professional institutional investors such as public funds, insurance companies, private funds, bank wealth management subsidiaries, QFIs, WFOEs, etc. In 2021, the Company maintained its overall leading position in the domestic institutional brokerage business. At the same time, it increased the coverage of primary market equity investment institutions, banks, trusts and other wealth management institutions to expand its business, and made substantial progress.

The offshore institutional stock brokerage business performed outstandingly, with both business revenue and net profit increasing significantly year-on-year. The cash equities business continued to maintain its leading market share in the Asia-Pacific region, and the global integrated trading platform provided comprehensive trading solutions for global clients. On the basis of steady growth of traditional equity business, we continue to expand new client groups and business types, and provide more diversified, differentiated and specialized one-stop services for global clients in collaboration with various business units such as Capital Market Department, Derivatives and Fixed Income.

### ***Outlook for 2022***

In 2022, the Company will combine its domestic and overseas business advantages and client resources to continue to promote the integration of global institutional stock brokerage business and business expansion. The domestic institutional stock brokerage business will continue to deepen the traditional client market, improve effective client coverage, explore the business client market of the wealth management institutional and explore new business models. We will strengthen the integrated domestic and overseas coverage services, take customers as the center, actively coordinate and dock various business products and resources of the Company, provide comprehensive financial services to customers, and enhance the breadth and depth of customer business cooperation.

## **Financial markets**

### **Market conditions**

In 2021, the domestic macro economy continued the recovery after the COVID-19 epidemic, while there were also multiple challenges such as supply and demand impacts and weakening market expectations, and the stock market was therefore oscillating and diverging with narrow fluctuations. Large-capitalization leading companies in various industries started the year with higher valuations and generally underperformed due to more volatile share prices against the backdrop of flat earnings growth and slowing social finance growth; small and medium-sized companies, on the other hand, started with lower valuations and achieved more aggressive capital allocation due to significantly improved performance. The year 2021 saw the Shanghai and Shenzhen 300 Index fallen by 5.20% and the CSI 500 Index risen by 15.58%. The average daily

## Management Discussion and Analysis

transaction amount of the two stock exchanges in 2021 exceeded trillion, representing an increase of more than 20% year-on-year, with increased differentiation in market structure, faster rotation of sectors, relatively strong in the direction of high boom and high growth themes, with the new energy industry leading the year in terms of growth.

Most of the major markets overseas achieved growth in 2021, with the S&P 500 and Nasdaq 100 index both increased by 26.63% and the European STOXX 600 increased by 22.25%, while the Hang Seng Index fell by 14.08% and the Hang Seng Technology Index fell by over 32.70%.

China's bond market performed steadily in 2021 with solid returns, with the China Bond Composite Wealth Index rising by 5.09%. Interest rates for key medium- and long-term maturities of treasury bonds moved moderately downward, while short-end rates were relatively stable and interbank liquidity remained relatively accommodative overall.

### Actions and achievements

The Company's over-the-counter derivatives business and counter products continue to develop, with further enrichment of product structure and application scenarios; market-making trading business continues to rank among the top in the market. The derivatives business maintains a business pattern of extensive customer base, rich product supply, outstanding trading ability and relatively stable returns. The overseas equity derivatives business continues to develop and innovate, with transactions covering the international mainstream markets and providing clients with derivatives trading services in global markets across time zones.

The Company's fixed income business gave full play to the advantages of customer resources, improved the comprehensive ability in product design and customer service, and continued to enrich the profit model, with steady development of various businesses. In 2021, the Company's sales scale of interest rate product maintained the first in the industry.

The Company's equity proprietary business insisted on focusing on the fundamentals of listed companies and increased its investment in emerging technology industries, while focusing on integrating the Company's resource advantages, taking industry chain research as the entry point and strengthening cross-industry comparative research, maintaining a solid performance overall. We have steadily advanced in the exploration and practice of quantitative analysis and diversified strategies, and enhanced our ability to adapt and adjust to market styles and industry rotation.

The Company actively carried out domestic and foreign funds financing and securities lending business, promoted the ecological interaction and balanced development of different customer groups, served enterprises, professional investors and long-tail retail customer groups, and developed new customer groups such as QFI. We optimized the development of various businesses, maintained the leading market share of securities margin trading business, optimized the customer structure and enhanced production capacity; significantly promoted the securities margin trading business, achieved full coverage of the securities source customer base and added new lending participants such as insurance companies, strengthened platform construction, promoted the development of securities financing strategies and the demand for securities; optimized the mode of operation extension by stock pledging and improved asset quality; stabilized the development of margin business, strengthened the integration of domestic and overseas resources and international business layout, and enhanced its overseas markets trading and product service capabilities.

The alternative investment business strengthened the infrastructure of investment research and trading platform, continued to develop new strategies in terms of underlying, data, models, and optimization methods, and widely applied artificial intelligence technology, resulting in an increasing variety of strategies and products online to obtain more excess returns while effectively diversifying risks. Meanwhile, overseas business has also made a breakthrough.

The Company's commodities business practiced the concept of financial services for the real economy, strengthened comprehensive service capabilities, continued to enhance the expansion and service efforts for industrial customers in the process of severe price fluctuations in the commodities market, timely met the needs of industrial customers for hedging, and provided personalized and specialized financial services in the field of commodities for various industries and institutional customers.

### **Outlook for 2022**

In terms of equity derivatives business, the Company will stick to a customer-oriented principle, continue to create value for customers, improve product supply and integrated service ecology, continue to improve trading and risk control capabilities, promote digital operation, build an international integrated service platform, and provide domestic and foreign customers with a global multi-market, all-day and one-stop investment and trading experience and integrated financial services.

In fixed income business, the Company will make further efforts in the exploration of its customer market, grasp emerging business opportunities and customer needs, and provide customers with diverse products and trading services. We will continue to develop cross-border business and promote the joint development of domestic and overseas business.

In terms of equity proprietary business, the Company will continue to optimize its investment research system, deepen its forward-looking research with industry chain research as the entry point, continue to explore the development of multi-strategy investment system, and enhance its capital utilization capability.

In terms of capital financing and securities lending business, the Company follows the development trend of capital market innovation, focuses on improving its core competitiveness and professionalism, and promotes the transformation and upgrading of business management system, product service ecosystem and customer market, etc. It will continue to improve the "customer-centered" product supply and customer service ecosystem and make further efforts in exploring the regional market; it will develop the innovative business, improve its technological innovation capability and digital operation level; it will integrate resource advantages and strengthen business synergy to meet the diversified investment and financing and asset allocation needs of domestic and foreign customers with comprehensive and innovative service solutions.

In terms of alternative business, strategy and product development remain the focus of work, which include but not limited to increasing investment targets, enriching investment research data, upgrading investment models, etc., and gradually achieving full coverage of various markets, domestic or overseas, and all types of trading strategies.

In term of commodities business, the Company will continue to increase the market coverage of customers, diversify customer base, optimize the customer structure, increase the proportion of industrial customers, and continue to provide more services for real industrial customers. At the same time, we will continue to enrich product design, cover the mainstream global commodity varieties, provide diversified derivative instruments, provide risk hedging tools and risk transfer channels for domestic and foreign clients, make commodities an important part of the Company's comprehensive financial service chain, and effectively implement the business philosophy of financial services for the real economy.

# Management Discussion and Analysis

## Asset management

### Market conditions

2021 marks the last year of the transition period of the new regulations on capital management, and the industry regulation will be normalized, and the business model of capital management institutions is changing. At the same time, with the deepening of China's financial reform and opening to the outside world, foreign institutions are entering the domestic asset management market at a faster pace, and the industry is facing increasingly intensified competition, with a new industry pattern gradually taking shape. In the future, as the asset management industry enters into the stage of net worth management, asset management institutions will conform to the new ecology of the industry, develop differentiated development strategies, continue to shape their core competitiveness and enhance their professionalism, grasp the opportunities brought by China's economic power transformation and the growth of residents' wealth, serve the real economy and provide strong support for the virtuous cycle of economy and finance.

### Asset management business of the Company

#### Actions and achievements

In 2021, facing the continuous industry transformation and development environment brought by the approaching deadline of the new capital management regulation, the Company will continue to uphold the original mission of "working for people's happiness, serving the real economy and preventing financial risks" in terms of asset management business, strengthen product innovation and build the Company's strategic product platform. The Company will increase its professionalism in investment and research and effectively realize the transformation of investment and research. We will also refine, expand and strengthen pension business such as social security and basic pension, enterprise annuity, occupational annuity and other pension businesses, seize new opportunities in the development of bank wealth management business, make new progress in cooperation with wealth management subsidiaries and private banks of bank, and continue to consolidate our leading position in institutional business. The Company will rapidly develop wealth management business and provide diversified wealth management products for high-net-worth individuals. The Company will seize the opportunity of public offering transformation of collective investment schemes, make up for the shortcomings of retail business, enlarge the retail customer base and make greater efforts in acquiring customers through Internet channels. The Company will also develop capital management platform business in Hong Kong, and explore and scale up overseas businesses.

As of the end of the Reporting Period, the total assets under management ("AUM") of the Company amounted to RMB1,625,735 million, including CAM and SMA, with a size of RMB660,485 million and RMB965,250 million, respectively. The market share of the Company's privately-offered asset management business (excluding pension business, publicly-offered collective investment schemes and asset-backed securitization products) under the new regulations on capital management was approximately 15.87%, ranking first in the industry.

Category	AUM (RMB million)		Income from Management Fee (RMB million)	
	End of 2021	End of 2020	End of 2021	End of 2020
CAM	660,485	260,124	1,800.86	1,229.05
SMA	965,250	1,106,168	1,529.82	1,128.36
SAM	—	109	94.38	50.47
Total	1,625,735	1,366,401	3,425.06	2,407.88

Source: Statistics from the Company

*Note:* The size of CAM includes collective investment schemes, excluding pension products; the size of SMA includes pension business; and the size of SAM does not include asset-backed securitization products.

### *Outlook for 2022*

In 2022, the Company will continue to adhere to an “institution-based and retail-oriented” client development strategy in terms of its asset management business, adhere to the client-centered management mechanism, and continue to improve client development capabilities and comprehensive financial services. Focusing on active management, long-term net worth, “fixed income +” and equity and other multi-asset models, the Company will strive to increase the professionalism and refined management level of the investment and research team. The Company will continue to expand and promote the pension business, consolidate the leading position in institutional business, innovate business models based on customer needs, continue to vigorously develop customized FOF and other businesses, further expand the retail customer base, and focus on the attraction of customers through Internet channels. Focusing on synergy and overseas business layout, the Company will make preparations for the establishment of capital management subsidiaries. In addition, it will continuously promote the digitalization of asset management business and ensure the completion of the new generation business platform for asset management as planned.

## **China AMC**

### *Actions and achievements*

In 2021, China AMC strengthened strategic asset allocation, continued to improve active equity performance; launched marketing of key ETF products with full efforts, the number of fund offerings reached a new record high. It also steadily promoted strategic pension business, improved the structure of actively managed SMA services; established a cross-industry ESG analysis index framework, stepped up efforts to promote digital transformation, enhance its risk prevention ability, improved the talent introduction and training system, and further expanded the overall asset management scale. As at the end of the Reporting Period, the total AUM of China AMC reached RMB1,661,607 million, of which, the AUM of public funds reached RMB1,038,375 million and the AUM of institutional and international business reached RMB623,232 million.

### *Outlook for 2022*

In 2022, China AMC will strengthen strategic asset allocation research, improve investment performance, invest in newly issued funds on rational basis, enhance the marketing of dominant products, improve the overall service quality for institutional customers, strengthen the brand building of “China Retirement” and continuously improve Fintech ecosystem, thereby maintaining its comprehensive competitiveness in the industry.

## **Custody**

### **Market conditions**

In 2021, against the backdrop of receding impact of the COVID-19 pandemic on major global economies, domestic economic operations gradually returned to normal, the large capital management industry continued to transform and develop, with publicly-offered infrastructure REITs projects officially come into being, the pilot fund investment advisory business expanded, and the transition period of “new capital management regulations” ended smoothly. According to the data of China Securities Investment Fund Association, as of the end of November 2021, the management scale of public funds was RMB25.32 trillion and the management scale of private funds was RMB19.72 trillion, representing an increase of 27% and 16%, respectively, as compared with those of the same period last year.

# Management Discussion and Analysis

## Actions and achievements

In 2021, following the development trend of the industry, the Company leapfrogged in development in asset custody and fund operation outsourcing service business, further broadening the comprehensive business layout of custody outsourcing in all aspects and multiple fields, and leading a number of business innovations. The Company was the first in the brokerage industry to set up an overseas fund service subsidiary to provide offshore fund administration services for offshore asset management institutions; the Company provided operational service solutions for the first PFM-ESG themed fund issued by WFOE, and cooperated with the largest European asset management company to launch the first QDLP fund. The Company continued to deepen its financial technology strategy, insisted on technology empowerment and helped clients' digital transformation. It was the first in the industry to launch the "Xin e+" manager business platform integrating fund raising, investor service and compliance management, launched the self-developed electronic contract signing system for private equity funds, launched the multi-batch clearing operation platform, and comprehensively upgraded the mobile manager service platform, and thus significantly enhanced its service efficiency.

As at the end of the Reporting Period, the Company had been providing asset custody services for 11,302 products and providing fund operation outsourcing services for 12,307 products, representing an increase of 51% and 53%, respectively, as compared with those of the previous year.

## Outlook for 2022

As the transition period of the new regulation on capital management coming to an end and the asset management industry has entered into the era of net worth, and the reform of the stock issuance system will bring about a new pattern in the capital market. The Company will continue to uphold the "customer-centered, market-oriented and innovation-driven" concept, continuously improve its quality of services, strive to build an increasingly improved system covering product development, operation management, customer service and financial technology, and develop into a leading asset custody and fund operation outsourcing service provider both at home and abroad that customers can rely on.

## Equity investment

### Market conditions

The economy as a whole shows a good recovery in 2021 as China has achieved effective control of the COVID-19 pandemic. The fundraising showed a continuous rebound in 2021. According to the data of CVSource, a total of 7,358 private equity funds were established in China from January to November 2021, representing an increase of 37% year-on-year, with fundraising showing an overall boost against the background of an improving economic situation. In terms of investment, the market size went up year-on-year. Recent investments in IT and information, energy and automotive sectors were hot due to the respective implementation of national policies in related areas. In terms of exit, the exit book returns of private equity project increased as valuations of some companies on the STAR Market and ChiNext were high at listing, contributing to higher exit returns.

Overall, the fundraising, investment, and exit of the private equity industry maintained a high prosperity in 2021. The fundraising end of the industry continued to surge as the previous private equity investments gradually realized high yields. From the view of investment, in addition to the traditional popular fields such as pharmaceutical and chips, new hot spots centered on "carbon neutral" and "meta-universe" related industries.

## **CITIC Securities Investment**

### ***Actions and achievements***

In 2021, as an alternative investment subsidiary of the Company, CITIC Securities Investment closely focused on the development of the capital market and the macro situation in China and abroad, continued to explore investment opportunities in industries including advanced intelligent manufacturing, information technology, modern service, medical and healthcare, new materials and industrial products, explored the possibility of moving the investment phase forward appropriately, continued to give full play to the comprehensive advantages of CITIC Securities, increased investment scale, and invested in a number of enterprises with core competitiveness in the fields of consumption, semiconductor, medical and healthcare, new materials and information technology.

### ***Outlook for 2022***

In 2022, guided by national policies, CITIC Securities Investment will continue to serve the real economy, implement national strategies, focus on investment layout in areas encouraged by national policies, and actively support the development of green, circular and low-carbon economies, improve investment research capacity, systematically carry out industrial layout, appropriately strengthen forward-looking investment layout, develop diversified investment methods, increase investment, strengthen post-investment management and risk control, and continue to consolidate its leading position in the field of equity investment by alternative investment subsidiaries of brokers.

## **GoldStone Investment**

### ***Actions and achievements***

As a platform for raising and managing private equity investment funds of the Company, in 2021, GoldStone Investment, continued to deepen cooperation with large-sized industrial groups, initiated the establishment of a number of new funds, including Wuxi Shanghai Automotive GoldStone innovation industry fund with a size of RMB6 billion, Anhui Transport Control Jinshi Private Equity Fund with a size of RMB1.5 billion and Shenshi Smart Logistics Infrastructure Private Equity Fund with a size of RMB1.1 billion. As at the end of the Reporting Period, there were over 20 private equity investment funds under GoldStone Investment's management. GoldStone Investment, as the fund manager, supported the development of enterprises in line with the layout of national strategic emerging industries and with core competitiveness by way of equity investment. In 2021, GoldStone Investment made investments of approximately RMB8 billion, involving sectors such as new materials, new energy, new generation of information technology, aerospace and healthcare.

From the establishment of the first REITs fund in China in 2014 to the end of the Reporting Period, CITIC GoldStone Fund, a wholly-owned subsidiary of GoldStone Investment, has cumulatively established REITs funds and property private funds, totaling RMB27.576 billion, ranking forefront among the private fund managers with the largest cumulative management scale of REITs funds in China. As of the end of the Reporting Period, CITIC GoldStone Fund and its subsidiaries had approximately RMB4,330.87 million of funds under management.

### ***Outlook for 2022***

GoldStone Investment's development strategy is to attach equal importance to management scale and investment returns, with its strategic goal of developing into a leading private equity investment fund management institution in China. It aims to create excellent returns for fund investors and realize management fee revenues and performance rewards for the Company. Through top-down research with industrial upgrade and integration as the core, GoldStone Investment will discover valuable companies and invest in them, and enhance their value in post-investment management. In addition, GoldStone Investment will also expand its overseas investment and seize economic development opportunities in new regions as a beneficial supplement to domestic investment.

# Management Discussion and Analysis

## Research

In 2021, the comprehensive strategic transformation of the Company's research business was effective. The depth of research and service levels were further enhanced, the coverage of A shares, H shares and U.S. shares continued to expand, the number of research reports in English and Chinese maintained growth, the integration of domestic and overseas research progressed smoothly, and the recognition of global customer continued to improve; the online and offline transformation of research activities accelerated, the number of attendees at large conferences represented by annual capital market conferences and equity investment forums repeatedly reached record highs, and a number of highly distinctive industry-specific forums and conference activities were organized to help promote regional business; reports and citations in professional financial media continued to increase, and the Company's social reputation and market influence were enhanced. Combining comprehensive research services with business synergy, we have provided multiple subject services for government agencies and had fruitful cooperation and exchanges with schools and enterprises; we strengthened research synergy and cooperation with various business lines of the Company, creating significant business value.

With the full implementation of the transformation, the Company's research business will continue to focus on client-driven and business-driven research services to further expand the research influence and enhance the reputation and value for the Company. In terms of institutional services, the Company will continue to make great efforts to serve key institutional clients in the secondary market, while increasing the services and expansion of important incremental clients such as foreign institutions and bank wealth management subsidiaries. In terms of linkage between primary and secondary markets, we will further expand from secondary market institutional client service to primary market to explore client value, and expand the research scope from secondary market to industry trend, industry integration, M&A and restructuring, and strategic consulting for unlisted enterprises. In terms of business synergy, we will work closely with various business lines to promote value transformation and further expand the regional coverage of various conference activities. We will maintain high-quality intellectual support and cooperation with government ministries, regulatory agencies, universities, etc. In terms of synergy between domestic and overseas teams, the Company will leverage the differentiated positioning and coverage of its domestic and overseas teams to serve clients together, complement each other, and hold more joint roadshows.

## Industry in which the Company Operates during the Reporting Period

The industry to which the Group belongs is the securities industry, the stage of development of this industry, its cyclical nature and the industry position in which the Group is located are as follows:

China's entry into a new stage of development and the construction of a new development landscape provided a rare opportunity for the development of the securities industry. Reform initiatives such as the comprehensive implementation of the registration system for stock issuance and increasing the proportion of direct financing and other reform initiatives will make the capital market more efficient and equity financing more convenient, highlight the premium of top companies, and continue to optimize the industrial structure. The securities industry should seize the opportunity and actively integrate into the overall development of the country. On one hand, the securities industry needs to take responsibility in stabilizing the macro economy, ensuring smooth direct financing channels, building a virtuous cycle between the real economy and the capital market, preventing significant market fluctuations, and guarding against the risk. On the other hand, the securities industry shall fulfill its original mission of serving the real economy, guide funds to increase support for key areas such as science and technology innovation, small and medium-sized enterprises and green low-carbon, optimize the financing structure, stimulate economic vitality, cultivate innovation momentum, serve the two-way opening of capital and help construct a new pattern of economic and social development. In 2021, the Company made steady progress in various operational and management works and maintained its industry-leading position in key financial indicators and business indicators.

## Core Competitiveness Analysis

In the course of more than 20 years of development, backed by powerful shareholder background, and adhering to the development principle of Seven Commitments, the Company has developed and achieved a sound corporate governance structure, prospective strategic layout and complete business system, solid capital strength and industry-leading operating results, profound customer resources, excellent corporate culture and core value, all of which contribute to the core competitiveness of the Company.

### Adhering to the development principle of “Seven Commitments”

The Company concludes the principle of “Seven Commitments”, which serves as the core value of the Company and is also the constant motivation for corporate development: We adhere to the commitment to the party’s leadership that provides sound political protection for corporate development; the commitment to the business objective of following the national strategy and serving the real economy; the commitment to the client-oriented business approach which allows us to achieve mutual development with clients; the commitment to operating philosophy of compliance operations and stringent risk management; the commitment to innovation and entrepreneurship with a persistent ambition; the commitment to the talent nurture strategy which is under people-focused and market-oriented management; and the commitment to uphold and promote the excellent corporate culture and tradition of the Company.

### Powerful shareholder background and sound corporate governance structure

Founded on integrating the securities business under CITIC Group, the Company has grown from a small and medium-sized securities company into a large integrated securities group with the full support from CITIC Group. Listed on SSE in 2003 and on the Hong Kong Stock Exchange in 2011, the Company is China’s first listed securities company in terms of A share, H share IPO. The Company has formed a sound corporate governance structure centering on the general meeting, the Board and the Supervisory Committee, which ensures the Company’s sustained healthy development under the long-term market-based operation mechanism.

### Prospective strategic layout and comprehensive financial services capabilities

The Company has been exploring and putting into practice new business models over the years. It took the lead in the industry in proposing and practicing the flow-based business, drives wealth management transformation and engages in business such as direct investment and block trading; by acquisition and continuous cultivation, it has established its leading strength in futures, fund, commodity and other business; it has expanded investment in business such as fixed income, margin financing and securities lending, equity derivatives and alternative investment and established the financial market business system. The Company has obtained qualifications for multiple businesses permitted by domestic regulatory authorities, forming a full-product, full-market and full-business coverage landscape, with basic financial functions in investment, financing, trading, payment and custody gradually improved.

### Solid capital strength and industry-leading operating results

The Company has boasted prominent scale advantage in net capital, net assets and total assets. It is the first securities company in the industry with total assets exceeding one trillion yuan and has ranked first in the industry in terms of operating income and net profit for more than ten consecutive years. With sustained leading position in the market in respect of investment banking, wealth management, asset management, financial market and other businesses over the years, it has achieved wide reputation and brand strength in domestic market. Over the years, the Company has won many awards granted by Asiamoney, Financial Times, Forbes, SSE, SZSE and other domestic and overseas institutions.

# Management Discussion and Analysis

## **Profound customer resources and extensive network layout**

The Company has kept developing as driven by the philosophy of being client-centric and growing together with clients. Based on serving the real economy, the Company has accumulated a large number of trustworthy strategic customers by carrying out in-depth cooperation around customers' comprehensive financial needs; it implemented the requirements of the innovation-driven development strategy and served a large number of new economy and innovative enterprise customers to grow bigger and stronger through the capital market; it practiced inclusive finance, assisted to common prosperity and allowed a wide range of investors to share the benefits from China's economic development. At present, the Company has more than 12 million retail clients and 100,000 domestic corporate and institutional clients engaging in key fields of national economy, achieving in-depth coverage of major central SOEs, important local SOEs and influential listed companies. The Company has set up more than 400 branches and 12 regional branches of investment banking in the territory, which are widely distributed in various provinces and cities, and continues to enhance its regional client service capability.

## **Competitive cross-border integrated customer service network**

The Company has offices in 13 countries around the world, covering more than 60 major markets that accounted for over 95% of total market value of stock and serving more than 2,000 largest institutional investors of the world. It is the Chinese-funded securities company leading peers in the number of local branches, research coverage, sales network and liquidation and settlement infrastructure in areas along the Belt and Road Initiative and also an investment bank best fitting the Belt and Road Initiative in the world. With its unique industrial position and accumulated strength, it serves Chinese clients to go out and introduce overseas clients to domestic market, providing the best quality and highest effective services and advice to enterprises.

## **Sound market-based mechanism and excellent talent team**

The Company has continuously improved the market-based mechanism, explored the use of medium and long-term incentive policies, improved the incentive and guarantee mechanism for talent, and thoroughly implemented strategy of strengthening the enterprise with talents. The Company has implemented an open talent policy, cultivated a competitive reserve of young talents, increased the international talents reserve, strengthened professional training and systematic training by business and level, and created a team of international talents with international vision, proficiency in international operations and creative thinking.

## **Excellent corporate culture and core value**

The Company has inherited excellent cultural genes of CITIC Group. Following CITIC's style of "abiding by laws and discipline and acting honestly, seeking truth from facts and innovation, being prudent and modest and advocating teamwork spirit, being industrious and self-motivated and effective and resolute", highlighting CITIC's core value of "honesty, innovation, cohesion, integration, devotion and excellence", and keeping to CITIC's development mission of "Practicing national strategies and helping national rejuvenation". The Company has gradually formed its operating philosophy of law abidance, standardized management and strict risk control; forged the enterprising spirit of seeking excellence, striving to make innovations and allowing trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the interpersonal style of staying humble, working hard, and being modest and prudent; and formed the admirable tradition of being diligent, advocating conciseness, and abandoning redundant formalities.

## Financial Statements Analysis

### Financial statement summary

#### Profitability analysis

In 2021, the overall activity of the domestic securities market increased significantly compared with that of 2020. The major operating results of the Company reached the highest level since the establishment of the Company, and each business continued to be at the forefront of the market. In 2021, the Group recognized total revenue and other income of RMB97,324 million, representing a year-on-year increase of 35.42%. Net profit attributable to owners of the parent amounted to RMB23,100 million, representing a year-on-year increase of 55.01%. Basic earnings per share amounted to RMB1.77, representing a year-on-year increase of 52.59%. Return on weighted average equity was 12.07%, representing a year-on-year increase of 3.64 percentage points.

#### Assets structure and assets quality

In 2021, total assets and total liabilities of the Group increased by different margins. In 2021, the Group made the corresponding impairment provision for the assets with signs of impairment, to maintain the Company's high-quality asset.

As of 31 December 2021, the Group's total assets amounted to RMB1,278,665 million, representing a year-on-year increase of RMB225,703 million or 21.44%. Excluding customer brokerage deposits and funds payable to securities issuers, the Group's total assets amounted to RMB1,026,789 million, representing a year-on-year increase of RMB178,009 million or 20.97%. As of 31 December 2021, the Group's total liabilities amounted to RMB1,064,857 million, representing a year-on-year increase of RMB197,777 million or 22.81%. Excluding customer brokerage deposits and funds payable to securities issuers, the Group's total liabilities amounted to RMB812,981 million, representing a year-on-year increase of RMB150,083 million or 22.64%. As of 31 December 2021, the Group's equity attributable to owners of the parent amounted to RMB209,171 million, representing a year-on-year increase of RMB27,459 million or 15.11%.

Asset and liability structure of the Group maintained stable. As of 31 December 2021, excluding customer brokerage deposits and funds payable to securities issuers, the Group's total assets amounted to RMB1,026,789 million, among which, investments, which mainly included investments in associates/joint ventures and investments in financial assets, accounted for 63.76% of the total assets; margin accounts and reverse repurchase agreements accounted for 17.09%; cash and bank balances accounted for 9.51% of the total assets; and fixed assets, constructions in progress, land-use-rights and intangible assets, investment properties and right-of-use assets in aggregate accounted for 1.39% of the total assets.

As of 31 December 2021, excluding customer brokerage deposits and funds payable to securities issuers, the Group's total liabilities amounted to RMB812,981 million with a major proportion of short-term liabilities, among which, repurchase agreements were RMB235,286 million, accounting for 28.94% of the total liabilities; debt instruments issued and long-term loans were RMB118,533 million, accounting for 14.58% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instruments payable and non-current liabilities due within one year were RMB135,904 million, accounting for 16.72% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities were RMB109,761 million, accounting for 13.50% of the total liabilities; and other liabilities were RMB213,497 million in total, accounting for 26.26% of the total liabilities.

The gearing ratio slightly increased. As of 31 December 2021, excluding customer brokerage deposits and funds payable to securities issuers, the gearing ratio of the Group was 79.18%, representing a year-on-year increase of 1.08 percentage points.

# Management Discussion and Analysis

## Cash flow status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB8,315 million in 2021, compared with net increase of RMB25,846 million in 2020, which was mainly due to the decrease in net cash inflow from operating activities.

From a structural perspective, the net cash inflow from operating activities in 2021 was RMB5,518 million, compared with an inflow of RMB20,708 million in 2020, which was mainly due to a year-on-year increase in the net cash outflow from financial assets at fair value through profit or loss.

The net cash outflow from investing activities in 2021 was RMB6,916 million, compared with an outflow of RMB6,860 million in 2020, which was mainly due to the change of cash paid for investment.

The net cash inflow from financing activities in 2021 was RMB9,713 million, compared with an inflow of RMB11,998 million in 2020, which was mainly due to a year-on-year decrease in the cash inflow from issuing bonds during the Reporting Period.

## Access to and Ability of Financing

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by way of bond repurchases, interbank lending, issuance of short-term commercial papers, issuance of beneficiary certificates, issuance of short-term corporate bonds etc., through SSE, SZSE and interbank market in accordance with the relevant policies and regulations of the competent authorities.

In addition, the Company may, subject to market conditions and its own demands, raise fund by way of refinancing issuance, rights issue, issuance of various bonds and other financing methods as approved by the competent authorities. The Company may issue USD-denominated MTNs and Euro commercial papers through overseas subsidiaries to obtain foreign funds to support the Company's overseas business development.

To maintain the liquidity and profitability of its assets, the Company's proprietary capital is centrally managed by its Treasury Department. There is also a comprehensive management system and corresponding work flows in place. The Company fine-tunes the structures of its different classes of assets in a timely manner and utilizes corresponding hedging tools to mitigate the risks.

Please refer to Note 42 "Short-term loans", Note 43 "Short-term financing instruments payable", Note 46 "Debt instruments issued" and Note 47 "Long-term loans" to the consolidated financial statements in this report for the information on the debt financing instruments and liquidity of the Company in 2021.

### Exchange rate fluctuation risk and related hedge

For details of the Company's exchange rate fluctuation risk and related hedge, please refer to "Risk management" and Note 58 "Currency risk" to the consolidated financial statements in this report.

### Contingent liabilities

Details of contingent liabilities are set out in Note 55 "Commitments and contingent liabilities" to the consolidated financial statements in this report.

### Charges on assets

As at 31 December 2021, CITIC Futures, a wholly-owned subsidiary of the Company, pledged certain vehicles as set out in "Property, plant and equipment" with a book value of US\$152 million as collateral for long-term loans of RMB458 million. For details, please refer to Note 47 "Long-term loans" and Note 19 "Property, plant and equipment" to the consolidated financial statements in this report.

## Analysis on items of income statement

### Financial highlights

In 2021, the Group accomplished a profit before income tax of RMB31,894 million, representing a year-on-year increase of 55.81%. Major financial highlights of the Group are as follows:

*In RMB million*

Items	2021	2020
Fee and commission income	<b>40,931</b>	31,816
Interest income	<b>20,575</b>	15,528
Investment income	<b>22,683</b>	17,907
Income from bulk commodity trading and other income	<b>13,135</b>	6,618
Operating expenses	<b>66,320</b>	51,984
Share of profits and losses of associates/joint ventures	<b>890</b>	585
Profit before income tax	<b>31,894</b>	20,470
Income tax expense	<b>7,889</b>	4,954
Profit attributable to owners of the parent	<b>23,100</b>	14,902

## Management Discussion and Analysis

### Structure of the revenue

In 2021, the total revenue and other income of the Group amounted to RMB97,324 million, representing a year-on-year increase of 35.42%. Structure of the revenue was relatively stable. The following table sets out the revenue structure of the Group in the past 5 years:

Items	2021	2020	2019	2018	2017
Fee and commission income	<b>42.06%</b>	44.27%	37.69%	39.75%	39.79%
Interest income	<b>21.14%</b>	21.61%	23.23%	26.74%	22.48%
Investment income	<b>23.31%</b>	24.92%	27.84%	15.76%	22.32%
Income from bulk commodity trading and other income	<b>13.49%</b>	9.20%	11.24%	17.75%	15.41%
Total	<b>100.00%</b>	100.00%	100.00%	100.00%	100.00%

### Fee and commission income

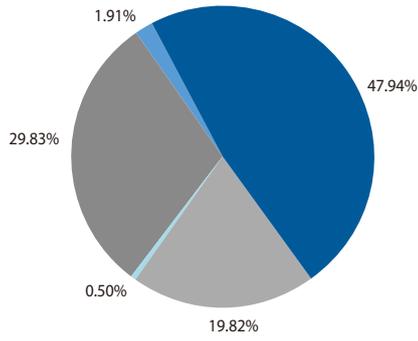
In 2021, the net fee and commission income of the Group amounted to RMB34,554 million, representing a year-on-year increase of 29.11%, which was mainly due to the increase in revenue from brokerage and asset management business. The breakdown of fee and commission income of the Group during 2020 and 2021 is as follows:

*In RMB million*

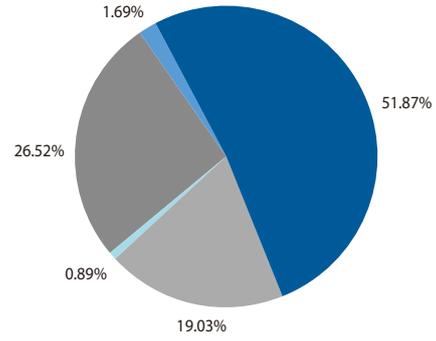
Items	2021	2020	Variance in amount	Variance in percentage
Fee and commission income				
Brokerage	<b>19,622</b>	16,504	3,118	18.89%
Investment banking	<b>8,113</b>	6,056	2,057	33.97%
Trading	<b>205</b>	284	-79	-27.82%
Asset management	<b>12,211</b>	8,436	3,775	44.75%
Others	<b>780</b>	536	244	45.52%
Fee and commission expenses	<b>6,377</b>	5,052	1,325	26.23%
Net fee and commission income	<b>34,554</b>	26,764	7,790	29.11%

The breakdown of fee and commission income during 2020 and 2021 is as follows:

Breakdown of fee and commission income for 2021



Breakdown of fee and commission income for 2020



■ Brokerage                      ■ Investment banking                      ■ Trading  
 ■ Asset management                      ■ Others

The fee and commission income from brokerage business increased by RMB3,118 million, representing a year-on-year increase of 18.89%. In 2021, the overall activity of the domestic securities market increased significantly as compared to 2020, and the market liquidity increased significantly, and the trading volume of the Shanghai and Shenzhen stock exchanges and the interval average daily turnover rate all increased as compared to last year.

The fee and commission income from investment banking business increased by RMB2,057 million, representing a year-on-year increase of 33.97%. In 2021, with the advancement of the registration system reform, the issuance number and the issuance scale of A-share IPO were at record highs.

The fee and commission income from trading decreased by RMB79 million year-on-year, which was relatively stable.

The fee and commission income from asset management increased by RMB3,775 million, representing a year-on-year increase of 44.75%. In 2021, given the development environment of continuous industry transformation, the active management of the Company was enhanced and the income increased as driven by the expansion size.

## Management Discussion and Analysis

### Interest income

In 2021, the net interest income of the Group amounted to RMB5,338 million, representing a year-on-year increase of 106.34%. The table below sets out the major composition of the net interest income of the Group for the period indicated:

*In RMB million*

Items	2021	2020	Variance in amount	Variance in percentage
Interest income				
— Bank interest income	<b>6,705</b>	4,811	1,894	39.37%
— Interest income on margin and other financing	<b>11,788</b>	9,307	2,481	26.66%
— Interest income on financial assets at fair value through other comprehensive income	<b>1,831</b>	1,139	692	60.76%
— Others	<b>251</b>	271	-20	-7.38%
Interest expenses				
— Customer brokerage deposits	<b>1,281</b>	655	626	95.57%
— Due to banks and other financial institutions	<b>5,882</b>	4,973	909	18.28%
— Debt instruments issued and short-term financing instruments payable	<b>7,195</b>	6,472	723	11.17%
— Others	<b>879</b>	841	38	4.52%
Net interest income	<b>5,338</b>	2,587	2,751	106.34%

Bank interest income increased by RMB1,894 million, representing a year-on-year increase of 39.37%, mainly due to the commensurate increase in client deposits and reserves with the brokerage segment resulting from securities market conditions. Consequently, the average daily balance of the funds during the year increased as compared to last year.

Interest income from margin and other financing increased by RMB2,481 million, representing a year-on-year increase of 26.66%, mainly due to the increased scale of financing flow-based business as compared to last year.

Interest income on financial assets at fair value through other comprehensive income increased by RMB692 million, representing a year-on-year increase of 60.76%, mainly due to increased average daily scale of debt investment during the year.

Interest expenses increased by RMB2,296 million, representing a year-on-year increase of 17.74%, mainly due to the increase in interest expenses including due to banks and other financial institutions and bonds issued.

### Investment income

In 2021, the investment income of the Group amounted to RMB22,683 million, representing a year-on-year increase of 26.67%. The table below sets out the major composition of the investment income of the Group for the period indicated:

*In RMB million*

Items	2021	2020	Variance in amount	Variance in percentage
Net gains from financial assets at fair value through other comprehensive income	<b>1,014</b>	216	798	369.44%
Net gains from financial instruments at fair value through profit or loss	<b>16,716</b>	54,273	-37,557	-69.20%
Others	<b>4,953</b>	-36,582	N/A	N/A
<b>Total</b>	<b>22,683</b>	17,907	4,776	26.67%

The net gains from financial assets at fair value through other comprehensive income increased by RMB798 million, representing a year-on-year increase of 369.44%. In particular, the investment income from the disposal of financial assets decreased by RMB172 million, representing a decrease of 79.63%, and the investment income from assets held increased by RMB970 million, which was all arising from investment in equity instruments.

The net gains from financial instruments at fair value through profit or loss is RMB16,716 million. In particular, investment income arising from the holding and disposal of such assets by the Group was RMB33,763 million and the gains arising from changes in the fair value was RMB-17,047 million.

Other investment income was RMB4,953 million, which was mainly attributable to changes in fair value of derivative financial instruments.

## Management Discussion and Analysis

### Operating expenses

In 2021, operating expenses of the Group (excluding fee and commission expenses and interest expenses) amounted to RMB44,706 million, representing a year-on-year increase of RMB10,715 million or 31.52%. The table below sets out the major composition of the operating expenses of the Group during the period indicated:

*In RMB million*

Items	2021	2020	Variance in amount	Variance in percentage
Staff costs	<b>20,762</b>	14,738	6,024	40.87%
Depreciation of property, plant and equipment	<b>399</b>	381	18	4.72%
Tax and surcharges	<b>423</b>	398	25	6.28%
Cost of bulk commodity trading	<b>11,785</b>	5,737	6,048	105.42%
Other operating expenses and costs	<b>7,833</b>	5,661	2,172	38.37%
Expected credit losses	<b>899</b>	6,581	-5,682	-86.34%
Impairment losses on other assets	<b>2,605</b>	495	2,110	426.26%
<b>Total</b>	<b>44,706</b>	33,991	10,715	31.52%

During the year, staff costs increased by RMB6,024 million, representing a year-on-year increase of 40.87%, mainly due to an increase in staff remuneration.

During the year, depreciation of property, plant and equipment increased by RMB18 million, representing a year-on-year increase of 4.72%, which was basically stable compared to the same period last year.

During the year, tax and surcharges increased by RMB25 million, representing a year-on-year increase of 6.28%, mainly due to an increase in urban construction tax and education surcharge.

During the year, cost of bulk commodity trading increased by RMB6,048 million, representing a year-on-year increase of 105.42%, mainly due to an increase in cost of sales of bulk commodity trading of its subsidiaries.

In 2021, expected credit losses amounted to RMB899 million, decreased by RMB5,682 million or 86.34% as compared to 2020, mainly due to the decrease of impairment losses of reverse repurchase agreements. Impairment losses on other assets amounted to RMB2,605 million, increased by RMB2,110 million as compared to 2020, which mainly due to the increase in the impairment losses on goodwill.

The following table sets out the composition of the impairment losses of the Group during the period indicated:

*In RMB million*

Items	2021	2020	Variance in amount	Variance in percentage
Expected credit losses	<b>899</b>	6,581	-5,682	-86.34%
Among which: Reverse repurchase agreements	<b>-1,194</b>	4,879	N/A	N/A
Margin account	<b>1,788</b>	711	1,077	151.48%
Financial assets at fair value through other comprehensive income (Debt instruments)	<b>-27</b>	555	N/A	N/A
Other current assets	<b>110</b>	334	-224	-67.07%
Others	<b>222</b>	102	120	117.65%
Impairment losses on other assets	<b>2,605</b>	495	2,110	426.26%

Management Discussion and Analysis

### Analysis on financial position

As of 31 December 2021, the total assets of the Group were RMB1,278,665 million, representing a year-on-year increase of 21.44%. Excluding the effect of the customer brokerage deposits and funds payable to securities issuers, the total assets of the Group amounted to RMB1,026,789 million as at 31 December 2021, representing a year-on-year increase of 20.97%.

Major changes in the total assets of the Group were as follows:

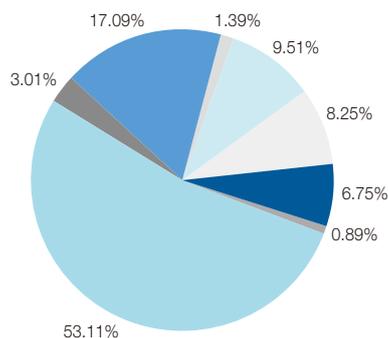
*In RMB million*

Items	31 December 2021	31 December 2020	Variance in amount	Variance in percentage
Financial assets at fair value through other comprehensive income	<b>69,257</b>	66,036	3,221	4.88%
Investments in associates/joint ventures	<b>9,128</b>	8,877	251	2.83%
Financial assets at fair value through profit or loss	<b>545,334</b>	419,981	125,353	29.85%
Derivative financial assets	<b>31,001</b>	20,158	10,843	53.79%
Margin accounts and reverse repurchase agreements	<b>175,512</b>	155,968	19,544	12.53%
Properties, land-use rights and intangible assets, right-of-use assets	<b>14,243</b>	13,212	1,031	7.80%
Cash and bank balances	<b>97,611</b>	91,110	6,501	7.14%
Others	<b>84,703</b>	73,438	11,265	15.34%
Total	<b>1,026,789</b>	848,780	178,009	20.97%

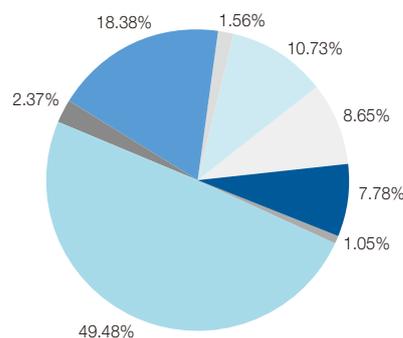
# Management Discussion and Analysis

The following chart sets forth the composition of the total assets of the Group as of the dates indicated:

Analysis of the components of the Group's assets as of the end of 2021



Analysis of the components of the Group's assets as of the end of 2020



## Investment

The investment of the Group primarily comprises financial assets at fair value through other comprehensive income, investments in associates/joint ventures, financial assets at fair value through profit or loss, derivative financial assets, etc.

As of 31 December 2021, the total investments of the Group were RMB654,720 million, representing a year-on-year increase of RMB139,668 million or 27.12% as compared to the end of 2020. Its total investments accounted for 63.76% of the total assets, representing a year-on-year increase of 3.08 percentage points.

The following table sets out, as of the dates indicated, the investments of the Group and its percentage to the total assets by category:

*In RMB million*

Items	31 December 2021		31 December 2020	
	Amount	Percentage to total assets	Amount	Percentage to total assets
Financial assets at fair value through other comprehensive income	69,257	6.75%	66,036	7.78%
Investments in associates/joint ventures	9,128	0.89%	8,877	1.05%
Financial assets at fair value through profit or loss	545,334	53.11%	419,981	49.48%
Derivative financial assets	31,001	3.01%	20,158	2.37%
Total	654,720	63.76%	515,052	60.68%

#### Financial assets at fair value through other comprehensive income

As of 31 December 2021, the Group's financial assets at fair value through other comprehensive income were RMB69,257 million, representing an increase of RMB3,221 million or 4.88% as compared to the end of 2020. The following table sets forth the components of the Group's financial assets at fair value through other comprehensive income:

*In RMB million*

Items	31 December 2021		31 December 2020	
	Amount	Percentage to total financial assets at fair value through other comprehensive income	Amount	Percentage to total financial assets at fair value through other comprehensive income
Debt instruments investments	69,092	99.76%	49,401	74.81%
Investment in equity instruments	165	0.24%	16,635	25.19%
Total	69,257	100.00%	66,036	100.00%

## Management Discussion and Analysis

### Investments in associates/joint ventures

As of 31 December 2021, investments in associates and joint ventures of the Group increased by RMB251 million or 2.83% year-on-year, mainly due to an increase in investments in associates.

*In RMB million*

<b>Items</b>	<b>31 December 2021</b>	31 December 2020	Variance in amount	Variance in percentage
Investment in associates	<b>9,089</b>	8,819	270	3.06%
Investments in joint ventures	<b>39</b>	58	-19	-32.76%
<b>Total</b>	<b>9,128</b>	8,877	251	2.83%

### Financial assets at fair value through profit or loss

As of 31 December 2021, the Group's financial assets at fair value through profit or loss increased by RMB125,353 million or 29.85% year-on-year, accounting for 53.11% of the total assets of the Group, mainly due to the increase in debt instruments investments for trading. The following table sets forth the components of the Group's financial assets at fair value through profit or loss:

*In RMB million*

<b>Items</b>	<b>31 December 2021</b>	31 December 2020	Variance in amount	Variance in percentage
Debt instruments investments	<b>240,634</b>	177,830	62,804	35.32%
Investment in equity instruments	<b>220,126</b>	175,364	44,762	25.53%
Financial assets designated as at fair value through profit or loss	<b>13,124</b>	14,603	-1,479	-10.13%
Others	<b>71,450</b>	52,184	19,266	36.92%
<b>Total</b>	<b>545,334</b>	419,981	125,353	29.85%

### Properties, land-use rights and intangible assets and right-of-use assets

As of 31 December 2021, properties, land-use rights and intangible assets and right-of-use assets of the Group were RMB14,243 million, representing a year-on-year increase of 7.80%. The following table sets forth the properties, land-use rights and intangible assets and right-of-use assets of the Group as of the dates indicated:

*In RMB million*

Items	31 December 2021	31 December 2020	Variance in amount	Variance in percentage
Property, plant and equipment	7,800	7,531	269	3.57%
Investment properties	957	1,060	-103	-9.72%
Land-use rights and other intangible assets	3,592	2,855	737	25.81%
Right-of-use assets	1,894	1,766	128	7.25%
Total	14,243	13,212	1,031	7.80%

### Liabilities

As of 31 December 2021, the total liabilities of the Group amounted to RMB1,064,857 million, representing an increase of RMB197,777 million or 22.81% as compared to last year. Excluding the effect of customer brokerage deposits and funds payable to securities issuers, total liabilities of the Group amounted to RMB812,981 million as at 31 December 2021, representing a year-on-year increase of 22.64%. The following table sets forth the breakdown of the total liabilities of the Group as of the dates indicated:

*In RMB million*

Items	31 December 2021	31 December 2020	Variance in amount	Variance in percentage
Customer brokerage deposits	251,164	203,111	48,053	23.66%
Funds payable to securities issuers	712	1,071	-359	-33.52%
Short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year	135,904	67,113	68,791	102.50%
Financial liabilities at fair value through profit or loss and derivative financial liabilities	109,761	105,285	4,476	4.25%
Repurchase agreements	235,286	198,299	36,987	18.65%
Debt instruments issued and long-term loans	118,533	133,225	-14,692	-11.03%
Others	213,497	158,976	54,521	34.30%
Total	1,064,857	867,080	197,777	22.81%

## Management Discussion and Analysis

As of 31 December 2021, the customer brokerage deposits of the Group amounted to RMB251,164 million, representing a year-on-year increase of 23.66%, accounting for 23.59% of the total liabilities of the Group. The following table sets forth the Group's customer brokerage deposits as categorized by geographical locations and types of customers as of the dates indicated:

*In RMB million*

<b>Items</b>	<b>31 December 2021</b>	31 December 2020	Variance in amount	Variance in percentage
Mainland China	<b>226,940</b>	177,355	49,585	27.96%
— Individual	<b>90,833</b>	82,874	7,959	9.60%
— Corporate	<b>136,107</b>	94,481	41,626	44.06%
Outside Mainland China	<b>24,224</b>	25,756	-1,532	-5.95%
<b>Total</b>	<b>251,164</b>	203,111	48,053	23.66%

As of 31 December 2021, short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB135,904 million, representing an increase of 102.50% year-on-year, which was mainly attributable to an increase in the scale of due to banks and other financing institutions.

As of 31 December 2021, financial liabilities at fair value through profit or loss and derivative financial liabilities amounted to RMB109,761 million, representing an increase of 4.25% year-on-year, which was mainly attributable to the changes in the scale and fair value of financial liabilities designated as at fair value through profit or loss.

As of 31 December 2021, amounts from repurchase agreements increased by RMB36,987 million or 18.65% year-on-year, which was mainly attributable to the increase in the scale of pledge-style repo business.

As of 31 December 2021, amounts from debt instruments issued and long-term loans of the Group decreased by RMB14,692 million or 11.03% year-on-year, which was mainly attributable to the decrease in debt instruments issued.

## Equity

As of 31 December 2021, the total equity of the Group amounted to RMB213,808 million, representing a year-on-year increase of 15.02%, which was mainly attributable to the issuance of other equity instruments of the Company and increase in net profit. The following table sets forth the components of the Group's total equity as of the dates indicated:

*In RMB million*

Items	31 December 2021	31 December 2020
Share capital	12,927	12,927
Other equity instruments	10,768	—
Capital reserve	65,629	65,632
Surplus reserve	9,985	9,438
General reserve	32,959	28,635
Investment revaluation reserve	-89	469
Foreign currency translation reserve	-668	-156
Retained profits	77,661	64,767
Non-controlling interests	4,636	4,170
<b>Total</b>	<b>213,808</b>	185,882

## Fair value measurement

During the Reporting Period, the valuation principle for fair value is that the fair value of the relevant assets or liabilities of the Group is measured by prices in principal markets. In the absence of a principal market, the fair value of the relevant assets or liabilities will be measured by the prices in the most advantageous market. The fair value of an asset or a liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets or financial liabilities in active markets of the Group are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. In the application of valuation techniques, the Group prioritizes the use of relevant observable inputs, and can only use unobservable inputs when the relevant observable inputs are unavailable or impractical to obtain.

Default Valuation Adjustments (DVA) are considered for the Group's liabilities at fair value, assuming that DVA stay the same before and after the transfer of the liabilities. DVA refer to the risk that enterprises fail to perform their obligation, including but not limited to their own credit.

# Management Discussion and Analysis

## Analysis of principal subsidiaries and associated company

The Company has seven principal subsidiaries and one associated company, a summary of which is set out below:

Name	Shareholding of the Company	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100%	1988.6.2	RMB2,493.80 million	5/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai West Road, Shinan District, Qingdao, Shandong Province 15/F, International Wealth Center, No. 156 Jingqi Road, Shizhong District, Jinan, Shandong Province	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao, Shandong Province	FENG Enxin	0532-85022309
CSI	100%	1998.4.9	Paid-up capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	ZHANG Youjun	00852-26008188
GoldStone Investment	100%	2007.10.11	RMB3,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	JIN Jianhua	010-60837800
CITIC Securities Investment	100%	2012.4.1	RMB14,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao, Shandong Province	FANG Hao	010-60833811
CITIC Futures	100%	1993.3.30	RMB5,600 million	Units 1301-1305 of 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province	Units 1301-1305 of 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province	ZHANG Hao	0755-83217780
CITIC Securities South China	100%	1988.3.26	RMB5,091,137,318	Room 901 and Room 1001, No. 395 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong Province	Room 901 and Room 1001, No. 395 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong Province	HU Fuyun	020-88836999
China AMC	62.20%	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	No. A3, Anqing Street, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC PE Fund	35%	2008.6.6	RMB1,800 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	District C, Incubator Building, Technology Education and Startup Park, Technology City, Mianyang	JIN Jianhua	010-60837869

Particulars of the principal subsidiaries and associated company of the Company are as follows:

- (1) CITIC Securities (Shandong) is a wholly-owned subsidiary of the Company with a registered capital of RMB2,493.80 million. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB32,161.59 million and RMB7,599.83 million, respectively, and the operating revenue, gross profit and net profit realized in 2021 amounted to RMB2,306.08 million, RMB900.63 million and RMB674.17 million, respectively. CITIC Securities (Shandong) had 70 securities branches and 2,835 staff (including 3 brokers and 92 dispatched staff).

The principal businesses of CITIC Securities (Shandong) include: life insurance and property insurance (other than aviation accident insurance and alternative products) approved by the China Insurance Regulatory Commission; foreign-currency negotiable securities brokerage; securities brokerage (in Shandong and Henan provinces only); securities investment advisory (for securities investment advisory business in Shandong and Henan provinces only); margin financing and securities lending; distribution of securities investment fund; provision of intermediate referral services to futures companies; and agency sale of financial products (in Shandong and Henan provinces only).

- (2) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at the end of the Reporting Period, the total assets and net assets of CSI amounted to approximately RMB207,697.78 million and approximately RMB8,826.91 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to approximately RMB6,163.56 million, approximately RMB845.33 million and approximately RMB628.42 million, respectively. CSI had 4 branches in Hong Kong and 1,921 staff (including 87 brokers).

The principal businesses of CSI include: holding and investment, and its subsidiaries engage in businesses such as corporate finance and capital market, securities brokerage, futures brokerage, asset management, proprietary business and direct investment.

- (3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB3.0 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB22,946.46 million and RMB9,533.52 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to RMB1,669.94 million, RMB1,087.01 million and RMB828.58 million, respectively. GoldStone Investment had 108 staff (including 7 dispatched staff).

The principal businesses of GoldStone Investment include: industrial investment; investment advisory and management.

- (4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB22,842.96 million and RMB19,002.68 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to RMB4,343.95 million, RMB3,169.59 million and RMB2,412.10 million, respectively. CITIC Securities Investment had 32 staff.

The principal businesses of CITIC Securities Investment include: financial product investment, securities investment and equity investment.

## Management Discussion and Analysis

- (5) CITIC Futures is a wholly-owned subsidiary of the Company with a registered capital of RMB5.6 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures amounted to RMB132,513.62 million and RMB9,116.11 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to RMB15,098.87 million, RMB1,313.57 million and RMB992.35 million, respectively. CITIC Futures had 49 branches and 1,883 staff.

The principal businesses of CITIC Futures include: commodity futures brokerage, financial futures brokerage, futures investment advisory, asset management and fund sales.

- (6) CITIC Securities South China is a wholly-owned subsidiary of the Company with a registered capital of RMB5,091,137,318. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities South China amounted to RMB15,485.15 million and RMB6,669.97 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to RMB858.00 million, RMB321.00 million and RMB258.44 million, respectively. CITIC Securities South China had 30 securities branches and 897 staff (including 65 dispatched staff). The principal businesses of CITIC Securities South China include: securities brokerage; securities investment advisory (securities investment advisers only); financial advisory related to securities trading and securities investment activities; securities underwriting and sponsorship; stock proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; and agency sale of financial products.

- (7) China AMC is held as to 62.20% by the Company and has a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB16,294.61 million and RMB11,287.36 million, respectively; the operating revenue, gross profit and net profit realized in 2021 amounted to RMB8,014.73 million, RMB3,230.38 million and RMB2,312.05 million, respectively. China AMC had 1,083 staff.

The principal businesses of China AMC include: fund raising; fund sales; asset management; engaging in asset management business for specific clients; and other businesses permitted by the CSRC.

- (8) CITIC PE Fund is held as to 35% by the Company and has a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB5,512.44 million and RMB5,136.25 million, respectively; and the net profit realized in 2021 amounted to RMB184.13 million.

The principal businesses of CITIC PE Fund include: promotion and establishment of industrial (equity) investment funds; industrial (equity) investment fund management; financial advisory, investment and investment management advisory; equity investment and external investment; and enterprise management.

## Securities branch offices of the Company

As at the end of the Reporting Period, the Company has established a total of 41 securities branch offices, particulars of which are as follows:

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
1	Beijing Branch Office	TIAN Bing	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65128320
2	Shanghai Branch Office	WANG Lihua	Units 06 and 07, 8/F (Actual Floor: 7/F), and Units 01–03, 06A and 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Shanghai	021-61768697
3	Hubei Branch Office	SUN Hongtao	51/F, Guangdong Development Bank Building, No. 737 Jianshe Avenue, Jiangnan District, Wuhan, Hubei Province	027-85355366
4	Jiangsu Branch Office	XIE Siyuan	1/F, Area B and 10/F, Phase II of Sunny World, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province	025-83261298
5	Shanghai Pilot Free Trade Zone Branch Office	TIAN Xingnong	19/F and 20/F, No. 1568 Century Avenue, Pilot Free Trade Zone, China (Shanghai)	021-20262005
6	Shenzhen Branch Office	LIANG Qi	12/F and 20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian Street, Futian District, Shenzhen, Guangdong Province	0755-23911668
7	Northeast Branch Office	LI Zhe	30/F, Tower A, China Resources Building, No. 286 Qingnian Avenue, Heping District, Shenyang, Liaoning Province	024-23972693
8	Zhejiang Branch Office	CHEN Gang	Units 1703, 1704, 1901, 1902, 2201, 2202, 2203, 2204, 2301, 2303 and 2304 of Dikai Yinzuo, Jiangnan District, Hangzhou, Zhejiang Province	0571-85783714
9	Jiangxi Branch Office	ZHANG Xinqing	Units 2801, 2802, 2806, 2807, 2808, 2809 and 2810 (28/F) of Lianfa Plaza Office Building, No. 129 Lvying Road, Honggutan New District, Nanchang, Jiangxi Province	0791-83970561
10	Fujian Branch Office	SUI Yanping	Units 1901, 1902, 1905A, 1907, 2005B, 2006 and 2007 of Sino Plaza, No. 137 Wusi Road, Gulou District, Fuzhou, Fujian Province	0591-87905705
11	Ningbo Branch Office	YAO Feng	Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo, Zhejiang Province	0574-87033718
12	Wenzhou Branch Office	PAN Ye	Rooms 702 and 703, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang Province	0577-88107230
13	Sichuan Branch Office	JI Xiangkun	1/F, West Wing, La Defense Building, No. 1480 North Section of Tianfu Avenue, Chengdu Hi-Tech Industrial Development Zone, Sichuan Province	028-63278899
14	Shaanxi Branch Office	SHI Lei	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jingguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	029-88601239
15	Tianjin Branch Office	ZHANG Xinyu	7/F, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-58816668
16	Inner Mongolia Branch Office	FAN Yaqiong	Jintailiwan No. 10 Complex, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0471-5982233
17	Anhui Branch Office	HAN Rui	Room 2501–2504, 25/F, A1 Building, Phase I, and Southeast Corner of 1/F, Podium Building, Zhongan Chuanggu Science Park, No. 900 West Wangjiang Road, High-tech Zone, Hefei, China (Anhui) Pilot Free Trade Zone	0551-65662889

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No.	Branch Office	Responsible Officer	Place of Business	Contact Method
18	Shanxi Branch Office	REN Gaopeng	Shop 1, Northeast Corner of Hongsheng Times Financial Plaza, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	0351-6191968
19	Yunnan Branch Office	ZHANG Rui	Units 2601-2603 and 2612, 26/F, Kunming Henglong Plaza Office Building, No. 23 East Dongfeng Road, Panlong District, Kunming, Yunnan Province	0871-68583323
20	Hunan Branch Office	LUO Hua	2/F, New Century Building, No. 198 Second Section of Furong Middle Road, Tianxin District, Changsha, Hunan Province	0731-85175379
21	Hebei Branch Office	QIU Zhenying	3501-3504, 35/F, Tower B, Letai Center, No. 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
22	Chongqing Branch Office	HAN Han	5-1 (underground) and 12-1-2 of Citic Bank Building, No. 5 West Avenue, Jiangbei Town, Jiangbei District, Chongqing	023-67518668
23	Hainan Branch Office	ZHU Yumei	1-2/F, Block B, East Area of Sheng Da Jing Du, No. 65 Guoxing Avenue, Meilan District, Haikou, Hainan Province	0898-65361268
24	Guangxi Branch Office	LIU Yuyang	Room 1805, 18/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning, Guangxi Province	0771-2539031
25	Gansu Branch Office	XU Ying	4/F, Lanzhou SOHO Tower, No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province	0931-8631255
26	Ningxia Branch Office	WU Ligang	Room 301, Complex Commercial Building, No. 16 (formerly No. B4) Yuehai Xintiandi, East Side of Yinjiaqu and South Side of Zhenshui Road, Jinfeng District, Yinchuan, Ningxia	0951-5102568
27	Jilin Branch Office	LIU Mingxu	C101 on 1-2/F, C301 and C302 on 3/F, Tower C, Pearl Plaza, No. 8988 Renmin Avenue, Nanguan District, Changchun, Jilin Province	0431-81970899
28	Heilongjiang Branch Office	ZHAO Yong	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province	0451-51176699
29	Jiaxing Branch Office	WU Jinglan	Room D110 on 1/F, 3/F and 4/F, Rooms D111, D113 on 3/F and 4/F, Commercial Office Building, Fortune Plaza, Economic and Technological Development Zone, Jiaxing, Zhejiang Province	0573-82069341
30	Jinhua Branch Office	LI Qiang	1-4/F, Haiyang Building, No. 331 Zhongshan Road, Jinhua, Zhejiang Province	0579-82337102
31	Shaoxing Branch Office	TONG Weijia	Rooms 102, 205, 206, 207 and 208, No. 177 Jiefang Avenue, Lingzhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0575-88096598
32	Taizhou Branch Office	LIN Binxian	Rooms 2001 and 103, Development and Investment Mansion, No. 188 Fuzhong Road, Jiaojiang District, Taizhou, Zhejiang Province	0576-88896598
33	Xinjiang Branch Office	JIA Haohao	Room 1-01 on 1/F and Room 7017 on 7/F, Block A, Yingke Plaza, No. 217 Gaoxin Street, Hi-tech Zone (Xinshi District), Urumqi, Xinjiang	0991-5870063
34	Suzhou Branch Office	WANG Xiaomeng	8/F, No. 308 Suya Road, Suzhou Industrial Park, Jiangsu Province	0512-67615858
35	Foshan Branch Office	CHEN Hengfu	Rooms 2801, 2802, 2803, 2804, 2805 and 2814, Tower 1, No. 02, 1/F, No. 57, Jihua Fifth Road, Chancheng District, Foshan, Guangdong Province	0757-83283939

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
36	Dongguan Branch Office	CAO Hong	Rooms 1705, 1706, 1707 and 1708, 17/F, and part of the Ground Floor, Yujing Plaza, Gangbei Dongcheng Road, Dongcheng Street, Dongguan, Guangdong Province	0769-88778300
37	Shenzhen Qianhai Branch Office	XIONG Linsha	Rooms 502 and 503, Hedge Fund Center, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan Fifth Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong Province	0755-26029556
38	Xiamen Branch Office	YONG Hongliang	Units 04, 05 and 06, 16/F, Tower A, China Resources Building, No. 93 Hubin East Road, Siming District, Xiamen, Fujian Province	0592-6808633
39	Qinghai Branch Office	CHEN Cunzhe	Room 1141, Unit 1, Building 2, No. 27 Lenghu Road, Xining, Qinghai Province	0971-8251122
40	Dalian Branch Office	CHEN Sheng	Room 1-1-4, Building 13, No. 6, B2 Block, Xinghai Plaza, Shahekou District, Dalian, Liaoning Province	0411-84992086
41	Wuxi Branch Office	YAN Jun	Units 118-3101, Shop L1-25, 1/F, Shopping Center, No. 128 Qingyang Road, Wuxi, Jiangsu Province	0510-81800565

### Structured entities controlled by the Company

Please refer to Note 23 to the financial report for details of structured entities controlled by the Company.

### Explanation of change in scope of statement consolidation

During the Reporting Period, the number of structured entities which were included in the consolidation scope of the Company's financial statements changed to 10. The number of first-level units included in the consolidation scope of the Company's financial statements changed to 27.

### No change in the income tax policy of the Company during the Reporting Period

From 1 January 2008, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) became effective for the Company. The enterprise income tax computation and payment are governed by the requirements of 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). The income tax rate applicable to the Company and its major domestic subsidiaries is 25%, while the income tax rate applicable to several domestic subsidiaries is 15% and 20%. Hong Kong and overseas subsidiaries pay taxes according to the applicable tax rate in the territory where their tax residency is located.

# Management Discussion and Analysis

## Risk Management

### Overview

The Company has always believed that effective risk management and internal control are critical to its successful operation. The Company has implemented comprehensive risk management mechanism and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management. The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has incorporated internal control and risk management as essential elements in the Company's decision-making processes.

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all its staff, and three lines of defense in risk management. The Company has set the objectives for its risk strategy in the "14th Five-year" Plan: Continuously optimize the comprehensive risk management system and the global integrated risk management system, forge a risk management system that matches business development, faces global operation and features 24 hours, full coverage and no blind zone, maintain the domestic leadership, basically reach the risk management level of world-leading investment banks and build the risk management capacity into one of the core competitive strengths of the Company; establish a scientific risk appetite management system, play the guiding role of risk preference and tolerance, achieve the equilibrium and match among capital, risk and return, help the Company realize the strategic business objectives and push the sustainable high-quality development of the Company.

In 2021, the Company focused on the improvement of the risk appetite management system, issued the Risk Appetite Management Procedure of CITIC Securities Company Limited and the 2021 Risk Appetite Statement of CITIC Securities Company Limited reviewed and approved by the Board to fully leverage on the guiding role of the risk preference in business development. The Company has conducted the work for assessment of risk management capability and refined risk management procedures and response measures to assure the prudential operation of its comprehensive risk management system and brought various risks under effective management and control. The Company has strengthened asset quality management, established an asset classification system and risk identification mechanism, and set up the special asset management department dedicated to risky asset disposal to prevent and resolve significant financial risks. The Company has continuously satisfied the requirement of the pilot consolidated supervision, deepened the domestic and overseas integrated risk management mechanism and lifted the risk management level across the Group.

The Company is well aware that excellent overall risk management system and advanced information technology platform are essential to achieve the development vision of "becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world". Therefore, in recent years, the Company has continued to increase its research on and resource contributions into compliance and risk control and information technology, intensified efforts in recruitment of relevant professionals, and strengthened the building and optimization of the compliance and risk control system by means of fintech. The Company has continuously refined measurement methods and measurement tools, improved the level of lean risk management and ensured the full coverage of domestic and overseas operations under risk management.

## Structure of risk management

The major organizational framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Operation Management, the relevant internal control departments and business departments/business lines, which formed a relatively comprehensive three-level risk management system featuring collective decision by the respective committees and close cooperation among internal control departments and business departments/business lines, and managing the risks through review, decision, execution and supervision. At the division and business line level, the Company has established three lines of defense in risk management, that is, business departments/business lines to assume the primary responsibility for risk management, internal control departments, including the Risk Management Department and the Compliance Department, to conduct professional management of all types of risks, and the Audit Department to take charge of post-risk supervision and evaluation.

### Level 1: The Board

The Risk Management Committee of the Board supervises the overall risk management of the Company with the aim of controlling risks within an acceptable scope and ensuring the Company's smooth implementation of effective risk management schemes over risks relating to the operating activities; prepares overall risk management policies for the Board' review; formulates strategic structure and resources to be allocated for the Company's risk management purposes and keeps them in line with the Company' internal risk management policies; sets boundaries for major risk indicators; performs supervision and review on the relevant risk management policies and makes recommendation to the Board.

### Level 2: Operation Management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and the Operation Management of the Company, the committee reviews and makes decisions on major issues and relevant systems regarding the use of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes assets allocation and improves the efficiency of the capital consumption via a scientific, standardized management method and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and review on capital commitment of the underwriting business within the authority delegated by the Board and the Operation Management of the Company. All corporate finance business involving application of capital of the Company is subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance business and security of capital of the Company.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and the Operation Management of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management sub-working group is the coordinating and decision-making body responsible for the daily monitoring and management of the financial risks over the Company's buy-side business and facilitating the execution of the decisions made by the Risk Management Committee of the Company. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent. The Risk Management Committee has set up specific working groups

# Management Discussion and Analysis

focusing on market risks, credit risks, liquidity risks and operational risks, which are led by specific risk management experts with the participation of related business departments/business lines, to respond to pending matters from daily monitoring or decisions made by the higher authorities in a timely manner through the establishment of coordination on the implementation level.

The Company has appointed the Chief Risk Officer to be responsible for coordinating the overall risk management work.

The Company has established the Product Committee. Within the authorization of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews and approves the launch or sales of products and related service provided by the Company, and is the decision-making body of the launch and the suitability management of financial products of the Company. It is also the decision-making management body of the Company's new product and new business evaluation, guiding the evaluation process and coordinating the promotion of new product and new business development. The Risk Evaluation Group, Suitability Management Group and Index Professional Committee were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk grading on products or services, as well as supervising the management of product terms. The Suitability Management Group is responsible for formulating the criteria for investor classification and principles and procedures for appropriate matching of investors, supervising departments to implement investor suitability management work, organizing suitability training and suitability self-examination and rectification at the company level, and supervising the establishment and improvement of investor suitability evaluation database and other work related to suitability management. The Index Professional Committee is responsible for unified management of the planning, operation and maintenance of the Company's self-developed index business, including formulating the systems and standards for the operation and maintenance of Company's index business, specifying the treatment plan and accountability system for risk events, making plans for the layout of such business, and conducting online review of the Company's self-developed indexes.

### **Level 3: Division/Business Lines**

At the division and business line level, the Company has segregated the roles and responsibilities of the front office, middle office and back office to ensure the establishment of a system of "checks and balances", forming three lines of defense in risk management jointly built by business departments/business lines, internal control departments including the Risk Management Department and the Compliance Department, and the Audit Department.

Being the Company's first line of defense in risk management, front-office business departments/business lines of the Company bear the first-line responsibility for risk management. These departments are responsible for the establishment of business management systems and risk management systems for various businesses and performing supervision, assessment and reporting on business risks and maintaining such risks within the approved limits.

Internal control departments, such as the Risk Management Department, Compliance Department, Legal Department, and the Office of the Board of the Company, are the Company' second line of defense in risk management, of which:

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business lines and recommends on optimized allocation of the Company's risk resources; assists the Risk Management

Committee of the Company in the preparation of risk management indicators such as risk limits, as well as the supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among the front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk portfolio of the Company to the Operation Management in a comprehensive manner and makes recommendations on risk management of the Company; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment of the Company and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance system of the Company, provides compliance advice and consultation to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the departments/business lines and branches of the Company to assess, develop, modify and improve internal management systems and business processes based on changes in laws, regulations and guidelines; performs prior compliance reviews on internal management systems, important decisions, new products, new businesses and key business activities launched by the Company; fulfills the obligations of regular and non-regular reporting to regulatory authorities; organizes and performs money laundering risk control in accordance with the anti-money laundering system of the Company, etc. The Compliance Department is responsible for taking the lead in organizing the construction of the Company's integrity practice system and publicity and education, accepting complaints, reports, investigations, inspections, etc., assisting in dealing with employee violations of disciplines and performing the duties of compliance reports.

The Legal Department of the Company is responsible for overseeing the legal risks of the Company and its relevant businesses.

The Company's reputation risk management sub-working group consists of the Office of the Board, the Risk Management Department, the General Manager's Office, the Compliance Department, the Legal Department, the Audit Department, the Human Resources Department, the Information Technology Center, the Wealth Management Committee and relevant departments, to jointly promote the Company's reputation risk management work in accordance with the relevant reputation risk management system. The Office of the Board, as the lead department of the reputation risk management sub-working group, shall set up special positions for reputation risk management and have full-time staff with professional quality to engage in reputation risk management.

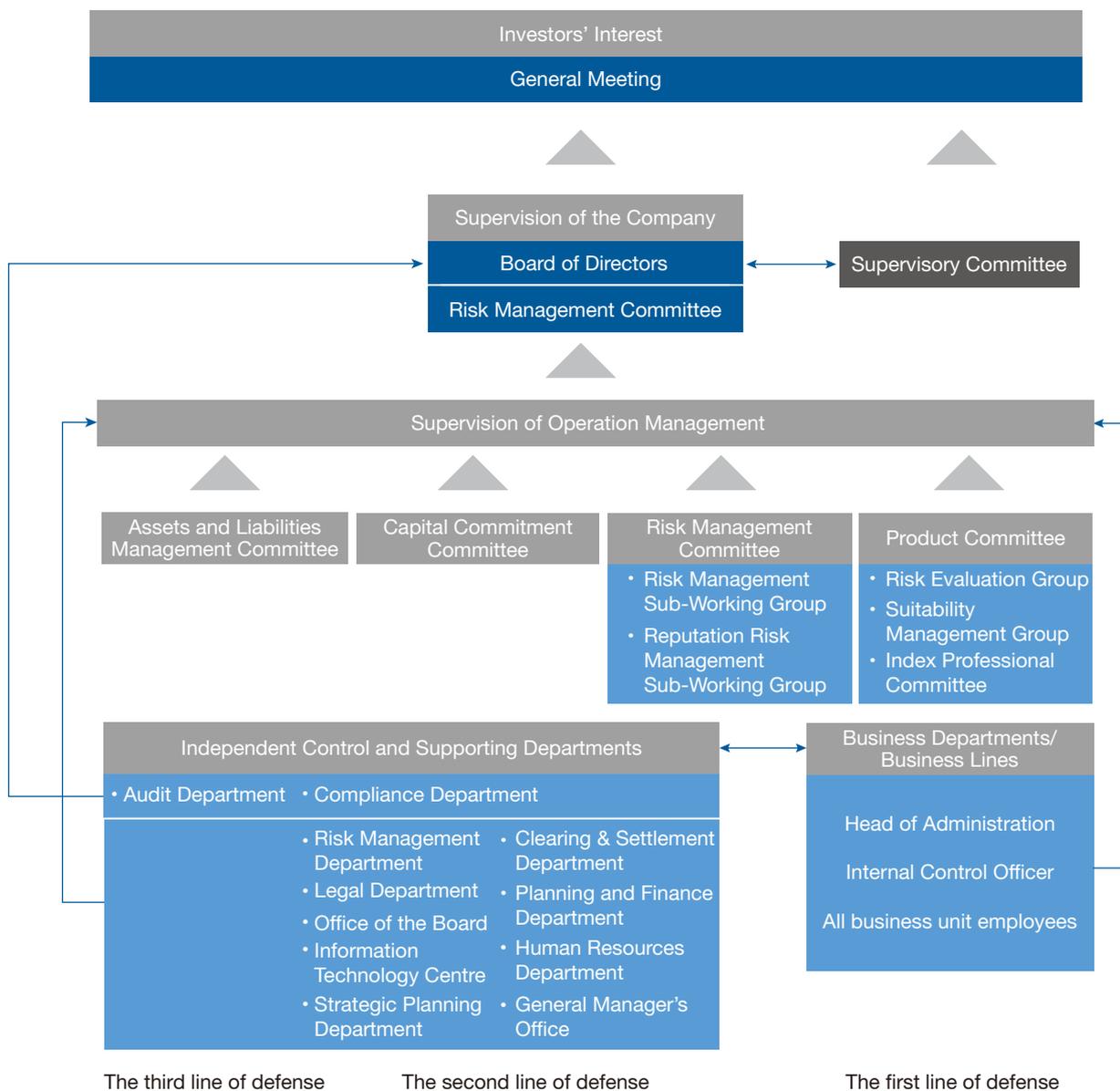
The Company's Strategic Planning Department is responsible for managing the Company's strategic risks.

The Company's Information Technology Center is responsible for managing the Company's information technology risks.

The Audit Department of the Company is the third line of defense in risk management and has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

Other internal control departments exercise their respective risk management functions within the scope of their responsibilities.

# Management Discussion and Analysis



**Chart: Structure of the Risk Management**

## Market risks

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers or the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and exchange rate risk. Among which, equity price risk arises from fluctuation in the price and volatility of equity products such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk are caused by fluctuations in non-local currency rates.

The Company has established a top-down risk limit management system, which strives to keep the overall market risk of the Company within an acceptable level by allocating the overall risk limit of the Company to different business departments/business lines, the monitoring and implementation by the internal control department, and by timely assessing and reporting of significant risk matters.

The Company assesses, monitors and manages its overall market risks in a comprehensive manner through the Risk Management Department, which is independent from the business departments/business lines and reports its assessments and monitoring results to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. In implementing market risk management, the front-office business departments/business lines, as the direct bearer of market risks and the frontline risk management team, dynamically manage the market risks arising from its positions held, and actively take measures including reducing risk exposures or conducting risk hedging when the exposures are relatively high. The relevant monitoring personnel from the Risk Management Department will continuously and directly communicate with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

The Risk Management Department estimates possible losses arising from market risks through a series of measurements, including possible losses under normal market volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term mainly via Value at Risk (VaR) and sensitivity analysis. Meanwhile, the Risk Management Department measures the possible losses of the Company in extreme situations via stress test. The risk report sets out the market risk portfolios and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers of the business departments/business lines and the Operation Management of the Company.

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation of specific parameter is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through back-testing and improves its calculation in line with the expansion of the Company's businesses. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of

## Management Discussion and Analysis

macro and micro market scenarios to calculate the possible losses to the positions and specific business of the Company upon the concurrence of different events under multiple pressure scenario(s). These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers in advance, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to comply with the risk limits, or apply for a temporary or permanent upgrade in the limits, and implement the upgraded limits as approved by the corresponding authorized personnel or organization.

The Company continues to modify the risk limits system, defines unified limit management measures and a hierarchical authorization mechanism, and adjusted the measures for the management system of risk limit indicators on various level, such as the Company level, the business departments/business lines level and the investment accounts level in accordance with the authorization mechanism.

In respect of foreign assets and assets of subsidiaries, the Company implemented centralized management. The Company keeps track of the exchange risk by closely monitoring the value of the assets in the account on a daily basis, and monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test. In respect of foreign currency assets, the Company takes overall monitoring and management on exchange rate risk, and manages exchange risk exposure through a number of methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

At the beginning of 2021, the Company updated the market risk limits for the new year according to the new business plan, continued to enrich the indicator limit system, and continued to promote the research and improvement of risk measurement methods, so as to better evaluate and manage and control market risks of each business specifically, preventing possible material loss.

The Group closely kept track of market and business changes, promptly identified the latest market risk profile and maintained good communication with relevant regulatory authorities and the Shareholders, with a view to timely control the exposure to market risks.

## Credit risk

Credit risk is the risk in respect of loss arising from the failure to perform obligations by a borrower, counterparty or issuer of financial positions held, or the result of whose credit qualifications deteriorate.

The credit risk of the Group mostly arises from four aspects: firstly, the risk of potential loss arising from securities dealing and futures trading on behalf of clients in brokerage business due to the Group's failure to collect sufficient margin deposits from clients in accordance with laws as the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or are short at funds due to other factors on the settlement date; secondly, credit risk relating to the securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of the Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating system, measures its credit risk by means of stress test and sensitivity analysis, and manages such credit risk based on these results through credit approval mechanism. Meanwhile, the Company uses its information management system to monitor its credit risk on a real time basis, keeps track of the credit risk of its business products and transaction counterparties, provides analysis and pre-warning reports, and adjusts its credit limits in a timely manner.

Securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the securities financing business primarily includes clients' provision of false information, failure to make full repayment in a timely manner, contractual breach of portfolio limits and compositions, violation of regulatory requirements for trading activities, and provision of collateral encumbered with legal disputes, etc. Credit risk arising from this type of business is mainly controlled through client education, credit reference checks, credit approval, daily mark to market, and risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For credit products investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk control and judicial recourse.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner when facing losses in investments, and the discrepancy between the amounts calculated by the parties. The Company sets proportional requirement on the security deposits for the counterparties and limits on the transaction size, controls the credit risk exposure of the counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and appeals to judicial procedures to make claims on the losses occurs after the forced liquidation of clients' positions.

# Management Discussion and Analysis

Due to the lack of comparability between credit rating results issued by domestic credit rating agencies and by foreign credit rating agencies, the credit risk exposure is stated separately as follows:

## Credit risk exposure of investments in bonds (by domestic rating agencies)

*In RMB ten thousand*

Investment Rating	31 December 2021	31 December 2020
China's Sovereign Credit Rating	<b>5,684,996</b>	4,645,709
AAA	<b>9,051,890</b>	6,951,854
AA	<b>2,130,612</b>	1,886,740
A	<b>16,506</b>	25,349
A-1	<b>68,323</b>	64,532
Others	<b>3,151,952</b>	1,559,341
Total exposure	<b>20,104,278</b>	15,133,525

Note: AAA~A represents rating for debts with maturity over one year, of which AAA represents the highest rating; A-1 represents the highest rating for debts with maturity within one year; AA includes products with AA+, AA and AA- actual ratings; A includes products with A+, A and A- actual ratings; others refer to products with ratings below A- (excluding A-) and those without external debt ratings.

## Credit risk exposure of investments in bonds (by foreign rating agencies)

*In RMB ten thousand*

Investment Rating	31 December 2021	31 December 2020
A	<b>28,431</b>	990
B	<b>727,917</b>	621,323
C	<b>1,025,667</b>	705,817
D	<b>-79</b>	13,627
NR	<b>1,140,960</b>	-69,095
Total exposure	<b>2,922,896</b>	1,272,662

Note: The foreign bond rating is chosen as the lowest among the ratings granted by Moody's, Standard & Poor's and Fitch Ratings (if any); NR is recorded when no rating has been granted by any of the three agencies. Amongst the ratings, A represents products with ratings of Aaa~Aa3 by Moody's, AAA~AA- by Standard & Poor's and AAA~AA- by Fitch Ratings; B represents products with ratings of A1~Baa3 by Moody's, A+~BBB- by Standard & Poor's and A+~BBB- by Fitch Ratings; C represents products with ratings of Ba1~B3 by Moody's and BB+~B- by Standard & Poor's, and BB+~B- by Fitch Ratings; D represents products with ratings of Caa1~D by Moody's, CCC+~D by Standard & Poor's, and CCC+~D by Fitch Ratings.

The Group continues to maintain strict risk management standards for its securities financing business from a multiple perspective in terms of pledge ratio, collaterals, security deposits ratio, concentration, liquidity, durations and etc., and manages its credit risk exposure through timely mark to market.

As at the end of the Reporting Period, the Group maintained an average margin ratio of 307% for the Group's margin financing and securities lending clients with outstanding liabilities; the Group's stock repo clients had no liabilities; the size of the stock-pledged repo business which uses the Group's proprietary fund amounted to RMB21,438 million, with an average margin ratio of 280%; and the size of the stock-pledged repo business operated through asset management products managed by the Group amounted to RMB18,384 million.

## Liquidity risk

Liquidity risk refers to the risk that the Company fails to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations or satisfy capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long-term working capital through public or private offering of corporate bonds, subordinated bonds, and beneficial certificates, so as to enable the Company to maintain its overall liquidity at a relatively secured level.

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a certain period of future time span on a daily basis. It measures the solvency of the Company via analysis of matching between assets and liabilities on a specified point of time and within a time period, and the measurement of indicators including funding gap ratio. The Company has established a liquidity reserve pool system with sufficient high-liquidity assets to meet its emergency liquidity needs, and the Risk Management Department monitors the size and liquidity of the reserve pool on a daily basis. The Risk Management Department releases a liquidity risk report on a daily basis and reports on the status of the Company's assets and liabilities, the implementation of liquidity risk quota, the situation of the reserve pool and other situations. The Company also sets warning threshold values for liquidity risk indicators, and once exceeded, the Risk Management Department will warn the risk to the Risk Management Committee, the management and relevant departments of the Company in accordance with relevant rules, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges.

In 2021, the environment for market liquidity remained basically stable, and the Company maintained its close monitoring and daily management on liquidity risks, to ensure that its liquidity was kept in good condition. At the same time, the Company strengthened the forward-looking management of liquidity regulatory indicators to ensure that the liquidity regulatory indicators constantly meet regulatory standards. The Risk Management Department took the lead in carrying out the liquidity risk stress tests at the group level to evaluate liquidity pressure under extreme circumstances, and sorted out the liquidity risk management mechanism of the parent and subsidiary companies to ensure a secured liquidity of the Company.

## Operational risk

Operational risk is the risk of losses to the Company arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons.

During the Reporting Period, all the established management tools were on continuous effective operation. The Company carried out assessment and review on new products and new businesses, streamlined business processes, and approval of measures and policies to improve its internal control procedures and to control risk exposures on an ongoing basis; made early warning and analysis of the operational risk in time through key risk indicator (KRI) monitoring; timely controlled and mitigated risks through investigation and reporting of risk events, establishment of rectification measures and tracking of their implementation; by combining with risk and internal control self-assessment, comprehensively identified risks and regularly evaluated the effectiveness of implementation of internal control processes. It cultivated employees with operational risk concepts and improved their awareness of operational risk through organizing various forms of training. Through continuous improvement of the operational risk management system functions and the supporting OA procedures, with the assistance of automated devices to support the daily management of operational risk, the efficiency and effectiveness of operational risk management were continuously improved.

# Report of the Board

## Review of Business

### Business review

The Group is principally engaged in investment banking, wealth management, asset management, financial markets and other related financial services (please refer to “Management Discussion and Analysis” of this report for the Group’s principal businesses, business models and key performance drivers during the Reporting Period).

Details of the development stages, cyclical characteristics of the industry in which the Group operates and the industry positions of the Group are as below:

China has entered a new stage of development and is to build a new development pattern, which has provided a rare opportunity for the development of the securities industry. The reform measures, such as the full implementation of the stock-issue registration system and the increase in the proportion of direct financing, which will increase the efficiency of the capital market, facilitate equity financing, highlight the premiums of high-quality companies and constantly optimize industrial institutions. Securities industry shall grasp market opportunities and actively integrate into the overall national development plan. On one hand, securities industries need to take the responsibility of stabilizing macroeconomic in order to ensure that smooth direct financing channel is maintained, building a virtuous circle of the real economy and capital market in order to prevent substantial market fluctuation and guard against the risks. On the other, securities industries shall implement the fundamental mission of serving the real economy, guide funds to step up efforts to support for key sectors such as scientific and technological innovation, SMEs and green low-carbon, optimize the financing structure, stimulate the economic vitality, cultivate innovation, serve a two-way path for capital, and facilitate the construction of new pattern of economic and social development. In 2021, the Company steadily pushed forward various management work, key financial indicator and business indicators remained industry leading position.

The key financial indicators of the Company are set out in “Key Financial Data” of this report.

### Principal risks and uncertainties

Principal risks to which the Company is exposed include market risk, credit risk, liquidity risk and operational risk. For the objectives and policies of risk management of the Company, please refer to “Risk Management” of this report. For major risks and uncertainties to which the Company is exposed in 2021, please refer to “Possible risks exposure” of this report.

### Relevant laws and regulations with significant impact

Adhering to the philosophy of operating in compliance with laws and regulations for a long time, the Company complies with the national laws, administrative regulations and various rules and normative documents promulgated by regulatory authorities. In 2021, in accordance with regulatory provisions and business management requirements of the Company, the Company formulated and amended a series of internal management rules to enhance its internal control and management level and improve compliance management systems; formulated and improved business management rules and processes to timely implement all the requirements of regulatory authorities and self-regulatory organizations in all of its business lines; continuously strengthened the publicity and training of laws and compliance culture to enhance the awareness of active prevention against compliance risks in the course of business operations for all the business lines. The Company achieved overall compliance in its operation and management activities. The compliance and risk management mechanism of the Company run well and no material systematic compliance risks were detected.

## Environmental policies and performance

Shouldering the mission of implementing national strategies, serving the real economy, and creating greater value for the society, and guided by the vision of becoming a domestically leading and world-class Chinese investment bank most trusted by global customers, the Company actively fulfilled its corporate social responsibilities from the aspects of sound operation, sustainable finance, employee development, environmental friendliness, and giving back to society, and strives to create value for customers, Shareholders, employees, society and other stakeholders.

### Environmental responsibility concept and management framework

The Company conscientiously performed the corporate environmental responsibility from the aspects of its own operation and green finance by earnestly learning the new development concept, and actively responding to the national environmental protection and sustainable development strategy. The Company actively promoted the concept of green operation, adopted a series of environmental protection measures to save energy and reduce emissions in office buildings and data centers, and advocated green office and green travel, with an aim to minimize the impact of its operation on the environment. The Company implemented green procurement by giving priority to environment-friendly products, and encouraged employees to establish environmental awareness, so as to promote the ecological civilization with practical actions. The Company committed to the practice of sustainable development in the financial sector by serving the national goal of “carbon neutrality” with the ESG concept, and providing capital market solutions with the commitment of “carbon peak”. The Company will actively implement responsible investment, develop green finance, vigorously support projects related to green industries, and promote the issuance of green bonds and ESG-themed funds, in order to drive the transformation of traditional industries into high-end, intelligent, and green industries.

The Company has established and been continuously improving the environmental management framework, integrating the concept of environmental responsibility into every aspect of daily operation and management, and implementing environmental responsibility. The environmental management strategy of the Company was made by the Board and implemented by the management, with all departments and subsidiaries cooperating with each other to jointly carry out and promote the environmental protection measures. In addition, the Company established an ESG management leadership group to take the lead in formulating the Company’s ESG management plan and coordinating the implementation of ESG management. In addition, the Company established an ESG management leading group to take charge of formulating the Company’s ESG management work plan and coordinating the implementation of ESG management.

### Performance of environmental management

#### *Green operation*

The Company actively promoted the concept of green office and implemented various environmental protection measures, including saving lighting electricity, saving energy by setting proper air conditioning temperature in public areas, reducing water use in washrooms, banning private use of official vehicles, and promoting paperless office.

**Reduction of wastes:** Adhering to the “low carbon environmental protection” principle, the Company took a variety of measures to reduce wastes. In 2021, in response to applicable policy requirements, the Company prudently selected the factories to dispose of various types of wastes to ensure that the treatment and disposal of wastes conformed with laws and will not cause any secondary effects on the environment. The Company kept carrying out special activities of garbage classification and recycling. In particular, garbage cans and bags designed for classification were placed in office buildings; classification labels were posted to remind employees of garbage sorting. The Company established a publicity board for sharing knowledge of garbage classification with its employees to raise their awareness of environment protection and for advocating green office. The Company reduced the amount of disposable products by installing water dispensers, heating kettles and reusable teacups, encouraging employees to bring their own water cups, and reducing the use of bottled water and disposable paper cups.

## Report of the Board

**Water conservation:** The Company actively responded to the national call for water conservation, and developed and implemented water saving plans according to the actual operation situation. In order to achieve the goal of water saving, the Company monitored the overall water using in the office buildings and took regular inspection to see if there were leaks of water in pipelines and facilities, remodeled the water purification system of the headquarters building in Beijing to add waste water recycling functions, by which the filtered wastewater will be collected in the underground recycled water tank through the newly-installed pipes for reuse, while recycling the wastewater from the drinking machine and reuse it as reclaimed water.

**Compliant discharge:** To save water during washing, oil filter devices were installed and the process of washing plates was adjusted in the kitchen of the canteen. The suspended matter, oil, chemical oxygen demand and other indicators in the sewage from the canteen were in line with the local discharge standards of Beijing.

**Energy saving:** The Company continued to implement the energy saving plan, and properly managed the energy consumption data ledger, and actively promoted the green office concept of energy saving and consumption reduction. Together with the property manager, the Company formed a mechanism to do regular inspections on water and electricity saving, and took various measures to effectively promote energy saving. By replacing traditional lamps with LED lamps, the Company not only reduced the power consumption and heat value of lamps, but also reduced hazardous waste such as fluorescent lamps. With no visible flash, the LED lamps can keep people away from the harm of blue light and are more friendly to eyes. In the cooling season, the Company set the temperature of public areas reasonably, and in the heating season, the Company adjusted the heating water temperature reasonably according to the indoor and outdoor temperatures, so as to further save energy. The Company adjusted the lighting running time of indoor public area, and set to turn off office lighting during night time through the light control system; checked and shut down the ineffective lighting in the machine room; strengthened security inspection during night time to timely turn off the lighting in empty office areas and indoor public area; conducted inspection during night time to ensure clearance of the site after work and lights off when leaving; and turned off the lighting in the meeting room and separate room when not in use.

**Low carbon office:** The Company actively promoted paperless office, saved office resources and implemented green office by effective informatized means and other measures including paperless meetings, affairs, services and teaching.

**Low carbon data center:** The Beijing data center of the Company covers a total area of approximately 3,000 square meters, with a construction standard of Tier 4, reaching the first-class level in China and leading level in the industry. It won several top awards for data center design and construction in China. Also, the data center adopted the energy saving means named "Free Cooling", that is, in winter when outdoor temperature is low, plate heat exchanger will work to cool as often as possible while refrigerating machine will be turned off for saving energy; the measures to blocking the cool air channel were adopted to decrease cold air consumption and increase the efficiency of cooling. In the operation of machine room, measures such as LED illumination and decreased use of fresh wind machine in summer were adopted to save energy.

### ***Green procurement***

The Company actively implements environmental protection requirements in the selection process of suppliers and contractors, and implements the concept of green procurement. The Company put forward specific environmental protection requirements on the purchased products and the construction environment, which are mainly reflected in:

In terms of selection of materials, the Company only chooses qualified materials that meet the national environmental protection standards and have the low-carbon emission seal of the producing country, requires the provision of environmental testing reports, and strictly manages the on-site inspection and acceptance testing procedures.

In terms of selection of furniture, the Company only chose qualified products that meet the national environmental protection standards, and requires that the main materials, such as the plates and wrap cloth, shall follow the stricter environmental protection standards in the industry, and products with low-carbon emission logo were its first choices.

In terms of selection of office supplies, when it came to products with the same quality, price and other requirements for use, the Company favored products with environmental protection certification, for example, FSC certification.

### ***Green travel***

The Company continues to implement the concept of green travel by strengthening the management of official vehicles and providing charging equipment for new energy vehicles.

The Company has strengthened the management of official vehicles, and specified the application and approval process for the use of official vehicles, and provisions for expense accounting and quota in strict accordance with relevant regulations. According to the business development and strategic needs of the Company, it has made appropriate deployment of official vehicles in various cities, and standardized the operation and management mode of official vehicles, and thus improved the utilization rate of official vehicles and achieved further energy conservation and emission reduction.

The management department of the Company conducts monthly statistics for vehicle fuel consumption, makes quarterly reports, and analyzes the trend of vehicle fuel consumption. For situations that exceed the normal standard, the Company would timely analyze the causes and take actions to avoid the waste of resources. In order to meet the requirements of vehicle emission standards, the Company has promptly eliminated old vehicles in time and ensured that the exhaust emission standards of the vehicles in use are in compliance with the relevant national regulations. By implementing the official vehicle management measures, the Company has significantly reduced the use of official vehicles, and effectively reduced the vehicle exhaust emissions generated in operation.

In order to encourage low-carbon and green travel, the Company has made great efforts to facilitate the use of new energy vehicles by employees. Charging piles has been set up in the Beijing headquarters building, which will allow multiple electric vehicles to charge at the same time.

### ***Green finance***

With an aim to lead the sustainable development in the financial field, the Company vigorously supports green finance, actively practices responsible investment, and promotes the sustainable development of the environment.

In terms of project access, ESG factors are fully considered. In accordance with regulatory requirements, we focus on the impact of enterprises on the external environment in the process of production and operation, including pollution emissions, energy consumption and carbon emission, and support relevant enterprises that strictly practice ESG responsibilities. In terms of project due diligence, ESG factor is the key concern throughout the whole process of due diligence. In accordance with the regulatory requirements, we focus on the impact of enterprises on the external environment in the process of production and operation, including discharge of pollutants, energy consumption and carbon emission. For sponsor projects that may be classified as involving high energy consumption and high emission in the Guiding Opinions on Strengthening the Prevention and Control of Ecological and Environmental Pollution at the Source from Energy-Intensive Construction Projects with High Emissions, the Company will verify in strict accordance with the regulatory requirements and will urge the project team to strictly implement the relevant requirements.

## Report of the Board

According to data from the Securities Association of China and Wind Information, in 2021, the Company has acted as lead underwriter or manager for 71 green corporate bonds (including asset securitization products) with a total issue size of RMB136.2 billion, ranking first in the industry in both the number and the amount of projects underwritten as lead underwriter. Among them, as the lead underwriter of the first batch of carbon-neutral green bonds, the Company assisted China Energy, Shenzhen Metro and Tiancheng Leasing in the successful issuance of carbon-neutral green bonds, with a total issue size of RMB7 billion. Subsequently, the Company, as the lead underwriter, completed the issuance of carbon neutral green corporate bonds of the China Three Gorges of no more than RMB2 billion. It assisted China Overseas Real Estate with its successful issuance of the first carbon-neutral CMBS in China as the project manager, and assisted SF Taisen to successfully issue the first carbon-neutral corporate bonds for private enterprises in China. The Company is highly trusted and recognized by regulatory agencies and issuers for its market-leading innovation, and efficient and excellent execution.

In addition to green corporate bonds and asset securitization products, the Company has also achieved fruitful results in the underwriting of green financial bonds, green debt financing instruments and green corporate bonds. In 2021, the Company assisted issuers such as Bank of Chongqing, Great Wall Guoxing Financial Leasing, Guangdong Energy Group, Jinan Rail Transit Group, Knowledge City Group and Grandblue Environment to successfully issue various types of green bonds. In terms of product trading, the Company completed the first OTC derivatives trading business with the object being “Shanghai Clearing House Carbon-neutral Bond Index” in the market.

In terms of overseas business, CITIC Securities underwrote a total of 36 international ESG bonds in 2021, including the green bonds of US\$ 0.5 billion of CDB Hong Kong Branch, bonds with international prominence such as the two-year sustainable development-linked bonds (SLB) of CCB Hong Kong Branch of US\$1.15 billion and the 30-year green bonds of Xiaomi Group of US\$400 million. The Company has established an ESG advisory service team led by international rating consultants to design international ESG financing products and solutions for domestic and foreign enterprises, continuously assist Chinese enterprises in getting familiar with international rules, and contribute to the development of the international ESG debt capital market.

On 18 June 2021, the Company held the ESG Overseas Bond Strategy Seminar, which attracted nearly 300 cross-industry guests from mainland China, Southeast Asia, Hong Kong, Europe and America to discuss the development history, investment logic, strategic opportunities and challenges in relation to overseas ESG bonds, and gained wide attention from the international ESG bond market.

The Company’ emission of carbon mainly from the electricity, gasoline, diesel and other related energy consumption in daily operation. During the Reporting Period, the Company continuously conduct energy-saving work through green office, the operation of low carbon data center, low carbon travel and other ways, promoted the use of renewable energy and renewable resources, so as to reduce emission of carbon in the process of operation.

In 2021, the Company continued to conduct relevant research in the financial sector for the national strategic deployment of “Carbon Emission Peak in 2030, Carbon Neutrality in 2060”, which provided research results for the participants of capital market, and also provided support and recommendations for the sustainable development of China’s financial industry, servicing “Carbon Emission Peak, Carbon Neutrality” goals. During the Reporting Period, the Company has issued 41 research reports related to “Carbon Emission Peak, Carbon Neutrality” such as “One of the Carbon Neutrality Series Reports- Carbon Peak Emission Panorama: New Goals, New Structures, New Opportunities”, “FICC Carbon Neutrality Series” and “Social Responsibility (ESG) Theme Policy”.

In November 2021, the Company released the ESG rating system of CITIC Securities and ESG 100 Index. The construction method of the Chinese CITIC Securities ESG system was effectively integrated into the ESG standards of from the international perspective and China's development stage, which was directly guided by investment applications, deeply combined with industry research and solved the problem of missing and poor quality of lacking domestic ESG evaluation data, and poor quality to a certain degree, so as to better assisted investors to apply the International ESG concepts to the investment process to achieve the goals of avoiding related risks and acquiring excessive benefits.

For other information relating to environmental policies and performance, please refer to the 2021 Social Responsibility Report published by the Company separately on the same date of this report.

### **Significant subsequent events**

Since the end of the Reporting Period to the date of publication of this report, save as those disclosed in "Other Significant Events and Subsequent Events" and Note 61 "Events After the Reporting Period" to the Financial Statements as set out of this report, there was no other subsequent event which had a material impact on the Group.

### **Future development/forward-looking**

Please refer to "Development strategy of the Company" and "Business plan for 2022" of this report on prospects of the Company's future development.

## **Profit Distribution and Proposed Dividend**

### **Profit distribution policy**

The Articles of Association of the Company specifies the decision-making procedures and mechanisms for profit distribution plans, especially the cash dividend plans, and clarifies that priority is given to cash dividend in profit distribution.

The profit shall be distributed in the form of cash, stock shares, or a combination of both. Priority will be given to cash dividend payment when the conditions for cash dividend are fulfilled. The percentages of distribution shall be drafted by the Board according to the situation of the Company and the requirements of the CSRC, and shall be approved by the general meeting; the Company shall, in principle, make one profit distribution each year when the conditions for dividend payment are fulfilled, but the Company may distribute dividends in an interim period according to its profitability and capital requirements; where the Board fails to prepare a plan for the annual cash profit distribution when the Company has earned a profit, the Company shall, according to the requirements of the relevant regulatory authorities, disclose the reasons for the failure in its regular report; and where any shareholder misappropriates any fund of the Company in violation of laws or regulations, the Company shall, before distributing the profit, deduct the amount so misappropriated by such shareholder from the cash amount to be distributed to such shareholder.

The Company shall, in formulating its profit distribution plan, consider both internal and external factors, and do its best to ensure that the annual profit distribution scale is not less than 20% of the net profit attributable to shareholders of the parent Company for that year.

When the profit and accumulated undistributed profit for the year is positive, the cash flows are sufficient to fund the Company's normal operation and long-term development and the implementation of the cash dividend plan will not affect the Company's on-going operation, the Company may make profit distribution in the form of cash. The Company shall, taking into consideration factors such as industry characteristics, the Company's development stage, business operation model, profitability level and

## Report of the Board

whether there are significant capital expenditure arrangements, develop differentiated cash dividend policies to be applicable in the following different situations: (1) where the Company is at a sophisticated stage of development and has no significant capital expenditure arrangements, the cash dividend payout ratio in the profit distribution shall reach a minimum of 80%; (2) where the Company is at a sophisticated stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 40%; (3) where the Company is at a growth stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 20%; and (4) where the Company's development stage is difficult to be defined but the Company has any significant capital expenditure arrangement, the preceding provisions may still be followed.

Profit distribution plans in 2021:

The Company's profit available for distribution for the year 2021 amounts to RMB52,072,469,914.63, which was calculated based on the retained profit of the Company at the beginning of 2021, which amounted to RMB39,778,021,634.93, the net profit of RMB17,465,158,691.30 realized by the Company in 2021 and after deduction of the 2020 cash dividend of RMB5,170,710,411.60.

Pursuant to the Company Law, Securities Law, Financial Rules for Financial Enterprises, Interim Measures on Supervision and Administration of the Provisions of Risk of Public Offering of Securities Investment Funds, Guiding Opinions on Regulating Asset Management Business of Financial Institutions and the Articles of Association of the Company, the net profit of the Company for 2021 is proposed to be appropriated in the following sequences:

1. to appropriate RMB1,746,515,869.13 to the general provisions of risk for 2021;
2. to appropriate RMB1,746,515,869.13 to the provisions of risk for transactions for 2021;
3. to appropriate RMB8,004,507.93 to the provisions of risk for custody business for 2021;
4. to appropriate RMB97,824,965.71 to the provisions of risk for collective asset management business for 2021.

The above withdrawals amount to RMB3,598,861,211.90 in total.

Net of the above withdrawals and the provision for the interests of the perpetual debts (being RMB157,635,616.42), the profit of the Company available for distribution to the investors for the year 2021 amounts to RMB48,315,973,086.31.

In consideration of composite factors such as the future development of the Company and the interests of the Shareholders, the Company proposes the profit distribution plan of 2021 as follows:

1. The Company proposes to adopt cash dividend payment method for its 2021 profit distribution (i.e. 100% cash dividend) and distribute a dividend of RMB5.40 (tax inclusive) for every 10 Shares to the A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the distribution of the 2021 cash dividend. Based on the total number of issued Shares of the Company on the date for convening the Board meeting for approving the proposed profit distribution plan of 2021, i.e. 14,820,546,829 Shares, the cash dividend proposed to be distributed totals RMB8,003,095,287.66, representing 34.88% of the net profit attributable to Shareholders of ordinary Shares of the Company as shown in the 2021 consolidated financial

statements. In the event of change in total number of issued Shares of the Company after the date of the above-mentioned Board meeting but before the record date for payment of the cash dividend, the total distribution amount shall remain unchanged while the distribution amount per Share will be adjusted accordingly. The outstanding balance of the retained profit available for distribution for 2021 will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. The actual amounts to be paid in HKD will be calculated based on the average benchmark exchange rate for RMB to HKD as announced by the People's Bank of China for the five business days before the date of the 2021 Annual General Meeting of the Company.

After the 2021 profit distribution plan being approved by the 2021 Annual General Meeting of the Company, payment of the 2021 cash dividend will be made before 26 August 2022. The Company will publish separate announcement on the record date and the book closure period for the payment of the dividends in relation to H Shares, as well as the record date and the date for the payment of the dividends in relation to A Shares.

## **Tax Deduction and Exemption A Shareholders**

Pursuant to Notice on Issues Concerning the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) and Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends obtained from listed companies by individual investors, if the holding period between the date of obtaining the Company's Shares by the individual investor and the record date is more than one year, individual income tax shall be exempted; if the holding period between the date of obtaining the Company's Shares by the individual investor and the record date is less than one year (inclusive), listed companies temporarily are not required, in respect of their individual income tax, to pay withholding tax, subject to corresponding adjustment to be made in accordance with the aforementioned Notices at the time when the individual investors transferred their respective Shares.

For Shareholders who are resident enterprises, the income tax on their cash dividends shall be payable by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII of the State Administration of Taxation (Guo Shui Han [2009] No. 47). Shareholders who are QFII and who wish to enjoy the treatment of tax treaties (arrangements) shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends.

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation, and the CSRC 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), for dividends derived by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on SSE, and prior to Hong Kong Securities Clearing Company Limited is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDC, the differentiated tax policy based on the holding period of shares will temporarily not be implemented. Listed

## Report of the Board

companies shall withhold income tax at a tax rate of 10% and make withholding and payment filings with their competent tax authorities. For those investors in Hong Kong who are tax residents of other countries and the income tax rate applicable to dividends is lower than 10% under the tax treaties between China and their residence countries, enterprises or individuals may by themselves or ask the withholding and payment agent to act on their behalf to apply to the competent tax authorities of the listed companies for the application of preferential treatment under the tax treaties. With the approval of the competent tax authorities, the difference between the tax paid and the payable tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

### H Shareholders

Pursuant to the requirements of the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividends received by overseas resident individual shareholders from the shares issued by domestic non foreign-invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld and paid by the withholding and payment agents according to the relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non foreign-invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The relevant dividend tax rate under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax collection and administration, domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold and pay individual income tax at the rate of 10%, and are not obligated to file an application. In circumstances where the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements subject to tax rates lower than 10%, in accordance with the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (State Administration of Taxation Announcement 2019 No. 35) (國家稅務總局公告2019年第35號), for individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, such H Shareholders shall actively submit statements to the Company to entitle the preferential treatment and relevant information shall be kept for future reference. If the information provided is complete, the Company will withhold it in accordance with the PRC tax laws and regulations and agreements; (2) for citizens from countries under agreements subject to tax rates higher than 10% but lower than 20%, the withholding and payment agents shall withhold and pay individual income tax at the agreed effective tax rate at the time of distribution of dividends (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or under other circumstances, the withholding and payment agents shall withhold and pay individual income tax at a tax rate of 20% at the time of distribution of dividends.

Pursuant to the requirements of the Notice on the Issues Concerning Withholding and Paying the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) of the State Administration of Taxation, a PRC resident enterprise, when distributing dividends for the year 2008 and the years thereafter to H Shareholders which are overseas non-resident enterprises, shall be subject to enterprise income tax withheld and paid at a uniform rate of 10%.

Pursuant to the requirements of the Notice of Ministry of Finance, the State Administration of Taxation, and the CSRC 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) and Notice on Taxation Policy Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), 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 dividends derived by Mainland securities investment funds from 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. For 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, the company of such H shares will not withhold the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves. 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 will be exempt according to the laws and regulations.

Shareholders are taxed and/or enjoy tax relief in accordance with the aforementioned regulations.

### **Use of Proceeds**

During the Reporting Period, the Company publicly issued 12 tranches of corporate bonds with an aggregate issuance amount of RMB65 billion, and non-publicly issued a tranche of corporate bonds with an issuance amount of RMB5.6 billion and a tranche of subordinated bonds with an issuance amount of RMB2 billion to replenish working capital of the Company and repay debt financing instruments; the Company issued 13 tranches of short-term commercial papers with an aggregate issuance amount of RMB61 billion to replenish working capital; the Company issued 2,517 tranches of beneficiary certificates with an aggregate issuance amount of RMB108.106 billion to replenish working capital of the Company. Please refer to “Issuance and Listing of Securities” of this report for details about the debentures issued by the Company during the Reporting Period.

In accordance with the relevant requirements of the Administrative Measures for the Issuance and Transactions of Corporate Bonds, the Company established special accounts for the proceeds from issuance of each tranche of corporate bonds and subordinated bonds for the collection, storage and transfer of proceeds, and the collection and management of the payment of interest and redemption of principal.

As at the end of the Reporting Period, proceeds of each tranche of bonds were used up and were used in line with the purpose, usage plan and other agreements in the offering circulars.

### **Purchase, Sale or Redemption of the Company's Securities**

During the Reporting Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **The Directors, Supervisors and Senior Management**

Please refer to “Changes in the Shares held by and information on remuneration of incumbent Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period” of this report for the list of the Company's Directors during the Reporting Period and from the end of the Reporting Period to the date of publication of this report.

Please refer to “Changes of Directors, Supervisors and Senior Management” of this report for the detail of the resignation of the Directors during the Reporting Period.

Biographical details of the Directors, Supervisors and Senior Management are set out in “Major working experience of the incumbent Directors, Supervisors and Senior Management” of this report.

# Report of the Board

## Directors' and Supervisors' Service Contracts

The Directors' Service Contracts and the Supervisors' Service Contracts were entered into by the Company with each of the Directors of the Seventh Session of the Board and each of the Supervisors of the Seventh Session of the Supervisory Committee. The term of office of the Directors and the Supervisors commenced from the date of election by the Shareholders at a general meeting of the Company and the obtaining of the relevant qualifications for the appointment (whichever is later) until the expiry date of the term of office of the Seventh Session of the Board and the Supervisory Committee. (The Directors' Service Contracts and the Supervisors' Service Contracts set out provisions regarding the Directors' and the Supervisors' appointments, terms of office, duties, remuneration and expenses, non-competition, confidentiality obligations, termination of appointments, breach of contract and arbitration, etc.).

In addition, none of the Directors or Supervisors entered into a service agreement with the Company or its subsidiaries which could not be terminated within one year without paying compensation (other than statutory compensation).

## Permitted Indemnity Provisions

In 2021 and when the Report of the Board of this report is approved, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors or former Directors of the Company or any directors or former directors of the associated companies of the Company (if made by the Company).

The Company has purchased insurance for the Directors against legal liabilities arising from performance of their duties. The governing law of relevant insurance policies was PRC law. The Company reviews the coverage of the director's liability insurance each year. In 2021, there were no claims for compensation against the Directors or Senior Management.

## Management Contracts

During the Reporting Period, no management or administrative contracts were entered into or subsisting in respect of the whole or a substantial part of any business of the Company.

## Remuneration Policies

The details of remuneration policies and share incentive scheme in respect of the Directors, Supervisors and Senior Management are set out in "Remuneration of Directors, Supervisors and Senior Management for the year" and "Share incentives regarding Directors, Supervisors and Senior Management" of this report.

Details of the Company's employee remuneration policies and employee compensations are set out in "Remuneration policy" and Note 10 to the Consolidated Financial Statements of this report.

## Directors' and Supervisors' Interests in Material Contracts

During the Reporting Period, the Company or its subsidiaries did not enter into, nor was there subsisting, any contract of significance in which the Directors or Supervisors had a material interest, whether directly or indirectly.

## Directors' Interests in Businesses Competing with the Company

None of the Directors has interests in any business which competes with businesses of the Company.

## Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 December 2021, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows.

Name	Position	Nature of Interest	Class of Shares	Number of Shares Held (shares)	Percentage of Total Number of Issued Shares of the Company (%)
ZHANG Youjun	Chairman and Executive Director	Beneficial owner	A Shares	374	0.000003

Pursuant to the Securities and Futures Ordinance, the chief executive who was required to disclose his interests to the Hong Kong Stock Exchange was the General Manager and did not include other Senior Management personnel. For details of the shareholdings of other Senior Management, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period” of this report. In addition, as of 31 December 2021, no other Directors, Supervisors or Senior Management or their respective spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

### Pre-emptive Rights

The Company was incorporated in accordance with the PRC laws with no arrangement regarding pre-emptive rights.

### Reserves and Reserves for Distributable Profits

Please refer to the “Consolidated Statement of Changes in Equity” and Note 51 to the Consolidated Financial Statements of this report for details of changes in the reserves and the reserves for distributable profits of the Company.

### Fixed Assets

Please refer to Note 19 to the Consolidated Financial Statements of this report for details of the Group's fixed assets as at 31 December 2021.

### Major Clients and Suppliers

The Company serves institutional and individual clients in various sectors. The Company's clients range from multinational corporations and SMEs to high-net-worth clients and retail customers. The clients are primarily located in China. The Company expects to serve more overseas clients as the Company taps into overseas market in the future. In 2021, the revenue from rendering services attributable to the Group's five largest clients accounted for less than 30% of the total revenue of the Group.

Save as disclosed above, none of the Directors, Supervisors, their respective associates and Shareholders holding more than 5% of the issued share capital of the Company has any interests in any of the five largest clients of the Company. The Company has no major supplier due to the nature of its business.

# Report of the Board

## Relationship with Employees, Clients and Suppliers

Employees' remuneration of the Company consists of base annual salary, performance-based annual salary, special rewards and insurance benefits. The Company continues to promote and implement staff training programs with comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to "Number and composition of staff", "Remuneration policy" and "Training program" of this report. The Company, CITIC Securities (Shandong) and CITIC Securities South China had 4 securities brokers, of which 1 was broker of the Company. For information on relationship between the Company and its securities brokers, please refer to "Information on brokers" of this report. For information on relationship between the Company and its major clients and suppliers, please refer to "Major Clients and Suppliers" of this report.

## Sufficient Public Float

At the time of listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float of the Company for the H Shares to be the higher of: (i) 10% of the total issued share capital; or (ii) the percentage of H Shares held by the public immediately after the completion of the global offering (including the H Shares issued pursuant to the exercise of the over-allotment option and the transfer and conversion of the relevant State-owned shares into H Shares pursuant to the PRC regulations on reduction of State-owned shares). Upon the completion of the global offering and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float of the Company for the H Shares is not lower than 10.70%.

As at the date of this report, based on the information available to the public and the knowledge of the Directors, the public float of the Company is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange at the time of listing.

## Donations

During the Reporting Period, the Group's charitable and other donations amounted to approximately RMB61.8817 million in total.

Other sections, chapters or notes of this report as mentioned in this section (Report of the Board) shall constitute part of the Report of the Board.

By Order of the Board

**ZHANG Youjun**

*Chairman*



Beijing, 28 March 2022

# Significant Events

## Performance of Undertakings

Undertakings of the de facto controller, Shareholders, related parties, acquirer of the Company and the Company made or subsisting during the Reporting Period

## Undertakings of Shareholders and related/connected parties and performance thereof

### Undertaking in respect of the share reform

During the Company's implementation of the share reform in 2005, CITIC Group, the largest Shareholder of the Company, has undertaken "not to transfer its shares within 12 months from the date of listing of the shares of the Company or upon expiry of the non-transfer undertaking, whenever it transfers through the stock exchange any Shares of the Company amounting to 1% of total issued Shares of the Company, it shall announce within two working days of such transfer; in addition, any such transfers shall not exceed 5% of the total issued Shares of the Company within the 12-month period and not exceed 10% within the 24-month period."

Since CITIC Group has transferred all the Shares held by it to CITIC Corporation Limited, the above undertaking is taken up by CITIC Corporation Limited. The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

### Undertaking in respect of non-competition

During the initial public offering of A Shares of the Company in December 2002, CITIC Group, the largest Shareholder of the Company, undertook that "there did not exist and it will not establish any new companies engaging in securities business. In respect of those businesses which are the same or similar as the securities company engaged by banking and trust investment businesses, CITIC Group has undertaken that our Company can make adequate disclosure of such business and that it will not misuse its Shareholder position to act in the detriment of interests of the Company and other Shareholders."

The above long-term undertaking is still valid and is succeeded by CITIC Corporation Limited. It has been performed satisfactorily at present and will continue to be duly performed.

# Significant Events

## Undertaking in relation to asset restructuring

Undertaking party	Contents of undertaking	Term of validity of the undertaking
CITIC Corporation Limited	<ol style="list-style-type: none"> <li data-bbox="293 534 1193 793">1. Maintaining the business independence of CITIC Securities CITIC Corporation Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. CITIC Corporation Limited will minimize the related party transactions between CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with the law and necessary procedures shall be performed in accordance with relevant laws and regulations.</li> <li data-bbox="293 825 1193 965">2. Maintaining the asset independence of CITIC Securities CITIC Corporation Limited will not misappropriate the assets, funds and other resources of CITIC Securities or its controlled enterprises through CITIC Corporation Limited itself or its controlled affiliates in violation of regulations.</li> <li data-bbox="293 998 1193 1246">3. Maintaining the personnel independence of CITIC Securities CITIC Corporation Limited warrants that the President, the Chief Financial Officer, the Board Secretary and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from CITIC Corporation Limited and/or other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.</li> <li data-bbox="293 1278 1193 1688">4. Maintaining the financial independence of CITIC Securities CITIC Corporation Limited will warrant the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. The financial staffs of CITIC Securities do not hold part-time positions in CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Securities pays taxes independently in accordance with the law. CITIC Securities will make independent financial decisions, and CITIC Corporation Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.</li> <li data-bbox="293 1720 1193 2039">5. Maintaining the institutional independence of CITIC Securities CITIC Corporation Limited will ensure that CITIC Securities will operate independently from the institutions of CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited warrants that CITIC Securities can maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no institutional confusion with the functional departments of other enterprises controlled by CITIC Corporation Limited.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.

Undertaking party	Contents of undertaking	Term of validity of the undertaking
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li data-bbox="333 465 1230 724">1. Maintaining the business independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. Yuexiu Financial Holdings and Financial Holdings Limited will minimize related party transactions between Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with law and necessary procedures shall be performed in accordance with relevant laws and regulations.</li> <li data-bbox="333 741 1230 978">2. Maintaining the asset independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will not misappropriate the assets, funds or other resources of CITIC Securities or its controlled enterprises through Yuexiu Financial Holdings and Financial Holdings Limited themselves or their controlled affiliates in violation of laws or regulations; nor will CITIC Securities or its controlled enterprises be required to provide guarantees for Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them.</li> <li data-bbox="333 996 1230 1254">3. Maintaining the personnel independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited warrant that the President, the Vice President, the Chief Financial Officer, the Board Secretary and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from Yuexiu Financial Holdings, Financial Holdings Limited and/or other affiliates controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.</li> <li data-bbox="333 1272 1230 1673">4. Maintaining the financial independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will not interfere with the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with Yuexiu Financial Holdings, Financial Holdings Limited and other affiliates controlled by them. The financial staff of CITIC Securities do not hold part-time positions in Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. CITIC Securities pays taxes independently in accordance with law. CITIC Securities will make independent financial decisions, and Yuexiu Financial Holdings and Financial Holdings Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.</li> <li data-bbox="333 1690 1230 2005">5. Maintaining the institutional independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will ensure that CITIC Securities will operate independently from the institutions of Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will supervise and support CITIC Securities to maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no subordinate relationship with the functional departments of other affiliates controlled by Yuexiu Financial Holdings and Financial Holdings Limited.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.

## Significant Events

Undertaking party	Contents of undertaking	Term of validity of the undertaking
CITIC Corporation Limited	<ol style="list-style-type: none"> <li data-bbox="293 461 1193 728">1. CITIC Corporation Limited and its controlled enterprises will continue to regulate related party transactions with CITIC Securities and its subsidiaries in accordance with relevant laws and regulations and the Administrative Measures on Related Party Transactions of CITIC Securities Company Limited. In the event of necessary and inevitable related party transactions, CITIC Corporation Limited and its controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.</li> <li data-bbox="293 756 1193 993">2. CITIC Corporation Limited warrants that it will exercise relevant Shareholders' rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to internal control system. It will not use its position as a Shareholder to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li data-bbox="293 1021 1193 1259">1. Upon the completion of this transaction, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will minimize the related party transactions with CITIC Securities and its subsidiaries as much as possible. In the event of necessary and inevitable related party transactions, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.</li> <li data-bbox="293 1287 1193 1548">2. Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will exercise relevant Shareholders' rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to internal control system. They will not use their positions as Shareholders to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li data-bbox="293 1576 1193 1791">1. The consideration Shares subscribed by Yuexiu Financial Holdings and Financial Holdings Limited in this transaction shall not be transferred within 48 months from the issuance completion date (Note: "issuance completion date of the consideration Shares" refers to the date on which the consideration Shares were registered under the name of Yuexiu Financial Holdings/Financial Holdings Limited, same as below), unless a longer lock-up period is required by CSRC or other regulatory authorities.</li> <li data-bbox="293 1819 1193 1957">2. Upon completion of this transaction, the above-mentioned agreement shall also apply to the additional Shares of CITIC Securities to be issued to Yuexiu Financial Holdings and Financial Holdings Limited in the event of distribution of dividends, bonus issue, rights issue and conversion of capital reserve into share capital of CITIC Securities, etc.</li> </ol>	The undertaking shall be valid for a period from the date of the Company's acquisition of assets by issuance of Shares in 2019 to the expiry of the lock-up period.

Undertaking party	Contents of undertaking	Term of validity of the undertaking
Yuexiu Financial Holdings and Financial Holdings Limited	In order to protect the legitimate rights and interests of CITIC Securities and Guangzhou Securities, Yuexiu Financial Holdings and Financial Holdings Limited irrevocably warrant that they will not misappropriate the funds of CITIC Securities, Guangzhou Securities or enterprises controlled by CITIC Securities or Guangzhou Securities, or require them to provide guarantees for Yuexiu Financial Holdings, Financial Holdings Limited or their controlled enterprises, otherwise, CITIC Securities shall be timely compensated for any losses incurred thereby.	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.
The Company	Upon the completion of this transaction, Guangzhou Securities will become a wholly-owned subsidiary directly or indirectly held by the Company, and its existing business may have conflicts of interest and compete with the business of the Company and its controlled subsidiaries. The Company undertakes to integrate its assets and businesses within 5 years upon completion of this transaction, so as to resolve the possible conflicts of interest and competition between the parent company and its subsidiaries in compliance with relevant laws, regulations and regulatory requirements.	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.
CITIC Corporation Limited	<ol style="list-style-type: none"> <li>Not to interfere with the operation and management of CITIC Securities beyond its authority, or encroach on the interests of CITIC Securities;</li> <li>If the violation of the above-mentioned undertakings causes losses to CITIC Securities, the person making the undertaking shall be liable for compensation in accordance with the law.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019.

There are no unperformed public undertakings by other Shareholders or related/connected parties of the Company.

## Appointment or Termination of Service of Accounting Firms

*In RMB Yuan*

Current Appointment	
Name of the domestic accounting firm	PwC Zhong Tian
Remuneration for the domestic accounting firm	2,020,000
Duration of audit service of the domestic accounting firm	7 Years
Name of the overseas accounting firm	PwC Hong Kong
Remuneration for the overseas accounting firm	370,000
Duration of audit service of the overseas accounting firm	7 Years

*Note:* The above is the audit fee in respect of the financial statements of the Company for the year, which does not include the audit fees in respect of the subsidiaries of the Company.

	Name	Remuneration
Accounting firm for internal control audit	PwC Zhong Tian	430,000

# Significant Events

## Explanation on Appointment or Termination of Service of Accounting Firms

As approved at the 2020 Annual General Meeting of the Company, PwC Zhong Tian and PwC Hong Kong were reappointed as the external auditors of the Company for 2021 to be responsible for the provision of the relevant audit and review services in accordance with the PRC Accounting Standards for Enterprises and the International Financial Reporting Standards, respectively; and PwC Zhong Tian was appointed as the auditor for internal control of the Company for 2021. The total amount of the fees in relation to the above audit and review services shall not exceed RMB4 million. If additional fees are incurred due to changes in scope or contents of the audit or review services, the Board has been authorized by the 2020 Annual General Meeting to determine the relevant fees according to the actual scope and contents of the audit or review services.

## Material Litigation and Arbitration

During the Reporting Period, the Group had not been involved in any material litigation or arbitration with an involved amount of over RMB10 million and accounting for over 10% of the absolute value of the net assets as shown in the latest audited accounts of the Company, which is required to be disclosed pursuant to the SSE Listing Rules. The litigation or arbitration matters of the Group which have been disclosed and have made progress as of the date of publication of this report, are as follows (The Company has made sufficient provision for impairment in respect of the potential losses involved in the cases in accordance with the relevant regulations):

### Dispute between the Company and Shuaijia Investment on Stock-pledged Repo Transaction

Due to the breach of contract on stock-pledged repo transaction by Hunan Shuaijia Investment Company Limited (湖南帥佳投資股份有限公司) (hereinafter referred to as “**Shuaijia Investment**”), the Company applied to the Higher People’s Court of Hunan Province (hereinafter referred to as the “**Hunan Higher Court**”) for compulsory enforcement in early January 2018, requesting Shuaijia Investment to pay the outstanding principal of RMB647.68 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. Hunan Higher Court accepted the case on 8 January 2018. On 30 and 31 January 2018, Hunan Higher Court froze relevant bank accounts under the name of Shuaijia Investment as well as the shares of Hunan Er-Kang Pharmaceutical Company Limited held by Shuaijia Investment. On 10 June 2019, the Company and Shuaijia Investment reached the Debt Settlement Agreement and the Intention Agreement on Share Transfer. On 24 July 2019, the Company received the first settlement proceeds. On 6 January 2020, the Company and Shuaijia Investment reached the Debt Settlement Agreement II (For the relevant information of this case, please refer to the 2019 Annual Report of the Company). In July 2021, the settlement agreement was fulfilled, and on 30 August, 2021, the Company received a notice of closure from Hunan Higher Court, which closed the case by way of completion of execution.

### Contract Dispute between the Company and Julihui

Due to the breach of contract on stock-pledged repo transaction by Xiamen Julihui Investment Partnership (Limited Partnership) (廈門聚利匯投資合夥企業(有限合夥)) (hereinafter referred to as “**Julihui**”), the Company filed a lawsuit with the Third Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Third Intermediate Court**”) on 21 January 2019, requesting Julihui to repay a total amount of RMB100,845,833.33 for unpaid principal, interest and liquidated damages. The case was formally accepted on 22 January 2019. The case was heard on 8 October 2019. Beijing Third Intermediate Court issued the first instance verdict in favor of the claims of the Company on 26 December 2019. On 11 February 2020, the Company received the petition for appeal from Julihui. Julihui applied to the court to withdraw the appeal on 4 November 2020, and the Higher People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Higher Court**”) ruled to permit the withdrawal on 12 November 2020 and the first instance verdict has taken effect (For the relevant information of this case, please refer to the 2020 Annual Report of the Company). In October 2021, the Company applied to Beijing Third Intermediate Court for enforcement. The case was accepted on 21 October 2021 and is currently in the process of compulsory enforcement.

### Dispute between the Company and Kangde Group on Guarantee Contract

Because Shenzhen Qianhai Fengshi Yunlan Capital Management Co., Ltd. (深圳前海豐實雲蘭資本管理有限公司) (hereinafter referred to as the “**Fengshi Yunlan**”) defaulted when conducting the stock pledged repo transaction with the Company and Kangde Investment Group Co., Ltd. (康得投資集團有限公司) (hereinafter referred to as the “**Kangde Group**”) also failed to fulfill its guarantee obligations in a timely manner to repay the relevant debts to the Company on behalf of Fengshi Yunlan, the Company filed a lawsuit with Beijing Higher Court on 22 January 2019, requesting Kangde Group to assume the joint and several liability as the guarantor and repay the amount of RMB1,418,245,278.08 owed to the Company. Beijing Higher Court heard the case on 9 December 2019. Beijing Higher Court made the first instance verdict and the correction of ruling in favor of all claims of the Company on 30 April 2020 and 6 May 2020. The Company applied to Beijing Higher Court for compulsory enforcement on 2 July 2020. Beijing Higher Court assigned the case to the First Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing First Intermediate Court**”) for enforcement. The case was accepted on 4 August 2020 and is in the process of compulsory enforcement. On 28 December 2020, the Company filed an appeal against the enforcement with the enforcement court, requesting HAN Yu, and other parties, who are shareholders of Kangde Group, to assume the compensation liability within the scope of unpaid principal and interest, which was accepted by the court on 4 January 2021. On 16 June 2021, the court made the first instance verdict, ruling that HAN Yu, and other parties, who are shareholders of Kangde Group, should assume the compensation liability within the scope of unpaid principal. On 19 July 2021, the Company received notice from Beijing First Intermediate Court notifying that HAN Yu and other parties had appealed against the judgement of the first instance (For the relevant information of the case, please refer to the 2021 Interim Report of the Company). As of 13 December 2021, as HAN Yu and other parties failed to pay the litigation fee for the second instance within the prescribed period, Beijing Higher Court ruled that the appeal was treated as automatically withdrawn, and the verdict had taken effect. The Company had applied to Beijing First Intermediate Court to add HAN Yu and other parties as persons subject to enforcement.

### Dispute on Contract between the Company and Rightway Real Estate, Hunan Rightway, Dalian Haihui and FU Yanbin

Due to the risk of default of “16 Zhengyuan 02” bonds with nominal value of RMB0.13 billion issued by Rightway Real Estate Development Co., Ltd. (正源房地產開發有限公司) (hereinafter referred to as “**Rightway Real Estate**”) held by the Company, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting the issuer to pay the principal, interest, liquidated damages and the expenses incurred for realizing the creditor’s debt, and requesting the guarantors, Hunan Rightway Shangfengshangshui Real Estate Development Co., Ltd. (湖南正源尚峰尚水房地產開發有限公司) (hereinafter referred to as “**Hunan Rightway**”), Dalian Haihui Real Estate Development Co., Ltd. (大連海匯房地產開發有限公司) (hereinafter referred to as “**Dalian Haihui**”) and FU Yanbin, to assume the guarantee liabilities. On 2 April 2020, the court formally accepted the case. As Dalian Haihui and FU Yanbin filed an objection on jurisdiction with the Beijing Third Intermediate Court during the period of filing the reply, the Beijing Third Intermediate Court ruled to transfer the case to the Intermediate People’s Court of Dalian City (hereinafter referred to as the “**Dalian Intermediate Court**”) on 19 October 2020. Dalian Intermediate Court formally accepted the case on 7 January 2021 and heard the case on 17 March 2021. On 12 April 2021, Dalian Intermediate Court issued the first instance verdict in favor of the Company’s claims. Rightway Real Estate appealed against the verdict of the first instance to the Higher People’s Court of Liaoning Province (hereinafter referred to as “**Liaoning Higher Court**”) (For the relevant information of the case, please refer to the 2021 Third Quarterly Report of the Company). Liaoning Higher Court issued a second instance verdict on 16 November 2021, rejecting the appeal and upholding the original verdict. The Company has applied to Dalian Intermediate Court for compulsory enforcement, and enforcement procedures are underway.

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### Dispute between the Company and SUN Jiexiao, YUAN Jing and SUN Yanwu on Stock-pledged Repo Transaction

Due to the default of Sun Jiexiao and Yuan Jing in conducting stock-pledged repo transaction with the Company, the Company applied for the certificate of enforcement from the notary office and applied to the Intermediate People's Court of Suzhou City (hereinafter referred to as the **"Suzhou Intermediate Court"**) for compulsory enforcement, requesting SUN Jiexiao and YUAN Jing and the guarantor SUN Yanwu to pay the outstanding principal of RMB147,571.3 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. Suzhou Intermediate Court formally accepted the case on 10 March 2021 (For the relevant information of the case, please refer to the 2021 First Quarterly Report of the Company). During the enforcement process, the Company reached a settlement on enforcement with SUN Jiexiao, YUAN Jing and SUN Yanwu. The settlement agreement on enforcement was fulfilled in November 2021 and the case was closed.

### Dispute between the Company and GoldStone Zexin and Xinye Company on Commission Contract

On 22 September 2020, the Company received from Beijing Third Intermediate Court the litigation materials concerning the case of dispute over commission contract filed by Xinye Equity Investment Management Co., Ltd. (hereinafter referred to as **"Xinye Company"**) against the Company and its indirect subsidiary, GoldStone Zexin. Xinye Company requested the Company and GoldStone Zexin to pay project management fees and liquidated damages totaling RMB139.58 million. Beijing Third Intermediate Court formally accepted the case, and heard the case on 15 January 2021 and 15 April 2021. On 17 May 2021, Beijing Third Intermediate Court made the first instance verdict, ruling that the Company and GoldStone Zexin should pay project management fee totaling approximately RMB6.01 million to Xinye Company (For the relevant information of the case, please refer to the 2021 Interim Report of the Company). Beijing Higher Court heard the case on 8 November 2021, and has not yet issued a verdict.

### Dispute between GoldStone Investment and Yunnan Tianyu, Yunnan Sigao and Beijing Huayu on Equity Contract

Due to the breaches of the Capital Increase Contract and the Equity Transfer Contract by Yunnan Shenzhou Tianyu Real Estate Co., Ltd. (hereinafter referred to as **"Yunnan Tianyu"**), Yunnan Sigao Investment Co., Ltd. (hereinafter referred to as **"Yunnan Sigao"**) and Beijing Huayu Zhixin Investment Co., Ltd. (hereinafter referred to as **"Beijing Huayu"**), GoldStone Investment filed an arbitration with the Beijing Arbitration Commission (hereinafter referred to as **"BAC"**), requesting that Yunnan Tianyu to pay the consideration for equity transfer, liquidated damages and expenses incurred for realizing the creditor's rights, being a total of RMB376,220,063.45, Yunnan Sigao to undertake its joint and several liabilities, and the court to confirm that GoldStone Investment has priority in getting compensated from the equity pledged by Yunnan Tianyu and Beijing Huayu's rights over the trust under the relevant trust contracts. On 28 September 2020, the BAC accepted the case. The case was heard on 5 February 2021. On 18 August 2021, the BAC made an arbitration award ruling for Goldstone Investment. GoldStone Investment applied to the Intermediate People's Court of Kunming City for compulsory enforcement, which was accepted on 16 September 2021. The case is currently in the process of compulsory execution. In addition, GoldStone Investment filed a special procedure lawsuit in the People's Court of Panlong District of Kunming City to realize the real right of security, requiring the pledgers, Yunnan Tianyu and Yunnan Sigao, to assume the liability of equity pledge. The case was accepted by the court on 16 September 2021 (For the relevant information of this case, please refer to the 2021 Third Quarterly Report of the Company). Goldstone Investment filed a lawsuit to People's Court of Chaoyang District of Beijing Municipality for the dispute over confirmation of real right of security, requiring Beijing Huayu to assume the guarantee liability for equity pledge. The court heard the case on 9 December 2021, and has not yet issued a verdict.

### Dispute between CITIC Securities South China and Anhui Shengyun Environmental Protection and Western Securities on Bond Transaction

As Anhui Shengyun Environmental Protection (Group) Co., Ltd. (hereinafter referred to as “**Anhui Shengyun Environmental Protection**”) defaulted in the bond transaction, while the bond’s lead underwriter and trustee, Western Securities Co., Ltd. (hereinafter referred to as “**Western Securities**”), failed to exercise due diligence in performing its duties as trustee, and that the prospectus contained misrepresentation and material omissions, Anhui Shengyun Environmental Protection and Western Securities shall assume joint and several liabilities for the losses of Guangzhou Securities. On 27 September 2019, Guangzhou Securities filed a lawsuit against Anhui Shengyun Environmental Protection and Western Securities with the Intermediate People’s Court of Anqing City (hereinafter referred to as “**Anqing Intermediate Court**”), requesting for remedial of the principal of RMB100 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted in October 2019. On 12 November 2019, Western Securities filed an objection over jurisdiction. On 16 December 2019, Anqing Intermediate Court ruled that the case should be transferred to the Intermediate People’s Court of Hefei City of Anhui province (hereinafter referred to as “**Hefei Intermediate Court**”). On 26 October 2020, the case was heard. On 10 June 2021, CITIC Securities South China received a ruling from Hefei Intermediate Court to dismiss the case. On 17 June 2021, CITIC Securities South China appealed to the Higher People’s Court of Anhui Province (For the relevant information of this case, please refer to the 2021 Interim Report of the Company). On 27 August 2021, CITIC Securities South China received a ruling from Higher People’s Court of Anhui Province which upheld the ruling of dismissal made by Hefei Intermediate Court. On 15 December 2021, CITIC Securities South China submitted an application for retrial to the Supreme People’s Court.

### Dispute between China AMC Fund and NBO on breach of contract

Due to the failure of the issuers of private bonds “12 NBO 01” and “12 NBO 02” (three subsidiaries of Anhui NBO Machinery Group) to fulfill their obligations to repay the principal and interest, on 28 April 2015, China AMC submitted an application for arbitration to the South China International Economic and Trade Arbitration Commission against the issuers, the guarantors (Sino-Capital Guaranty Trust Company Limited, LV Qingtang, the de factor controller of Anhui NBO Machinery Group, LV Qingtang, and Anhui NBO Machinery Group Engineering Vehicle Co., Ltd.) and the underwriter (Capital Securities Co., Ltd.), requesting all responsible parties to fulfill the payment and compensation obligations with an amount of approximately RMB58.0481 million. On 30 August 2016, China AMC applied to the Intermediate People’s Court of Huainan City of Anhui Province for compulsory enforcement. On 1 March 2017, the court terminated the enforcement procedure on the ground that there was no property available for enforcement. The People’s Court of Huoqiu County of Anhui Province issued civil rulings on 30 March 2020 and 13 May 2020, respectively, ruling to accept bankruptcy applications for Anhui NBO Machinery Group Hydraulic Fluid Machinery Co., Ltd. (安徽藍博旺機械集團液壓流體機械有限責任公司), Anhui NBO Machinery Group Precision Hydraulic Parts Co., Ltd. (安徽藍博旺機械集團精密液壓件有限責任公司) and Anhui NBO Machinery Group Hecheng Machinery Co., Ltd. (安徽藍博旺機械集團合誠機械有限公司) (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). On 23 December 2021, the People’s Court of Huoqiu County of Anhui Province ruled to terminate the bankruptcy procedures of Anhui NBO Machinery Group Hydraulic Fluid Machinery Co., Ltd., Anhui NBO Machinery Group Precision Hydraulic Parts Co., Ltd. and Anhui NBO Machinery Group Hecheng Machinery Co., Ltd.

## Significant Events

### **Punishment and Rectifications of the Listed Company and its Directors, Supervisors, Senior Management and the Largest Shareholder**

#### **During the Reporting Period, the administrative regulatory measures and punishment taken by the regulatory authorities against the Company are as follows:**

On 4 February 2021, the Shenzhen Securities Regulatory Bureau issued a Decision on Ordering of CITIC Securities Company Limited to Take Rectification Measures (《關於對中信証券股份有限公司採取責令改正措施的決定》) to the Company. The Shenzhen Securities Regulatory Bureau found during supervision inspection and daily supervision that Company's internal control of private equity fund custody business was inadequate, resulting in violation of the provisions of the Measures for the Administration of Custody Business of Securities Investment Funds (《證券投資基金託管業務管理辦法》), Interim Measures for the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理暫行辦法》), and Measures for the Administration of Securities Issuance and Listing Sponsorship Business (《證券發行上市保薦業務管理辦法》). After receiving the regulatory letter, the Company promptly organized in-depth rectification on the private equity fund custody business, investment banking business and asset management business. Upon completion of the rectification, the Company submitted a rectification report to the Shenzhen Securities Regulatory Bureau.

On 22 November 2021, the Shenzhen Branch of the State Administration of Foreign Exchange issued a Decision on Administrative Penalty to the Company. The matter is during the special inspection on the Company's foreign exchange business compliance carried out from October to November 2020, the inspection team of the State Administration of Foreign Exchange found that the Company had violated certain foreign exchange management regulations, such as over-quota remittance of QDII. The Shenzhen Branch of the State Administration of Foreign Exchange ordered the Company to make rectifications, issued a warning, imposed a fine of RMB1,010,000, confiscated the illegal proceeds of RMB810,045.8, and issued a warning and imposed a fine of RMB80,000 on the responsible personnel. After receiving the above-mentioned penalty letter, the Company paid fines and forfeitures, completed relevant rectifications and completed the relevant rectifications in a timely manner.

#### **During the Reporting Period, the administrative regulatory measures and penalties taken by the regulatory authorities against the branches and subsidiaries of the Company were as follows:**

On 13 September 2021, the New Zealand Financial Markets Authority issued regulatory penalties to the Company's indirect subsidiary CLSA Premium New Zealand Limited (hereinafter referred to as "CLSAP NZ"). In June 2020, the New Zealand Financial Markets Authority charged CLSAP NZ for failing to comply with its obligations under New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Act 2009 during the period from April 2015 to November 2018. The High Court of Auckland, New Zealand made a judgment on 10 September 2021 to impose a fine of NZ\$770,000 (approximately RMB3,533,838) on CLSAP NZ. The Company and its controlling subsidiary CLSA Premium Limited urged and assisted CLSAP NZ to take rectification and improvement measures, including amending the compliance system, strengthening customer due diligence, strengthening the report of suspicious transactions/activities and improving the record keeping system.

On 20 December 2021, Heilongjiang Securities Regulatory Bureau issued the Decision on Issuing a Warning Letter to The Heilongjiang Branch of CITIC Securities Company Limited (《關於對中信証券股份有限公司黑龍江分公司採取出具警示函措施的決定》). Heilongjiang Securities Regulatory Bureau visited and investigated the Heilongjiang Branch, and found that the Heilongjiang Branch produced publicity materials on their own and the publicity materials contained improper expressions, failed to give warning of risks and other problems. Upon discovery of this issue, the Company organized the Heilongjiang Branch to make rectifications in a timely manner, strictly comply with the provisions of the Company's regulations to in business operation and carry out compliance training for employees. Heilongjiang Branch has completed the rectifications and submitted the rectification report to Heilongjiang Securities Regulatory Bureau.

**During the Reporting Period, the Company was not subject to investigation for suspected criminal liability. None of the Company's largest Shareholder, Directors, Supervisors or Senior Management was subject to enforcement actions for suspected criminal liability; None of the Company, the Company's largest Shareholder, Directors, Supervisors or Senior Management was subject to criminal punishments, investigations or administrative punishments by the CRSC for suspected non-compliance of laws and regulations, or significant administrative punishments by other competent authorities; None of the Company's largest Shareholder, Directors, Supervisors or Senior Management was retained by disciplinary inspection authorities for suspected non-compliance of laws and regulations or duty-related crime, which may affect the performance of duties; None of the Company's Directors, Supervisors or Senior Management was subject to enforcement actions by other competent authorities for suspected non-compliance of laws and regulations, which may affect the performance of duties.**

### **Credibility of the Company and its Largest Shareholder during the Reporting Period**

During the Reporting Period, neither the Company nor its largest Shareholder had unperformed enforceable court judgments or unpaid debts with large sums at maturity.

### **Material Related Party Transactions/Non-exempt Connected Transactions**

#### **Related party transactions in relation to day-to-day operation/non-exempt continuing connected transactions**

Progress of matters which had been disclosed in interim announcements

#### ***Day-to-day related party transactions under the SSE Listing Rules/continuing connected transactions under the Hong Kong Listing Rules***

##### *Background*

The day-to-day related party/continuing connected transactions of the Group are mainly conducted with CITIC Group, its subsidiaries and associates. As of the end of the Reporting Period, as CITIC Group indirectly holds 18.38% equity interest in the Company, CITIC Group, its subsidiaries and associates are related party/connected persons of the Company according to the SSE Listing Rules and the Hong Kong Listing Rules. CITIC Group engages in a wide range of businesses and has plenty of subsidiaries. The Group, as a participant in the financial market, would inevitably transact with China CITIC Bank, CITIC Trust, CITIC Prudential Life Insurance Co., Ltd., each a subsidiary of CITIC Group and other companies that have strong market influences, and jointly provide comprehensive financial services to clients domestic and overseas. On the one hand, this is favorable for the expansion of the Group's scope of services and enhancement of its service level; on the other hand, it also brings business opportunities to the Group. Therefore, conducting relevant businesses between the Group and its related party/connected persons will be favorable to promote the business growth, and increase investment returns. Relevant related party/connected transactions are in line with the Group's actual situation and thus favorable to the long term-development of the business.

Based on the analysis of the types and basic contents of existing and possible ongoing related party/connected transactions between the Group and CITIC Group and its subsidiaries and associates, the Group delineated the nature of such transactions and classified into three major categories, namely securities and financial products transactions and services, miscellaneous services and property leasing. Since the Company's H Shares were listed in 2011, upon the approval of the general meeting of Shareholders and the Board, the Company and CITIC Group signed/renewed the Securities and Financial Products Transactions and Services Framework Agreement, the Miscellaneous Services Framework Agreement, the Property Leasing Framework Agreement and Supplemental Agreements thereof on a regular basis, to reach an agreement on the contents of the day-to-day related party/continuing connected transactions thereunder and set

## Significant Events

respective annual caps for the transaction amount. The existing Securities and Financial Products Transactions and Services Framework Agreement and Miscellaneous Services Framework Agreement were renewed on 31 December 2019, and the Property Leasing Framework Agreement was renewed on 9 August 2021.

During the Reporting Period, all above day-to-day related party/continuing connected transactions were conducted pursuant to the relevant framework agreements entered into between the Company and CITIC Group and in strict compliance with the pricing principles of relevant transactions. The transaction amount and the transaction content did not exceed the scope of such agreements. Details were as follows:

### *Securities and Financial Products Transactions and Services Framework Agreement*

Pursuant to the agreement, the Group and CITIC Group and its subsidiaries and associates conduct various securities and financial products transactions and provide mutual securities and financial services during the ordinary course of business. Both the Company and CITIC Group agreed that: 1. the subscription of securities and financial products shall be conducted at subscription prices and terms of such products; for transactions of securities and financial products through exchanges, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products; for transactions over the counter and other transactions of securities and financial products, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products and shall be conducted by mutual agreement; in the absence of prevailing market price or market rate applicable to such type of securities and financial products, the price or rate of such transaction shall be determined by the mutual agreement pursuant to the principle of fair market trade. Interest rates of interbank loans and repurchase agreements shall be conducted at the prevailing market interest rates and prices applicable to independent counterparties of such type of transactions or determined by mutual agreement. The prices of the beneficiary certificates issued by the Company shall be determined based on the prevailing market interest rate applicable to independent counterparties of such type of beneficiary certificates. 2. securities and financial services — interest rates on deposits: shall not be lower than the interest rates on deposits published by the People's Bank of China for the commercial banks for the corresponding period and the terms of the Company's deposit with the subsidiaries of CITIC Group shall not be inferior to those provided by an independent third party. Commissions or service fees charged by CITIC Group: shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by CITIC Group for the same type of service provided to an independent third party. Brokerage fees, commissions or service fees charged by the Company: shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by the Company for the same type of service provided to an independent third party. The agreement is for a term of three years, commencing from 1 January 2020 and ending on 31 December 2022, subject to renewal.

The Hong Kong Stock Exchange has granted a waiver to the Company from setting up the maximum daily balance of the deposits (including the Group's proprietary funds and customers' funds) placed with the banking subsidiaries of CITIC Group in the PRC and Hong Kong for the three financial years ending on 31 December 2022.

For the year of 2021, the amount of day-to-day related party/continuing connected transactions in relation to Securities and Financial Products Transactions and Services Framework Agreement, between the Group and the CITIC Group and its subsidiaries and associates, was as follows:

In RMB ten thousand

	Annual cap for 2021	Transaction amount for 2021	Percentage of the total amount of similar transactions (%)	Impact on profit of the Company
1. Securities and financial products transactions				
Net cash inflow derived from securities and financial products transactions (net of the amount of inter-financial institutions borrowings, repurchase agreements and beneficiary certificates)	8,000,000	4,286,870	—	—
Net cash outflow incurred for securities and financial products transactions (net of the amount of inter-financial institutions lending and reverse repurchase agreements)	18,000,000	5,292,828	—	—
2. Amount of inter-financial institutions borrowings and beneficiary certificates issued by the Group				
	Not applicable <sup>Note</sup>	10,540,600	—	—
	Maximum daily balance for 2021	Highest balance in a single day in 2021	Percentage of the total amount of similar transactions (%)	Impact on profit of the Company
3. Borrowings/loans involved in financing transactions				
Maximum daily balance (including interests) of repurchase agreements	2,000,000	249,183	—	—
Maximum daily balance (including interests) of loans to inter-financial institutions and reverse repurchase agreements	800,000	—	—	—
	Annual cap for 2021	Transaction amount for 2021	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
4. Securities and financial services				
Income derived from securities and financial services	260,000	86,107	1.13	86,107
Expenses incurred for securities and financial services	88,000	9,376	0.21	-9,376

*Note:* The inter-financial institutions borrowings by the Group from CITIC Group and its associates and the subscriptions by CITIC Group and its associates for the beneficiary certificates issued by the Group are based on its interests and provided on normal commercial terms; and the Group is not required to provide any guarantee for such inter-financial institutions borrowings and the beneficiary certificates; at the same time, such inter-financial institutions borrowings and the beneficiary certificates are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules. As such, no cap has been set by the Company on the inter-financial institutions borrowings by the Group from CITIC Group and its associates and the subscriptions by CITIC Group and its associates for the beneficiary certificates issued by the Group.

## Significant Events

### *Miscellaneous Services Framework Agreement*

Pursuant to the agreement, the Company and CITIC Group both agreed to determine the price of relevant services by fair and mutual agreement under conditions no less favorable than such services received from or provided to independent third parties in compliance with the relevant laws and regulations and under normal commercial terms. For construction project services, if the service providers are determined for the relevant services through open tender process, the Company will select the general contractor for construction pursuant to the Construction Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Contract Law of the People's Republic of China, and other applicable laws, regulations and relevant provisions, after taking into consideration various factors including the bidding price, the performance of general contracting, and whether the general contractor has the top grade qualification in general contracting of housing engineering and construction. The agreement is for a term of three years, commencing from 1 January 2020 and ending on 31 December 2022, subject to renewal.

For the year of 2021, the amount of the day-to-day related party/continuing connected transactions under the Miscellaneous Services Framework Agreement between the Group and CITIC Group and its subsidiaries and associates, was as follows:

*In RMB ten thousand*

<b>Miscellaneous services</b>	<b>Annual cap for 2021</b>	<b>Transaction amount for 2021</b>	<b>Percentage of operating revenue/ expenses (%)</b>	<b>Impact on profit of the Company</b>
Income derived from miscellaneous services	4,500	1,944	0.03	1,944
Expenses incurred for miscellaneous services	112,000	16,361	0.37	-16,361

### *Property Leasing Framework Agreement*

Pursuant to the Property Leasing Framework Agreement entered into by the Company and CITIC Group in 2011, the Company and CITIC Group both agreed to determine the rentals for the leased properties according to the relevant laws and regulations and the local fair market value as confirmed by qualified independent property valuer. The agreement is for a term of ten years, commencing from 23 September 2011 and expiring on 22 September 2021. The Company entered into the Supplemental Agreement III to the Property Leasing Framework Agreement with CITIC Group on 31 December 2019 to set the caps for the day-to-day related party/continuing connected transactions under the Property Leasing Framework Agreement for the year 2020 and the period from 1 January 2021 to 22 September 2021.

During the period from January to September 2021, the amount of transactions in relation to day-to-day related party/ continuing connected transactions under the Property Leasing Framework Agreement (2011) and the Supplemental Agreement III between the Group and CITIC Group and its subsidiaries and associates were as follows:

*In RMB ten thousand*

<b>Property leasing</b>	<b>Cap of transaction amount for the period from 1 January 2021 to 22 September 2021</b>	<b>Transaction amount for the nine months ended 30 September 2021<sup>note</sup></b>	<b>Percentage of operating revenue/ expenses (%)</b>	<b>Impact on profit of the Company</b>
Rental income from lease of properties	50,000	2,317	0.03	2,317
Rental expenses paid for lease of properties/Increase in total value of right-of-use assets	80,000	3,413	—	—

*Note:* The figure represents transaction amount for the nine months ended 30 September 2021. As for the specific period covered by the cap set for the relevant day-to-day related party/continuing connected transactions (i.e., 1 January 2021 to 22 September 2021), the relevant transaction amount did not exceed the relevant cap as set out in the above table.

The Company and CITIC Group renewed the Property Leasing Framework Agreement on 9 August 2021, pursuant to which the Company and CITIC Group both agreed that the rentals for the leased properties shall be determined by both parties through negotiation with reference to the prevailing market rentals. The agreement is for a term commencing on 23 September 2021 and expiring on 31 December 2022, subject to renewal. The agreement has set the caps for the day-to-day related party/continuing connected transactions under the Property Leasing Framework Agreement for the period from 23 September 2021 to 31 December 2021 and for the year 2022.

## Significant Events

During the period from October to December 2021, the amount of transactions in relation to day-to-day related party/ continuing connected transactions under the Property Leasing Framework Agreement (2021) between the Group and CITIC Group and its subsidiaries and associates were as follows:

*In RMB ten thousand*

<b>Property leasing</b>	<b>Cap of transaction amount for the period from 23 September 2021 to 31 December 2021</b>	<b>Transaction amount for the three months ended 31 December 2021<sup>note</sup></b>	<b>Percentage of operating revenue/ expenses (%)</b>	<b>Impact on profit of the Company</b>
Rental income from lease of properties	1,500	815	0.02	815
Rental expenses paid for lease of properties/Increase in total value of right-of-use assets	15,000	3,412	—	—

*Note:* The figure represents transaction amount for the three months ended 31 December 2021. As for the specific period covered by the cap set for the relevant day-to-day related party/continuing connected transactions (i.e., 23 September 2021 to 31 December 2021), the relevant transaction amount did not exceed the relevant cap as set out in the above table.

The auditors engaged by the Company have reviewed the above-mentioned related party transactions in relation to day-to-day operation/continuing connected transactions and issued a letter to the Board stating that:

- nothing has come to its attention that may cause it to believe that such disclosed related party transactions in relation to day-to-day operation/continuing connected transactions have not been approved by the Board;
- if the transactions involve the provision of goods or services by the Group, nothing has come to its attention that may cause it to believe that these transactions were not, in all material respects, in accordance with the pricing policy of the Group;
- nothing has come to its attention that may cause it to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and
- with respect to the total amounts for each of such continuing connected transactions specified in the appendix of the day-to-day related party/continuing connected transactions letter, nothing has come to its attention that may cause it to believe that such disclosed day-to-day related party/continuing connected transactions have exceeded the annual transaction caps set by the Company.

### ***Other related party transactions under the SSE Listing Rules in relation to day-to-day operation***

According to the SSE Listing Rules, in addition to CITIC Group and its subsidiaries and associates, related parties of the Company also include the companies in which the Directors, Supervisors or members of the Senior Management hold positions as directors or the senior management, but they are not defined as connected persons under the Hong Kong Listing Rules. Related party transactions between the Company and such parties are conducted in compliance with the relevant

requirements under the SSE Listing Rules, and will not constitute connected transactions under the Hong Kong Listing Rules. During the Reporting Period, these related party transactions had been carried out in accordance with the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, which was considered and approved at the 2020 Annual General Meeting of the Company.

*In RMB ten thousand*

<b>Related party</b>	<b>Type of related party transactions</b>	<b>Estimated transaction amount for 2021</b>	<b>Transaction amount for 2021</b>	<b>Percentage of operating revenue/expenses (%)</b>	<b>Impact on profit of the Company</b>
E-Capital Transfer Co., Ltd.	Expense	1,500	473.42	0.01	-473.42
CITIC PE Fund	Securities and financial products transactions	Calculated based on the transaction amount <sup>Note</sup>	12,000	—	—
Yuexiu Industrial Investment Fund	Income	100	51.89	Less than 0.01	51.89

*Note:* As the market condition of the securities market is unpredictable, it is difficult to estimate the transaction amounts. As approved by the 2020 Annual General Meeting, the amount for the aforesaid securities and financial products transactions shall be calculated based on the transaction amount in 2021.

***Related party/connected transactions between the Group and companies holding more than 10% equity interest in significant subsidiaries of the Company***

During the Reporting Period, the following related party/connected transactions were carried out pursuant to the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, which was considered and approved at the 2020 Annual General Meeting of the Company.

*In RMB ten thousand*

<b>Related/connected party</b>	<b>Type of related party/connected transactions</b>	<b>Estimated transaction amount for 2021</b>	<b>Transaction amount for 2021</b>	<b>Percentage of operating revenue/expenses (%)</b>	<b>Impact on profit of the Company</b>
POWER CORPORATION OF CANADA	Income	1,000	624.14	Less than 0.01	624.14
MACKENZIE FINANCIAL CORPORATION	Income	500	491.97	Less than 0.01	491.97
	Expense	500	439.66	Less than 0.01	-439.66

## Significant Events

### **Related party transactions between the Group and companies holding over 5% equity interest in the Company**

Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, jointly hold over 5% equity interest in the Company, thus are the related parties of the Company under SSE Listing Rules but not connected persons under Hong Kong Listing Rules. The related party transactions between the Company and them shall be conducted in accordance with the relevant provisions of the SSE Listing Rules and are not the connected transactions under the Hong Kong Listing Rules. During the Reporting Period, the following related party transactions were carried out pursuant to the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, which was considered and approved at the 2020 Annual General Meeting of the Company.

*In RMB ten thousand*

<b>Related party</b>	<b>Type of related party transactions</b>	<b>Estimated transaction amount for 2021</b>	<b>Transaction amount for 2021</b>	<b>Percentage of operating revenue/expenses (%)</b>	<b>Impact on profit of the Company</b>
Yuexiu Financial Holdings	Income	1,000	261.79	Less than 0.01	261.79
Financial Holdings Limited	Income	1,500	150.34	Less than 0.01	150.34

### **Other related party/connected transactions**

*Bareboat Charter Contract entered into between CITIC Global Trade and Shanghai CITIC Shipping Corporation Limited*

Pursuant to the Bareboat Charter Contract entered into between CITIC Global Trade, a subsidiary of CITIC Futures, and Shanghai CITIC Shipping Corporation Limited (currently renamed as CITIC Shipping (Ningbo) Corporation Limited (中信輪船(寧波)有限公司)), the rental income received by the Company in 2021 amounted to RMB12,743.4 thousand. For details of the approval of this related party/connected transaction, please refer to the 2014 Annual Report of the Company.

### **Material related party/connected transactions in relation to joint external investment**

#### **Entering into the promoters agreement with CITIC Wealth Management and other promoters**

On 23 July 2021, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement with CITIC Wealth Management Corporation Limited (“**CITIC Wealth Management**”) and other promoters for the purpose of the establishment of the Joint Venture. Pursuant to the Promoters Agreement, the registered capital of the Joint Venture is expected to be RMB11.15 billion, of which CITIC Securities Investment will contribute RMB0.3 billion, CITIC Wealth Management will contribute RMB0.5 billion, and other promoters will contribute a total of RMB10.35 billion. Upon the establishment of the Joint Venture, CITIC Securities Investment will hold approximately 2.69% equity interests in the Joint Venture. CITIC Corporation Limited, the Company’s largest shareholder, indirectly holds 100% equity interests in CITIC Wealth Management through its non-wholly owned subsidiary, CITIC Bank, and thus CITIC Wealth Management is a related party/connected person of the Company.

The participation in the establishment of the Joint Venture is to actively implement the relevant arrangements of the central government on further improving the construction of the pension insurance system, which will have a good social effect on the Group's long-term deployment and continuous service in the pension insurance market in the PRC, benefiting the broad investors.

On 16 July 2021, the 24th Meeting of the Seventh Session of the Board of the Company considered and approved the Proposal on External Investment through Domestic Subsidiaries. For details, please refer to the relevant announcements disclosed by the Company on the HKEXnews website of HKEx (<http://www.hkexnews.hk>) on 23 July 2021 and the Company's website (<http://www.citics.com>) on 8 September 2021, respectively. Regarding the investment, the Promoters Agreement has been signed and capital contribution of RMB0.3 billion has been made in 2021.

#### **Subscription for the new registered capital of CIIC Shanghai**

On 17 December 2021, CITIC Securities Investment, a wholly-owned subsidiary of the Company, entered into a capital increase agreement with China International Intellectual Group Co., Ltd. ("**CIIC Group**") and China International Intellectual (Shanghai) Co., Ltd. ("**CIIC Shanghai**"), pursuant to which the parties agreed that CITIC Securities Investment would subscribe for RMB18,496,420 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB155,000,000. On the same day, CITIC Press Corporation ("**CITIC Press**") also signed the relevant capital increase agreement with CIIC Group and CIIC Shanghai to subscribe for RMB11,336,516 newly increased registered capital of CIIC Shanghai at a cash consideration of RMB95,000,000. The rest part of the newly increased registered capital of CIIC Shanghai under the capital increase, being RMB89,832,936, was subscribed by other investors separately. Upon completion of the capital increase, CITIC Securities Investment and CITIC Press contribute as to approximately 1.40% and 0.86% of the enlarged registered capital of CIIC Shanghai, respectively. CITIC Press is a non-wholly owned subsidiary of CITIC Corporation Limited, the Company's largest shareholder, and is thus a related party/connected person of the Company.

CIIC Shanghai is one of the largest human resources service providers in China, and this transaction is an important investment layout of the Company's investment in the human resources service industry.

On 17 December 2021, the 32nd Meeting of the Seventh Session of the Board of the Company considered and approved the Resolution on External Investment by a Subsidiary. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of HKEx and the Company's website on the same day. Regarding the investment, the capital increase agreement has been signed and capital contribution of RMB155 million has been made in 2021.

# Significant Events

## Related party credits and debts

In RMB Yuan

Related party	Related party relationship	Provision of funds to the related party		Provision of funds by the related party to listed companies					
		Balance at the beginning of the Reporting Period		Balance at the end of the Reporting Period		Balance at the beginning of the Reporting Period		Balance at the end of the Reporting Period	
		Period	Amount incurred	Period	Amount incurred	Period	Amount incurred	Period	Amount incurred
Subsidiaries of CITIC Group	Subsidiaries of Shareholder	27,118,261.79	157,123,720.46	184,241,982.25	22,789,995.53	1,448,776.48	24,238,772.01		
Financial Holdings Limited	Shareholder with non-controlling interest	209,682.00	-209,682.00	—	2,290,319,023.41	-2,286,775,134.09	3,543,889.32		
<b>Total</b>		<b>27,327,943.79</b>	<b>156,914,038.46</b>	<b>184,241,982.25</b>	<b>2,313,109,018.94</b>	<b>-2,285,326,357.61</b>	<b>27,782,661.33</b>		
Causes of the related party credits and debts		Mainly include payables to the above related parties in connection with fund sales agency services, receivables from/payables to the above related parties in respect of deposits, margins, subordinated debts and the project payment of CITIC Financial Center							
Impact of the related party credits and debts on the Company		No adverse impact							

## Capital movement between the Company and the related parties

In accordance with the Notice of the CSRC on the Guidelines No. 8 for the Supervision of Listed Companies — Regulatory Requirements for Capital Movement and External Guarantees of Listed Companies (《上市公司監管指引第8號 — 上市公司資金往來、對外擔保的監管要求》) and the Standards No. 2 for the Contents and Format of Information Disclosure by Publicly Issued Securities Companies — Contents and Format of Annual Reports (Revised in 2021) (《公開發行證券的公司信息披露內容與格式準則第2號 — 年度報告的內容與格式(2021年修訂)》), and the Notice of Shanghai Stock Exchange on the Self-Regulatory Guidelines No. 2 for Listed Companies of Shanghai Stock Exchange Business Handling — Regular Report No. 6 (《上海證券交易所上市公司自律監管指南第2號業務辦理 — 第六號定期報告》) requirements, PricewaterhouseCoopers Zhong Tian LLP issued the Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties (PricewaterhouseCoopers Zhong Tian Te Shen Zi (2022) No. 0100).

## Opinions of independent Directors

The aforesaid related party/connected transactions were conducted at market prices based on pricing principles that are reasonable and fair. Such transactions are not prejudicial to the interests of the non-related/connected Shareholders and do not have any adverse effect on the independence of the Company.

The independent non-executive Directors have confirmed to the Board that they have reviewed the above-mentioned non-exempt related party transactions in relation to day-to-day operation/continuing connected transactions and considered that the transactions were:

- conducted in the ordinary and usual course of business of the Group;
- on normal commercial terms, or if there is no comparable transaction to determine whether the terms of the transaction are on normal commercial terms, on terms no less favorable to the Group than those available from or to (as the case may be) independent third parties;
- conducted according to the terms set out in relevant agreement, which were fair and reasonable and in the interests of the Shareholders as a whole.

During the Reporting Period, there were no other related party/connected transactions relating to the disposal or acquisition of the Group's assets, nor any other related party/connected transactions relating to joint external investment.

Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 56 to the Consolidated Financial Statements that falls into the category of connected transactions or continuing connected transactions that need to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

## Guarantees

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to subsidiaries was RMB51,024 million. As at the end of the Reporting Period, the balance of guarantees provided by the Company was RMB97,156 million, all of which were guarantees provided by the Company and its subsidiaries to subsidiaries, representing 46.47% of the equity attributable to owners of the parent company as at the end of the Reporting Period.

### Guarantees provided by the Company

According to the resolution approved at the Shareholders' general meeting, and upon deliberation by the duly authorized working group, the Company provided an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium-term notes program set up by CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company. The guarantee amount was US\$3 billion and the scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. As at the end of the Reporting Period, the aggregate balance of existing notes under the above-mentioned medium-term notes program was US\$2.562 billion, specifically: in 2017, CITIC Securities Finance MTN made a drawdown under the medium-term notes program to issue five-year notes with an issue size of US\$500 million; in 2019, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$700 million, including three-year notes of US\$500 million and five-year notes of US\$200 million; in 2020, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$1 billion, including three-year notes of US\$500 million and five-year notes of US\$500 million; in 2021, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$362 million, including half-year notes of US\$266 million and one-year notes of US\$96 million.

## Significant Events

According to the resolution approved at the Shareholders' general meeting and upon deliberation by the Company's management, the Company provided an unconditional and irrevocable guarantee for the Euro-commercial papers project set up by CITIC Securities Finance MTN with a guarantee period from 4 May 2018 to 4 May 2023 and an amount of US\$3 billion. The scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. During the Reporting Period, CITIC Securities Finance MTN issued 22 tranches of Euro-commercial papers in aggregate with a total issue size of US\$1,126 million. As at the end of the Reporting Period, the balance of existing notes was US\$897 million.

### Guarantees provided by subsidiaries

During the Reporting Period, among all the subsidiaries of the Company, CSI had provided guarantees for the benefits of the relevant subsidiaries of CSI in connection with their business operations, which mainly included loan guarantees, guarantees for medium-term notes and the guarantees for the transactions under the International Swaps and Derivatives Association agreements (ISDA) and Global Master Securities Lending agreements (GMSLA) entered into with counterparties. The amount of the above-mentioned guarantee was approximately RMB75,102 million as at 31 December 2021.

In addition, CSI and CLSA B.V. have issued unlimited guarantees for various International Swaps and Derivatives Association agreements (ISDA), Global Master Repurchase agreements (GMRA), Global Master Securities Lending agreements (GMSLA) and Broker-Dealer agreements. The above-mentioned unlimited guarantees have been issued in accordance with normal practices in the international banking industry and capital market, which allow the banks and other financial institutions trading with CSI, CLSA B.V. and their subsidiaries to assume large market trading volume and fluctuating demands, therefore ensuring CSI, CLSA B.V. and their subsidiaries are not unnecessarily constrained in the normal course of business. Quantifying the maximum exposure underlying such unlimited guarantees is impracticable, however, since both CSI and CLSA B.V. are companies with limited liabilities, the absolute maximum exposure of these guarantees in aggregate would alternatively be limited to the respective net asset value of CSI and CLSA B.V.

The above-mentioned debt guarantees directly or indirectly provided to guaranteed parties with a gearing ratio of more than 70% amounted to RMB96,199 million, all of which are guarantees provided by the Company and its overseas subsidiaries to their respective subsidiaries to meet the needs of business operations.

## Other Significant Events and Subsequent Events

### Changes to securities business outlets

#### The Company

During the Reporting Period, the Company completed the acquisition of 31 branches of its wholly-owned subsidiary CITIC Securities South China, established the Xinjiang Branch Office, dissolved its Pinghu Donghu Avenue Securities Outlet, completed the same-city relocation of 21 branches, and renamed 7 securities offices as branch offices.

Details of the relocation are as follows:

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
1	Nantong Gongnong Road Securities Outlet	Nantong Gongnong South Road Securities Outlet	Room 102 and Rooms 1903–1905, Building 43, Zhongnan Shijicheng, Chongchuan District, Nantong, Jiangsu Province
2	Huzhou Huancheng West Road Securities Outlet	Huzhou Laodong Road Securities Outlet	No. F9, F10, F14, F15 & F16, 2/F, Xintiandi Shopping Centre, No. 84 and No. 86, 1/F, Laodong Road, Wuxing District, Huzhou, Zhejiang Province
3	Yunnan Branch Office	Yunnan Branch Office	Units 2601–2603 and Unit 2612, 26/F, Office Building, Kunming Henglong Square, No. 23 Dongfeng East Road, Panlong District, Kunming, Yunnan Province
4	Shenzhen Hi-Tech Park Keyuan Road Securities Outlet	Shenzhen Hi-Tech Park Securities Outlet	Hall of Flat A, 1/F, Unit A03, 2/F, Fintech Building, No. 11 Keyuan Road, Technology Park Community, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province
5	Chengdu Jinyang Road Securities Outlet	Chengdu Riyue Avenue Securities Outlet	Room 109, 1/F, Building 3, No. 1501 Riyue Avenue, Qingyang District, Chengdu, Sichuan Province
6	Jiaxing Branch Office	Jiaxing Branch Office	Room D110 on 1/F, 3/F & 4/F, Room D111, Room D113 on 3/F & 4/F, Commercial Office Building, Fortune Plaza, Economic and Technological Development Zone, Jiaxing, Zhejiang Province
7	Yueqing Bole East Road Securities Outlet	Yueqing Jinxi Road Securities Outlet	Rooms 101 and 201, Block 8, Zhixin City Garden, No. 99 Jinxi Road, Chengnan Street, Yueqing, Wenzhou, Zhejiang Province
8	Wuhan Nantaizi Lake Securities Outlet	Wuhan Tiandi Securities Outlet	Office Rooms 01 and 02, 25/F (Nominal Floor), CITIC Pacific Plaza, Room 01, 22/F, Yongqing Composite Development Project A3 (No. 3 Corporate World), Yongqing Street, Jiang'an District, Wuhan, Hubei Province
9	Xiamen Lianyue Road Securities Outlet	Xiamen Branch Office	Units 04, 05 & 06, 16/F, Tower A, China Resources Building, No. 93 Hubin East Road, Siming District, Xiamen, Fujian Province
10	Suzhou Huachi Street Securities Outlet	Suzhou East Suzhou Avenue Securities Outlet	Units 3902B–3903A, 39/F, Unit 101B, 1/F, Taiping Finance Building, No. 398 East Suzhou Avenue, Suzhou Industrial Park, Suzhou Pilot Free Trade Zone, China (Jiangsu)
11	Dalian Zhuanghe Xinhua Road Securities Outlet	Dalian Zhuanghe Century Avenue Securities Outlet	Room 501, 5/F, Zhengtai International Building, No. 6, Section 1 of Century Avenue, Zhuanghe, Liaoning Province

## Significant Events

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
12	Wuhan Xudong Avenue Securities Outlet	Wuhan Xudong Avenue Securities Outlet	Room 02, 1/F, Block B, Zhongye South Building, No. 85 Xudong Road, Hongshan District, Wuhan, Hubei Province
13	Wuhan Guanshan Avenue Securities Outlet	Wuhan Optics Valley Securities Outlet	2085, 2/F, Optics Valley Capital Building, No. 1 Minzu Avenue, East Lake New Technology Development Zone, Wuhan, Hubei Province
14	Xi'an Fenghui South Road Securities Outlet	Xi'an Zhuque Avenue Securities Office	No. 10101, Unit 1, Block 1, 1/F, Yang Yang International, No. 132 Zhuque Avenue, Yanta District, Xi'an, Shaanxi Province
15	Anhui Branch Office	Anhui Branch Office	Rooms 2501–2504, 25/F of Building A1, and southeast corner, 1/F of the podium, Phase I of Zhong'an Chuanggu Technology Park, No. 900 West Wangjiang Road, Hefei High-tech Zone, Pilot Free Trade Zone, China (Anhui)
16	Foshan Branch Office	Foshan Branch Office	Rooms 2801, 2802, 2803, 2804, 2805 & 2814, Block 1, first one of No. 02, 1/F, No.57 Jihua Fifth Road, Chancheng District, Foshan, Guangdong Province
17	Guangzhou Dongfeng East Road Securities Outlet	Guangzhou Dongfeng East Road Securities Branch	Units 2902B & 2903A, Level 29, No. 761, Dongfeng East Road, Yuexiu District, Guangzhou, Guangdong Province
18	Baotou Gangtie Avenue Securities Outlet	Baotou Gangtie Avenue Securities Branch	B4–101, Zhengxiang International, No. 7 Gangtie Avenue, Qingshan District, Baotou, Inner Mongolia Autonomous Region
19	Shenyang Nanjing North Street Securities Outlet	Shenyang Changbai North Road Securities Outlet	No. 263, Changbai North Road, Heping District, Shenyang, Liaoning Province
20	Panjin Taishan Road Securities Outlet	Panjin Petroleum Street Securities Branch	No. 99, Petroleum Street, Xinglongtai District, Panjin, Liaoning Province
21	Shaoxing Branch Office	Shaoxing Branch Office	Rooms 102, 205, 206, 207 and 208, No. 177 Jiefang Avenue, Lingzhi Street, Yuecheng District, Shaoxing, Zhejiang Province

Details of change of branch names are as follows:

No.	Original Name of branches	Current Name of Branches
1	Suzhou Suya Road Securities Outlet	Suzhou Branch Office
2	Foshan Guilan Middle Road Securities Outlet	Foshan Branch Office
3	Dongguan Dongcheng Road Securities Outlet	Dongguan Branch Office
4	Shenzhen Qianhai FTA Securities Outlet	Shenzhen Qianhai Branch Office
5	Xiamen Lianyue Road Securities Outlet	Xiamen Branch Office
6	Dalian Xinghai Square Branch	Dalian Branch Office
7	Wuxi Qingyang Road Brokerage Branch	Wuxi Branch Office

As at the end of the Reporting Period, the Company had 41 branch offices and 224 securities outlets.

### CITIC Securities (Shandong)

During the Reporting Period, CITIC Securities (Shandong) completed the same-city relocation of one securities outlet, details of which are as follow:

No.	Name before Relocation	Name after Relocation	Address after Relocation
1	Shouguang Bohai Road Securities Outlet	Shouguang Nongsheng East Street Securities Outlet	No. 1609, Nongsheng East Street, Luo Cheng Street, Shouguang, Shandong Province

As at the end of the Reporting Period, CITIC Securities (Shandong) had 6 branch offices and 64 securities outlets.

### CITIC Futures

During the Reporting Period, CITIC Futures completed the same-city relocation of 9 branch offices, renamed 1 branch office, and established a new branch office.

Details of the relocation of branch offices are as follows:

No.	Name of the Branch Office	Address after Relocation
1	Sichuan Branch Office	No. 1, 2, 13/F, 13 Building, No. 1480 North Section of Tianfu Avenue, Chengdu Hi-Tech Industrial Development Zone, Pilot Free Trade Zone, China (Sichuan)
2	Guangzhou Branch Office	Rooms 3406B and 3407, No. 15 Zhujiang West Road, Tianhe District, Guangzhou, Guangdong Province
3	Guangdong Branch Office	Room 3601B and 3602, No. 761, Dongfeng East Road, Yuexiu District, Guangzhou, Guangdong Province
4	Shanghai Pudong Branch Office	Unit 02A, 28/F (actually 25/F), No. 429 Nanquan North Road, Pilot Free Trade Zone, China (Shanghai)
5	Beijing Dongcheng Branch Office	Rooms 1106 and 1108, 11/F, West 2 Office Building, Oriental Economic and Trade City, Oriental Plaza, No. 1 East Chang'an Street, Dongcheng District, Beijing
6	Shanghai Branch Office	Units 1301-1 and 1301-2, No. 799 Yanggao South Road, Pilot Free Trade Zone, China (Shanghai)
7	Shanghai Century Avenue Branch Office	Units 04 and 05B, 9/F, No. 1568 Century Avenue, Pilot Free Trade Zone, China (Shanghai)
8	South China Branch Office	Rooms 1303, 1304 and 1305B, Times Square Excellence Phase II, No. 8 Fu'an Community Center 3rd Road, Futian Street, Futian District, Shenzhen, Guangdong Province
9	Zhongnan Branch Office	Houses No. 2 to 5, 18/F, Guangfa Bank Building, No. 737 Construction Avenue, Jianghan District, Wuhan, Hubei Province

## Significant Events

Details of change of name of branch office are as follows:

No.	Original Name of Branch Offices	Current Name of Branch Offices
1	Qingdao Branch Office	Shandong Branch Office

Details of the new branch office are as follows:

No.	Name of the Branch Office	Address
1	Qianhai Branch Office	Unit 1802 and 1803, T5 Office Building, Qianhai China Resources Financial Center, No. 5035 Menghai Avenue, Nanshan Street, Qianhai Hong Kong – Shenzhen Cooperation Zone, Shenzhen, Guangdong Province, China

As at the end of Reporting Period, CITIC Futures had 45 branch offices and 4 securities outlets.

### CITIC Securities South China

During the Reporting Period, CITIC Securities South China dissolved five securities outlets and one branch office, namely Lhasa Donghuan Road Securities Outlet, Changde Liuye Avenue Securities Outlet, Wuxi Zhongshan Road Securities Outlet, Ledu Gucheng Avenue Securities Outlet, Leshan Chunhua Road Securities Outlet and Xinjiang Branch Office and completed the same-city relocation of 6 branches.

Details of the relocation are as follows:

No.	Original Name of Branches	Current Name of Branches	Address after Relocation
1	Xinjiang Branch Office	Xinjiang Branch Office (Withdrawn after relocation)	Rooms 7015 & 7016, 7/F, Block A, Yingke Plaza, No. 217 High-tech Road, High-tech District (new city district), Urumqi, Xinjiang
2	Xining Wenjing Road Securities Outlet	Qinghai Branch Office (It has been incorporated into the Company)	Room 1141, Unit 1, No. 2 Building, No. 27 Lenghu Road, Chengxi District, Xining, Qinghai Province
3	Dongguan Shilong Securities Outlet	Dongguan Nancheng Hongbei Road Securities Outlet	Room 102, Room 201 and Room 202, No. 18 Hongbei Road, Nancheng Street, Dongguan, Guangdong Province
4	Zhuhai Yinhua Road Securities Outlet	Zhuhai Wenyuan Road Securities Outlet	No. 195, Wenyuan Road, Xiangzhou District, Zhuhai, Guangdong Province
5	Guangzhou Huadu Shiling Securities Outlet	Guangzhou Tianhe North Road CITIC Plaza Securities Outlet	(Part: K06) Room 4501, First Floor, CITIC Plaza Office Building, No. 233 Tianhe North Road, Tianhe District, Guangzhou, Guangdong Province
6	Foshan Nanhai Avenue Securities Outlet	Foshan Guilan Middle Road Securities Outlet	1501-2, Block 2, Building 10, Vanke Jinyu International Garden, No. 23 Guilan Middle Road, Guicheng Street, Nanhai District, Foshan City, Guangdong Province

As at the end of the Reporting Period, CITIC Securities South China had one branch office and 29 securities outlets.

### **CSI**

During the Reporting Period, there were no changes in the branches of CSI. As at the end of the Reporting Period, CSI had 4 branches.

### **Kington Securities**

During the Reporting Period, there were no changes in the branches of Kington Securities. As at the end of the Reporting Period, Kington Securities had 2 securities outlets.

## **Subsequent progress of matters previously announced**

### **The progress of standardizing the publicly-offered collective investment schemes of the Company**

In accordance with the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company as considered and approved by the 35th Meeting of the Sixth Session of the Board, the matters relating to rectification and standardization of the publicly-offered collective investment schemes of the Company are being executed in an orderly manner and all of them have obtained the confirmation letter of inspection and acceptance of Shenzhen Securities Regulatory Bureau, of which 16 schemes are managed normally following the model of public funds.

### **Acquisition of 100% equity interests in GZS Lingxiu**

On 28 April 2020, the 5th Meeting of the Seventh Session of the Board considered and approved the Resolution on Acquisition of 100% Equity Interest in GZS Lingxiu Investment Co., Ltd., pursuant to which, it was agreed that the Company will acquire 100% equity interest in GZS Lingxiu from CITIC Securities South China at a consideration of the audited net asset value of GZS Lingxiu as at 31 January 2020. In 2020, the equity transfer agreement was entered into and both the registration and filing procedures for the equity transfer were completed. In May 2021, the Company completed the payment of the equity transfer price of RMB1,390,232,558.49.

### **Capital reduction in CITIC Securities South China**

On 20 November 2020, the 16th Meeting of the Seventh Session of the Board considered and approved the Resolution on Reducing Capital in CITIC Securities South China Company Limited, and it was agreed that the Company shall reduce its capital contribution in CITIC Securities South China by no more than RMB7 billion (inclusive), which would proceed in tranches according to the business operation of CITIC Securities South China. CITIC Securities South China completed the registration and filing procedures for the capital reduction in May 2021, and its registered capital was changed from RMB10.091 billion to RMB5.091 billion.

### **Adjustment of the hierarchy of the General Administration Department**

On 6 January 2021, the 17th Meeting of the Seventh Session of the Board considered and unanimously approved the Resolution on the Adjustment of Hierarchy of the General Administration Department, and it was agreed that the General Administration Department would not be set as a first-tier department of the Company and would be set under the General Manager's Office. The above-mentioned adjustment was completed in January 2021.

## Significant Events

### **Acquisition of certain securities outlets of CITIC Securities South China**

On 19 February 2021, the 18th Meeting of the Seventh Session of the Board considered and unanimously approved the Resolution on the Acquisition of 31 Securities Outlets of CITIC Securities South China outside the Five Provinces, and it was agreed that the Company shall acquire 31 securities outlets of CITIC Securities South China located in the regions excluding Guangdong Province (excluding Shenzhen), Guangxi Zhuang Autonomous Region, Yunnan Province, Hainan Province and Guizhou Province. The Company completed the registration and filing procedures for the change of the 31 securities outlets in May 2021.

### **Establishment of an asset management subsidiary**

On 22 February 2021, the 19th Meeting of the Seventh Session of the Board considered and approved the Proposal on the Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company, and it was agreed that CITIC Securities Asset Management Co., Ltd. (中信証券資產管理有限公司) (tentative name) should be set up as a wholly-owned subsidiary of the Company with a capital contribution not exceeding RMB3 billion (inclusive), to engage in securities asset management business, management of publicly-offered securities investment funds and other business approved by the regulatory authorities. The aforesaid was also considered and approved by the 2021 First Extraordinary General Meeting of the Company. An asset management subsidiary may be established only with the approval of the CSRC. At present, the relevant procedures are being handled.

### **Capital increase in CITIC Futures**

On 28 April 2021, the 22nd Meeting of the Seventh Session of the Board considered and approved the Resolution on Capital Increase in CITIC Futures Company Limited, and it was agreed to make a capital increase of RMB2.0 billion in cash to CITIC Futures; and the management of the Company was authorized to deal with, at its sole discretion, all relevant procedures related to the capital increase on the condition that all the risk control indicators of the Company were in line with regulatory requirements. CITIC Futures received RMB2.0 billion capital contribution on 30 April 2021, and completed the registration and filing procedures for change in the registered capital on 17 May 2021, with its registered capital changed from RMB3.6 billion to RMB5.6 billion.

### **Establishment of the Special Assets Department**

On 16 July 2021, the 24th Meeting of the Seventh Session of the Board considered and approved the Proposal on the Establishment of the Special Assets Department. The Company has formally established the Special Assets Department upon the approval by the Board.

### **Reduction of capital of GZS Lingxiu**

On 16 July 2021, the 24th Meeting of the Seventh Session of the Board considered and approved the Proposal on Capital Reduction to GZS Lingxiu Investment Co., Ltd. In December 2021, the Company completed the capital reduction to GZS Lingxiu, whose registered capital was changed from RMB1.55 billion to RMB0.68 billion.

### **External Investment**

On 16 July 2021, the 24th Meeting of the Seventh Session of the Board considered and approved the Proposal on External Investment through Overseas Subsidiaries. On 27 July, the 25th Meeting of the Seventh Session of the Board considered and approved the Proposal on the Change of Investment Entity of External Investment. Up to now, the investment amount has been paid.

On 17 September 2021, the 28th Meeting of the Seventh Session of the Board considered and approved the Proposal on CITIC Securities Investment Co., Ltd.'s Investment in Convertible Bond Project, and it was agreed that CITIC Securities Investment, a wholly-owned subsidiary of the Company, would invest no more than RMB350 million in Beijing HL95 Information Industry Co., Ltd. through the subscription of the convertible bonds. Up to now, the investment amount has been paid.

#### **Resumption of the operation of the IT subsidiary**

On 28 October 2021, the 29th Meeting of the Seventh Session of the Board considered and approved the Proposal on Resumption of the Operation of the IT Subsidiary, agreeing to cancel the original decision to dissolve and deregister CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd., and to resume the operation of CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd., with its registered office to be moved from Qianhai, Shenzhen to Beijing, and its name to be changed to Goldstone Science and Technology Company Limited (subject to the name to be registered with the industrial and commercial bureau). At present, the relevant procedures are being handled.

#### **Dissolution of Qingdao Training Center**

On 28 October 2021, the 29th Meeting of the Seventh Session of the Board considered and approved the Proposal on Dissolution of Qingdao Training Center and agreed to dissolve CITIC Securities Qingdao Training Center; and agreed to waive the outstanding shareholder's loan that cannot be repaid by CITIC Securities Qingdao Training Center. Currently, the relevant procedures are being handled.

#### **Transfer of 34.55% equity interest in Xin Jiang Equity Exchange Centre Limited**

On 28 October 2021, the 29th Meeting of the Seventh Session of the Board considered and approved the Resolution on the Transfer of 34.55% Equity Interest in Xin Jiang Equity Exchange Centre Limited Held by the Company, agreeing to transfer 34.55% equity interest in Xin Jiang Equity Exchange Centre Limited held by the Company by way of listing (hereinafter referred to as the **"Target Equity"**). Upon completion of the transfer, the Company held 20% equity interest in Xin Jiang Equity Exchange Centre Limited. The Target Equity has been delisted in China Beijing Equity Exchange on 7 February 2022, and the transferee is Xinjiang Financial Investment Co., Ltd. (新疆金融投資有限公司). The Company has entered into a equity transfer agreement with the transferee and has received the consideration of RMB39,951.5 thousand.

#### **Increasing capital in CSI**

On 23 July 2020, the 9th Meeting of the Seventh Session of the Board considered and approved the Resolution on Increasing Capital in CITIC Securities International Co., Ltd., pursuant to which, it was agreed that the Company shall increase its capital contribution in CSI by no more than US\$1.5 billion in cash, which will be paid up in tranches according to the development of the Company's overseas balance sheet business. On 26 November 2021, the 30th Meeting of the Seventh Session of the Board considered and approved the Resolution on Adjustment of the Capital Increase Proposal of CITIC Securities International Co., Ltd., agreeing to adjust the cash capital increase proposal for CSI, from capital increase in tranches to capital increase on a one-time basis, with the amount of capital increase remaining unchanged, being no more than US\$1.5 billion. Currently, the relevant procedures for the capital increase are in progress.

#### **Public Issuance of Securities by way of Rights Issue**

In order to further consolidate the Company's capital strength, optimize the capital structure, expand business scale, and improve the Company's ability to resist risks, as resolved by the Company's 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting, and as approved by the CSRC,

## Significant Events

the Company completed the A Share rights issue and the H Share rights issue (the “**Rights Issue**”) in March 2022. The Rights Issue involves the allotment of a total of 1,552,021,645 A Shares to qualified A Shareholders on the basis of 1.5 A rights shares for every 10 A Shares held at the A Share record date at the price of RMB14.43 per A rights shares, and the allotment of a total of 341,749,155 H Shares to qualified H Shareholders on the basis of 1.5 H rights shares for every 10 H Shares held at the H Share record date at the price of HK\$17.67 per H rights shares. The aggregate nominal value of the rights shares issued under the Rights Issue is RMB1,893,770,800. The net price per A rights share is approximately RMB14.38, while the net price per H rights share is approximately HK\$17.48. As at the price determination date of the Rights Issue, being 13 January 2022, the closing price of the Company’s A Shares is RMB24.84 per A Share, while the closing price of the Company’s H Shares is HK\$20.80 per H Share. The A rights shares and the H rights shares issued under the Rights Issue have been listed on the SSE from 15 February 2022 and on the Hong Kong Stock Exchange from 4 March 2022, respectively.

The gross proceeds from the A Share rights issue of the Company amounted to RMB22,395,672,337.35 and the actual net proceeds after deduction of expenses relating to the issuance amounted to RMB22,318,195,731.58; the gross proceeds from the H Share rights issue amounted to approximately HK\$6.04 billion (equivalent to approximately RMB4.93 billion) and the net proceeds from the H Share rights issue after deduction of expenses relating to the issuance amounted to approximately RMB4.88 billion. The proceeds from the Rights Issue after deduction of relevant expenses relating to the issuance amounted to approximately RMB27.2 billion and will be used for the following purposes: (i) up to RMB18.2 billion will be used for the development of flow-based business, which is expected to be fully utilised by 31 March 2023; (ii) up to RMB5 billion will be used for the increase in investments to the subsidiaries of the Company, which is expected to be fully utilized by 31 December 2026 based on the demands for funds of the existing subsidiaries of the Group and the establishment of new subsidiaries in each year; (iii) up to RMB3 billion will be used for the strengthening of the construction of the information system, which is expected to be utilised at approximately RMB1 billion per annum and fully utilised by 31 December 2024; and (iv) up to RMB1 billion will be used for the replenishment of other working capital, which is expected to be fully utilised by 30 August 2022.

To the best knowledge of the Company, the shareholding structure of the Company immediately before the commencement and immediately following the completion of the Rights Issue are set out as follows:

Class of Shares	Number of issued Shares		Number of Shares issued under the Rights Issue	Number of issued Shares immediately following the completion of the Rights Issue	Approximate percentage of the total number of issued Shares immediately following the completion of the Rights Issue
	immediately before the commencement of Rights Issue (as at 12 January 2022)	Approximate percentage of the total number of issued Shares			
<b>A Shares</b>					
CITIC Corporation Limited	1,999,695,746	15.47%	299,954,362	2,299,650,108 <sup>(note 1)</sup>	15.52%
Yuexiu Financial Holdings	265,352,996	2.05%	39,802,949	305,155,945 <sup>(note 2)</sup>	2.06%
Financial Holdings Limited	544,514,633	4.21%	81,677,195	626,191,828 <sup>(note 3)</sup>	4.23%
ZHANG Youjun	374	0.000003%	56	430	0.000003%
Other core connected persons of the Company (directors, supervisors or chief executives of certain subsidiaries of the Company)	2,071,958	0.02%	310,794	2,382,752	0.02%
Public A Shareholders	7,836,812,622	60.62%	1,130,276,289	8,967,088,911	60.50%
<b>Total number of A Shares</b>	<b>10,648,448,329</b>	<b>82.38%</b>	<b>1,552,021,645</b>	<b>12,200,469,974</b>	<b>82.32%</b>
<b>H Shares</b>					
CITIC Limited	376,000,000	2.91%	58,311,604	434,311,604 <sup>(note 4)</sup>	2.93%
Financial Holdings Limited	106,494,000	0.82%	15,974,100	122,468,100 <sup>(note 3)</sup>	0.83%
Yuexiu Financial International	345,500	0.003%	1,882,593 <sup>(note 5)</sup>	53,586,093 <sup>(note 5)</sup>	0.36%
Public H Shareholders	1,795,488,200	13.89%	265,580,858	2,009,711,058	13.56%
<b>Total number of H Shares</b>	<b>2,278,327,700</b>	<b>17.62%</b>	<b>341,749,155</b>	<b>2,620,076,855</b>	<b>17.68%</b>
<b>Total</b>	<b>12,926,776,029</b>	<b>100.00%</b>	<b>1,893,770,800</b>	<b>14,820,546,829</b>	<b>100.00%</b>

Notes:

1. Immediately following the completion of the Rights Issue, CITIC Corporation Limited directly held 2,299,650,108 A Shares, and its ultimate controlling shareholder is CITIC Group.
2. Immediately following the completion of the Rights Issue, Yuexiu Financial Holdings (the sole shareholder of Financial Holdings Limited) directly held 305,155,945 A Shares, and its ultimate controlling shareholder is Guangzhou Yue Xiu Holdings Limited.
3. Immediately following the completion of the Rights Issue, Financial Holdings Limited directly held 626,191,828 A Shares and 122,468,100 H Shares, and its ultimate controlling shareholder is Guangzhou Yue Xiu Holdings Limited.
4. Immediately following the completion of the Rights Issue, CITIC Limited (the sole shareholder of CITIC Corporation Limited) directly held 434,311,604 H Shares, and its ultimate controlling shareholder is CITIC Group.
5. Immediately following the completion of the Rights Issue, Yuexiu Financial International directly held 53,586,093 H Shares. In addition to the 1,882,593 H Shares allotted as a result of the H Share rights issue, it also purchased extra H Shares in the secondary market. The ultimate controlling shareholder of Yuexiu Financial International is Guangzhou Yue Xiu Holdings Limited.

## Significant Events

Upon completion of the Rights Issue, the Company still meets the public float requirements under Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float (i.e. 10.70%) as set out in the waiver granted by the Hong Kong Stock Exchange at the time of the listing of the H Shares.

Pursuant to the provisions of the Regulatory Guidelines for Listed Companies No. 2 — Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (2022 Revision) and the Plan of Public Issuance of Securities by way of the Rights Issue as approved at the 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting of the Company respectively, where the Company pre-invests its internal funds in the investment projects to be funded by the proceeds, it may, within six months after the proceeds become available for use, replace the internal funds with the proceeds. As of 27 January 2022, the Company's actual investment amount of internal funds pre-invested in the investment projects to be funded by the proceeds was RMB3,517,013,935.11, of which RMB1,517,013,935.11 was invested to strengthen the construction of the information system and RMB2,000,000,000 was invested to increase the investment to its subsidiaries. On 28 March 2022, the 37th Meeting of the Seventh Session of the Board and the 14th Meeting of the Seventh Session of the Supervisory Committee of the Company considered and approved the Proposal on the Replacement of the Pre-invested Internal Funds with the Proceeds from the Rights Issue of the Company, respectively, and agreed that the Company should use the proceeds from the A Share Rights Issue in the amount of RMB3,517,013,935.11 to replace the internal funds pre-invested in the investment projects to be funded by the proceeds.

For details, please refer to the announcements dated 14 January 2022, 27 January 2022, 9 February 2022, 2 March 2022 and 28 March 2022, respectively, and the rights issue prospectus dated 9 February 2022, published by the Company on the HKEXnews website of HKEx.

# Changes in Share Capital and Information on Substantial Shareholders

## Issuance and Listing of Securities

Currency: RMB

Type of Shares and derivative securities	Date of Issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Maturity date
<b>Bonds (including enterprise bonds, corporate bonds and debt financing instrument of non-financial enterprises)</b>						
Corporate bonds	2021-01-21	2.90%	RMB2.2 billion	2021-02-01	RMB2.2 billion	2022-01-30
Corporate bonds	2021-01-21	3.56%	RMB4.6 billion	2021-02-01	RMB4.6 billion	2024-01-25
Corporate bonds	2021-01-21	4.10%	RMB3.2 billion	2021-02-01	RMB3.2 billion	2031-01-25
Subordinated bonds	2021-02-04	3.97%	RMB3.0 billion	2021-02-19	RMB3.0 billion	2024-02-08
Corporate bonds	2021-02-25	3.60%	RMB1.5 billion	2021-03-05	RMB1.5 billion	2024-03-01
Corporate bonds	2021-02-25	4.10%	RMB3.0 billion	2021-03-05	RMB3.0 billion	2031-03-01
Corporate bonds	2021-03-17	4.10%	RMB2.5 billion	2021-03-24	RMB2.5 billion	2031-03-19
Corporate bonds	2021-04-09	4.04%	RMB1.4 billion	2021-04-16	RMB1.4 billion	2031-04-13
Corporate bonds	2021-06-09	3.70%	RMB1.0 billion	2021-06-17	RMB1.0 billion	2026-06-11
Corporate bonds	2021-06-09	4.03%	RMB2.5 billion	2021-06-17	RMB2.5 billion	2031-06-11
Corporate bonds	2021-07-07	3.62%	RMB1.5 billion	2021-07-15	RMB1.5 billion	2026-07-09
Corporate bonds	2021-07-07	3.92%	RMB1.5 billion	2021-07-15	RMB1.5 billion	2031-07-09
Perpetual subordinated bonds	2021-07-23	3.70%	RMB3.3 billion	2021-08-02	RMB3.3 billion	—
Perpetual subordinated bonds	2021-08-06	3.63%	RMB6.0 billion	2021-08-16	RMB6.0 billion	—
Corporate bonds	2021-08-19	3.01%	RMB3.0 billion	2021-08-26	RMB3.0 billion	2024-08-23
Corporate bonds	2021-08-19	3.34%	RMB1.0 billion	2021-08-26	RMB1.0 billion	2026-08-23
Perpetual subordinated bonds	2021-08-26	3.70%	RMB1.5 billion	2021-09-02	RMB1.5 billion	—
Corporate bonds	2021-09-14	3.08%	RMB4.5 billion	2021-09-23	RMB4.5 billion	2024-09-16
Corporate bonds	2021-09-24	3.09%	RMB2.2 billion	2021-10-08	RMB2.2 billion	2024-09-27
Corporate bonds	2021-09-24	3.47%	RMB1.8 billion	2021-10-08	RMB1.8 billion	2026-09-28
Corporate bonds	2021-10-15	3.25%	RMB2.5 billion	2021-10-22	RMB2.5 billion	2024-10-19
Corporate bonds	2021-10-15	3.59%	RMB2.0 billion	2021-10-22	RMB2.0 billion	2026-10-19
Corporate bonds	2021-11-22	3.07%	RMB3.0 billion	2021-11-29	RMB3.0 billion	2024-11-24
Corporate bonds	2021-12-10	2.97%	RMB3.0 billion	2021-12-17	RMB3.0 billion	2024-12-14
Euro-commercial papers	2021-01-12	0.95%	US\$50 million	2021-01-19	US\$50 million	2022-01-18
Euro-commercial papers	2021-01-26	0.70%	US\$100 million	2021-02-01	US\$100 million	2021-08-02
Euro-commercial papers	2021-01-29	0.65%	US\$99.5 million	2021-02-09	US\$99.5 million	2021-08-09
Euro-commercial papers	2021-03-04	0.74%	US\$30 million	2021-03-08	US\$30 million	2021-11-30
Euro-commercial papers	2021-05-17	0.70%	US\$25 million	2021-05-25	US\$25 million	2022-05-24
Euro-commercial papers	2021-05-24	0.70%	US\$30 million	2021-06-02	US\$30 million	2022-06-01
Euro-commercial papers	2021-07-13	0.60%	HK\$400 million	2021-07-20	HK\$400 million	2022-07-19
Euro-commercial papers	2021-07-14	0.60%	HK\$300 million	2021-07-22	HK\$300 million	2022-07-21

## Changes in Share Capital and Information on Substantial Shareholders

Type of Shares and derivative securities	Date of Issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Maturity date
Euro-commercial papers	2021-08-03	0.46%	US\$50 million	2021-08-10	US\$50 million	2022-03-08
Euro-commercial papers	2021-08-12	0.73%	US\$70 million	2021-08-19	US\$70 million	2022-08-18
Euro-commercial papers	2021-08-12	0.44%	US\$30 million	2021-08-19	US\$30 million	2022-03-18
Euro-commercial papers	2021-09-01	0.60%	HK\$400 million	2021-09-08	HK\$400 million	2022-09-07
Euro-commercial papers	2021-09-07	0.62%	US\$50 million	2021-09-14	US\$50 million	2022-06-14
Euro-commercial papers	2021-09-08	0.72%	US\$100 million	2021-09-17	US\$100 million	2022-09-15
Euro-commercial papers	2021-09-13	0.71%	US\$50 million	2021-09-17	US\$50 million	2022-09-16
Euro-commercial papers	2021-09-22	0.70%	US\$50 million	2021-09-29	US\$50 million	2022-09-28
Euro-commercial papers	2021-11-04	0.62%	US\$12 million	2021-11-04	US\$12 million	2022-05-12
Euro-commercial papers	2021-11-05	0.62%	US\$18 million	2021-11-05	US\$18 million	2022-05-12
Private medium-term notes	2021-11-11	0.64%	HK\$750 million	2021-11-18	HK\$750 million	2022-05-18
Private medium-term notes	2021-11-11	0.65%	US\$170 million	2021-11-18	US\$170 million	2022-05-18
Euro-commercial papers	2021-11-18	0.90%	US\$100 million	2021-11-23	US\$100 million	2022-11-22
Euro-commercial papers	2021-11-25	0.87%	HK\$300 million	2021-12-02	HK\$300 million	2022-12-01
Private medium-term notes	2021-12-06	0.88%	HK\$750 million	2021-12-14	HK\$750 million	2022-12-13
Euro-commercial papers	2021-12-14	0.90%	HK\$250 million	2021-12-20	HK\$250 million	2022-12-19
Euro-commercial papers	2021-12-14	0.88%	US\$50 million	2021-12-21	US\$50 million	2022-09-21

Description of issue of securities during the Reporting Period:

On 21 January 2021, the Company publicly issued the 2021 corporate bond (tranche I), which consists of three types of products, among which, the 370-day type has a size of RMB2.2 billion and a nominal interest rate of 2.90%; the 3-year type has a size of RMB4.6 billion and a nominal interest rate of 3.56%; the 10-year type has a size of RMB3.2 billion and a nominal interest rate of 4.10%. The bond was listed on the SSE on 1 February 2021.

The Company publicly issued the 2021 subordinated bond (tranche I) on 4 February 2021, which consists of two types of products, among which, the 3-year type has a size of RMB3.0 billion and a nominal interest rate of 3.97%, and the second type of products has not been issued. The bond was listed on the SSE on 19 February 2021.

The Company publicly issued the 2021 corporate bond (tranche II) on 25 February 2021, which consists of two types of products, among which, the 3-year type has a size of RMB1.5 billion and a nominal interest rate of 3.60% and the 10-year type has a size of RMB3.0 billion and a nominal interest rate of 4.10%. The bond was listed on the SSE on 5 March 2021.

The Company publicly issued the 2021 corporate bond (tranche III) on 17 March 2021, with a term of 10 years, a size of RMB2.5 billion and a nominal interest rate of 4.10%, which was listed on the SSE on 24 March 2021.

The Company publicly issued the 2021 corporate bond (tranche IV) on 9 April 2021, with a term of 10 years, a size of RMB1.4 billion and a nominal interest rate of 4.04%, which was listed on the SSE on 16 April 2021.

The Company publicly issued the 2021 corporate bond (tranche V) on 9 June 2021, which consists of two types of products, among which, the 5-year type has a size of RMB1.0 billion and a nominal interest rate of 3.70% and the 10-year type has a size of RMB2.5 billion and a nominal interest rate of 4.03%. The bond was listed on the SSE on 17 June 2021.

The Company publicly issued the 2021 corporate bond (tranche VI) on 7 July 2021, which consists of two types of products, among which, the 5-year type has a size of RMB1.5 billion and a nominal interest rate of 3.62% and the 10-year type has a size of RMB1.5 billion and a nominal interest rate of 3.92%. The bond was listed on the SSE on 15 July 2021.

The Company publicly issued the 2021 perpetual subordinated bonds (tranche I) on 23 July 2021, with a basic term of five years, a size of RMB3.3 billion and a nominal interest rate of 3.70% (the nominal interest rate will remain unchanged for the first five interest-bearing years of the bond duration, and will be reset every five years from the sixth interest-bearing year if the Company does not exercise the redemption right), which was listed on the SSE on 2 August 2021.

The Company publicly issued the 2021 perpetual subordinated bond (tranche II) on 6 August 2021, with a basic term of five years, a size of RMB6.0 billion and a nominal interest rate of 3.63% (the nominal interest rate will remain unchanged for the first five interest-bearing years of the bond duration, and will be reset every five years from the sixth interest-bearing year if the Company does not exercise the redemption right), which was listed on the SSE on 16 August 2021.

The Company publicly issued the 2021 corporate bond (tranche VII) on 19 August 2021, which consists of two types of products, among which, the 3-year type has a size of RMB3.0 billion and a nominal interest rate of 3.01% and the 5-year type has a size of RMB1.0 billion and a nominal interest rate of 3.34%. The bond was listed on the SSE on 26 August 2021.

The Company publicly issued the 2021 perpetual subordinated bonds (tranche III) on 26 August 2021, with a basic term of five years, a size of RMB1.5 billion and a nominal interest rate of 3.70% (the nominal interest rate will remain unchanged for the first five interest-bearing years of the bond duration, and will be reset every five years from the sixth interest-bearing year if the Company does not exercise the redemption right), which was listed on the SSE on 2 September 2021.

The Company publicly issued the 2021 corporate bond (tranche VIII) on 14 September 2021, which consists of two types of products, among which, the 3-year type has a size of RMB4.5 billion and a nominal interest rate of 3.08% and the second type of products has not been issued. The bond was listed on the SSE on 23 September 2021.

The Company publicly issued the 2021 corporate bond (tranche IX) on 24 September 2021, which consists of two types of products, among which, the 1,095-day type has a size of RMB2.2 billion and a nominal interest rate of 3.09% and the 5-year type has a size of RMB1.8 billion and a nominal interest rate of 3.47%. The bond was listed on the SSE on 8 October 2021.

The Company publicly issued the 2021 corporate bond (tranche X) on 15 October 2021, which consists of two types of products, among which, the 3-year type has a size of RMB2.5 billion and a nominal interest rate of 3.25% and the 5-year type has a size of RMB2.0 billion and a nominal interest rate of 3.59%. The bond was listed on the SSE on 22 October 2021.

## Changes in Share Capital and Information on Substantial Shareholders

The Company publicly issued the 2021 corporate bond (tranche XI) on 22 November 2021, with a term of three years, a size of RMB3.0 billion and a nominal interest rate of 3.07%, which was listed on the SSE on 29 November 2021.

The Company publicly issued the 2021 corporate bond (tranche XII) on 10 December 2021, with a term of three years, a size of RMB3.0 billion and a nominal interest rate of 2.97%, which was listed on the SSE on 17 December 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche I) on 12 January 2021, with a term of 364 days, a size of US\$50.00 million, and an effective interest rate of 0.95%, which was listed on the Hong Kong Stock Exchange on 19 January 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche II) on 26 January 2021, with a term of 182 days, a size of US\$100 million, and an effective interest rate of 0.70%, which was listed on the Hong Kong Stock Exchange on 1 February 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche III) on 29 January 2021, with a term of 181 days, a size of US\$99.50 million, and an effective interest rate of 0.65%, which was listed on the Hong Kong Stock Exchange on 9 February 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche IV) on 4 March 2021, with a term of 267 days, a size of US\$30.00 million, and an effective interest rate of 0.74%, which was listed on the Hong Kong Stock Exchange on 8 March 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche V) on 17 May 2021, with a term of 364 days, a size of US\$25.00 million, and an effective interest rate of 0.70%, which was listed on the Hong Kong Stock Exchange on 25 May 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche VI) on 24 May 2021, with a term of 364 days, a size of US\$30.00 million, and an effective interest rate of 0.70%, which was listed on the Hong Kong Stock Exchange on 2 June 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche VII) on 13 July 2021, with a term of 364 days, a size of HK\$400 million, and an effective interest rate of 0.60%, which was listed on the Hong Kong Stock Exchange on 20 July 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche VIII) on 14 July 2021, with a term of 364 days, a size of HK\$300 million, and an effective interest rate of 0.60%, which was listed on the Hong Kong Stock Exchange on 22 July 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche IX) on 3 August 2021, with a term of 210 days, a size of US\$50.00 million, and an effective interest rate of 0.46%, which was listed on the Hong Kong Stock Exchange on 10 August 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche X) on 12 August 2021, with a term of 364 days, a size of US\$70.00 million, and an effective interest rate of 0.73%, which was listed on the Hong Kong Stock Exchange on 19 August 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XI) on 12 August 2021, with a term of 211 days, a size of US\$30.00 million, and an effective interest rate of 0.44%, which was listed on the Hong Kong Stock Exchange on 19 August 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XII) on 1 September 2021, with a term of 364 days, a size of HK\$400 million, and an effective interest rate of 0.60%, which was listed on the Hong Kong Stock Exchange on 8 September 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XIII) on 7 September 2021, with a term of 273 days, a size of US\$50.00 million, and an effective interest rate of 0.62%, which was listed on the Hong Kong Stock Exchange on 14 September 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XIV) on 8 September 2021, with a term of 363 days, a size of US\$100 million, and an effective interest rate of 0.72%, which was listed on the Hong Kong Stock Exchange on 17 September 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XV) on 13 September 2021, with a term of 364 days, a size of US\$50.00 million, and an effective interest rate of 0.71%, which was listed on the Hong Kong Stock Exchange on 17 September 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XVI) on 22 September 2021, with a term of 364 days, a size of US\$50.00 million, and an effective interest rate of 0.70%, which was listed on the Hong Kong Stock Exchange on 29 September 2021.

CITIC Securities Finance MTN, a wholly-owned foreign subsidiary, issued the 2021 Euro-commercial paper (tranche XVII) on 4 November 2021, with a term of 189 days, a size of US\$12.00 million, and an effective interest rate of 0.62%, which was listed on the Hong Kong Stock Exchange on 4 November 2021.

On 5 November 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 18th tranche of Euro-commercial paper in 2021, with a term of 188 days, a size of US\$18.00 million, and an effective interest rate of 0.62%, which was listed on the Hong Kong Stock Exchange on 5 November 2021.

On 11 November 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 1st tranche of private placement medium-term notes in 2021, with a term of 181 days, a size of HK\$0.75 billion, and an effective interest rate of 0.64%.

## Changes in Share Capital and Information on Substantial Shareholders

On 11 November 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 2nd tranche of private placement medium-term notes in 2021, with a term of 181 days, a size of US\$0.17 billion, and an effective interest rate of 0.65%.

On 18 November 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 19th tranche of Euro-commercial paper in 2021, with a term of 364 days, a size of US\$0.1 billion, and an effective interest rate of 0.90%, which was listed on the Hong Kong Stock Exchange on 23 November 2021.

On 25 November 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 20th tranche of Euro-commercial paper in 2021, with a term of 364 days, a size of HK\$0.3 billion, and an effective interest rate of 0.87%, which was listed on the Hong Kong Stock Exchange on 2 December 2021.

On 6 December 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 3rd tranche of private placement medium-term notes in 2021, with a term of 364 days, a size of HK\$0.75 billion, and an effective interest rate of 0.88%.

On 14 December 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 21st tranche of Euro-commercial paper in 2021, with a term of 364 days, a size of HK\$0.25 billion, and an effective interest rate of 0.90%, which was listed on the Hong Kong Stock Exchange on 20 December 2021.

On 14 December 2021, CITIC Securities Finance MTN, an offshore wholly-owned subsidiary, issued the 22nd tranche of Euro-commercial paper in 2021, with a term of 274 days, a size of US\$50.00 million, and an effective interest rate of 0.88%, which was listed on the Hong Kong Stock Exchange on 21 December 2021.

### Information on Shareholders

Total number of Shareholders of the Company as at 31 December 2021: 578,036 Shareholders, including 577,867 A Shareholders and 169 registered H Shareholders.

Total number of Shareholders of the Company as at the end of the month immediately preceding the date of publication of the annual results announcement of the Company (i.e. 28 February 2022): 586,229 Shareholders, including 586,062 A Shareholders and 167 registered H Shareholders.

## Shareholdings of the top 10 Shareholders as at 31 December 2021

Unit: Shares

### Shareholdings of the top 10 Shareholders

Full name of Shareholder	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of the Shareholder
					Status	Number	
HKSCC Nominees Limited <sup>Note 1</sup>	10,373	2,277,363,142	17.62	—	Unknown	—	Foreign legal person
CITIC Corporation Limited <sup>Note 2</sup>	—	1,999,695,746	15.47	—	Nil	—	State-owned legal person
Hong Kong Securities Clearing Company Limited <sup>Note 3</sup>	276,830,846	585,082,045	4.53	—	Nil	—	Foreign legal person
Guangzhou Yuexiu Financial Holdings Company Limited <sup>Note 4</sup>	—	544,514,633	4.21	544,514,633	Nil	—	State-owned legal person
Guangzhou Yuexiu Financial Holdings Group Company Limited	—	265,352,996	2.05	265,352,996	Nil	—	State-owned legal person
Central Huijin Asset Management Corporation Limited	-20,320,436	178,388,664	1.38	—	Nil	—	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	-17,119,091	166,146,038	1.29	—	Nil	—	Unknown
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	—	153,726,217	1.19	—	Nil	—	Unknown
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	—	144,472,197	1.12	—	Nil	—	Unknown
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	—	140,178,900	1.08	—	Nil	—	Unknown

Note 1: HKSCC Nominees Limited is the nominal holder of the Shares held by non-registered H Shareholders of the Company.

Note 2: As at 31 December 2021, CITIC Limited, a party acting in concert with CITIC Corporation Limited, held 376,000,000 H Shares of the Company; and CITIC Corporation Limited, together with its party acting in concert, held a total of 2,375,695,746 Shares of the Company, accounting for 18.38% of the total issued Shares of the Company.

Note 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.

Note 4: As at 31 December 2021, in addition to 544,514,633 A Shares of the Company directly held by it, Guangzhou Yuexiu Financial Holdings Group Limited also held 106,494,000 H Shares of the Company through the Shanghai-Hong Kong Stock Connect, and held 345,500 H Shares of the Company through the wholly-owned subsidiary of Yuexiu Financial International, totalling 651,354,133 Shares of the Company, accounting for 5.04% of the total issued Shares of the Company.

Note 5: Nature of Shareholders represents the nature of account held by A Shareholders with the Shanghai branch of CSDC.

Note 6: As the Shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the Shareholders are the aggregate of all the Shares and interests held in ordinary securities accounts and credit securities accounts.

## Changes in Share Capital and Information on Substantial Shareholders

### Shareholdings of the top 10 holders of tradable Shares not subject to trading moratorium as of 31 December 2021

Name of Shareholders	Number of tradable Shares held not subject to trading moratorium	Class and number of Shares	
		Class	Number
HKSCC Nominees Limited	2,277,363,142	Overseas-listed foreign shares	2,277,363,142
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares	1,999,695,746
Hong Kong Securities Clearing Company Limited	585,082,045	RMB ordinary Shares	585,082,045
Central Huijin Asset Management Corporation Limited	178,388,664	RMB ordinary Shares	178,388,664
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	166,146,038	RMB ordinary Shares	166,146,038
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	153,726,217	RMB ordinary Shares	153,726,217
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	144,472,197	RMB ordinary Shares	144,472,197
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	140,178,900	RMB ordinary Shares	140,178,900
GF Fund — Agricultural Bank — GF China Securities and Financial Assets Management Program	140,049,999	RMB ordinary Shares	140,049,999
China Southern Fund — Agricultural Bank — China Southern China Securities and Financial Assets Management Program	139,589,061	RMB ordinary Shares	139,589,061
Details of related party or concert party relationship among the above Shareholders	Guangzhou Yuexiu Financial Holdings Company Limited is a wholly-owned subsidiary of Guangzhou Yuexiu Financial Holdings Group Company Limited, and the two companies are parties acting in concert. Except for the abovementioned, the Company is unaware of whether there is any related party or concert party relationship among the other Shareholders listed above.		

## Shareholdings of the holders of tradable Shares subject to trading moratorium as of 31 December 2021

Unit: Shares

No.	Name of Shareholders subject to trading moratorium	Listing and trading of Shares subject to trading moratorium			Terms of trading moratorium
		Number of Shares held subject to trading moratorium	Date eligible for listing and trading	Number of Shares newly eligible for listing and trading	
1	Guangzhou Yuexiu Financial Holdings Company Limited	544,514,633	2024-03-11	—	Shareholder undertook to comply with the trading moratorium for 48 months
2	Guangzhou Yuexiu Financial Holdings Group Company Limited	265,352,996	2024-03-11	—	Shareholder undertook to comply with the trading moratorium for 48 months
3	Incentive shares held under custody and others	23,919,000	To be determined after the implementation of the incentive share scheme	—	To be determined after the implementation of the incentive share scheme
Details of related party or concert party relationship among the above Shareholders		Guangzhou Yuexiu Financial Holdings Company Limited is a wholly-owned subsidiary of Guangzhou Yuexiu Financial Holdings Group Company Limited, and the two companies are parties acting in concert.			

# Changes in Share Capital and Information on Substantial Shareholders

## Information on substantial Shareholders of the Company

### Largest Shareholder

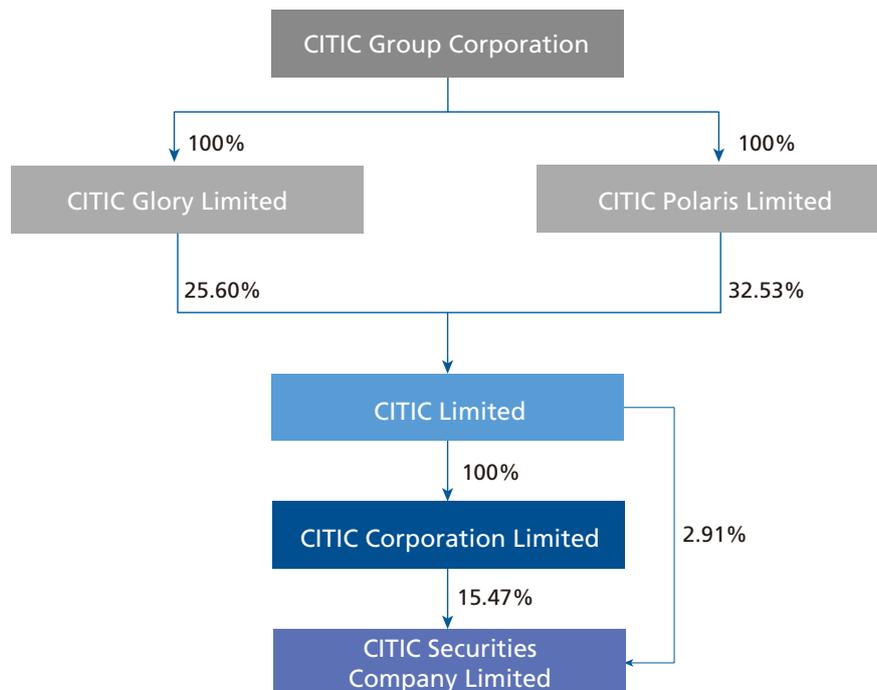
The largest Shareholder of the Company is CITIC Corporation Limited. As of 31 December 2021, CITIC Corporation Limited and its party acting in concert in aggregate held 18.38% Shares in the Company. In addition, there was no other Shareholder of the Company who held more than 10% Shares. Details of CITIC Corporation Limited are as follows:

CITIC Corporation Limited was established on 27 December 2011, of which the existing legal representative is Mr. ZHU Hexin and the president is Mr. XI Guohua. Its registered capital is RMB139 billion and the unified social credibility code is 911100007178317092. It is principally engaged in: 1. investment and management in financial sectors, including investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card and other financial enterprises and related industries; 2. investment and management in non-financial sectors, including (1) energy, transport and other infrastructure; (2) exploration of mining, timber and other resources and raw material industry; (3) machinery manufacturing; (4) real estate development; (5) information industry: information system infrastructure, basic telecommunication and value-added telecommunication business; (6) commerce and trade services and other industries: environmental protection; pharmaceuticals, bio-engineering as well as new materials; aviation, transportation, warehousing, hotel, tourism; international trade and domestic trade, import and export business, commerce; education, publishing, media, culture and sports; consultancy service; 3. granting shareholder loans to its offshore and domestic subsidiaries; capital operation; asset management; domestic and overseas engineering design, constructions, contracting and sub-contracting, export of labor service, and other approved businesses. (The enterprise may independently choose projects to operate and conduct business activities according to the law. The entity was changed from a domestic enterprise to a foreign-invested enterprise on 22 July 2014; as for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities. No business activity shall be carried out if prohibited by the industrial policies of the municipality or restricted by the authorities.)

CITIC Limited, the controlling shareholder of CITIC Corporation Limited, was established in 1985, of which the existing legal representative is Mr. ZHU Hexin and the president is Mr. XI Guohua, and it has a paid-up share capital of HK\$381,710.4 million. CITIC Limited is one of China's largest conglomerates and its subsidiaries are engaged in comprehensive financial services, advanced intelligent manufacturing, advanced materials, new consumption and new-type urbanization both in China and overseas.

CITIC Group, the de facto controller of CITIC Corporation Limited, was established in 1979, the existing legal representative is Mr. ZHU Hexin and the president is Mr. XI Guohua. Its registered capital is RMB205,311,476,359.03 and the unified social credibility code is 9110000010168558XU. Its principal businesses are as follows: investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card financial enterprises and related industries, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, information system infrastructure, basic telecommunication and value-added telecommunication business, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, international trade and domestic trade, commerce, education, publishing, media, culture and sports, overseas and domestic engineering design, construction, contracting and sub-contracting, industry investment; asset management; capital operation; project tendering, surveying, design, construction, supervision, contracting and subcontracting, consultant service industry; external deployment of staff required to implement overseas projects suitable for its capabilities, scale and results performance; import and export business; information service business (internet information services only, excluding information search and query services, information community services, instant information interaction services and information protection and processing services). (The enterprise may independently choose projects to operate and conduct business activities according to the law. As for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities. No business activity shall be carried out if prohibited by the industrial policies of the municipality or restricted by the authorities.)

As at the end of the Reporting Period, the shareholding structure of the Company was as follows:



## Changes in Share Capital and Information on Substantial Shareholders

As at the end of the Reporting Period, information of other major listed companies controlled or invested, directly or indirectly by CITIC Limited or CITIC Corporation Limited was as follows:

No.	Name of Listed Company	Stock code	Shareholding percentage	Name of shareholder
1	China CITIC Bank Corporation Limited	601998.SH 00998.HK	65.97%	CITIC Corporation Limited (65.37%) Fortune Class Investments Limited (0.02%) Metal Link Limited (0.58%)
2	CITIC Heavy Industries Co., Ltd.	601608.SH	67.27%	CITIC Corporation Limited (60.49%) CITIC Investment Holdings Limited (4.52%) CITIC Automobiles Limited (2.26%)
3	CITIC Offshore Helicopter Co., Ltd.	000099.SZ	38.63%	CITIC Offshore Helicopter Limited Liabilities Company (30.18%) CITIC Investment Holdings Limited (8.45%)
4	CITIC Press Group Co., Ltd.	300788.SZ	73.50%	CITIC Corporation Limited (62.70%) CITIC Investment Holdings Limited (10.80%)
5	CITIC Resources Holdings Limited	01205.HK	59.50%	Keentech Group Ltd. (49.57%) CITIC Australia Pty Limited (9.55%) Fortune Class Investments Limited (0.38%)
6	CITIC Telecom International Holdings Limited	01883.HK	57.82%	Richtone Enterprises Inc. (3.66%) Ease Action Investments Corp. (33.71%) Silver Log Holdings Ltd. (16.60%) Perfect New Holdings Limited (3.85%)
7	CITIC Pacific Special Steel Group Co., Ltd.	000708.SZ	83.85%	CITIC Pacific China Holdings Limited (4.26%) Hubei Xinye Steel Limited (4.53%) CITIC Pacific Special Steel Investment Limited (75.05%)
8	Yuan Long Ping High-Tech Agriculture Co., Ltd.	000998.SZ	18.96%	CITICS Industrial Investment Group Corp. (0.82%) CITIC Agriculture., LTD. (16.54%) Shenzhen Xinnong Investment Center LP (1.60%)
9	China Overseas Land & Investment Limited	00688.HK	10%	Complete Noble Investments Limited
10	Frontier Services Group Limited	00500.HK	25.91%	Easy Flow Investments Limited
11	Ivanhoe Mines Ltd.	IVN.TSX IVPAF.OTCQX	26.01%	CITIC Metal Africa Investments Limited
12	Alumina Limited	AWC.ASX AWC.OTC	18.92%	CITIC Resources Australia Pty Limited (9.61%) CITIC Australia Pty Limited (1.37%) Bestbuy Overseas Co Ltd. (7.94%)
13	China Huarong Asset Management Co., Ltd.	2799.HK	23.46%	CITIC Group Corporation

Note 1: The slight difference between the total indirect shareholding percentage of CITIC Limited and CITIC Corporation Limited in CITIC Pacific Special Steel Group Co., Ltd. and the sum of the shareholding percentage of respective immediate shareholders was due to rounding.

Note 2: The shareholding percentages listed in the table were those of the direct shareholders.

In addition to those set out in the above table, as at the end of the Reporting Period, other major listed companies controlled or invested by CITIC Group were as follows:

Name of listed companies invested	Stock code	Shareholding percentage	Unit: Shares
CITIC Limited	00267.HK	58.13%	CITIC Polaris Limited (32.53%) CITIC Glory Limited (25.60%)

As at the end of the Reporting Period, Yuexiu Financial Holdings and its wholly-owned subsidiaries, Financial Holdings Limited and Yuexiu Financial International, in aggregate hold 7.09% of the Shares of the Company.

### Interest and short positions of substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information of the substantial Shareholders disclosed on the HKEXnews website of HKEx as at 31 December 2021. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 31 December 2021.

Name of Shareholders	Capacity	Class of Shares	Number of Shares (Shares)/ type of Shares held	Percentage of the number of issued A Shares/ H Shares as at 31 December 2021 (%) <sup>Note 7</sup>	Percentage of total issued Shares of the Company as at 31 December 2021 (%)
CITIC Group Corporation	Interest of corporation controlled by you <sup>Note 1</sup>	A Shares	1,999,695,746/Long positions	18.78	15.47
	Interest of corporation controlled by you <sup>Note 1</sup>	H Shares	376,000,000/Long positions	16.50	2.91
Guangzhou Yue Xiu Holdings Limited	Interest of corporation controlled by you <sup>Note 2</sup>	A Shares	809,867,629/Long positions	7.61	6.27
	Interest of corporation controlled by you <sup>Note 1</sup>	H Shares	106,839,500/Long positions	4.69	0.83
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200 <sup>Note 3</sup> /Long positions	30.30	5.34
The Bank of New York Mellon Corporation	Interest of corporation controlled by you <sup>Note 4</sup>	H Shares	296,770,571/Long positions	13.03	2.30
			292,578,121/Shares available for lending	12.84	2.26

## Changes in Share Capital and Information on Substantial Shareholders

Name of Shareholders	Capacity	Class of Shares	Number of Shares (Shares)/ type of Shares held	Percentage of the number of issued A Shares/ H Shares as at	Percentage of total issued Shares of the Company as at 31 December
				31 December 2021 (%) <sup>Note 7</sup>	2021 (%)
Citigroup Inc.	Interest of corporation controlled by you	H Shares	167,167,260 <sup>Note 5</sup> /Long positions	7.34	1.29
			13,987,218 <sup>Note 5</sup> /Short positions	0.61	0.11
	Approved lending agent		143,754,461 <sup>Note 5</sup> /Shares available for lending	6.31	1.11
BlackRock, Inc.	Interest of corporation controlled by you <sup>Note 6</sup>	H Shares	115,303,504/Long positions	5.06	0.89
			8,255,000/Short positions	0.36	0.06

*Note 1:* As known to the Company, as at 31 December 2021, CITIC Group indirectly held 1,999,695,746 A Shares of the Company through its controlled corporations (including CITIC Limited and CITIC Corporation Limited), and indirectly held 376,000,000 H Shares of the Company through its controlled corporation (namely CITIC Limited).

*Note 2:* As known to the Company, as at 31 December 2021, Guangzhou Yue Xiu Holdings Limited indirectly held 809,867,629 A Shares of the Company through its controlled corporations (namely Yuexiu Financial Holdings and Financial Holdings Limited), and indirectly held 106,839,500 H Shares of the Company through its controlled corporations (namely Financial Holdings Limited and Yuexiu Financial International).

*Note 3:* According to the notices of disclosure of interests on the HKEXnews website of HKEx, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement entered into with ICBC Credit Suisse Asset Management (International) Company Limited and the subscription agreement entered into with Boser Asset Management Company Limited and Boser Asset Management (International) Company Limited on 8 June 2015. The above private placement of H Shares was considered and approved at the 2015 Second Extraordinary General Meeting of the Company and is yet to take place. The resolution had expired on 24 August 2016.

*Note 4:* The Bank of New York Mellon Corporation indirectly held a long position in 296,770,571 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 292,578,121 Shares were available for lending.

*Note 5:* Citigroup Inc., through a series of its controlled corporations, held the relevant interests of long position in 167,167,260 H Shares of the Company, of which 143,754,461 Shares were shares available for lending held in the capacity of approved lending agent, and a short position in 13,987,218 H Shares of the Company.

*Note 6:* BlackRock, Inc. through a series of its controlled corporations, held the relevant interests of long position in 115,303,504 H Shares of the Company, and a short position in 8,255,000 H Shares of the Company.

*Note 7:* The relevant percentages are calculated based on 2,278,327,700 H Shares or 10,648,448,329 A Shares of the Company in issue as of 31 December 2021.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other persons (other than the Directors, Supervisors and the Chief Executive) having any interest or short position in the Shares or underlying Shares of the Company as recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

# Directors, Supervisors, Senior Management and Employees

## Directors, Supervisors, Senior Management

### Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period

Unit: Shares

Name	Positions	Gender	Age	Term of office commencing from	Term of office until	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Change (increase/decrease) in shareholding during the year	Reason for the change (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
ZHANG Youjun	Executive Director, Chairman and Member of the Executive Committee	Male	56	2016-01-19	Until expiry of term	374	374	—	—	585.39	No
YANG Minghui	Executive Director, President and Member of the Executive Committee	Male	57	2016-01-19	Until expiry of term	—	—	—	—	998.68	No
WANG Shuhui	Non-executive Director	Male	50	2020-06-23	Until expiry of term	—	—	—	—	—	Yes
ZHOU Zhonghui	Independent Non-executive Director	Male	74	2019-05-27	Until expiry of term	—	—	—	—	21.25	No
LI Qing	Independent Non-executive Director	Male	59	2021-06-29	Until expiry of term	—	—	—	—	13.75	No
ZHANG Changyi	Supervisor and Chairman of the Supervisory Committee	Male	54	2020-06-23	Until expiry of term	—	—	—	—	389.46	No
GUO Zhao	Supervisor	Male	65	1999-09-26	Until expiry of term	—	—	—	—	14.17	No
RAO Geping	Supervisor	Male	74	2016-03-23	Until expiry of term	—	—	—	—	14.67	No
LI Ning	Employee Representative Supervisor	Male	37	2019-12-31	Until expiry of term	—	—	—	—	594.10	No
NIU Xuekun	Employee Representative Supervisor	Female	48	2019-12-31	Until expiry of term	—	—	—	—	266.76	No
MA Yao	Member of the Executive Committee	Male	50	2017-11-28	Until expiry of term	20,000	20,000	—	—	1,162.63	No
XUE Jirui	Member of the Executive Committee	Male	48	2017-10-24	Until expiry of term	—	—	—	—	1,152.63	No
YANG Bing	Member of the Executive Committee	Male	49	2017-10-24	Until expiry of term	—	—	—	—	993.45	No
LI Chunbo	Member of the Executive Committee	Male	46	2017-11-17	Until expiry of term	—	—	—	—	977.63	No
ZOU Yingguang	Member of the Executive Committee	Male	51	2017-09-07	Until expiry of term	—	—	—	—	822.63	No

# Directors, Supervisors, Senior Management and Employees

Name	Positions	Gender	Age	Term of office commencing from	Term of office until	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Change (increase/decrease) in shareholding during the year	Reason for the change (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
LI Yongjin	Member of the Executive Committee	Male	51	2017-09-07	Until expiry of term	–	–	–	–	857.63	No
SHI Benliang	Chief Financial Officer	Male	47	2021-12-10	Until expiry of term	–	–	–	–	140.69	No
LI Jiong	Treasurer	Male	52	2017-10-24	Until expiry of term	–	–	–	–	922.63	No
WANG Junfeng	Board Secretary	Male	53	2020-07-30	Until expiry of term	–	–	–	–	530.11	No
SONG Qunli	Chief Engineer (Chief Information Officer)	Male	55	2017-09-07	Until expiry of term	–	–	–	–	630.11	No
ZHANG Hao	Chief Marketing Officer	Male	52	2017-10-31	Until expiry of term	–	–	–	–	988.33	No
ZHANG Guoming	Chief Compliance Officer, Chief Risk Officer	Male	57	2013-09-10	Until expiry of term	–	–	–	–	690.11	No
YE Xinjiang	Member of the Senior Management	Male	57	2018-11-06	Until expiry of term	–	–	–	–	790.88	No
JIN Jianhua	Member of the Senior Management	Male	51	2019-01-22	Until expiry of term	350,000	350,000	–	–	1,074.62	No
SUN Yi	Member of the Senior Management	Male	50	2018-08-06	Until expiry of term	–	–	–	–	997.63	No
GAO Yuxiang	Member of the Senior Management	Male	53	2019-01-22	Until expiry of term	–	–	–	–	992.63	No
LIU Ke	Former Independent Non-executive Director	Male	63	2016-01-19	2022-01-18	–	–	–	–	22.05	No
HE Jia	Former Independent Non-executive Director	Male	67	2016-03-23	2021-04-28	–	–	–	–	5.30	Yes
Total	/	/	/	/	/	370,374	370,374	–	/	16,649.92	/

Note 1: Where a person has more than one position under the "Position" column, the "term of office" will only show the term of office of the first position held by that person in that column; the starting date of the "term of office" of a re-elected Director or Supervisor disclosed here is the date of his/her first appointment as a Director or Supervisor of the Company; the starting date of the "term of office" of a re-elected member of the Senior Management disclosed here is the date of his/her first appointment as a member of the Senior Management.

Note 2: Shares held by Directors, Supervisors and Senior Management are all A Shares, which include incentive shares initially granted upon the implementation of the share incentive scheme, the shares issued under placing and the bonus shares under capitalization issue.

Note 3: According to the resolution passed at the 2011 annual general meeting of the Company, since July 2012, the Company shall pay an allowance of RMB100,000 per year (tax inclusive) to each of the non-executive Directors and Supervisors, an allowance of RMB150,000 per year (tax inclusive) to each of the independent non-executive Directors, and a subsidy of RMB3,000 per person per meeting to each Director who attends an on-site meeting of the specialized committee under the Board. According to a resolution approved at the 2021 First Extraordinary General Meeting of the Company, since August 2021, the Company shall pay an allowance of RMB300,000 per year (tax inclusive) to each of the independent non-executive Directors and an allowance of RMB200,000 per year (tax inclusive) to each of the Supervisors (excluding employee representative Supervisors). The Company would no longer pay directors' allowances to non-executive Directors. The Company shall pay a subsidy of RMB5,000 per person per meeting to each Director, Supervisor (excluding executive Directors and employee representative Supervisors) who attends an on-site meeting of the Board or the Supervisory Committee. The remuneration received by each of the independent non-executive Directors Mr. ZHOU Zhonghui and Mr. LI Qing, the Supervisors Mr. RAO Geping and Mr. GUO Zhao, the former independent non-executive Directors Mr. LIU Ke and Mr. HE Jia, was the Director's/Supervisor's allowance received by each of them from the Company during their office in 2021.

Note 4: The total remuneration before tax for the executive Directors, Chairman of the Supervisory Committee, employee representative Supervisors and Senior Management of the Company as listed above includes basic annual salary, annual salary linked to performance (including bonuses and deferred bonuses paid in 2021), special rewards and insurance benefits.

Note 5: The remuneration received by Mr. YANG Minghui, executive Director, President and a member of the Executive Committee of the Company, includes RMB7,436.8 thousand received from the Company and RMB2.55 million received from China AMC.

Note 6: Mr. SHI Benliang has been the Chief Financial Officer of the Company since December 2021. The remuneration disclosed above includes the deferred bonus for his term of office in 2021.

## Major working experience of the incumbent Directors, Supervisors and Senior Management

### Executive Directors (2 individuals)



#### Mr. ZHANG Youjun

aged 56, serves as secretary to the Communist Party Committee of the Company, an executive Director, Chairman and a member of the Executive Committee of the Company. Mr. ZHANG joined the Company at the time of the establishment of the Company in 1995, and was appointed as an executive Director of the Company on 19 January 2016. During the same term, he was elected as the Chairman of the Company. Mr. ZHANG also serves as assistant to the general manager of each of CITIC Group, CITIC Limited and CITIC Corporation Limited, the chairman of each of Goldstone Investment, CITIC Securities Investment, CSI and CLSA (i.e. CLSA B.V. and its subsidiaries), GoldStone Boxin Investment Management Co., Ltd. and Shenzhen Qianhai Zhongzheng Urban Development and Management Co., Ltd., a director of each of CLSA Limited, Sailing Capital Management Co., Ltd. and Sailing Capital International Investment Fund (Shanghai) Co., Ltd. Mr. ZHANG had worked as a general manager of the trading department of the Company, an assistant manager and a deputy general manager of the Company since 1995, and was appointed as a Director of the Company from September 1999 to June 2012 and the general manager of the Company from May 2002 to October 2005. Mr. ZHANG previously worked as the general manager of Changsheng Fund Management Co., Ltd. from 1998 to 2001 and successively served as the general manager and the chairman of CSC from 2005 to 2011, a director of the board office of CITIC Group from December 2011 to December 2015 and a director of Zhongzheng International Company Limited from April to December 2020. Mr. ZHANG obtained a Bachelor's degree in economics (majoring in money and banking) in 1987 from Renmin University of China and a Master's degree in economics (majoring in money and banking) in 1990 from Central University of Finance and Economics.



#### Mr. YANG Minghui

aged 57, serves as deputy secretary to the Communist Party Committee of the Company, an executive Director, the President and member of the Executive Committee of the Company. Mr. YANG joined the Company at the time of the establishment of the Company in 1995 and was appointed as a Director of the Company on 19 January 2016. Mr. YANG also serves as the chairman of China AMC and the chairman of China Asset Management (Hong Kong) Limited. Mr. YANG served as a Director, an assistant manager and a deputy general manager of the Company; a director and executive vice-president of CITIC Holdings and a director of CITIC Trust Co., Ltd. from May 2002 to August 2005; the chairman of CITIC-Prudential Fund Management Co., Ltd. from July 2005 to January 2007; and an executive director and the president of China Jiayin Investment Securities Company Limited from August 2005 to October 2011. Mr. YANG was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in October 1996. Mr. YANG obtained a Bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1982 and obtained a Master's degree in engineering (majoring in textile machinery) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1985.

# Directors, Supervisors, Senior Management and Employees

## *Non-Executive Director (1 individual)*



### **Mr. WANG Shuhui**

aged 50, serves as a non-executive Director of the Company. Mr. WANG was appointed as a non-executive Director of the Company on 23 June 2020. Mr. WANG currently serves as the chairman of each of Yuexiu Financial Holdings, Financial Holdings Limited, Financial Holdings Capital and Yuexiu Industrial Investment Fund. Mr. WANG successively served as the business manager of the securities issuance consultancy department, the deputy manager of the research and development department, secretary to the board of directors and vice president of Guangzhou Securities from 1994 to 2006; successively served as the office general manager and general manager of the development department of Guangzhou Yue Xiu Holdings Limited (廣州越秀集團股份有限公司) from 2006 to 2010; and successively served as an assistant to general manager, director and deputy general manager of Guangzhou Yue Xiu Holdings Limited and Yuexiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) from 2010 to 2016. Mr. WANG obtained a Bachelor's degree in economics from Southwestern University of Finance and Economics in 1993 and a Master's degree in economics from Jinan University in 2000.

## *Independent non-executive Directors (2 individuals, presented in the order of the number of strokes of their Chinese surnames)*



### **Mr. ZHOU Zhonghui**

aged 74, serves as an independent non-executive Director of the Company. Mr. ZHOU was appointed as an independent non-executive Director of the Company on 27 May 2019. Mr. ZHOU has been a senior member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), a member of the Finance Director Specialized Committee of the China Association for Public Companies (中國上市公司協會) and a member of the Advisory Committee of the China Appraisal Society (中國評估師協會) since November 2010. Mr. ZHOU also serves as an independent director of each of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company listed on the SSE Star Market and the Hong Kong Stock Exchange), S.F. Holding Co., Ltd. (a company listed on the SZSE SME Board) and COSCO SHIPPING Holdings Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) and CloudWalk Technology Co., Ltd. (a company listed on the SSE Star Market). Mr. ZHOU was one of the founders of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, and used to serve as its first general manager and chief accountant. He also served as a senior partner of PricewaterhouseCoopers, a lecturer, an associate professor and a professor of Accounting of Shanghai University of Finance and Economics and the chief financial officer of Xinlong Hong Kong Co., Ltd. Mr. ZHOU served as the chief accountant of the CSRC from May 2007 to April 2011, a member of the International Advisory Council of the CSRC from September 2011 to September 2016, a senior advisor of PricewaterhouseCoopers from June 2011 to May 2014, and an independent director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) from July 2013 to June 2019. Mr. ZHOU obtained a master's degree in Economics (majoring in accounting) in 1983 and a Ph.D. degree in Economics (majoring in accounting) in 1993 from Shanghai University of Finance and Economics. He was qualified as a Chinese CPA in 1995.



### **Mr. LI Qing**

aged 59, serves as an independent non-executive Director of the Company. Mr. Li was appointed as an independent non-executive Director of the Company on 29 June 2021. Mr. LI has served as a Chair Professor and the Department Head of the Department of Computing of the Hong Kong Polytechnic University since December 2018. Mr. LI successively served as an assistant professor, associate professor and full professor of the City University of Hong Kong from 1998 to 2018. From 2013 to 2018, Mr. LI served as the Founding Director of the Multimedia-software Engineering Research Center (MERC) of the City University of Hong Kong. From 2003 to 2005, Mr. LI set up and served as manager of the Mobile Information Management Division at the CityU R&D Center in Zhuhai. From 2005 to 2012, Mr. LI established and served as the general manager and the chairman of Zhuhai Faster Software Technology Ltd. Mr. LI obtained a Bachelor's degree from Hunan University in 1982, and obtained a Master's degree in computer science and a Doctor's degree in computer science from the University of Southern California in the United States of America in 1985 and 1988, respectively.

### **Supervisors (5 individuals)**



### **Mr. ZHANG Changyi**

aged 54, currently serves as deputy secretary to the Communist Party Committee, chairman of the Supervisory Committee and chairman of the labor union of the Company. Mr. ZHANG joined the Company in 2018. Mr. ZHANG successively served as an officer, staff and associate principal staff of the education department of the Ministry of Construction from August 1989 to November 1995, and successively served as principal staff and assistant consultant of the general office of the Ministry of Construction from November 1995 to June 1997, the second secretary (deputy-division-head level), deputy division head, the first secretary and deputy division head (division-head level) of the second secretary bureau of the General Office of the State Council from June 1997 to April 2001 and secretary of division-head level, secretary of deputy bureau level, secretary of bureau-head level in the General Office of the State Council from April 2001 to August 2018. Mr. ZHANG also serves as the chairman of GoldStone Zexin. Mr. ZHANG obtained a Bachelor's degree in engineering (majoring in industrial and civil architecture) from the Architectural Engineering Department of Northwest Institute of Construction Engineering in 1989 and obtained a Master's degree in engineering (majoring in management engineering) from Harbin University of Civil Engineering and Architecture in 1999.

## Directors, Supervisors, Senior Management and Employees



### **Mr. GUO Zhao**

aged 65, serves as a Supervisor of the Company. Mr. GUO joined the Company in 1999 and was appointed as a Supervisor of the Company on 26 September 1999. Mr. GUO previously worked as the deputy chief accountant of Nanjing International Container Handling Co., Ltd. from 1988 to 1992; as the secretary to the board of directors of Nanjing Xingang High-Tech Co., Ltd. from 1992 to 2002; as director of Nanjing Xingang High-Tech Co., Ltd. from January 2001 to January 2013; as vice president of Nanjing Gaoke Co., Ltd. from June 2003 to December 2016; and as director and general manager of Nanjing Chengong Pharmaceuticals Co., Ltd. from January 2001 to January 2017. Mr. GUO obtained the accountant certificate in September 1993, which was granted by the Committee for Assessment of Academic Qualifications of the PRC Ministry of Transport. Mr. GUO obtained a college diploma in water transport finance and accounting in 1988 from Wuhan River Transportation College.



### **Mr. RAO Geping**

aged 74, serves as a Supervisor of the Company. Mr. RAO joined the Company in 2011 and was appointed as a Supervisor of the Company on 19 January 2016 and formally took office on 23 March 2016. Mr. RAO is also a professor of Peking University Law School, honorary chairman of the Academy of Hong Kong and Macao Studies in Peking University and concurrently, the head of the Institute of Hong Kong and Macao Affairs of the Development Research Centre of the State Council, the deputy chairman of Chinese Judicial Studies Association (中華司法研究會) and chairman member of the Law Specialty Committee on National Self-taught Higher Education Examinations. Mr. RAO previously served as a member of 12th CPPCC National Committee, a member of the Hong Kong Special Administrative Region Basic Law Committee of the Standing Committee of the NPC, an independent supervisor of TravelSky Technology Limited, an independent non-executive Director of the Company and an independent non-executive director of Yangguang Xinye Real Estate Co., Ltd. Mr. RAO obtained a Master's degree in law in 1982 from Peking University and was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law.



### **Mr. LI Ning**

aged 37, serves as an employee representative Supervisor and director of the Investment Banking Management Committee of the Company. Mr. LI joined the Company in May 2011 and previously worked as the auditor and senior auditor of PwC Zhong Tian, and senior manager, vice president and senior vice president of the Investment Banking Management Committee of the Company. Mr. LI obtained a Bachelor's degree in economics from Shandong Economics College in 2006 and obtained a Master's degree in economics from University of International Business and Economics in 2008. Mr. LI was qualified as a Chinese CPA in 2014 and obtained the qualification as sponsor representative in 2019.



#### **Ms. NIU Xuekun**

aged 48, serves as an employee representative Supervisor and the chief officer of the Planning and Finance Department of the Company. Ms. NIU joined the Company in October 2000 and previously worked as the accountant of Shenzhen Property Management Co., Ltd., and senior manager, vice president and senior vice president of the Planning and Finance Department of the Company. Ms. NIU concurrently serves as a supervisor of each of CITIC Securities Investment, GoldStone Zexin and GZS Lingxiu. Ms. NIU obtained a Bachelor's degree in economics and a Master's degree in management from Dongbei University of Finance & Economics in 1996 and 1999, respectively. Ms. NIU was qualified as a Chinese CPA and a senior accountant in 2002 and 2015, respectively.

#### ***Other members of the Senior Management (15 individuals)***



#### **Mr. MA Yao**

aged 50, serves as a member of the Executive Committee, the head of the Investment Banking Management Committee of the Company. Mr. MA joined the Company in 1998 and previously served as the deputy general manager of the Risk Control Department, deputy general manager of the Bond Distribution and Trading Department, deputy general manager of the Trading Department, chief executive of the Capital Market Department, head of the Financial Industry Group and member of the Investment Banking Management Committee of the Company. Mr. MA also serves as a director of CLSA Limited and CLSA Capital Markets Limited. Mr. MA obtained a Bachelor's degree in automatic control from Xi'an Jiaotong University in 1994, a Master's degree in monetary banking and a Doctor's degree in international finance from the Graduate School of the People's Bank of China in 1998 and 2012, respectively.



#### **Mr. XUE Jirui**

aged 48, serves as a member of the Executive Committee, and the head of the Prime Service Business Line of the Company. Mr. XUE joined the Company in 2000 and previously served as a manager of the financial products development group, researcher of the Research Department, head of the product development group of the trading and derivatives business line of the Company, the head of the Equity Derivatives Business Line, the head of the of the Securities and Financial Business Line, and the head of the Prime Service Business Line. Mr. XUE also serves as a director of CITIC Futures. Mr. XUE obtained a Bachelor's degree, a Master's degree and a Doctor's degree in statistics from Renmin University of China in 1997, 2000 and 2006, respectively.

## Directors, Supervisors, Senior Management and Employees



### **Mr. YANG Bing**

aged 49, serves as a member of the Executive Committee and the chief executive of the asset management business of the Company. Mr. YANG previously worked as a teacher of Shaoguan University from 1993 to 1996 and joined the Company in 1999. He once served in the Company as an assistant trader of the Trading Department, trader of the Fixed Income Department as well as investment manager and investment supervisor of the asset management business. Mr. YANG also serves as a director of China AMC. Mr. YANG obtained a Bachelor's degree in fine chemicals from Nanchang University in 1993 and a Master's degree in national economics from Nanjing University in 1999.



### **Mr. LI Chunbo**

aged 46, serves as a member of the Executive Committee and the division head of the Research Department, Equity Distribution and Trading Department and the Custody Department of the Company. Mr. LI joined the Company in 2001 and previously worked as an analyst of the Research Consulting Department (later renamed as the Research Department), chief analyst of the Research Department, as well as the chief executive of the Research Department and the Equity Distribution and Trading Department. Mr. LI also serves as a director of CSI, a director of China AMC, the chairman of CLSA Limited, a member of International Strategy Committee of the Securities Association of China and the deputy Secretary-General of China Society for Finance and Banking. Mr. LI obtained a Bachelor's degree in vehicle engineering and a Master's degree in management science and engineering from Tsinghua University in 1998 and 2001, respectively.



### **Mr. ZOU Yingguang**

aged 51, serves as a member of the Executive Committee and chief executive of the Commodity Business Line of the Company. Mr. ZOU joined the Company in 2017 and previously worked as a surgeon of the Xuanwu Hospital of Capital Medical University, business manager of Beijing Securities Outlet of Hainan Huayin International Trust Corporation, manager of the institutional client section of South Haidian Road Outlet of Huaxia Securities Co., Ltd., senior business director of the bonds department, assistant to general manager of the bonds department, the chief executive of the fixed income department as well as member of the Executive Committee and concurrently the chief executive of the fixed income department of CSC. Mr. ZOU also serves as a director of each of CLSA Asset Management Limited and CLSA Americas, LLC. Mr. ZOU obtained a Bachelor's degree in clinical medicine from Capital University of Medical Sciences in 1994, a Master's degree in finance from Central University of Finance and Economics in 2000 and an EMBA degree from China Europe International Business School in 2012.



#### **Mr. LI Yongjin**

aged 51, serves as a member of the Executive Committee and director of the Wealth Management Committee of the Company. Mr. LI joined the Company in 1998 and previously worked as a staff of the International Business Department of Dalian Branch of Agricultural Bank of China, department manager of Dalian Securities Outlet of Shenyin Wanguo Securities, assistant to general manager, deputy general manager and general manager of Dalian Securities Outlet of the Company, senior vice president and director of the Brokerage Management Department of the Company, and general manager of the Zhejiang Branch Office of CITIC Securities and its predecessor, CITIC Securities (Zhejiang) Co., Ltd and a director of China AMC. Mr. LI also serves as a director of each of CITIC Securities Brokerage (HK), CITIC Securities Futures (HK) Limited, CITIC Securities (Shandong), CITIC Futures and CITIC Securities South China, as well as a director and general manager of Kington Securities. Mr. LI obtained a Bachelor's degree in economics and a Master's degree in finance from Dongbei University of Finance and Economics in 1992 and 2000, respectively.



#### **Mr. SHI Benliang**

aged 47, serves as a member of CPC Committee of the Company, Chief Financial Officer and administrative person in charge of the Planning and Finance Department of the Company. Mr. SHI joined the Company in 2000, and had served as the asset management business accountant, the head of general ledger accountant, the deputy head, and the joint person in charge of the Planning and Finance Department. He concurrently serves as the supervisor of China AMC, director of each of CITIC GoldStone Fund, CITIC Buyout Fund Management Company Limited, GoldStone Zexin, Anhui Transport Control Jinshi Private Fund Management Co., Ltd., Qianhai Infrastructure Investments Fund Management Co., Ltd. and CITIC POLY (Tianjin) Private Equity Fund Management Co., Ltd. Mr. SHI currently serves as a member of the Third Accounting Standards Advisory Committee for Business Enterprises (企業會計準則諮詢委員會) of the Ministry of Finance and a member of the Financial Accounting Committee of the Securities Association of China. Mr. SHI obtained a Bachelor's degree in finance from Shanghai University of Finance and Economics in 1997 and a Master's degree in finance from Nankai University in 2000.



#### **Mr. LI Jiong**

aged 52, serves as the treasurer and the chief executive of the Treasury Department of the Company. Mr. LI joined the Company in 1996 and previously worked as the manager of International Cooperation Office of the Information Center of China International Trust and Investment Corporation (the predecessor of CITIC Group), manager of the Development Department of CITIC International Cooperation Company, manager of the Bonds Department and deputy general manager of the Capital Operation Department (later renamed as the Treasury Department) as well as the chief executive of the Prime Service Business Line and the Chief Financial Officer of the Company and director of CSI. Mr. LI concurrently serves as the director of each of CITIC Futures, CITIC Global Financial Leasing CO., LTD., CLSA Premium Limited and CITIC Securities International USA, LLC and CITIC Securities Overseas Investment Co., Ltd. Mr. LI obtained a Bachelor's degree in international finance from the University of International Business and Economics in 1992 and an MBA degree from Tsinghua University in 2000.

## Directors, Supervisors, Senior Management and Employees



### **Mr. WANG Junfeng**

aged 53, serves as the Board Secretary, the deputy secretary of the disciplinary inspection committee, the director of the Party Work Department and the chief executive of the General Manager's Office of the Company. Mr. WANG joined the Company in 1999 and previously served as an officer of the headquarter of the People's Bank of China, deputy general manager of the Brokerage Management Department of the Company, and business coordination supervisor of the General Manager's Office. Mr. WANG obtained a Bachelor's degree in economics in finance from Zhengzhou University in 1990 and a Master's degree in economics from Graduate School of the People's Bank of China (中國人民銀行總行金融研究所) (currently known as the PBC School of Finance, Tsinghua University) in 1997.



### **Mr. SONG Qunli**

aged 55, serves as the chief engineer (chief information officer) of the Company. Mr. SONG joined the Company in 2016 and previously served as the chief of the software section of Beijing CONTEC Microelectronics Co., Ltd., general manager of the Computer Center of Huaxia Securities Co., Ltd., member of the Business Decision-making Committee and concurrently chief executive of the Information Technology Department of CSC, vice president of China Minzu Securities Co., Ltd., managing director of the Information Technology Department of CSC and chief executive of the Information Technology Center of the Company. Mr. SONG concurrently serves as the executive director of CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd., the director of E-Capital Transfer Co., Ltd. and the chief information officer of CITIC Securities South China. Mr. SONG obtained a Bachelor's degree in automotive control from the School of Engineering of Beijing Union University in 1987.



### **Mr. ZHANG Hao**

aged 52, serves as the chief marketing officer of the Company and secretary to the Communist Party Committee and chairman of CITIC Futures. Mr. ZHANG joined the Company in 1997 and previously served as teaching assistant of Shanghai Institute of Urban Construction, head of the B-share Business Department of Shanghai Trust Investment Corporation of China Construction Bank as well as deputy general manager of the Shanghai B-share Business Department, general manager of the Shanghai Fuxing Middle Road Securities Outlet and concurrently deputy general manager of the Shanghai management headquarters, general manager of the Shanghai Huaihai Middle Road Securities Outlet, deputy general manager of the Shanghai management headquarters and general manager of Shanghai Branch of the Company. Mr. ZHANG concurrently serves as vice president of China Futures Association and a director of CITIC Global Financial Leasing CO., LTD. Mr. ZHANG was awarded the title of "Skilled Young Worker of SOEs" in 2001. Mr. ZHANG obtained dual Bachelor's degrees in industrial management engineering and engineering mechanics from Shanghai Jiao Tong University in 1991 and an MBA degree from the Antai College of Shanghai Jiao Tong University in 2001.



### **Mr. ZHANG Guoming**

aged 57, serves as the deputy secretary of the disciplinary inspection committee, Chief Compliance Officer, Chief Risk Officer, chief executive of the Legal Department of the Company. Before joining the Company in 2010, Mr. ZHANG worked as deputy chief judge, chief judge and a member of the Judge Committee of the Higher People's Court of Henan Province, the judge of the Supreme People's Court and the chief executive of Risk Management Department and Special Asset Management Department of the Company. Mr. ZHANG also serves as a supervisor of each of CITIC Futures and CITIC Securities South China, the chief compliance officer of Kington Securities and Chief Risk Officer. Mr. ZHANG obtained his Master's degree in law and Doctor's degree in law from the Renmin University of China in 1994 and 2008, respectively.



### **Mr. YE Xinjiang**

aged 57, a member of the Senior Management of the Company. Mr. YE joined the Company in December 2005. He was formerly the head of the medical and health industry group, head of the regional IBS group, head of the New OTC Market Business Department, member of the Investment Banking Management Committee, head of the quality control group and head of the M&A business line of the Company. Mr. YE obtained a Bachelor's degree in agricultural economics in July 1985 and a Master's degree in management in July 1990 from Zhejiang University (formerly Zhejiang Agricultural University).



### **Mr. JIN Jianhua**

aged 51, a member of the Senior Management, general manager of GoldStone Investment and chairman of CITIC PE Fund. Mr. JIN joined the Company in May 1997. He previously served as the deputy general manager of the Investment Banking Department (Beijing), member of the Investment Banking Management Committee, head of the financial industry group, head of the equipment manufacturing industry group and head of the M&A business line of the Company. Mr. JIN obtained a Bachelor's degree in industrial foreign trade in July 1993 and a Master's degree in technical economics in July 1996 from Xi'an Jiaotong University, and obtained a Master's degree in business administration in 2009 from China Europe International Business School.

## Directors, Supervisors, Senior Management and Employees



### **Mr. SUN Yi**

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aged 50, a member of the Senior Management, deputy head of the Investment Banking Management Committee and head of the financial and technical industry group. Mr. SUN joined the Company in April 1998. He once served as the deputy general manager of the Investment Banking Department of the Company (in charge of business in Shenzhen), managing director of CSI, and head of the Operations Department, head of ECM team and head of the transport industry team under the Investment Banking Management Committee of the Company, as well as the deputy general manager of China AMC and concurrently served as the general manager of China AMC Capital Management Limited. Mr. SUN also serves as a director of CLSA Capital Markets Limited. Mr. SUN obtained a Bachelor's degree in economics in July 1993 from Jiangxi University of Finance and Economics and a Master's degree in economics in June 1996 from Xiamen University.



### **Mr. GAO Yuxiang**

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aged 53, a member of the Senior Management, deputy head of the Investment Banking Management Committee, head of the infrastructure and modern service industry group. Mr. GAO joined the Company in November 2004 and had served as the deputy head of the real estate and construction materials industry team, the transport industry team and the infrastructure and real estate industry team under the Investment Banking Management Committee of the Company, member of Investment Banking Management Committee and the head of the infrastructure and real estate industry team. Mr. GAO obtained a College degree in financial accounting from Qingdao Radio and Television University in July 1990 and a Bachelor's degree in national economic management from Peking University in July 1995. Mr. GAO obtained a degree in business management from Capital University of Economics and Business in July 2001 and a Doctor's degree in industrial economics from Beijing Jiaotong University in July 2004. Mr. GAO obtained the qualification of technical specialty of senior economist in September 2006.

## Positions held by incumbent Directors, Supervisors and Senior Management and those resigned during the Reporting Period

### Positions held in Shareholders by incumbent Directors, Supervisors, Senior Management and those resigned during the Reporting Period

Name	Name of Shareholder	Position held in Shareholders	Term of office commencing from	Term of office until
ZHANG Youjun	CITIC Corporation Limited	Assistant to the General Manager	2015-11-12	Until expiry of term
WANG Shuhui	Yuexiu Financial Holdings	Chairman	2016-08-25	Until expiry of term
	Financial Holdings Limited	Chairman	2016-10-18	Until expiry of term
Description of the positions held in Shareholders	Mr. ZHANG Youjun also serves as Assistant to the General Manager of both CITIC Group and CITIC Limited.			

### Positions held in other entities by incumbent Directors, Supervisors, Senior Management and those resigned during the Reporting Period

Name	Names of other entities	Positions held in other entities	Term of office commencing from	Term of office until
ZHANG Youjun	Shenzhen Qianhai Zhongzheng Urban Development Management Co., Ltd.	Chairman	2016-04-05	Until expiry of term
	Sailing Capital Management Co., Ltd.	Director	2016-09-28	Until expiry of term
	Sailing Capital International Investment Fund (Shanghai) Co., Ltd.	Director	2017-01-12	Until expiry of term
ZHOU Zhonghui	Oriental Pearl Media Co., Ltd.	External Supervisor	2015-06-19	Until expiry of term
	Suzhou Oriza Holdings Co., Ltd.	Independent Director	2020-03-23	Until expiry of term
	CloudWalk Technology Co., Ltd.	Independent Director	2019-11-30	Until expiry of term

## Directors, Supervisors, Senior Management and Employees

Name	Names of other entities	Positions held in other entities	Term of office commencing from	Term of office until
LI Qing	Department of Computing of The Hong Kong Polytechnic University	Chair Professor and Head of the Department	2018-12-01	Until expiry of term
RAO Geping	Peking University Law School	Professor	1994-08-01	Until expiry of term
GAO Yuxiang	Zhongzheng International Company Limited	Director	2020-12-17	2021-12-03
Description of the positions held in other entities	For other positions held by the Directors, Supervisors and Senior Management of the Company, please refer to the major working experience of the Directors, Supervisors and Senior Management in this section.			

### Changes of Directors, Supervisors and Senior Management

Name	Position	Change	Cause of Change
HE Jia	Former Independent Non-executive Director	Resignation	Personal reasons
LI Qing	Independent Non-executive Director	Election	Elected by the Shareholders
SHI Benliang	Chief Financial Officer	Appointment	Appointed by the Board
LI Jiong	Former Chief Financial Officer	Ceasing to serve such position	Adjustment of work allocation
LIU Ke	Former Independent Non-executive Director	Resignation	Term expired

Details of changes of Directors, Supervisors and Senior Management of the Company:

Mr. HE Jia, a former independent non-executive Director of the Company, resigned from an independent non-executive Director of the Seventh Session of the Board and the corresponding positions of the Specialized Committees under the Board with effect from 28 April 2021 due to his desire to devote more time to his personal endeavours. Following the resignation of Mr. HE Jia, the Company was temporarily not in compliance with the requirement of Rule 3.10 of the Hong Kong Listing Rules that the board of directors must include at least three independent non-executive directors, Rule 3.21 that the Audit Committee must comprise a minimum of three members, and Rule A.5.1 of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Hong Kong Listing Rules that the nomination committee must comprise a majority of independent non-executive directors.

After being nominated at the 22nd Meeting of the Seventh Session of the Board and being elected at the 2020 Annual General Meeting of the Company, Mr. LI Qing formally became an independent non-executive Director of the Company and took over the positions of members of the Specialized Committees under the Board which were previously held by Mr. HE Jia from 29 June 2021, whose term is the same as the Seventh Session of the Board. As a result, the Company has complied with the requirements of Rule 3.10 and Rule 3.21 of the Hong Kong Listing Rules, and Rule A.5.1 of the Code.

After being appointed at the 31st Meeting of the Seventh Session of Board, since 10 December 2021, Mr. SHI Benliang replaces Mr. LI Jiong as the Chief Financial Officer until the expiry of the term of office of the Seventh Session of the Board of Directors. Mr. LI Jiong ceased to serve as the Chief Financial Officer and remained as the Treasurer of the Company.

Mr. LIU Ke resigned from the Board of Directors as an independent non-executive Director of the Seventh Session of the Board due to his term of office reaching six consecutive years and resigned from the corresponding positions of the Specialized Committees under the Board with effect from 18 January 2022. After the resignation of Mr. LIU Ke, the Company was temporarily not in compliance with Rule 3.10 of the Hong Kong Listing Rules which requires that the board of directors must comprise at least three independent non-executive directors, Rule 3.21 which requires that the audit committee must comprise a minimum of three members, and Rule 3.27A which requires that the nomination committee must comprise a majority of independent non-executive directors. On 22 February 2022, the Board resolved to propose to appoint Mr. SHI Qingchun as an independent non-executive Director of the Seventh Session of the Board of the Company, subject to the approval by the general meeting of the Company, upon which he will serve as a member of the Nomination Committee, a member of the Audit Committee, a member of the Remuneration and Appraisal Committee and a member of the Connected Transactions Control Committee. The appointment is expected to be completed within three months from the resignation of Mr. LIU Ke, and the Company will comply with Rule 3.10, Rule 3.21 and Rule 3.27A of the Hong Kong Listing Rules by then.

## Relationships between Directors, Supervisors and Senior Management

There is no relationship among the Directors, Supervisors or Senior Management including relationships in terms of finance, business, family or other significant relationship.

## Performance Appraisal and Remuneration of Directors, Supervisors and Senior Management

### Performance appraisal of Directors and Supervisors

During the Reporting Period, the Directors and Supervisors of the Company strictly complied with the laws, administrative rules and Articles of Association and diligently and faithfully performed their responsibilities and obligations.

The Directors of the Company attended meetings of the Board and meetings of relevant specialized committees in accordance with the relevant requirements, at which every proposal was duly considered, and opinions and advices were put forward. They read all sorts of documents and reports provided by the Company carefully during the period between each Board meeting, which enabled them to understand the operating and management condition of the Company in time.

Executive Directors of the Company duly performed their dual duties of making and executing decisions, actively implemented the decisions made by the general meetings and the Board, thus effectively served as the bridge between the Board and the management. Non-executive Directors conducted thorough study on the development strategy and operation strategy of the Company, and understood the operating and management condition and the scientific and sound decision

# Directors, Supervisors, Senior Management and Employees

making of the Company in time through investigations and research, seminars and communication, which demonstrated their high level of responsibility. Independent non-executive Directors maintained communication with the Company through various ways, such as on-site visits and seminars, attended meetings of the Board and the relevant specialized committees, expressed independent and objective opinions, actively protecting the interest of minority Shareholders by asserting their professional strengths, and actively contributed to the Company's development.

Supervisors of the Company attended meetings of the Supervisory Committee in accordance with the rules and they also attended on-site Board meetings and general meetings as observers. They supervised and inspected the operation in accordance with laws, major decisions, major business activities and the financial position of the Company.

For details of the performance of duties of Directors and Supervisors of the Company, please refer to the section "Performance of duties by Directors" and "Supervisors and the Supervisory Committee" of this report.

## **Performance of duties and Performance appraisal of Senior Management**

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, market influences and completion of annual key tasks in their respective work sectors, their appraisals were closely linked with the performance of the Company.

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 and further enhanced the internal control system and risk control mechanisms of the Company during their term. Under the guidance of the Board, the Senior Management grasped the development opportunities of the industry, expedited innovations, optimized the operation structures, enhanced cooperation and deepened the Company's strategic implementations in all respects, achieving relatively good operating results.

## **Remuneration of Directors, Supervisors and Senior Management for the year**

Procedures for determination of the remuneration of the Directors, Supervisors and Senior Management: the Remuneration and Appraisal Committee of the Board is responsible for making recommendations to the Board on the remuneration policy and structure for all Directors and the Senior Management, as well as the establishment of formal and transparent procedures for the formulation of remuneration policy. The Board is responsible for decision making regarding the remuneration, reward and punishment issues for the Senior Management, whereas the remuneration of the Directors and Supervisors is determined by the general meetings. The Company will continue to improve the performance, remuneration and other management systems in accordance with the relevant regulatory requirements and the Company's conditions.

Criteria for determination of the remuneration of the Directors, Supervisors and Senior Management: the remuneration of the Directors, Supervisors and Senior Management is determined in strict accordance with the Remuneration Management System of the Company, and is linked with their respective positions and performance.

For details of the remuneration of the incumbent Directors, Supervisors and Senior Management for the year, please refer to "8.1.1 Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period" of this result announcement. Allowances for the external Directors and Supervisors are calculated on a yearly basis, provided for on a monthly basis, and paid twice a year.

## Share incentives regarding Directors, Supervisors and Senior Management

### Implementation of share incentive scheme of the Company

The Company did not implement any new share incentive scheme during the Reporting Period. For share incentive scheme implemented by the Company in 2006, please refer to China Securities Journal, Shanghai Securities News, Securities Times and the SSE website on 7 September 2006. For details of shares held by Directors, Supervisors and Senior Management of the Company, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period” of this report.

The Company had not revised the scope of eligible participants for share incentives during the Reporting Period.

## Staff Information

### Number and composition of staff

As at the end of the Reporting Period, the Group had a total of 23,696 staff, of which 14,413 were staff of the Company, and their compositions are set out below:

Total number of in-service staff of the Parent	14,413
Number of in-service staff of principal subsidiaries	9,283
Total number of in-service staff	23,696
Number of retired staff for which the Parent and principal subsidiaries are responsible for their expenses	441

Profession	
Types of profession	Number of staff
Business staffs	19,213
IT staffs	1,250
Financial staffs	622
Administrative staffs	429
Others (including clearing & settlement, risk management, legal, compliance, supervision audit, etc.)	2,182
Total	23,696

Education level	
Type of education	Number
Doctor's degree	311
Master's degree	8,659
Bachelor's degree	13,317
Associate's degree and below	1,409
Total	23,696

# Directors, Supervisors, Senior Management and Employees

## Remuneration policy

At CITIC Securities, employees' remuneration consists of base annual salary, performance-based annual salary, special rewards and insurance benefits. The base annual salary is the employees' annual base income and is determined according to the employees' remuneration standards in line with positions and ranks. The remuneration standards in line with positions and ranks are mainly based on factors such as the position's duties, responsibilities, importance, scale of operation, and industry practice. In order to strike a balance between business risks and financial goals, the Company adopts a shared performance based annual incentive remuneration system. Conditional on recognizing that the business department is profitable, performance based annual remuneration will be distributed "in favour of the business, the profitable business sections and business with major innovation" while also recognizing the role and value of other middle-office and back-office departments to the Company. The performance-based annual remuneration is based on the Company's operating results of the year. The total amount of performance-based annual remuneration is drawn from the Company's annual profits in accordance with the percentage approved at the Board meeting each year.

The Company has established a number of special rewards such as "Chairman's Incentive Funds" and "Loyalty Award" to develop the Company's core competitiveness, to encourage innovation and team spirit, and to maintain the stability of the core human resources team.

The Company and its employees take part in various social insurance, enterprise annuity and housing fund programs following China's relevant regulations. The social insurance and housing fund programs are regulated in accordance with local policies.

In order to raise the level of employee's medical insurance, the Company sets up commercial complementary medical insurance and accident insurance, in addition to basic medical insurance, at its own expense for the employees.

The Company has no share option program for now.

For the remuneration of the Company' employees during the Reporting Period, please refer to Note 10 to the Consolidated Financial Statements of this report.

## Pension schemes

The Group provides its full-time employees in mainland China and certain countries or jurisdictions outside mainland China with relevant pension plans as required by the government authorities or by local labour laws (including the basic pension insurance in mainland China, the Mandatory Provident Funds in Hong Kong and other statutory schemes in certain countries outside mainland China). There were no forfeited contributions under these pension plans.

The Group also provided certain defined contribution plans, including corporate annuity scheme in mainland China, provident fund scheme in Hong Kong and Master Pooled Fund in Thailand to some of its employees in mainland China and outside mainland China. As for the corporate annuity scheme in mainland China, according to the requirements of the scheme, when an employee resigns, part of the amounts of the Company's contributions not vested in the employee may be reallocated to the corporate annuity account based on the employee's actual working time. Such reallocated contributions would not affect the annuity contribution level of existing employees. The Group did not utilize any of forfeited contributions to reduce the current contribution levels. As for certain defined contribution plans outside mainland China, the Group will not utilize any of forfeited contributions to reduce the existing contribution levels of the relevant plans.

For details of the pension schemes provided by the Group, please refer to Note 10 “Operating Expenses” to the Consolidated Financial Statements in this report.

### **Training program**

During the Reporting Period, the Company organized various trainings in accordance with the annual training plan, which were held both online and onsite. The Company organized pilot program training, Yuanhang program training and Qihang program training for incumbent management and reserve cadres, and launched the 90 Days Turnaround Plan courses for new management personnel to promote their comprehensive management capability; the Company organized the trainings for new employees from school recruitment and social recruitment to help them rapidly understand and integrate into the Company; the Company continued to hold the “Investment Star” (投資之星) training program for business talents to assist the Company in reserving business talents; in terms of on-the-job training for employees, the Company organized annual promotion training and on-the-job training for various levels, and held a series of lectures on the “CITIC Securities Lecture” and “Workplace Gas Station” on a monthly basis, to help their career development.

### **Information on brokers**

As at the end of the Reporting Period, the Company, CITIC Securities (Shandong) and CITIC Securities South China had a total of 4 brokers, of which 1 is engaged by the Company. The Company has established a comprehensive system for management of brokers and a confirmed organization system, practicing conditions, scope of authorities and standards of behavior, and has established a filing and inquiry systems for the brokers. Each broker of the Company has obtained a securities broker certificate before becoming a practitioner and would engage in activities such as customer solicitation and customer services by relying on or through the marketing channels provided by the Company’s Securities outlets. When engaging in practice, the broker would, in accordance with the requirements, present his securities broker certificate to the customer to indicate his agency relationship with the Company, and shall carry out his work within the scope of agency authorities, agency period and practicing geographical location as specified in the agency contract. The Company has incorporated management of brokers into the front office management system of its Securities Business Department, and carries out daily supervision over the occupational behaviors of the brokers. The Company has established and improved the customer feedback system by collecting feedbacks from customers solicited and served by the brokers, and making complete records thereof. In addition, the Company has special regulations for brokers on issues such as compliance management and trainings.

# Corporate Governance Report

## Overview of Corporate Governance

The Company is committed to excellence and strives to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. For details of the Company's corporate strategy and long-term operational model, please refer to "Management Discussion and Analysis" of this report.

As a company listed in both the Mainland China and Hong Kong, the Company has operated its business in strict compliance with the requirements set forth in the laws, regulations and normative documents of the PRC and the overseas jurisdiction where the Shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure according to the requirements of the Company Law, the Securities Law and relevant rules and regulations of the CSRC. The corporate governance of the Company complies with the requirements of the relevant laws and regulations by having established a corporate governance structure characterized by checks and balances among the general meeting, the Board, the Supervisory Committee and the Operation Management, with each of them being separated from the others and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring that all the operational activities of the Company are carried out according to the rules and regulations.

Save as disclosed under the title "Changes of Directors, Supervisors and Senior Management" of this report, during the Reporting Period, the Company strictly complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules, and observed all the Code provisions and satisfied the requirements of most recommended best practices in the Code.

## Establishment and Implementation of the Registration and Administration System for Persons Informed of Inside Information

In order to further improve the management system for information disclosures, upon consideration and approval by the Board, the Registration System for Persons Informed of Inside Information of the Company became effective from 29 September 2009 and was amended on 18 March 2021. During the Reporting Period, the Company managed to achieve the due implementation of inside information management and registration of persons informed of inside information in accordance with the requirements under the Registration System for Persons Informed of Inside Information. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory authorities, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of inside information, as well as the content of the inside information and the timing it became known to such persons. During the Reporting Period, the Company was not aware of any non-compliance with the Registration System for Persons Informed of Inside Information.

In addition, the Company formulated the Registration System of Persons Informed of Undisclosed Information from the perspective of a securities company and established the information reporting mechanism and procedure regarding the information on persons informed of undisclosed information in various departments/business lines of the Company, specifying the responsibilities of the management personnel of undisclosed information in the Compliance Department and in each department/business line, administrators of each department/business line and persons informed of undisclosed information in accordance with the requirements under the Notice Regarding Reinforcement of the Management of Persons Informed of Undisclosed Information by Securities Companies (Shen Zheng Ju Ji Gou Zi [2010] No. 126) issued by the Shenzhen Securities Regulatory Bureau. During the Reporting Period, in strict compliance with the Registration System of

Persons Informed of Undisclosed Information, the Company conducted its registration of persons informed of undisclosed information on a quarterly basis, and managed and registered the persons informed of undisclosed information in the course of business within the scope of responsibility of various departments/business lines of the Company.

### Dealing in Securities by Directors, Supervisors and Related Employees

According to the domestic regulatory requirements, the 23rd Meeting of the Third Session of the Board of the Company considered and approved the Measures for the Management of the Holdings in the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management and Relevant Changes (hereinafter referred to as the “**Management Measures**”) on 13 March 2008, to regulate the behavior of holdings of and dealings in the Shares of the Company by Directors, Supervisors and Senior Management of the Company. The Management Measures are stricter than the compulsory provisions in the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter referred to as the “**Model Code**”) set out in Appendix 10 to the Hong Kong Listing Rules. Having made enquires, all Directors, Supervisors and Senior Management had confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the Reporting Period. For details about the shareholdings of the Directors, Supervisors and Senior Management in the Company, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management who held office or resigned during the Reporting Period” of this report.

### Shareholders and the General Meetings

The general meeting is the highest authority of the Company, and Shareholders can exercise their rights through the general meeting. The Company convenes and holds the general meeting in strict compliance with the relevant regulations, so as to ensure all Shareholders, especially the minority Shareholders, are being treated equally and can fully exercise their rights. Following the guidance of the Articles of Association of the Company, the Company operates in an orderly manner and maintains healthy and stable development, thus effectively protecting the interests of the Company and its Shareholders.

Pursuant to Article 93 of the Articles of Association of the Company, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company have the right to request in writing the Board to hold an extraordinary general meeting. The Board shall give a written response on whether or not it agrees to hold such an extraordinary general meeting within 10 days after receipt of such request. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice for such meeting within five days after it has so resolved, and any changes to the original request in the notice shall be subject to the consent of the Shareholder(s) concerned. If the Board disagrees with the holding of an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to propose in writing the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to hold an extraordinary general meeting, it shall issue a notice for such meeting within five days after receipt of such request, and any changes to the original proposal in the notice shall be subject to the consent of the Shareholder(s) concerned. If the Supervisory Committee fails to issue a notice of the general meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and preside over the general meeting, and Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company for 90 consecutive days or more may convene and chair such meeting on its or their own.

In addition, pursuant to Article 98 of the Articles of Association of the Company, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company shall have the right to put forward proposals to the Company at the general meeting of the Company. Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company may submit provisional proposals in writing to the convener 10 days prior to the date of the general meeting. The convener shall, within two days after receipt of the proposal, issue a

## Corporate Governance Report

supplemental notice of the general meeting to announce the contents of such provisional proposal. Otherwise, the convener shall not, after the issue of the notice of general meeting, make any change to the proposals having been set forth in such notice or add any new proposals.

The Company attaches great importance to the management of investor relations, and pursuant to the Management System for Information Disclosure and the Management System for Investor Relations of the Company, the Board Secretary is designated to handle information disclosure matters, and to receive visits and enquiries from the Shareholders, thereby having established a relatively well-managed and effective channel for communication with the Shareholders. In addition to the information disclosure channels prescribed in the laws and regulations, the Company mainly communicates with its investors through telephone, email, online platform, receiving visits, and attending investor meetings, to ensure that all Shareholders, especially the minority Shareholders, can fully exercise their rights.

The Company fully respects and protects the lawful interests of the Shareholders and other creditors, employees, clients and other stakeholders, and involves them in a joint effort to promote the sustained and healthy development of the Company.

The 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting of the Company were held at Beijing Ruicheng Four Seasons Hotel on 29 June 2021, through a combination of on-site voting and online voting. Ten ordinary resolutions and ten special resolutions were considered and approved at the 2020 Annual General Meeting; six special resolutions were considered at the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting respectively. These shareholders' meetings were chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, Supervisors and certain members of the Senior Management of the Company attended the meetings.

The 2021 First Extraordinary General Meeting of the Company was held at Beijing CITIC Securities Tower on 9 August 2021, through a combination of on-site voting and online voting. Two ordinary resolutions were considered and approved at the meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, Supervisors and certain members of the Senior Management of the Company attended the meeting.

*Note:* For details of the resolutions of the meetings mentioned above, please refer to the announcements published on the HKEXnews website of HKEx on the date of the meeting, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times published on the following day.

During the Reporting Period, the attendances of Directors at the general meetings/class meetings are as follow:

Name of Director	Position	Required attendance at general meetings/class meeting held		Attendance		
		during the year	Actual attendance	by proxy	Absence	Attendance rate
ZHANG Youjun	Executive Director and Chairman	4	4	—	—	100%
YANG Minghui	Executive Director and President	4	4	—	—	100%
WANG Shuhui	Non-executive Director	4	4	—	—	100%
ZHOU Zhonghui	Independent Non-executive Director	4	4	—	—	100%
LI Qing	Independent Non-executive Director	1	1	—	—	100%
LIU Ke	Independent Non-executive Director	4	4	—	—	100%
HE Jia	Independent Non-executive Director	0	0	—	—	—

Note: During the term of office of Mr. HE Jia in 2021, the Company did not hold any general meeting.

## The Board and the Operation Management

### Composition of the Board

The Company strictly complies with the requirements of the Article of Association of the Company for appointments and changes of the Directors. The number and composition of the Board have complied with the requirements of the relevant laws and regulations. Besides, the Board also kept improving the Rules of Procedure of the Board. The convening, holding, as well as the voting procedures of all the Board meetings were legitimate and valid. The independent non-executive Directors of the Company are able to protect the interests of minority Shareholders independently and objectively, and play a role of checks and balance in the decision-making of the Board.

During the Reporting Period, as the former independent non-executive Director, Mr. HE Jia, resigned on 28 April 2021 due to his desire to devote more time to his personal endeavors, the Company was temporarily not in compliance with the requirement of Rule 3.10 of the Hong Kong Listing Rules that the board of directors must include at least three independent non-executive directors. The Company has appointed Mr. LI Qing as an independent non-executive Director on 29 June 2021, and as a result, the Company is in compliance with Rule 3.10 of the Hong Kong Listing Rules.

As at the end of the Reporting Period, the Seventh Session of the Board consisted of six Directors, including two executive Directors (Mr. ZHANG Youjun and Mr. YANG Minghui), one non-executive Director (Mr. WANG Shuhui) and three independent non-executive Directors (Mr. LIU Ke, Mr. ZHOU Zhonghui and Mr. LI Qing), and the independent non-executive Directors represented more than one third of the Board. Mr. ZHANG Youjun is the Chairman of the Board.

# Corporate Governance Report

As the former independent non-executive Director, Mr. LIU Ke, resigned on 18 January 2022 due to expiry of the term of office, the Company was temporarily not in compliance with the requirement of Rule 3.10 of the Hong Kong Listing Rules that the Board must include at least three independent non-executive directors. The Board resolved on 22 February 2022 to propose the appointment of Mr. SHI Qingchun as an independent non-executive Director of the Seventh Session of the Board, whose appointment will be effective upon approved at the general meeting of the Company. The appointment is expected to be completed within three months after the resignation of Mr. LIU Ke, and the Company will comply with the requirement of Rule 3.10 of the Hong Kong Listing Rules by then.

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) are elected by the general meeting for a term of three years commencing from the date on which their appointments are approved at the general meeting. Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but shall not be re-elected for more than two consecutive sessions. In accordance with relevant requirement of Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each of the independent non-executive Director with regard to his independence. Based on these confirmations and the relevant information available to the Board, the Company continues to confirm their independence.

Pursuant to the authorisation of the 2011 Fifth Extraordinary General Meeting, the Company has purchased liability insurance for the Directors, Supervisors and Senior Management, so as to protect them against the compensation liabilities that may arise from performing their duties and to encourage them to earnestly fulfill their duties and responsibilities.

## **Duties and responsibilities of the Board**

The Board is the decision-making body of the Company and is responsible to the general meeting. The Board is principally responsible for making the overall and long-term decisions of the Group, as well as making decisions of corporate governance, development strategy, risk management, financial operation and other aspects. The Board is also responsible for reviewing and approving of the major financial and investment decisions, business strategies and other plans.

The Board shall exercise the following major functions and powers in accordance with the Articles of Association of the Company: to convene general meeting and report its work to the general meeting; to report at the annual general meeting and to disclose the performance of duties by the directors in the annual report, including the attendance of Board meetings and votes of the directors during the Reporting Period; to implement the resolutions of the general meeting; to decide on the business plans and investment plans of the Company; to formulate the annual financial budget plan and the final account plan of the Company; to formulate the profit distribution plan and loss recovering plan of the Company; to formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or other securities and the listing plan of the Company; to prepare plans for material acquisitions, purchase of the Company's Shares, or merger, separation, dissolution or change of the corporate form of the Company; to decide on the external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and related party/connected transactions of the Company in accordance with the laws and regulations or the listing rules of the stock exchange where the Company's shares are listed or within the scope of the authorisation of the general meeting; to decide on the establishment of the internal management structure of the Company; to appoint the President, Compliance Officer, Chief Risk Officer and Board Secretary, and assess and determine their remuneration, rewards and punishments; to appoint members of the Executive Committee, Chief Financial Officer and other Senior Management of the Company pursuant to the nominations by the Chairman or the President and determine their remuneration, rewards and punishments; to decide on the dismissal of the above-mentioned Senior Management (including but not limited to the person who assume the primary or leadership

responsibility for the occurrence of major compliance risks); to formulate the basic management system of the Company; to formulate the amendment to the Articles of Association of the Company; to manage information disclosures of the Company; to propose to the general meeting on the engagement or replacement of the accounting firms of the Company who conduct audit for the Company; to listen to the work report and check the work of the President of the Company; to consider and approve the fundamental system of compliance management and overall risk management of the Company; to consider and approve the risk appetite, risk tolerance and major risk limits of the Company; to consider the regular risk assessment reports of the Company; to listen to the work report of the Chief Compliance Officer and Chief Risk Officer; to consider and approve the annual compliance report; to assess the effectiveness of compliance management and procure solutions for the problems existed in the compliance management; to consider the information technology management objectives and assume responsibilities for the effectiveness of the information technology management; to perform other duties and powers granted under relevant laws, administrative regulations and departmental rules.

### **Responsibilities of the Operation Management**

The Operation Management of the Company is responsible for implementing the development strategies and policies approved by the Board, as well as the daily operation and management of the Group. The Operation Management is the highest operation management authority of the Company, established to carry through and implement the roadmap and guidelines determined by the Board, shall exercise the following functions and powers in accordance with the Articles of Association of the Company: to carry through and implement the operation guidelines of the Company set by the Board, and decide on material matters in respect of the operation and management of the Company; to formulate and implement the financial budget plan of the Company; to formulate financial account plan, profit distribution plan and loss recovering plan of the Company; to formulate proposals for altering the registered capital of the Company and bonds issuance; to formulate proposals for merging, splitting, transforming the form of and dissolution of the Company; to formulate operational plans and proposals for investment, financing and disposal of assets of the Company, and submit the proposals to the Board for approval according to its terms of reference; to formulate risk management system and to make adjustment as appropriate; to formulate the risk appetite, risk tolerance and major risk limits, regularly assess the overall risk and various key risk management positions of the Company, address issues in risk management and report to the Board; to establish a complete IT system and data quality control mechanism; to implement the IT management objectives set by the Board and take responsibility for IT management; to formulate proposals on the establishment of the management structure of the Company; to build up and improve the comprehensive risk management structure of the Company; to build up a performance appraisal system for all employees covering the effectiveness of the risk management, to formulate and approve the proposal of remuneration, rewards and punishments of employees; to build up and improve an organizational structure for compliance management, to comply with the order of the compliance management, equip sufficient and appropriate compliance management personnel, and provide adequate human, material, financial and technical support and guarantee for them to perform their duties; to promptly report and rectify any irregularities found and implement accountability; to perform other functions and powers delegated by the Board.

During the Reporting Period, various management works of the Company were steadily promoted, and the Senior Management performed their duties properly. The management work achieved positive results, and the Company's business results and main business are in top tier of the industry. The Company further improved its risk and compliance management system, enriched monitoring means and measures for risk prevention, controlled and reduced various types of risk and compliance incidents, constantly promoted the comprehensive, refined, automated, and intelligent construction and optimization of information system, enhanced data governance and utilization, strengthened the introduction of talents and optimized the incentive and restraint mechanism of the Company, further promoted party building and construction of corporate culture, effectively fulfilled its social responsibilities and actively participated in rural revitalization.

# Corporate Governance Report

## Performance of duties by Directors

### Board meeting and attendance of Directors

Sessions	Date of Meeting	Resolutions of the Meetings
The 17th Meeting of the Seventh Session of the Board	6 January 2021	The meeting considered and approved the following proposals: Proposal on the Adjustment of the General Administration Department Self-inspection Report on the Standardized Operation of Listed Companies
The 18th Meeting of the Seventh Session of the Board	19 February 2021	The meeting considered and approved the Resolution on the Acquisition of 31 Securities Outlets from CITIC Securities South China outside the Five Provinces
The 19th Meeting of the Seventh Session of the Board	22 February 2021	The meeting considered and approved the following proposals: Proposal on the Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company Proposal on Convening General Meeting of the Company
The 20th Meeting of the Seventh Session of the Board	26 February 2021	The meeting considered and approved the following proposals: Proposal on the Satisfaction of the Conditions for the Rights Issue of the Company Plan of Public Issuance of Securities by Way of the Rights Issue Proposal of Public Issuance of Securities by Way of the Rights Issue Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company Proposal on the Risk Warning of the Dilution of Immediate Return under the Rights Issue to Existing Shareholders and Remedial Measures to Be Taken in This Respect Proposal on Proposed Authorization to the Board to deal with the Relevant Matters in relation to the Rights Issue at its Full Discretion Shareholders' Return Plan of the Company for 2021–2023 Proposal on the Use of Previous Proceeds Proposal on Convening General Meeting and Class Meetings

Sessions	Date of Meeting	Resolutions of the Meetings
The 21st Meeting of the Seventh Session of the Board	18 March 2021	<p>The meeting considered and approved the following proposals:</p> <p>2020 Annual Report</p> <p>2020 Profit Distribution Plan</p> <p>Proposal on the Re-appointment of Accounting Firms</p> <p>Proposal on Provision for Expected Credit Losses of the Company for 2020</p> <p>2020 Assessment Report on the Internal Control</p> <p>2020 Compliance Report</p> <p>2020 Evaluation Report on the Compliance Management Effectiveness</p> <p>2020 Anti-money Laundering Work Report</p> <p>2020 Integrity Practice Management Report</p> <p>2020 Comprehensive Risk Management Report</p> <p>Proposal on the Total Remuneration of the Directors of the Company for 2020</p> <p>Proposal on the Total Remuneration of Senior Management of the Company for 2020</p> <p>Proposal on Annual Assessment on the Chief Compliance Officer of the Company</p> <p>2020 Work Report of the Board</p> <p>Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2021</p> <p>Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021</p> <p>Proposal on Amendments to the Articles of Association of the Company</p> <p>2020 Duty Performance Report of the Independent Non-executive Directors</p> <p>2020 Corporate Governance Report</p> <p>2020 Audit Work Report</p> <p>2020 Social Responsibility Report</p> <p>Internal Control Audit Report</p> <p>Proposal on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company</p> <p>Proposal on the Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company</p> <p>2020 Special Report on Information Technology Management Special Audit Report on the Implementation of the Relevant Requirements of Notice No. 128 of Shenzhen Securities Regulatory Bureau</p> <p>Proposal on Amendments to the Registration System for Person Informed of Inside Information of the Company</p> <p>Proposal on the Authorization of Convening the 2020 Annual General Meeting</p>

# Corporate Governance Report

Sessions	Date of Meeting	Resolutions of the Meetings
The 22nd Meeting of the Seventh Session of the Board	28 April 2021	The meeting considered and approved the following proposals: 2021 First Quarterly Report Proposal on Capital Increase in CITIC Futures Proposal on Nomination of Independent Non-executive Director of the Company
The 23rd Meeting of the Seventh Session of the Board	7 June 2021	The meeting considered and approved the following proposals: Proposal in Relation to the Adjustment to the Allowances for Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company Proposal on the Preparation of the Company's Risk Appetite Management Measures and Risk Appetite Statement for 2021 Proposal on Convening a General Meeting of the Company
The 24th Meeting of the Seventh Session of the Board	16 July 2021	The meeting considered and approved the following proposals: Proposal on Establishment of Special Assets Department Proposal on Capital Reduction to GZS Lingxiu Investment Co., Ltd. Proposal on External Investment through Overseas Subsidiaries Proposal on External Investment through Domestic Subsidiaries
The 25th Meeting of the Seventh Session of the Board	27 July 2021	The meeting considered and approved the Proposal on the Change of Investment Subject of External Investment
The 26th Meeting of the Seventh Session of the Board	9 August 2021	The meeting considered and approved the following proposals: Proposal on Renewal of Property Leasing Framework Agreement with CITIC Group Proposal on Amendments to the Internal Audit Work Management System of the Company Proposal on Authorizing the Management to Handle Matters related to the Rights Issue
The 27th Meeting of the Seventh Session of the Board	19 August 2021	The meeting considered and approved the following proposals: 2021 Interim Report 2021 Interim Compliance Report 2021 Interim Comprehensive Risk Management Report 2021 Interim Risk Appetite Management Report Proposal on the Amendments to the Integrity Practices of CITIC Securities Company Limited

Sessions	Date of Meeting	Resolutions of the Meetings
The 28th Meeting of the Seventh Session of the Board	17 September 2021	The meeting considered and approved the following proposals: Proposal on Investment in Convertible Bonds by CITIC Securities Investment Co., Ltd. Proposal on Improving the Basic Anti-money Laundering Management System of the Company
The 29th Meeting of the Seventh Session of the Board	28 October 2021	The meeting considered and approved the following proposals: 2021 Third Quarterly Report Proposal on Resuming Operation of IT Subsidiaries Proposal on Cancellation of Qingdao Training Center Proposal on Establishing an Internal Control Evaluation Management System of CITIC Securities Co., Ltd. Proposal on Considering Special Audit Report on the Anti-money Laundering Work of the Company Proposal on Transferring 34.55% Equity Interest Held by the Company in Xinjiang Equity Exchange Co., Ltd.
The 30th Meeting of the Seventh Session of the Board	26 November 2021	The meeting considered and approved the following proposals: Proposal on Authorizing Two Directors to Sign the Prospectus for the Rights Issue and to Handle Related Registration and Filing Matters on Behalf of the Company Proposal on Adjusting Capital Increase Plan of CITIC Securities International Co., Ltd.
The 31st Meeting of the Seventh Session of the Board	10 December 2021	The meeting considered and approved the Proposal on the Change of the Chief Financial Officer of the Company
The 32nd Meeting of the Seventh Session of the Board	17 December 2021	The meeting considered and approved the Proposal on External Investment through Subsidiaries

# Corporate Governance Report

During the Reporting Period, the attendances of Directors at the Board meetings are as follows:

Name of Director	Position	Required	Actual	Attendance	Absence	Attendance rate
		attendance		by proxy		
		at Board	attendance	by proxy		
		meetings	held during			
		held during	the year			
ZHANG Youjun	Executive Director, Chairman		16	16	—	100%
YANG Minghui	Executive Director, President		16	16	—	100%
WANG Shuhui	Non-executive Director		16	16	—	100%
ZHOU Zhonghui	Independent Non-executive Director		16	16	—	100%
LI Qing	Independent Non-executive Director		9	9	—	100%
LIU Ke	Independent Non-executive Director		16	16	—	100%
HE Jia	Independent Non-executive Director		5	5	—	100%
Board meetings held during the year:				16		
Among which, number of on-site meetings:				6		
Number of meetings held via tele-communications:				10		

Note: During the term of office of Mr. LI Qing in 2021, the Company convened one shareholders' meeting and nine Board meetings, and he attended all the meetings; during the term of office of Mr. HE Jia in 2021, the Company convened five Board meetings, and he attended all the meetings.

## Implementation of resolutions approved at the General Meetings by the Board

- (1) On 29 June 2021, the Resolution on the Re-authorisation of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company was considered and approved at the 2020 Annual General Meeting of the Company. As at the end of 2021, the resolution was in effect and the aggregate existing size of debt financing instruments issued under the resolution was approximately RMB34.5 billion.
- (2) On 29 June 2021, the resolutions in relation to issuing securities by way of rights issue and other related resolutions of the Company were considered and approved at the 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting of the Company. On 9 August 2021, the 26th Meeting of the Seventh Session of the Board of the Company considered and passed the Proposal on Authorizing the Management to Handle Matters related to the Rights Issue, and agreed to further delegate to the management of the Company to handle certain specific matters in relation to the Rights Issue in accordance with the authorization of the general meeting. With the approval from the CSRC, the Rights Issue was completed in March 2022.
- (3) On 29 June 2021, the 2020 Profit Distribution Plan was considered and approved at the 2020 Annual General Meeting of the Company. The cash dividend was denominated and declared in RMB and paid in RMB to the A Shareholders and in HKD to the H Shareholders. All cash dividends have been fully paid on 20 August 2021.

- (4) On 29 June 2021, the Proposal on Re-appointment of Accounting Firms was considered and approved at the 2020 Annual General Meeting of the Company. Pursuant to the resolution, the Company appointed PwC Zhong Tian and PwC Hong Kong as the external auditors of the Company for 2021 and PwC Zhong Tian as the audit firm for the internal control of the Company for 2021. On 28 March 2022, PwC issued unqualified audit reports and the Audit Report on the Internal Control for the Company.
- (5) On 29 June 2021, the Proposal on Amendments to the Articles of Association of the Company and the Proposal on the Election of Independent Non-executive Director of the Company were considered and approved at the 2020 Annual General Meeting of the Company. The amended Articles of Association of the Company shall become effective as of the date of the passing of the resolution at that general meeting; Mr. LI Qing has been appointed as an independent non-executive Director of the Seventh Session of the Board of the Company for a term from the date of the passing of the resolution at the general meeting to the date of expiration of the term of the Seventh Session of the Board. On 27 July 2021, the Company completed the filing of changes to the Director and the Articles of Association of the Company with the Shenzhen Administration for Market Regulation.
- (6) On 9 August 2021, the Proposal on the Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company was considered and approved at the 2021 First Extraordinary General Meeting of the Company. It is agreed that CITIC Securities Asset Management Co., Ltd. (中信証券資產管理有限公司) (tentative name) shall be set up as a wholly-owned subsidiary of the Company with a capital contribution not exceeding RMB3 billion (inclusive) to engage in securities asset management business, management of public offering of securities investment funds and other businesses approved by the regulatory authorities. The issue has been considered and approved at the 2021 First Extraordinary General Meeting of the Company. The establishment of the asset management subsidiary shall be subject to the approval by the CSRC.
- (7) On 9 August 2021, the Proposal in relation to the Adjustment to the Allowances for Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company was considered and approved at the 2021 First Extraordinary General Meeting of the Company, and the adjusted allowance has been implemented from the month when such resolution was considered and approved at that general meeting.

### Training of Directors

Training of Directors is a continuous program. The Company will arrange induction training for all newly appointed Directors according to their experiences and backgrounds. The Company will also provide relevant various kinds of reading materials to newly appointed Directors to enhance their knowledge and understanding about the corporate culture and operation of the Group. The content of the training and reading materials generally include brief introduction about the structure, business and corporate governance of the Group, as well as an introduction on the securities industry and investment banking business in China.

In addition, every Director will receive a guideline on code of conduct and other documents when joining the Board. During the Reporting Period, the Directors were periodically or occasionally provided with reporting information about the business operations of the Group, as well as the introduction on the changes and latest development of the relevant legislative and regulatory environment. Besides, the Company also encourages all Directors to participate in relevant training courses at the cost of the Company. All Directors have provided regular training records to the Company.

# Corporate Governance Report

During the Reporting Period, the Directors of the Company attached great importance to updating their professional knowledge and skills to cater for the needs of the Company's development, the methods and the details are as follows:

<b>Name</b>	<b>Position</b>	<b>Methods and Details of the Training</b>
ZHANG Youjun	Executive Director, Chairman	<p>In January 2021, Mr. YANG participated in the online training of CITIC Securities themed on Learning and Implementing the Spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC</p> <p>In February 2021, he participated in the central group (larger) learning seminar of the Party Committee of CITIC Group and the special report on the macroeconomic situations</p> <p>In March 2021, he participated in the warning education conference of CITIC Group on strengthening the construction of Party style and clean government; the central group (larger) learning seminar of the Party Committee of CITIC Group, special report themed on "the Struggle Process of the Communist Party of China"; learning expansion meeting for the center group of theory learning of CITIC Securities Party committee (conveying and learning the spirit of the national Two Sessions)</p> <p>In April 2021, he participated in the party history study and education of CITIC Group and the course of conference spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC of the Party Committee of CITIC Group; participate in the collective study seminar on the first special topic of party history learning and education of the Party committee of CITIC Group</p> <p>In May 2021, he participated in the collective study seminar on the second special topic of party history learning and education of the Party committee of CITIC Group; participated in the collective study seminar on the first and second special topics of party history learning and education of the Party committee of CITIC Securities</p> <p>In June 2021, he participated in the collective study seminar on the third and fourth special topics of the party history learning and education of the Party committee of CITIC Group; participated in the collective study seminar of the third and fourth special topics of the party history learning and education of the Party committee of CITIC Securities</p> <p>In July 2021, Mr. ZHANG participated in an internal lecture organized by the Party Committee of CITIC Securities to collectively study the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law Issued by the General Offices of the CPC Central Committee and the State Council</p>

Name	Position	Methods and Details of the Training
YANG Minghui	Executive Director	<p>In August 2021, he participated in the central group (larger) learning seminar of the Party Committee of CITIC Group, and the special report of “Political Manifesto of Chinese Communists in the New Era”; participated in the collective study seminar and special Party class of the central group of the Party Committee of CITIC Securities on “the In-depth Study and Understanding of the Spirit of General Secretary Xi Jinping’s Important Speech at the Celebration of the 100th Anniversary of the Founding of the Communist Party of China”</p> <p>In September 2021, he participated in an internal lecture organized by the Party Committee of CITIC Securities to collectively study the spirit of the meeting of the Central Political Bureau of the Communist Party of China on 31 August</p> <p>In November 2021, he participated in the collective central group learning seminar of the Party Committee of the CITIC Group and the collective central group learning seminar of the Party Committee of CITIC Securities on the in-depth study and implementation of the spirit of the Sixth Plenary Session of the 19th Central Committee of the CPC</p> <p>In December 2021, he participated in the special lecture report on the study and implementation of the conference spirit of the Sixth Plenary Session of the 19th Central Committee of the CPC of CITIC Group; participated in the internal lecture organized by the Party Committee of CITIC Securities to collectively study the spirit of the Central Economic Working Conference; participated in the “Special Training of Corporate Governance for Chairmen and General Managers of Listed Companies” of the Association of Publicly Traded Companies; participated in the “2021 Training for Directors, Supervisors, and Senior Management of Listed Companies” organized by the Shenzhen Securities Regulatory Bureau</p> <p>In January 2021, Mr. YANG participated in CITIC Securities’ online training on the Study and Implementation of the Conference Spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC</p> <p>In February 2021, he participated in the central group (larger) learning report meeting of the Party Committee of CITIC Group and the Special Report on Macroeconomic</p> <p>In March 2021, he participated in the warning education conference on strengthening the construction of party style and clean government of CITIC Group; the central group (larger) learning seminar of the Party Committee of CITIC Group; the special report of the “Struggle of the Chinese Communist Party”; the central group (larger) theoretical study meeting of the Party Committee of CITIC Securities (to convey and study the spirit of the Two Sessions)</p>

# Corporate Governance Report

Name	Position	Methods and Details of the Training
		<p>In April 2021, he participated in the training course on Party history learning and education of the Party Committee of CITIC Group and the conference spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC; participated in a collective study seminar on the first topic of the Party history learning and education of the Party Committee of CITIC Group</p>
		<p>In May 2021, he participated in a collective study seminar on the second topic of Party history study and education of the Party Committee of CITIC Group; participated in a collective study seminar on the first and second topics of Party history study and education of the Party Committee of CITIC Securities</p>
		<p>In June 2021, he participated in a collective study seminar on the third and fourth topics of Party history study and education of the Party Committee of CITIC Group; participated in a collective study seminar on the third and fourth topics of Party history study and education of the Party Committee of CITIC Securities</p>
		<p>In July 2021, he participated in an internal lecture organized by the Party Committee of CITIC Securities to collectively study the Opinions on Strictly Cracking Down on Illegal Securities Activities in accordance with the Law Issued by the General Offices of the CPC Central Committee and the State Council</p>
		<p>In August 2021, he participated in the central group (larger) learning seminar of the Party Committee of CITIC Group, and the special report of “Political Manifesto of Chinese Communists in the New Era”; participated in the collective study seminar and special Party class of the central group of the Party Committee of CITIC Securities on “the In-depth Study and Understanding of the Spirit of General Secretary Xi Jinping’s Important Speech at the Celebration of the 100th Anniversary of the Founding of the Communist Party of China”</p>
		<p>In September 2021, he participated in an internal lecture organized by the Party Committee of CITIC Securities to collectively study the spirit of the meeting of the Central Political Bureau of the Communist Party of China on 31 August</p>
		<p>In November 2021, he participated in the collective central group learning seminar of the Party Committee of the CITIC Group and the collective central group learning seminar of the Party Committee of CITIC Securities around the in-depth study and implementation of the conference spirit of the Sixth Plenary Session of the 19th Central Committee of the CPC</p>

Name	Position	Methods and Details of the Training
WANG Shuhui	Non-executive Director	<p>In December 2021, he participated in the special lecture report on the study and implementation of the conference spirit of the Sixth Plenary Session of the 19th Central Committee of the CPC of CITIC Group; participated in the internal lecture organized by the Party Committee of CITIC Securities to collectively study the spirit of the Central Economic Working Conference; participated in the “Special Training of Corporate Governance for Chairmen and General Managers of Listed Companies” of the Association of Publicly Traded Companies; participated in the “2021 Training for Directors, Supervisors, and Senior Management of Listed Companies” organized by the Shenzhen Securities Regulatory Bureau</p> <p>In March 2021, Mr. WANG participated in the special training course on learning and education of Party history in the system of the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government</p> <p>In April 2021, he participated in the online training for the presentation of results of listed companies held by Guangdong Listed Companies Association</p> <p>In June 2021, he participated in a series of training on online futures business themed on “Preaching Futures Risk Management to Serve the Development of Real Economy” held by Guangdong Listed Companies Association</p> <p>In September 2021, he participated in the “Guangdong-Hong Kong Financial Cooperation Seminar” organized by Guangdong Financial Supervisory Authority</p> <p>In November 2021, he participated in the “International Finance and Investment Cooperation Forum” in the “Asia Youth Leaders Forum 2021” co-organized by the China Public Diplomacy Association, China Foundation for Peace and Development, People’s Government of Guangzhou Municipality and the Asia Young Leaders Federation</p> <p>In December 2021, he participated in a closed-door meeting on “Financial System Development and Innovation in Guangdong-Hong Kong-Macao Greater Bay Area” organized by Guangdong Financial Supervisory Authority; participated in “2021 Training for Directors, Supervisors and Senior Management of Listed Companies” organized by Guangdong Office of CSRC and Guangdong Listed Companies Association; participated in “2021 Training for Directors, Supervisors and Senior Management of Listed Companies” organized by Shenzhen Office of CSRC</p>
ZHOU Zhonghui	Independent Non-executive Director	<p>In December 2021, Mr. ZHOU participated in the training and sharing activities for independent non-executive directors of the Company — explanation on the recent regulatory policy updates by PricewaterhouseCoopers; participated in the “2021 Training for Directors, Supervisors and Senior Management of Listed Companies” organized by Shenzhen Office of CSRC</p>

# Corporate Governance Report

Name	Position	Methods and Details of the Training
LI Qing	Independent Non-executive Director	<p>In August 2021, Mr. LI participated in the 77th Independent Director Qualification Training of Shanghai Stock Exchange</p> <p>In December 2021, he participated in the training and sharing activities for independent non-executive directors of the Company — explanation on the recent regulatory policy updates by PricewaterhouseCoopers; participated in the “2021 Training for Directors, Supervisors and Senior Management of Listed Companies” organized by Shenzhen Office of CSRC</p>
LIU Ke	Former Independent Non-executive Director	<p>In December 2021, Mr. LIU participated in the training and sharing activities for independent non-executive directors of the Company — explanation on the recent regulatory policy updates by PricewaterhouseCoopers; participated in the “2021 Training for Directors, Supervisors and Senior Management of Listed Companies” organized by Shenzhen Office of CSRC</p> <p>He studied by himself the Securities Law of the People’s Republic of China</p>
HE Jia	Former Independent Non-executive Director	<p>In March 2021, Mr. HE participated in the training on reputation risk management and public opinion crisis response under full media organized by Bank of Tianjin Co., Ltd.</p>

## Chairman

Mr. ZHANG Youjun serves as the Chairman of the Company. The Chairman is the Company’s legal representative, whose responsibilities are to take charge of the operation of the Board and to ensure that the Board acts in the best interest of the Company, that the Board operates effectively, fulfills its duties and considers all important and appropriate issues, and that the Directors can receive information in an accurate, timely and clear manner.

## President

Mr. YANG Minghui serves as the President of the Company. The President is responsible for presiding over the Company’s daily work, which mainly includes, organizing to carry out the Board’s resolutions, organizing the implementation of the Company’s annual business plan and investment plan, formulating the Company’s basic management system, formulating the specific rules and regulations of the Company, drafting plans for the establishment of the Company’s internal management structure, proposing the appointment or dismissal of Senior Management other than the President, the Chief Compliance Officer and the Board Secretary, deciding on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board, implementing the risk control system of the Company, ensuring that the Company meets the requirements of the risk control indicators set by the CSRC, and exercising other powers granted by the Articles of Association of the Company and the Board of the Company. The President shall be accountable to the Board and report his work to the Board.

## Non-executive Directors

The Company currently has three non-executive Directors, two of which are independent non-executive Directors. For details about the terms of office of the non-executive Directors, please refer to the section headed “Directors, Supervisors, Senior Management and Employees” of this report.

## Specialized Committees under the Board

The Seventh Session of the Board has established the Strategic Planning and ESG Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Related Party Transactions Control Committee, which are responsible for assisting the Board to perform its duties from various aspects. During the Reporting Period, the specialized committees of the Board cordially performed their duties, actively discussed the changes in internal and external environment, participated in the collective decision-making of material matters of the Company, and provided a number of constructive and professional opinions and recommendations on the rapid and healthy development of the Company. In response to the financial situation of global economy, the national macroeconomic policies and the regulatory requirements on the securities industry, the specialized committees of the Board affirmed the Company’s strategic goals and made recommendations to the Board in respect of deeply advancing the internationalization process, improving internal control, preventing business risks, exploring more efficient management structures, establishing incentive policies matching the industry positioning of the Company and other aspects. During the Reporting Period, none of the committee members raised objection to the matters being considered.

During the Reporting Period, meetings held by the specialized committees of the Board are as follows:

### Strategic Planning and ESG Committee

The primary responsibilities of the Strategic Planning and ESG Committee of the Board are: to understand and master the overall operations of the Company; to understand, analyze and master the current conditions of the international and domestic industries; to understand and master relevant policies of China; to research on the short-term, mid-term and long-term development strategies of the Company and other related issues; to advise on the long-term development strategies, major investments, reforms and other major decisions of the Company; to research and provide the advice for decision making on ESG governance of the Company, including the prospects, objectives and policies of ESG governance; to review, evaluate the implementation of the above items and timely make recommendations for adjustment; other duties conferred by the Board.

The Strategic Planning and ESG Committee of the Company currently comprises three members, namely, Mr. ZHANG Youjun, an executive Director, Mr. YANG Minghui, an executive Director, and Mr. WANG Shuhui, a non-executive Director. The chairman of the Strategic Planning and ESG Committee is Mr. ZHANG Youjun, an executive Director.

# Corporate Governance Report

During the Reporting Period, the Strategic Planning Committee (currently known as the Strategic Planning and ESG Committee) held nine meetings in total, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
21 February 2021	Proposal on the Establishment of an Asset Management Subsidiary and the corresponding Change to the Business Scope of the Company
26 February 2021	Proposal on the Satisfaction of the Conditions for the Rights Issue of the Company Plan on Public Insurance of Securities by Way of the Rights Issue Proposal on Public Insurance of Securities by Way of the Rights Issue Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company Proposal on the Risk Warning of the Dilution of Immediate Return under the Rights Issue to Existing Shareholders and Remedial Measures to be Taken in this Respect Proposal on Requesting the General Meeting to Delegate the Board Full Authority to Deal with Relevant Matters in Relation to the Rights Issue Shareholders' Return Plan of the Company for 2021–2023 Proposal on the Use of Previous Proceeds
27 April 2021	Proposal on the Increase of Capital in CITIC Futures Company Limited
13 July 2021	Proposal on Establishment of Special Assets Department Proposal on Capital Reduction to GZS Lingxiu Investment Co., Ltd. Proposal on External Investment through Overseas Subsidiaries Proposal on External Investment through Domestic Subsidiaries
26 July 2021	Proposal on the Change of Investment Subject of External Investment
15 September 2021	Proposal on Investment in Convertible Bonds by CITIC Securities Investment Co., Ltd.
27 October 2021	Proposal on Resumption of the Operation of IT Subsidiaries Proposal on Cancellation of Qingdao Training Center Proposal on Transferring 34.55% Equity Interest Held by the Company in Xinjiang Equity Exchange Co., Ltd.
25 November 2021	Proposal on Adjusting Capital Increase Plan of CITIC Securities International Co., Ltd.
17 December 2021	Proposal on External Investment through Subsidiaries

All members of the Strategic Planning Committee (currently known as the Strategic Planning and ESG Committee) attended the above meetings.

## Audit Committee

The primary responsibilities of the Audit Committee of the Board are: to make recommendations to the Board on the appointment and removal of the auditors of the Company; to approve the remuneration and terms of engagement for the auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the auditing procedures in accordance with applicable standards; to review the financial information of the Company and its disclosure; to review the financial control, internal control and risk management systems of the Company; and to review the financial and accounting policies and practices of the Company.

During the Reporting Period, the members of the Audit Committee of the Company comprised Mr. ZHOU Zhonghui, Mr. LIU Ke (resigned on 18 January 2022), Mr. HE Jia (resigned on 28 April 2021), and Mr. LI Qing (appointed on 29 June 2021), each an independent non-executive Director. The chairman of the Audit Committee is Mr. ZHOU Zhonghui, an independent non-executive Director. Following the resignation of Mr. HE Jia, the Company was temporarily not in compliance with Rule 3.21 of the Hong Kong Listing Rules which requires that the audit committee must comprise a minimum of three members. The Company has appointed Mr. LI Qing as a member of the Audit Committee within three months from Mr. HE Jia's resignation. Therefore, the Company has complied with Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee of the Company currently comprises two members, namely, Mr. ZHOU Zhonghui and Mr. LI Qing, each an independent non-executive Director. The chairman of the Audit Committee is Mr. ZHOU Zhonghui, an independent non-executive Director. After the resignation of Mr. LIU Ke, the Company was temporarily not in compliance with Rule 3.21 of the Hong Kong Listing Rules which requires that the audit committee must comprise a minimum of three members. On 22 February 2022, the Board resolved to proposed to appoint Mr. SHI Qingchun as an independent non-executive Director of the Seventh Session of the Board of the Company, subject to the approval by the general meeting of the Company, upon which he will serve as a member of the Audit Committee. The appointment is expected to be completed within three months from the resignation of Mr. LIU Ke, and the Company will comply with Rule 3.21 of the Hong Kong Listing Rules by then.

During the Reporting Period, the Audit Committee held eight meetings in total. The Audit Committee convened its meetings, considered relevant matters and made decisions in accordance with the Rules of Procedure of the Audit Committee of the Board, and made efforts to enhance the efficiency of its work and the soundness of its decision-making. The Audit Committee diligently performed its duties, and actively participated in the preparation, audit and disclosure of annual financial reports according to the Working Procedures of the Audit Committee of the Board for Annual Reports. It ensured the independence of audit, enhanced the audit quality, and protected the overall interests of the Company and its Shareholders.

The Audit Committee and its members have fully played their roles of audit and supervision according to the relevant laws and regulations, diligently performed their duties and made great contributions to improving corporate governance structure and enhancing the audit quality.

The Audit Committee prudently reviewed the financial status of the Company and examined the financial statements prepared by the Company, and considered that the Company's financial system is under stable operation and the financial status is good. Besides, the Board, through the Audit Committee, also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes for employees and relevant budget in relation to the Company's accounting and financial reporting functions.

Major accomplishments of the Audit Committee in 2021 included:

- reviewing periodic financial reports
- reviewing the summary of the internal audits and approving the annual internal audit plan
- reviewing the major findings on the audits of the internal audit departments and external auditors, and responses of the management to the recommendations on such audits

## Corporate Governance Report

- reviewing the effectiveness of the internal control system and adequacy of accounting and financial reporting functions
- reviewing the statutory scope of review of the external auditors
- considering the fee and appointment of the external auditors
- reviewing and monitoring the independence of the external auditors and the non-audit services provided by them

During the Reporting Period and up to the date of the 2021 annual results announcement, the Audit Committee held 10 meetings. The details are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>	<b>Important Comments and Suggestions</b>	<b>Other Duties Performed</b>
4 March 2021	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Results for 2020, Audit Work Plan of the Company for 2021, Proposal on the Reappointment of Accounting Firms, Proposal on Provision for Expected Credit Losses of the Company for 2020, 2020 Audit Work Report	—	The independent non-executive Directors inspected the Company's operation, listened to the report on the financial position and the business performance of the Company in 2020, and communicated with the management; independent non-executive Directors met the accounting firms and listened to the report of PricewaterhouseCoopers on the Company's Preliminary Audit Results for 2020.
17 March 2021	The 2020 Annual Audit Work Summary of PwC, the 2020 Annual Report, the 2020 Assessment Report on the Internal Control, the Audit Report on the Internal Control, the Performance Report of the Audit Committee of the Board for 2020	—	—
27 April 2021	The 2021 First Quarterly Report	—	—

<b>Date of Meeting</b>	<b>Proposals Passed</b>	<b>Important Comments and Suggestions</b>	<b>Other Duties Performed</b>
6 August 2021	Proposal on Revising the Internal Audit Work Management System of the Company	—	—
9 August 2021	Proposal on Considering the 2021 Interim Work Review of the Company	—	The independent non-executive Directors inspected the Company's operation and listened to the report on the financial position and the business performance of the Company in the first half of 2021; independent non-executive Directors met with the accounting firms and listened to the report of PricewaterhouseCoopers on the 2021 Interim Work Review.
18 August 2021	2021 Interim Report	—	—
27 October 2021	2021 Third Quarterly Report, Proposal on Considering the Special Audit Report on Anti-money Laundering of the Company	—	—
16 December 2021	Proposal on Considering the 2021 Audit Plan of CITIC Securities Company Limited	—	Training and sharing activities for independent non-executive directors — explanation on recent regulatory policy updates by PricewaterhouseCoopers
11 March 2022	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers regarding the Company's Preliminary Audit Results for 2021, Proposal on Amendments to the Key Inputs of Expected Credit Loss Measurement, Proposal on Provision for Other Assets Impairment Loss of the Company for 2021, Audit Work Report of the Company for 2021, Audit Work Plan of the Company for 2022	Suggest that the Company make information disclosure in relation to the amendments to the key inputs of expected credit loss measurement and the provision for other assets impairment loss for 2021 in accordance with relevant rules and regulations.	The independent non-executive Directors inspected the Company's operation, listened to the report on the financial position and the business performance of the Company in 2021, and communicated with the management; independent non-executive Directors met the accounting firms and listened to the report of PricewaterhouseCoopers on the Company's Preliminary Audit Results for 2021.

# Corporate Governance Report

<b>Date of Meeting</b>	<b>Proposals Passed</b>	<b>Important Comments and Suggestions</b>	<b>Other Duties Performed</b>
25 March 2022	The 2021 Annual Audit Work Summary of PwC, the Performance Report of the Audit Committee of the Board for 2021, the 2021 Annual Report, the 2021 Assessment Report on the Internal Control, the Audit Report on the Internal Control	—	

During the Reporting Period, members of the Audit Committee attended each meeting actively. They carefully reviewed the meeting documents beforehand, making full preparation for performing their duties. During the process of considering the relevant proposals at the meetings, all the members put forward pertinent suggestions leveraging on their own professional background and experience, and actively guided the Company for relevant improvements. During the Reporting Period, the attendances of members of the Audit Committee are as follows:

<b>Name of Committee Member</b>	<b>Position</b>	<b>Attendances/Required Attendance</b>	<b>Description</b>
ZHOU Zhonghui	Independent non-executive Director, chairman of the Audit Committee	8/8	—
LI Qing	Independent non-executive Director	5/5	During the term of office of Mr. LI Qing in 2021, the Company held 5 meetings of the Audit Committee and he attended all meetings.
LIU Ke	Former independent non-executive Director	8/8	—
HE Jia	Former independent non-executive Director	2/2	During the term of office of Mr. HE Jia in 2021, the Company held 2 meetings of the Audit Committee and he attended both meetings.

#### Overview of audit work of the Company:

PwC carried out the 2021 audit work on the Company mainly by two stages, the preliminary audit and year-end audit. PwC adopted the “Integrated Audit” method to complete the audit work in combination of the audit on financial statements and the audit on internal control. At the preliminary audit stage, PwC conducted the audit on internal control and carried out internal control testing at the enterprise level and the business process level under the Chinese Certified Public Accountants Auditing Standards, the Guidelines for Audit on Enterprise Internal Control and the Opinions on the Implementation of the Guidelines for Audit on Enterprise Internal Control issued by the Chinese Institute of Certified Public Accountants. Meanwhile, the IT auditors of PwC also asked for information about and conducted testing on major computer systems used by the Company. At the year-end audit stage, PwC focused on the implementation of principal accounting policies and the application of critical accounting judgements and accounting estimations adopted by the Company. PwC conducted detailed testing such as external confirmations, review and re-calculation and substantive analysis to conduct audit on financial statements items.

In order to successfully complete the audit on the 2021 annual financial statements of the Company and procure PwC to issue relevant reports within the agreed period, the Audit Committee of the Seventh Session of the Board authorized the Planning and Financial Department of the Company to supervise on PwC in relation to the planning of audit work, impairments of goodwill, valuation of financial instruments, impairments of financing business, judgement on scope of consolidation, audit progress, timing of initial draft and final draft of the audit report, etc. during the auditing period. The Audit Committee convened the 2021 8th meeting of the Audit Committee of the Seventh Session of the Board of the Company on 16 December 2021 by means of on-site combined with tele-communications, at which the Audit Committee considered and unanimously approved the 2021 Audit Plan of the Company. On 28 March 2022, PwC issued the unqualified audit reports for the Company within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal on PwC. In the appraisal, major considerations of the Audit Committee include requirements of the laws and regulations of the Mainland China and Hong Kong and relevant professional provisions in relation to the external auditors, and the external auditors’ compliance with such laws, regulations and provisions and their overall performance during the Reporting Period. The Audit Committee is also responsible for reviewing the independence of PwC to ensure that the reports issued by PwC can provide truly and objective opinions. The Audit Committee has received a written confirmation from PwC on their independence and objectivity prior to the audit of the Company’s 2021 financial statements. PwC shall not offer any other non-audit service unless otherwise specially approved, to ensure that their judgment and independence in the audit are not undermined. The Audit Committee of the Board was of the opinion that PwC conducted its independent audit on the 2021 financial statements of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work.

On 25 March 2022, the Audit Committee conducted a preliminary review on the 2021 Assessment Report on the Internal Control and the Audit Report on Internal Control of the Company, and was of the view that the internal control system of the Company was effective and well-performed, and the sound development of the Company is effectively secured. For details of the evaluation of the Board on the internal control of the Company and relevant information, please refer to “9.17.7 Disclosure of appraisal report on internal control” in this section.

# Corporate Governance Report

## Remuneration and Appraisal Committee

During the Reporting Period, the members of the Remuneration and Appraisal Committee of the Company comprised Mr. LIU Ke (resigned on 18 January 2022), Mr. HE Jia (resigned on 28 April 2021), Mr. ZHOU Zhonghui and Mr. LI Qing (appointed on 29 June 2021), each an independent non-executive Director. The chairman of the Remuneration and Appraisal Committee is Mr. LIU Ke, an independent non-executive Director.

The Remuneration and Appraisal Committee currently comprises two members, namely, Mr. LI Qing and Mr. ZHOU Zhonghui, each an independent non-executive Director. The chairman of the Remuneration and Appraisal Committee is Mr. LI Qing, an independent non-executive Director, who was appointed as chairman of the Remuneration and Appraisal Committee on 18 January 2022.

The primary responsibilities of the Remuneration and Appraisal Committee of the Board are: to establish and implement the performance appraisal system that is adapt to the changing market, the remuneration policy that has competitive edge, and the reward and punishment and incentive measures that are linked to the operating performance of the Company, and make recommendations to the Board on the remuneration and its structure of all the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the performance of the Directors and Senior Management, carry out annual performance appraisals over them, and review and approve performance-based remuneration; and to monitor the implementation of the remuneration system of the Company.

Major accomplishments of the Remuneration and Appraisal Committee in 2021 included:

- reviewing the performance of the Directors and Senior Management, and carrying out annual performance appraisals over them
- reviewing the remuneration level of the Directors and Senior Management and making recommendations to the Board in this regard
- supervising the implementation of the remuneration system of the Company

During the Reporting Period, the Remuneration and Appraisal Committee held two meetings in total, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
18 March 2021	Proposal on Considering the Report of the Duty Performance of the Remuneration and Appraisal Committee of the Board of the Company in 2020, Proposal on the Total Remuneration of the Directors of the Company for 2020, Proposal on the Total Remuneration of Senior Management of the Company for 2020, Proposal on Considering the Achievement of Performance Targets in 2020 and the Implementation Plan of Annual Performance-based Remuneration Policy for Senior Management of the Company, Proposal on Considering the Pre-distribution Plan of Senior Management Loyalty Award of the Company in 2020, Proposal on Annual Assessment on the Chief Compliance Officer of the Company
7 June 2021	Proposal in Relation to the Adjustment to the Allowances for Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company

During the Reporting Period, the attendances of the members of the Remuneration and Appraisal Committee at meetings are as follows:

<b>Name of Committee Member</b>	<b>Position</b>	<b>Attendances/Required Attendance</b>	<b>Description</b>
LI Qing	Independent non-executive Director, chairman of the Remuneration and Appraisal Committee	0/0	During the term of office of Mr. LI Qing in 2021, the Company did not hold any meeting of the Remuneration and Appraisal Committee.
LIU Ke	Former independent non-executive Director, former chairman of the Remuneration and Appraisal Committee	2/2	—
HE Jia	Former independent non-executive Director	1/1	During the term of office of Mr. HE Jia in 2021, the Company held 1 meeting of the Remuneration and Appraisal Committee and he attended the meeting.
ZHOU Zhonghui	Independent non-executive Director	2/2	—

During the Reporting Period, the Remuneration and Appraisal Committee supervised the implementation of the remuneration system of the Company, and was of the opinion that the Company strictly implemented the remuneration system established by the Board, and that the information about the remuneration of the Directors, Supervisors and Senior Management disclosed in the 2021 Annual Results Announcement of the Company was true, accurate and complete, and in compliance with the relevant requirements of the CSRC and the Hong Kong Stock Exchange.

### **Nomination Committee**

During the Reporting Period, the members of the Nomination Committee of the Company comprised Mr. LIU Ke (resigned on 18 January 2022), Mr. HE Jia (resigned on 28 April 2021) and Mr. LI Qing (appointed on 29 June 2021), each being an independent non-executive Director, and Mr. ZHANG Youjun, an executive Director. The chairman of the Nomination Committee is Mr. LIU Ke, an independent non-executive Director. After the resignation of Mr. HE Jia, the Company was temporarily not in compliance with Rule A.5.1 of the Code which requires that the nomination committee must comprise a majority of independent non-executive directors. The Company has appointed Mr. LI Qing as a member of the Nomination Committee within three months from Mr. HE Jia's resignation, and thus the Company has complied with the provision under Rule A.5.1 of the Code.

# Corporate Governance Report

The Nomination Committee currently comprises two members, namely, Mr. LI Qing, an independent non-executive Director, and Mr. ZHANG Youjun, an executive Director. The chairman of the Nomination Committee is Mr. LI Qing (appointed as chairman of the Nomination Committee on 18 January 2022), an independent non-executive Director. After the resignation of Mr. LIU Ke, the Company was temporarily not in compliance with Rule 3.27A of the Hong Kong Listing Rules which requires that the nomination committee must comprise a majority of independent non-executive directors. On 22 February 2022, the Board has resolved to propose to appoint Mr. SHI Qingchun as an independent non-executive Director of the Seventh Session of the Board of the Company, subject to the approval by the general meeting of the Company, upon which he will serve as a member of the Nomination Committee. The relevant appointment is expected to be completed within three months from the resignation of Mr. LIU Ke, and the Company will comply with Rule 3.27A of the Hong Kong Listing Rules by then.

The primary responsibilities of the Nomination Committee of the Board of the Company are: to review the structure, number and composition of the Board (including skills, knowledge, experience and diversity of the Board members), make recommendations on any proposed changes to the Board, if necessary, to match up with the strategies of the Company; to study the selection criteria and procedures of the Directors and Senior Management and make recommendations to the Board, to ensure that the Board members possess skills, experience and diversified views and perspectives required and suitable for the operation and development of the Company; to conduct extensive searches for qualified candidates for the Directors and Senior Management, review and give suggestions on the candidates and select and nominate relevant candidates of Directors or make recommendations to the Board in this regard; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on relevant matters on the appointment or re-appointment of the Directors and succession plan for Directors; and to report its decisions or recommendations to the Board.

In order to achieve Board diversity, the Terms of Reference of the Nomination Committee of the Board of the Company clearly states that the Nomination Committee should select the Director candidates based on objective standards, and relevant standards include but are not limited to:

- considering a combination of factors, such as gender, age, cultural and educational background, as well as professional experience of the Director candidates
- considering the Company's business features and future development needs, etc.

The Nomination Committee selects Director candidates and periodically reviews the measurable objectives of selecting Director candidates, including but not limited to, gender, age, culture background, education background, professional experience, years of service, etc., based on the abovementioned diversity principles. After taking into comprehensive consideration of the Company's business and development needs, the Nomination Committee believes that the current session of the Board fully reflects a diversified composition in terms of skills, experience, knowledge and independence. As at the date of this report, the composition of the Board from the view of diversity is summarized as follows: (1) education background: among the five current Directors, two of them hold Doctor's degree and the other three hold Master's degree; (2) age: among the five current Directors, one of them is at or beyond the age of 60 and the other four are below the age of 60; and (3) role: among the five current Directors, two of them are executive Directors, one of them is non-executive Director and the other two are independent non-executive Directors.

The Company provides the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, if necessary, seek independent professional advice when performing its duties at the Company's expense.

Major accomplishments of the Nomination Committee in 2021 included:

- conducting preliminary review on the nomination of Mr. LI Qing as a non-executive Director
- conducting preliminary review on the change of the Chief Financial Officer of the Company from Mr. LI Jiong to Mr. SHI Benliang

During the Reporting Period, the Nomination Committee held two meetings

<b>Date of Meeting</b>	<b>Proposals Passed</b>
28 April 2021	Proposal on Nomination of Independent Non-executive Director of the Company
8 December 2021	Proposal on the Change of the Chief Financial Officer of the Company

During the Reporting Period, the attendances of the members of the Nomination Committee at meetings are as follows:

<b>Name of Committee Member</b>	<b>Position</b>	<b>Attendance/Required Attendance</b>	<b>Description</b>
LI Qing	Independent non-executive Director, chairman of the Nomination Committee	1/1	During the term of office of Mr. LI Qing in 2021, the Company held a total of 1 meeting of the Nomination Committee and he attended the meeting.
ZHANG Youjun	Executive Director	2/2	—
LIU Ke	Former independent non-executive Director, former chairman of the Nomination Committee	2/2	—
HE Jia	Former Independent non-Executive Director	0/0	During the term of office of Mr. HE Jia in 2021, the Company did not hold any meeting of the Nomination Committee.

# Corporate Governance Report

Pursuant to the Articles of Association of the Company, Director candidates shall be nominated by the Board or the Shareholders who individually or jointly hold more than 3% of the total voting shares in the Company. The methods and procedures for nomination of independent non-executive Directors shall be implemented in accordance with laws, regulations, the relevant regulations of the regulatory authority where the Company's shares are listed, and the relevant independent non-executive director system. The appointment of each of the Director and the Supervisor candidates shall be submitted to the general meeting for approval by way of resolution.

Before the Director candidates are presented to the Board, the Nomination Committee must conduct a review and examination and make recommendations to the Board and the Shareholders. The Nomination Committee will review the biography of each of the candidates, conduct due diligence and evaluate the candidates' skills, knowledge, experience and diversification, etc.

During the Reporting Period, the Nomination Committee extensively searched for qualified senior management candidates, conducted review over the candidates and provided opinions to the Board of Directors for decision. The Nomination Committee selects and recommends senior management candidates based on the following criteria:

Familiar with domestic and overseas securities business, with many years of experience in securities and finance; have a deep understanding and unique insight into the Company's main businesses, and have achieved excellent results in a certain main business; have strong strategic analysis ability, leadership, executive force and business coordination ability; have an international vision; comply with the relevant provisions of the CSRC's Regulations on the Qualifications of Directors, Supervisors and Senior Management of Securities Companies; have the time and energy necessary for performing duties; comply with other conditions stipulated by laws, administrative regulations and the Articles of Association of the Company.

## **Risk Management Committee**

The Risk Management Committee of the Company currently comprises four members, namely, Mr. YANG Minghui, an executive Director, Mr. WANG Shuhui, a non-executive Director, Mr. Li Qing, an independent non-executive Director and Mr. ZHOU Zhonghui, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. YANG Minghui, an executive Director.

The primary responsibilities of the Risk Management Committee of the Board are: to develop the overall risk management policy for the Board's review; to prescribe strategic structures and resources used for the risk management of the Company, and make them compatible with the internal risk management policy of the Company; to formulate the threshold of major risks; and to supervise, examine and make recommendations to the Board on the relevant risk management policies.

The Risk Management Committee of the Company's Board of Directors supervises the Company's overall risk management and formulates overall risk management guidelines, policies and frameworks. During the Reporting Period, the Risk Management Committee held four meetings in total and considered various reports in relation to risk control, compliance management and internal control and governance, details of which are as follows:

Date of Meeting	Proposals Passed
17 March 2021	the 2020 Assessment Report on the Internal Control, the Audit Report on the Internal Control, the 2020 Compliance Report, the 2020 Evaluation Report on the Compliance Management Effectiveness, the 2020 Anti-money Laundering Work Report, the 2020 Integrity Practices Management Report, the 2020 Comprehensive Risk Management Report, the Special Report on Information Technology Management for 2020
7 June 2021	Proposal on the Preparation of the Company's Risk Appetite Management Measures and Risk Appetite Statement for 2021
18 August 2021	the 2021 Interim Compliance Report, the 2021 Interim Comprehensive Risk Management Report, the 2021 Interim Risk Appetite Management Report
27 October 2021	Proposal on Establishing an Internal Control Evaluation Management System of CITIC Securities Co., Ltd., Proposal on Considering Special Audit Report on the Anti-money Laundering Work of the Company

All members of Risk Management Committee attended the above meetings.

### Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Company currently comprises two members, namely, Mr. ZHOU Zhonghui and Mr. LI Qing, each an independent non-executive Director. The chairman of the Related Party Transactions Control Committee is Mr. ZHOU Zhonghui, an independent non-executive Director.

The primary responsibilities of the Related Party Transactions Control Committee of the Board are: to establish and amend the related party/connected transactions management system of the Company and monitor its implementation; to identify the list of related parties/connected persons of the Company and report it timely to the Board and the Supervisory Committee; to define the types of the related party/connected transactions and determine their approval procedures, standards and other matters; to review contemplated major related party/connected transactions of the Company with any related parties/connected persons, form a written opinion to the Board for review and report the same to the Supervisory Committee; and to review the information disclosure of any related party/connected transaction.

# Corporate Governance Report

During the Reporting Period, the Related Party Transactions Control Committee held five meetings, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
17 March 2021	Resolution on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, Resolution on the Potential Related Party/Connected Transactions Involved in the Issuance of Onshore and Offshore Corporate Debt Financing Instruments by the Company
16 July 2021	Proposal on Election of the Chairman of the Related Party Transaction Control Committee of the Board of Directors of the Company, Proposal on External Investment through Domestic Subsidiaries
6 August 2021	Proposal on Renewing the Property Leasing Framework Agreement with CITIC Group
18 August 2021	Proposal on Considering the Implementation of Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2021
17 December 2021	Proposal on External Investment through Subsidiaries

All members of the Related Party Transactions Control Committee attended the above meetings.

During the Reporting Period, the main measures taken by the Board in corporate governance are as follows:

- (1) Corporate governance of the Company and related suggestions: Facing the complex economic and market environment in 2021, the Board and specialized committees of the Board continued to pay attention to the conditions of the Company and of the market and regulatory requirements, and helped the Company to further sort out the internal management process, strengthen the internal control mechanism and establish a sound risk management system.
- (2) Development of directors and senior management: The Company provided professional training for directors and senior management to perform their duties, and provided them with relevant information on the securities industry and the Company's development trends in a timely manner to facilitate their performance of duties.
- (3) Compliance management of laws and regulations: The Board revised certain articles of the Articles of Association of the Company and its appendixes in accordance with the provisions and requirements of various laws and regulations and normative documents as amended by regulatory authorities and taking into consideration the Company's business operation and development needs.

The Company further supplemented and amended the Company's Registration System for Person Informed of Inside Information in accordance with the Provisions on the Registration and Management System of Insiders Who Have Access to Insider Information of Listed Companies. The newly amended Registration System for Person Informed of Inside Information of the Company was reviewed and approved at the 21st Meeting of the Seventh Session of the Board, and took effect on 18 March 2021.

In accordance with the Regulations on Internal Audit of the National Audit Office and the Regulations on the Audit of Economic Responsibility of the Leading Cadres of the Party and Government and the Leading Leaders of State-owned Enterprises and Institutions, and taking into consideration the actual situation, the Company amended the Management System on Internal Audit of the Company. The amendments were reviewed and approved at the 26th Meeting of the Seventh Session of the Board, and took effect on 9 August 2021.

The Company amended the Integrity Practices of CITIC Securities Company Limited in accordance with the Implementation Rules for the Incorrupt Practice of Securities Operating Institutions and Their Staff and the Professional Code of Ethics for Securities Practitioners. The amendments were reviewed and approved at the 27th Meeting of the Seventh Session of the Board, and took effect on 19 August 2021.

In accordance with the People's Bank of China's Anti-Money Laundering and Anti-Terrorist Financing Supervision and Administration Measures for Financial Institutions, the Company amended the Administrative Measures on Anti-Money Laundering, and changed its name to Administrative Regulations on Anti-Money Laundering. The amendments were reviewed and approved at the 28th Meeting of the Seventh Session of the Board, and took effect on 17 September 2021.

- (4) Corporate governance report: The Board of Directors of the Company reviewed the Corporate Governance Report before the publication of this report, and believed that the Corporate Governance Report complied with the relevant requirements of the Hong Kong Listing Rules.

## Performance of Duties by Independent Non-executive Directors

### Work in relation to periodic reports

#### Preparation and review of 2020 Annual Report

All of the independent non-executive Directors of the Company are members of the Audit Committee. On 4 March 2021, the 2021 1st meeting of the Audit Committee of the Seventh Session of the Board of the Company listened to the reports of PwC Zhong Tian and PwC Hong Kong on the preliminary audit results of 2020 Annual Report, considered/preliminarily considered on the Audit Work Plan of the Company for 2021, the Proposal on the Re-appointment of Accounting Firms, the Proposal on the Accrual of Credit Impairment Loss of the Company for 2020 and the 2020 Audit Work Report of the Company.

On 17 March 2021, the 2021 2nd meeting of the Audit Committee of the Seventh Session of the Board of the Company considered/preliminarily considered the 2020 Annual Audit Work Summary of PwC, the Performance Report of the Audit Committee of the Board for 2020, the 2020 Annual Report, the 2020 Assessment Report on the Internal Control and the Audit Report on the Internal Control.

#### Preparation and review of 2021 Annual Report

On 16 December 2021, the 2021 8th meeting of the Audit Committee of the Seventh Session of the Board considered and approved the 2021 Audit Plan of CITIC Securities Company Limited.

On 11 March 2022, the Company's independent non-executive Directors listened to the report of the Management, the Chief Financial Officer and audit institutions on the operation, financial condition and audit of the Company in 2021. As members of the Audit Committee, all the independent non-executive Directors of the Company considered/preliminarily considered the Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers regarding Preliminarily

# Corporate Governance Report

Audit Results of 2021 Annual Report of the Company, the Proposal on Amendments to the Key Inputs of Expected Credit Loss Measurement, the Proposal on Provision for Other Assets Impairment Loss of the Company, the 2021 Audit Work Plan of the Company for 2011, and the 2022 Audit Work Report of the Company.

On 25 March 2022, as members of the Audit Committee, all of the independent non-executive Directors of the Company considered/preliminarily considered the 2021 Annual Audit Work Summary of PwC, the Performance Report of the Audit Committee of the Board for 2021, the 2021 Annual Report, the 2021 Assessment Report on the Internal Control, and the Audit Report on the Internal Control.

## Review of related party/connected transactions

On 17 March, 16 July, 6 August, 18 August and 17 December 2021, respectively, the independent non-executive Directors of the Company, all being members of the Related Party Transactions Control Committee, considered/ preliminarily considered the Proposal on the Estimation of Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2021, the Proposal on Related/Connected Transactions That May Be Involved in the Company's Issuance of Domestic and Overseas Corporate Debt Financing Instruments, the Proposal on Election of the Chairman of the Related Party Transaction Control Committee of the Board of Directors of the Company, Proposal on External Investment through Domestic Subsidiaries, the Proposal on Renewing the Housing Leasing Framework Agreement with CITIC Group Corporation, the Proposal on Considering the Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2021, and the Proposal on External Investment through Subsidiaries.

On 18 March, 15 July, 9 August and 17 December 2021, the independent non-executive Directors of the Company gave their Prior Approval Opinions and Independent Opinions about the related party/continuing connected transactions to be contemplated in the ordinary course of business of the Company in 2020, the estimation of related party/continuing connected transactions to be contemplated in the ordinary course of business of the Company in 2021, related/connected transactions that may be involved in the Company's issuance of domestic and overseas corporate debt financing instruments, external investment through domestic subsidiaries, renewal of the Housing Leasing Framework Agreement with CITIC Group Corporation, and joint investments with related/connected parties and other matters, respectively.

## Other performance of duties

On 21 February, 26 February, 18 March, 28 April and 7 June 2021, the independent non-executive Directors of the Company issued Special Explanations and Independent Opinions on relevant matters in the 19th to 23rd Meetings of the Seventh Session of the Board of the Company in respect of the establishment of a capital management subsidiary, the plan of the rights issue, the guarantee situation, profit distribution, re-appointment of accounting firms, provision for impairment losses, total annual remuneration for directors and senior management, candidates for independent non-executive Directors and adjustment of subsidies for non-executive Directors and supervisors, respectively.

On 10 December 2021, the independent non-executive Directors of the Company issued their independent opinions on the appointment of the Chief Financial Officer of the Company.

### **Establishment and improvement of working system in relation to the independent non-executive Directors and performance of independent non-executive Directors**

In order to improve the corporate governance structure, promote the regulated operations, safeguard the overall interests of the Company and protect the lawful rights and interests of all Shareholders, particularly the minority Shareholders, the Working System for Independent Directors of the Company officially came into force on 28 July 2008 after it was considered and approved at the 28th Meeting of the Third Session of the Board. The contents of the system include: qualifications of independent Directors; nomination, election and replacement of independent Directors; special powers of independent Directors; independent opinions of independent Directors; necessary conditions being provided for independent Directors; and working system regarding the annual report.

During their term of office, all independent non-executive Directors complied with relevant requirements of the laws, regulations and the Articles of Association of the Company, and had devoted sufficient time and energy to performing their duties. When making an independent judgment, the independent non-executive Directors were not affected by the substantial Shareholders of the Company or any other entity or individual having an interest in the Company; and they endeavored to protect the interests of the Company and minority Shareholders.

The independent non-executive Directors actively participated in all the meetings of the Board. Among the members of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Related Party Transactions Control Committee of the Board, save as disclosed in this report, the Company has appointed the requisite number of independent non-executive Directors as required by their respective rules, and the chairman of each of the specialized committees is assumed by an independent non-executive Director. All the chairmen of the committees convened the meetings according to the relevant rules of procedure.

### **Supervisors and the Supervisory Committee**

The Supervisory Committee is the supervisory body of the Company and is accountable to the general meeting. According to the Company Law and the Articles of Association of the Company, the Supervisory Committee is responsible for overseeing the financial activities and internal control of the Company, and the legality and compliance of the Board, the Operation Management and its members in the performance of their duties.

In 2021, the Supervisory Committee of the Company strictly complied with the Company Law, the Articles of Association of the Company and other relevant requirements, lawfully and diligently performed its duties, observed the relevant procedures, attended all on-site meetings of the Board and general meetings, made reports to the general meeting and submitted its working report and relevant proposals. Based on the spirit of being accountable to all Shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the Operation Management of the Company.

# Corporate Governance Report

## Meetings of the Supervisory Committee and attendance of Supervisors during the Reporting Period

In 2021, the Supervisory Committee of the Company convened 5 meetings in total. Details of which are as follows:

Session	Date of Meeting	Proposals Passed
The 8th Meeting of the Seventh Session of the Supervisory Committee	26 February 2021	The meeting considered and approved the following proposals: Proposal on the Satisfaction of the Conditions for the Rights Issue of the Company Plan of Public Issuance of Securities by Way of the Rights Issue Proposal of Public Issuance of Securities by Way of the Rights Issue Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company Proposal on the Risk Warning of the Dilution of Immediate Return under the Rights Issue to Existing Shareholders and Remedial Measures to Be Taken in this Respect Shareholders' Return Plan of the Company for 2021–2023 Proposal on the Use of Previous Proceeds
The 9th Meeting of the Seventh Session of the Supervisory Committee	18 March 2021	The meeting considered and approved the following proposals: 2020 Annual Report (and issued written review opinions) Proposal on 2020 Profit Distribution Plan 2020 Work Report of the Supervisory Committee 2020 Social Responsibility Report Proposal on the Total Remuneration of the Supervisory Committee for 2020 Proposal on the Accrual of Credit Impairment Loss of the Company for 2020 and considered the following reports: 2020 Audit Work Report 2020 Assessment Report on Internal Control 2020 Compliance Report 2020 Integrity Practice Management Report 2020 Comprehensive Risk Management Report
The 10th Meeting of the Seventh Session of the Supervisory Committee	28 April 2021	The meeting considered and approved the 2021 First Quarterly Report and issued written review opinions
The 11th Meeting of the Seventh Session of the Supervisory Committee	19 August 2021	The meeting considered and approved the 2021 Interim Report and issued written review opinions The following reports were considered: 2021 Interim Compliance Report 2021 Interim Comprehensive Risk Management Report 2021 Interim Risk Appetite Management Report
The 12th Meeting of the Seventh Session of the Supervisory Committee of the Company	28 October 2021	The meeting considered and approved the 2021 Third Quarterly Report and issued written review opinions

During the Reporting Period, the attendances of Supervisors at the meetings of the Supervisory Committee are as follows:

Name of the Supervisor	Position	Required attendance at meetings of the Supervisory Committee during the year	Actual attendance	Attendance at on-site meetings			Means of attending on-site meetings
				by other means	Attendance by proxy	Absence	
ZHANG Changyi	Supervisor, Chairman of the Supervisory Committee	5	5	—	—	—	On-site
GUO Zhao	Supervisor	5	5	3	—	—	On-site/Teleconference/ video
RAO Geping	Supervisor	5	5	2	—	—	
LI Ning	Employee Representative Supervisor	5	5	1	—	—	On-site/video
NIU Xuekun	Employee Representative Supervisor	5	5	—	—	—	On-site/Teleconference
Meetings of the Supervisory Committee held during the year				5			On-site
Of which: number of meetings held on-site				5			

### Participating in the audit project of the Company and conducting on-site inspections

To ensure the Supervisors to perform their supervision duties, the Supervisory Committee continued to strengthen supervision and inspection of the Company's day-to-day operations. In particular, in respect of the Company's audit project, the Supervisors of the Company participated in the on-site opinion exchange sessions on audit held by the Auditing Department about relevant departments, outlets and subsidiaries, and listened to reports and conducted interviews with regard to key businesses.

In 2021, the Supervisory Committee of the Company completed 4 on-site activities in total, details of which are as below:

On 9 April 2021, Chairman of the Supervisory Committee ZHANG Changyi, Supervisors Guo Zhao, RAO Geping, and Employee Representative Supervisor NIU Xuekun listened to Chief Engineer and Chief Information Officer of the Company SONG Qunli about the Report on the Work of the Information Technology Center in 2021 in the form of live/video conference at the CITIC Securities Building in Beijing.

From 14 to 15 July 2021, Chairman of the Supervisory Committee ZHANG Changyi, Supervisors GUO Zhao, RAO Geping, and Employee Representative Supervisor LI Ning and NIU Xuekun went to the Northeast Branch Office of CITIC Securities to learn about operational compliance and risk control of the branch office, participated in the on-site opinion exchange sessions held by the Audit Department on audit of the branch office, visited the local outlets, and conducted on-site communication with employees.

On 9 August 2021, Chairman of the Supervisory Committee ZHANG Changyi, Supervisors GUO Zhao, RAO Geping, and Employee Representative Supervisor LI Ning and NIU Xuekun listened to the Company's executive committee and director of the investment banking committee MA Yao about the Investment Banking Business Situation and Development Plan in the form of live/video conference at the CITIC Securities Building in Beijing.

# Corporate Governance Report

On 16 December 2021, Chairman of the Supervisory Committee ZHANG Changyi, listened to PricewaterhouseCoopers about 2021 Annual Audit Plan of CITIC Securities Co., Ltd. at the CITIC Securities Building in Beijing.

Through research on key departments and on-site inspections of branches, the ways for the Supervisors to perform their duties were further enriched, which improved their understanding of the Company's operations and basic conditions, and effectively enhanced the efficiency and capabilities of the Supervisor of the Company to supervise the operation and management activities of the Company.

## Independent opinions of the Supervisory Committee

During the Reporting Period, the Supervisors attended all on-site meetings of the Board and Shareholders' general meetings. They supervised and inspected the operation in compliance with laws, major decisions, major business activities and the financial position of the Company. On the basis of the above, the following independent opinions were given:

1. The Company managed to operate in strict compliance with the Company Law, the Securities Law, the Articles of Association of the Company and the relevant rules and regulations of the State, and the decision-making procedure of the Company was legitimate. The Company was able to continuously improve its internal control system, and none of the Directors and Senior Management was involved in any violation of laws or disciplines or other acts that may harm the interests of the Company when performing their duties. The Supervisory Committee of the Company had no disagreement in relation to any supervisory matters during the Reporting Period.
2. The financial position of the Company was sound. The financial report for 2021 had been audited by PwC. The auditors had issued their unqualified audit reports, which gave a true and fair view of the financial position and the business performance of the Company.
3. During the Reporting Period, the Company issued 12 tranches of public corporate bonds with an issuance size of RMB47.9 billion in total and one tranche of public subordinated bonds with an issuance size of RMB3 billion. The Company issued three tranches of perpetual subordinated bonds with an issuance size of RMB10.8 billion, proceeds of which were used to replenish the working capital of the Company and repay debt financing instruments. The Company issued 3,125 tranches of beneficiary certificates with an issuance size of RMB107.383 billion in total, proceeds of which were used to replenish the working capital of the Company. The Company established special proceeds accounts for various tranches of corporate bonds, subordinated bonds and perpetual subordinated bonds in accordance with the Administrative Measures for the Issuance and Trading of Corporate Bonds, to receive, deposit and transfer proceeds and to organize and manage the payment of interest and redemption of principal. As at the end of the Reporting Period, proceeds of each tranche of bonds were completely used, which was in line with the usage, using plan and other agreements in the prospectuses.
4. Acquisitions or disposals of assets were made by the Company at reasonable prices. No insider dealings were found, nor was there any circumstances which may jeopardize the interests of part of the Shareholders or cause any loss to the Company's assets.
5. The relevant related party/connected transactions of the Company were fair, in compliance with laws and not prejudicial to the interests of the Company.

6. The Board Secretary is designated to be responsible for information disclosure as well as receiving incoming calls, visits and enquiries and other activities from investors. The Company has designated China Securities Journal, Shanghai Securities News and Securities Times as the newspapers for information disclosure of the Company, and the website of the SSE at <http://www.sse.com.cn> and the HKEXnews website of HKEx at <http://www.hkexnews.hk> as the websites for information disclosure of the Company. The Company had been in strict compliance with the provisions and requirements of the relevant laws and regulations and the Management Measures on Information Disclosure to truly, accurately, timely and completely disclose relevant information and ensure that all Shareholders were given equal opportunities to be informed of the relevant information.

During the Reporting Period, the Management Measures on Information Disclosure, Registration System for Person Informed of Inside Information and other relevant systems of the Company were effectively implemented, the Company's information disclosure was further regulated, the Company's information disclosure management level and quality of information disclosure were enhanced, the principle of fairness of information disclosure was maintained, and the legal rights of investors were protected. Meanwhile, the Management Measures on Information Disclosure and the Company's internal system provided clear requirements on the reporting, delivery, review and disclosure procedures for significant matters of the Company and it was implemented well.

7. The written review opinions on the annual report prepared by the Board were as follows:

The preparation and approval procedures of the annual report of the Company were in compliance with all the requirements under the relevant laws and regulations, the Articles of Association of the Company and the internal management systems of the Company;

Contents and format of the annual report were in compliance with the relevant requirements of the regulatory authorities, and information disclosed therein can completely and truly reflect the operational and financial conditions and other matters of the Company for the year;

None of the persons involved in the preparation and review of the annual report had committed any action in breach of confidentiality requirements.

8. The Supervisory Committee of the Company reviewed the 2021 Profit Distribution Plan of the Company and considered that the 2021 Profit Distribution Plan of the Company formulated by the Board was in compliance with the requirements of the relevant laws, regulations and the regulatory documents of the Company and strictly performed the cash dividend decision-making procedure. The 2021 Profit Distribution Plan of the Company had given full consideration to the Company's internal and external factors, Company's current status, development plan, future capital requirements and the overall and long-term interest of the Shareholders. Consent has been given to submit this plan to the Shareholders' general meeting of the Company for consideration.
9. The Supervisory Committee of the Company reviewed the 2021 Assessment Report on Internal Control, the 2021 Compliance Report, the 2021 Integrity Practice Management Report, the 2021 Comprehensive Risk Management Report and the 2021 Audit Work Report of the Company, and they had no disagreement with the contents therein.

### **Explanation on Risks Found by the Supervisory Committee**

The Supervisory Committee had no objection to any supervisory matters during the Reporting Period.

# Corporate Governance Report

## Appointment of Auditors

For information in relation to the appointment of auditors and the remuneration for audit services, please refer to “6.2 Appointment or Termination of Service of Accounting Firms” of this report.

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of audit opinions on the financial statements based on their audit work.

## Non-audit Work

During the Reporting Period, the Company engaged PwC Zhong Tian to provide non-audit services to the Company, including tax assurance, ESG report assurance and consultancy services, with a total of non-audit service fee of RMB4.74 million.

## 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 certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

All Directors of the Company confirm that they have the responsibilities to compile the financial statements which can truly reflect the operating results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause material adverse impact on the ongoing operations of the Company.

## Company Secretary

Ms. LIU Xiaomeng and Ms. YU Hiu Kwan, Hilda are the Joint Company Secretaries. The Company Secretary is accountable to the Board and ensures that various meetings of the Board are successfully convened according to the correct procedures; advises and recommends on issues related to corporate governance; and promotes the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

The Company Secretary circulates the agenda on corporate governance for the Chairman, and provides sufficient explanation and information to the Board in a timely manner, especially the arrangement of annual Board meetings and meetings of the specialized committees; regularly provides Weekly Information to the Board and the Supervisory Committee to keep the Board and the Supervisory Committee updated on the latest development of the Company in a timely manner. The Company Secretary provides sufficient bases and recommendations on corporate governance, Board meeting procedures, non-executive Director’s involvement in the internal management meetings, and non-executive Director’s visits to the Company and other matters for the Board’s review. The Directors are entitled to obtain the Company Secretary’s opinions, recommendations and related services. During the Reporting Period, the Joint Company Secretaries duly performed their duties, ensured that the respective meetings of the Board of the Company are successfully convened and promoted the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

During the Reporting Period, in order to better perform duties and in accordance with the Hong Kong Listing Rules and other relevant requirements, Ms. LIU Xiaomeng had received 30 hours of professional training, including: participated in the 60th Seminar for Strengthening the Ongoing Professional Development of Affiliated Persons organized by the Hong Kong Chartered Governance Institute; participated in the ESG Seminar on online refueling of “Gas Stations” held by the Shenzhen Public Companies Association; participated in the training organized by lawyers from Jingtian & Gongcheng LLP and Beijing Jiayuan Law Firm on notifiable transactions and related party/connected transactions; participated in ESG training organized

by PwC; participated in compliance trainings including operational risk management training, risk warning case education training and anti-money laundering series training for all employees and follow-up training for securities practitioners. Ms. YU Hiu Kwan, Hilda had received 15 hours of professional training, including: participated in training on Company Secretary Practices of Hong Kong; participated in the training of “reform and reorganization strategy of business enterprises in China”; participated in the training on “creating long-term value through a robust whistle-blower framework” and the training on the update of corporate regulations in 2021.

## Investor Relations

### Amendments to the Articles of Association

Upon preliminary review at 21st Meeting of the Seventh Session of the Board, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2020 Annual General Meeting, pursuant to which, it was agreed that the Company would make corresponding amendments to certain articles in the Articles of Association of the Company in accordance with the Working Rules of Primary-level Party Organizations of State-owned Enterprises (for Trial Implementation) after taking into consideration the actual condition of the Company. The amended Articles of Association of the Company took effect on 29 June 2021.

### Work conducted relating to investor relations during the Reporting Period

The Board and the Operation Management of the Company value the investor relations work, actively participate in investor management work, constantly enrich investor communication methods by technological means and continuously enhance the investors’ understanding of the Company, which in turn promote the improvement of corporate governance and optimize the work related to investor protection.

In 2021, following the principle of openness, fairness and impartiality, the Company ensured the information was disclosed and disseminated in a true, accurate and complete manner by the disclosures of statutory information. The Company communicated with its investors in an active and open manner through live streaming video, telephone, email, online platform, reception of visitors, and participation in investor meetings, to ensure that all Shareholders, especially the minority Shareholders, could fully exercise their rights.

In 2021, the Company organized various communication activities for investors and analysts in accordance with the regulatory requirements and the business development needs: the 2020 Annual General Meeting, the 2021 First A and H Shareholders Class Meeting and the 2021 First Extraordinary General Meeting were convened, at which important issues such as the 2020 profit distribution and the rights issue of the Company were considered respectively. The Directors, Supervisors, Senior Management and heads of the relevant business departments of the Company attended the meetings, explained in detail the content of the meetings to the Shareholders of the Company, introduced the strategic goals and the latest development of the Company and answered the Shareholders’ inquiries, through which the Company achieved satisfactory communication with the Shareholders. The press conference for the 2020 annual results was the first meeting held by a domestic securities company that adopted webcast and teleconference, on which the leaders of the Company attended the meeting, disclosed the IR mailbox to solicit questions from investors and invited China Securities Investor Services Center for Small and Medium-sized Investors and investors, and attracted about 27,000 investors and media to participate in the meeting. The meeting effectively improved the investors’ understanding of the Company’s investment value, comprehensively promoted the Company’s business development advantages, effectively guided market expectations and was awarded the “Best Practice Case of China’s Public Companies” by China Association for Public Companies. In addition, the investor relations team of the Company maintained smooth and effective communication with investors and analysts, and timely exchanged views on market focus, rights issue of the Company as well as updates in regulatory policies.

# Corporate Governance Report

The Company also ensured the investor hotline access rate, continuously optimized the function of the mailbox and the Company's website, timely updated the contents on SSE e-interaction platform, and replied to investors' questions to keep investors informed of the development of the Company in a more convenience, rapid, prompt and comprehensive manner.

## **Risk Management and Internal Control**

### **Statement of the Board regarding the responsibility of risk management and internal control**

The Board is responsible for continuously supervising the Company's risk management and internal control systems, and is responsible for them and for reviewing their effectiveness. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

In accordance with the requirements of the corporate internal control standard system, it is the responsibility of the Board of the Company to establish, improve and effectively implement internal control, assess its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee oversees the establishment and implementation of internal control by the Board. The managers are responsible for organizing and steering the day-to-day operation of corporate internal control.

The goal of the Company's internal control is to provide a reasonable assurance for the legal compliance of the operation and management, safety of the assets, truthfulness and completeness of the financial reports and relevant information, improve operational efficiency and effectiveness so as to facilitate the realization of development strategies. Due to its inherent limitations, internal control can only provide a reasonable assurance for the achievement of the above objectives. Moreover, as changes in circumstances may render the internal control to be inappropriate, or reduce the degree of compliance with policies and procedures of the internal control, predicting effectiveness of future internal control based on the assessment results of internal control may involve certain risks.

The Company has internal audit function. The Audit Committee of the Board assists the Board in independently reviewing the Company's financial condition and the implementation and effects of the internal control system, and reviewing and supervising the results of the Company's internal audit work. There were no significant internal control issues found during the relevant review. The Board was of the view that the existing risk management and internal control systems were effective and sufficient during the year and as of the disclosure date of this report.

### **Risk management system and procedures for identifying, assessing, and managing significant risks**

For details of the Company's risk management system and the Company's procedures for identifying, assessing and managing significant risks, please refer to the section "Risk Management" of this report.

### **Procedures for resolving severe defects in internal control**

The Company conducts a self-evaluation of the risk management systems during its annual internal control assessment. If any defect is found, the Company will formulate a rectification plan to diminish the defect. Risk events and potential defects that arise in the day-to-day risk management work are effectively managed according to the procedures of risk management systems. Under its comprehensive risk management system, the Company regularly updates and revises risk management systems and processes so as to adapt to the changing risk exposures and management requirements. The Audit Department of the Company inspects the internal controls of each business and issues audit reports, offer advice for rectification and provides management proposals on issues found during the audit. The Compliance Department of the Company formulates defect rectification plans in accordance with laws and regulations as well as the regulatory requirements, and is also responsible for the specific implementation of defect rectification work.

### **Basis of establishment of internal control over financial reporting**

According to the criteria for determining major defects, important defects and general defects as defined by in the corporate internal control standard system and in light of the factors including the Company's scale, industry-specific features, risk appetite and risk tolerance, the Board of the Company distinguished internal control over financial reporting and internal control over non-financial reporting and studied and defined the criteria suitable for the specific determination of internal control defects of the Company and kept it consistent with the criteria of the previous years.

An internal control defect should be recognized as a major defect if it is reasonably possible that such defect, alone or in combination with other defects, may lead to the failure to prevent or detect and correct the material misstatement in the financial report in time. An internal control defect is recognized as an important defect if it is reasonably possible that such defect, alone or in combination with other defects, may lead to the failure to prevent or detect and correct the misstatement in the financial report that has not reached the level of major defects but has come to the attention of the Board and the management. Internal control defects that do not constitute major defects or important defects are recognized as general defects.

According to the determination of major defects in the Company's internal control over financial reporting, there were no major defects in the internal control over financial reporting as at the benchmark date of the internal control evaluation report. The Company has maintained effective internal control over financial reporting in all material aspects in accordance with the requirements of the corporate internal control standard system and relevant regulations.

### **Overall view on establishment of the internal control system**

The Company has attached great importance to the development of its internal rules and regulations and its management systems since the Company was established. Since the promulgation of the Basic Norms of Internal Control for Enterprises, the Guidance for the Internal Control of Securities Companies, and the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange, the Company has further improved its internal control according to the relevant requirements and made consistent efforts to improve internal control in every aspect of its business development.

In 2011, as a key pilot company under the Shenzhen Securities Regulatory Bureau, the Company, from the prospective of a listed company, had duly conducted the pilot regulating on internal control, and appointed the external consulting firms for assistance, and adopted the best practice and methodology on internal control from the external consulting firm. In 2012, the Company, from the prospective of a securities company, conducted and successfully completed its internal control activity in accordance with the Notice on Conducting Internal Control Activities among Securities Companies in Shenzhen Administrative Area, and further improved its internal control system. Since 2012, with the authorization of the Board of the Company, the Compliance Department of the Company has led the establishment of the internal control self-assessment working group of the Company to independently conduct the internal control self-assessment. After years of accumulating experience, the Company has established a relatively stable system of personnel allocation and responsibilities and cultivated its internal control self-assessment procedures and mechanism which are in line with the actual situations of the Company, thereby enabling the assessment results to reflect a real and accurate picture of the Company's internal control.

As of the end of the Reporting Period, the Company has established an internal control system in line with its business nature, scale and degree of complexity, as well as achieved remarkable results in ensuring the compliance of the Company's operations and management, safety of the assets, truthfulness and integrity of the financial reports and relevant information, and the improvement of business efficiency and effectiveness.

# Corporate Governance Report

During the Reporting Period, the Company had put in place an internal monitoring and control system, and the procedures and internal monitoring and control measures for processing and issuing share price sensitive information, and clearly defined the frequency of reviews on internal control and the standards adopted by Directors to appraise the effectiveness of the internal monitoring and control system.

The Company has established, improved and implemented a set of systems, including the information segregation wall, the registration system of persons informed of undisclosed information, and the registration system of persons informed of insider information, according to the regulatory requirements. It effectively prevented the improper use and dissemination of sensitive information. Meanwhile, the Company disclosed the relevant information in a true, accurate, complete and timely manner strictly in compliance with the laws, regulations and the Articles of Association, and ensured that all investors have equal opportunities of promptly accessing the Company's information.

## Management and control over subsidiaries during the Reporting Period

The Company formulated the Measures for the Management over Subsidiaries, Associated Companies and Joint Ventures of CITIC Securities Company Limited and the Measures for the Management of Designated Directors or Supervisors of CITIC Securities Company Limited, to strengthen the management over subsidiaries and standardize their operation and management, effectively control risks and safeguard the interests of the Company. The Company fully performed the duties as shareholders and designated directors and supervisors to get involved in the significant business decisions of subsidiaries via participating in the corporate governance of subsidiaries according to laws, thereby implementing unified management requirements of the Company for corporate governance. Subject to the compliance with regulatory requirements, the Company managed its controlled subsidiaries through vertically management in terms of human resources, finance, assets and liabilities, legal affairs, risks, compliance, auditing and other aspects.

## Disclosure of appraisal report on internal control

As a company concurrently listed domestically and abroad, the Company has disclosed the 2021 Annual Assessment Report on Internal Control together with this results report. Pursuant to the requirements under the Basic Norms of Internal Control for Enterprises and its ancillary guidelines, the Rules No. 21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public — General Rules of Annual Report on Internal Control Evaluation and other relevant laws and regulations, the Company conducted self-assessment on the effectiveness of the design and operation of the Company's internal control as of 31 December 2021. In respect of the business and matters within the assessment scope, the Company has established and effectively implemented an internal control system which has achieved the objective of the Company's internal control and without major or important defects. The Company will disclose the Audit Report of Internal Control at the same time of the 2021 Annual Results Announcement.

## Implementation of the Company's accountability system for material errors in information disclosure in the annual report

In order to further improve the Company's internal control system and reinforce the financial accountability system, the Board of the Company developed the Accountability System for Material Errors in Information Disclosure in the Annual Report, and this system became effective on 29 March 2010.

During the Reporting Period, the system had been implemented satisfactorily, and there had been no material accounting error, material omission of information which needed to be supplemented, or correction on the preliminary announcement on the Company's results.

## Other matters of report

### Establishment of the compliance management system

The Company attaches great significance to compliance management. Positioning around the objective of “Comprehensively Improving Compliance Management Capabilities, Providing Timely and Effective Compliance Support for the Company’s Business Development to Achieve Sustainable and Standardized Development of the Company”, the Company continues to improve the compliance management system and enhance the compliance risk management and control capabilities.

The Company constantly establishes and improves a comprehensive and multi-level organizational system for compliance management. The compliance management of the Company is led by the Board, supervised by the Supervisory Committee and implemented by the Chief Compliance Officer and the Compliance Department. The Operation Management, head of each department or business line and the Compliance Specialist, shall perform their duties of compliance management within their own scope of authorities, respectively.

In order to improve the overall level of compliance management of the Company and its subsidiaries, the Company implements vertical compliance management with all subsidiaries performing their duties of consideration and approval, reporting and daily management in accordance with the Measures for the Management over Subsidiaries, Associated Companies and Joint Ventures and Measures for the Management of Reporting of Major Events, so as to effectively improve the capabilities of compliance management and risk prevention.

In terms of the basic system of compliance management, the Company formulated or amended 28 compliance management systems, including the Compliance Reporting System, Administrative Measures on Anti-Money Laundering, Administrative Measures on Contracts, the Integrity Practices, Employee’s Securities Investment Behavior Management System, Client Complaints Reporting and Handling System, Internal Control Self-Assessment System and other systems. Three notice documents were published, including the Notice on Further Strengthening the Monitoring and Management of OTC Funding Matching, the Notice on Standardizing Customer Solicitation and Strengthening the Management of Livestream Business, and the Notice on the Prohibition of CLSA Employees Dispatched by the Company From Trade Stocks, and the Operation Guidelines for the Identification of Professional Investors was amended. Through system construction, the compliance management system of the Company was further improved.

### Internal audit

During the Reporting Period, the Audit Department of the Company completed routine audits, resignation audits, special audits and compulsory resignation audits on general managers of securities outlets for a total of 132 projects among 5 departments/business lines at the headquarter, 103 securities outlets and 4 subsidiaries of the Company. Details of which are as follows:

The 17 audit projects for the headquarter of the Company include: routine audits on commodity business line, asset management business, and regional investment banks under the Investment Banking Management Committee; periodic audits on credit business, material related party transactions, transactions with overseas subsidiaries and public securities investment fund sales business; special audits on the Company’s business of sales of private financial products on consignment, anti-money laundering of the Company, emergency management of the Company’s information system, collective asset management plan, and the Company’s write-off of bad debts; and resignation audit on investment managers in the asset management business.

The 110 audit projects for the securities outlets include: compulsory resignation audit projects on general managers of 69 securities outlets and resignation audit projects on general managers of 41 securities outlets.

# Corporate Governance Report

The 5 audit projects for subsidiaries include: routine audits on CITIC Securities (Shandong), CITIC Goldstone Fund, CLSA's institutional brokerage business and CLSA Japan Co., Ltd., and special audits on CLSA's information technology management.

Through the audits mentioned above, the Audit Department of the Company evaluated the soundness and effectiveness of internal control in the audited units, revealed the existing major risks and promoted the progress in increasing the awareness towards risk prevention among departments/business lines, securities outlets and subsidiaries and in improving the risk management of the Company.

## **The Status of the Establishment of Monitoring and Replenishment Mechanism of the Risk Control Indicators of the Company**

The Company continues to attach great importance to the supervision indicators. It has established a dynamic monitoring system of risk control indicators in accordance with the requirements under the Measures for the Administration of the Risk Control Indicators of Securities Companies, achieving T+1 dynamic monitoring and automatic early warning of risk control indicators, and setting up the trans-departmental communication & coordination mechanism to ensure the risk control indicators kept staying within the supervision limit consistently. Meanwhile, by continuously calculating and analyzing risk control indicators for a period of time in the future, the Company is able to identify risks and make warning in advance, so as to reasonably arrange the financing activities and usage of funds.

In 2021, the Company's main risk control indicators remained good with major risk control indicators kept within the supervision limit. Regarding the several cases of exceeding the positions limit in terms of securities centralization, the Company made timely report to the regulatory authorities and promptly formulated relevant solution plans. Besides, the Company also made consistent efforts to improve front-end control and back-end monitoring measures for the Company's internal system.

The Company has established the net capital replenishment mechanism to ensure continued compliance of risk control indicators, such as the net capital, in accordance with the requirements of the securities regulatory authorities. As at the end of the Reporting Period, the net capital of the Company was RMB107.581 billion and all types of risk control indicators were in compliance with the relevant regulatory requirements.

## **Account regulation of the Company**

In 2021, the Company continued to strengthen its day-to-day regulation over accounts, implement the real-name based requirement in opening and holding CSDC accounts, organize on-site inspections on the branches' businesses of real-name based accounts, and continue to follow the supplemental record of information for the integrated securities account, and report on the interest holders' data and products' net value, inspect the CSDC securities accounts, regulate categories of occupations and etc. The Company provided special trainings for each branch of the Company, and also improved the process control of accounts opening through technical means, in order to eliminate the occurrence of opening non-compliance accounts.

As of 31 December 2021, the Company's wealth management clients had 21,976,681 securities accounts, of which 20,499,757 were qualified securities accounts, representing 93.28% of the total; 1,425,477 were dormancy securities accounts, representing 6.49% of the total; 1,890 were unqualified securities accounts, representing 0.009% of the total, 49,519 securities accounts were frozen by judicial orders, representing 0.225% of the total, and there was no risk disposal securities account.

As of 31 December 2021, the Company's wealth management clients had 12,568,943 capital accounts, of which 9,761,847 were qualified capital accounts, representing 77.67% of the total; 2,794,030 were dormancy capital accounts, representing 22.23% of the total; 2,377 capital accounts were frozen, representing 0.019% of the total; 10,649 were unqualified capital accounts, representing 0.08% of the total; 27 were unqualified capital accounts frozen by judicial orders, representing 0.0002% of the total and there was no risk disposal capital account.

The above account regulation condition is also disclosed in the 2021 Assessment Report on Internal Control of the Company.

#### **Self-assessment on the Implementation of the Management Measures on Information Disclosure by the Board**

During the Reporting Period, the Company managed to disclose information in a manner that is true, accurate and complete in strict compliance with the laws, regulations, the Articles of Association of the Company and the Management Measures on Information Disclosure, so as to ensure the timely and fair information disclosure.

In 2021, the Management Measures on Information Disclosure, the Registration System for Persons Informed of Inside Information, and other relevant policies were effectively implemented. The Company further regulated information disclosure and improved the management and quality of information disclosure of the Company. At the same time, the Management Measures on Information Disclosure and other internal systems of the Company clearly specify the reporting, delivery, reviewing and disclosing procedures for material events of the Company. All these systems were effectively implemented.

#### **External Guarantees**

In accordance with relevant rules and requirements such as the No. 8 Regulatory Guideline of the Listed Companies — Regulatory Requirements on Capital Movement, External Guarantees of Listed Companies issued by the CSRC, the independent non-executive Directors of the Company, through the understanding and investigation of the Company's relevant situation, issued special explanations and independent opinions on the Company's accumulated and current guarantees during the Reporting Period based on the information provided by the Company.

#### **There are no overdue debts for the Company**

# Independent Auditor's Report and Notes to Financial Statements

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# Independent Auditor's Report

## To the Shareholders of CITIC Securities Company Limited

*(Incorporated in People's Republic of China with limited liability)*

### Opinion

#### What we have audited

The consolidated financial statements of CITIC Securities Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 214 to 357, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment assessment
- Valuation of financial instruments held at fair value classified under Level 3 financial instruments
- Expected credit impairment allowance of Financing Assets

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Goodwill impairment assessment</b></p> <p>Refer to note 3(20), 4(1) and 21 to the consolidated financial statements.</p> <p>As at 31 December 2021, the carrying amount of goodwill was RMB8,676 million, primarily resulting from the acquisition of China Asset Management Co., Ltd. (“China AMC”) (RMB7,419 million) and CITIC Securities International Company Limited’s acquisition of CLSA B.V. (“CLSA”) (RMB751 million). As at 31 December 2021, the Group’s accumulated impairment of goodwill was RMB2,980 million.</p> <p>Goodwill impairment assessment is performed annually. The impairment assessment relies upon the calculation of the recoverable amount for each of the Group’s cash generating units (“CGUs”) or groups of CGUs. The recoverable amount of CGUs or groups of CGUs is the higher of its fair value less costs of disposal and its value in use (“VIU”). Management considers China AMC and CLSA as separate CGUs or groups of CGUs.</p> <p>Management used the VIU approach to assess the recoverable amount by applying a discounted cash flow (“DCF”) model based on key assumptions and inputs including revenue growth rate, terminal growth rate and discount rate.</p>	<p>We compared the key assumptions used by management in preparing the cash flow forecasts of China AMC and CLSA under the VIU approach against the historical figures, the approved budgets and the business plans.</p> <p>We involved our internal valuation specialist to assess the reasonableness of the DCF model, including the growth rate in the forecast period, terminal growth rate and the discount rate used. Our assessment was based on our knowledge of the business and industry. We also tested the mathematical accuracy of calculations used in the cash flow forecast.</p> <p>Based on the results of our procedures, we found that management’s judgements and assumptions used in the estimation of China AMC and CLSA’s recoverable amounts to be acceptable.</p>

# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Goodwill impairment assessment (Continued)

Goodwill impairment assessment was a key area of audit focus due to the significant management judgement involved in selecting the appropriate key assumptions and inputs used in the estimation of each CGU's or groups of CGUs' recoverable amount, and the amount of any goodwill impairment that may be required.

### Valuation of financial instruments held at fair value classified under Level 3 Financial Instruments

Refer to note 3(3)(c), 4(3) and 57 to the consolidated financial statements.

As at 31 December 2021, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy ("Level 3 Financial Instruments"), which were measured using valuation techniques that involve significant inputs that were not based on observable market data ("unobservable inputs"). Such inputs included liquidity discounts, volatility, risk adjusted discount rate and price to book ratios, etc. The amounts of Level 3 financial assets and financial liabilities as at 31 December 2021 were RMB103,184 million and RMB40,573 million, respectively.

Valuation of the Level 3 Financial Instruments was a key area of audit focus due to the size of their amounts and the selection of unobservable inputs used in the valuation process which involved significant judgement.

We evaluated the design and tested the operating effectiveness of the Group's controls over data inputs to the valuation models and the ongoing monitoring and optimisation of the models.

We evaluated the appropriateness of the models used by management for the valuation of Level 3 Financial Instruments by using our knowledge of those used in current industry practice.

We also evaluated on a sample basis the reasonableness and appropriateness of the unobservable and observable inputs used for measuring the fair value of Level 3 Financial Instruments with reference to relevant market data.

We performed an independent valuation and sensitivity analysis of the Level 3 Financial Instruments on a sample basis.

Based on the results of our procedures performed above, we found the models used and inputs adopted by management acceptable.

### Expected credit impairment allowance of Financing Assets

Refer to note 3(3)(e), 4(5), 13, 30, 33 and 58(a) to the consolidated financial statements.

As at 31 December 2021, the Group's financial assets arising from financing businesses included margin accounts, stock-pledged repo and stock repo under reverse repurchase agreements ("Financing Assets"). This comprised margin accounts and repo of RMB132,438 million and RMB22,034 million; with credit impairment loss allowances of RMB3,319 million and RMB6,845 million, respectively.

The credit loss allowances as at 31 December 2021 for Financing Assets represented management's best estimates of the expected credit losses ("ECL") in accordance with International Financial Reporting Standard 9: "Financial Instruments".

Management applied a three-stage impairment model to calculate the ECL. For Financing Assets classified under Stages 1 and 2, management assessed credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including exposure at default and loss rate after taking into consideration forward looking factors. For credit-impaired Financing Assets classified under Stage 3, management assessed the credit loss allowance by estimating the future cash flows after taking into consideration forward looking factors.

Management assesses whether objective evidence of impairment existed for Financing Assets at each reporting date. The measurement model for ECL involves significant management judgments and assumptions, primarily including:

- (1) Selection of the appropriate models and assumptions;

We evaluated and tested the Group's internal controls relating to the measurement of ECL for Financing Assets which included:

- (1) Governance over ECL models, including the selection and approval of methodologies and model; and the ongoing monitoring and optimisation of such models;
- (2) Review and approval of significant management judgements and assumptions, including: i) the criteria for SICR; ii) the definition of default and credit-impairment; and iii) the use of economic variables and relative weighting for forward-looking scenarios;
- (3) Internal controls over the accuracy and completeness of key inputs used by the models.

In addition, we also performed the following procedures:

- (1) We examined the ECL modelling methodologies and assessed their reasonableness. We also evaluated whether the underlying coding for the models reflected the methodologies established by management;
- (2) We examined the application of the SICR criteria and credit impairment definition by testing the collateral to financing assets ratio and the backstop past due days defined by management;
- (3) For forward-looking scenarios, we examined the basis of determining of the economic variables, number of scenarios and relative weightings; assessed the reasonableness of the economic variables forecasted under the different scenarios; and performed sensitivity analysis on economic indicators and relative weightings;

# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Expected credit impairment allowance of Financing Assets (Continued)

- (2) Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- (3) Projection of macroeconomic variables for forward-looking scenarios and probability weightings.

The Group has established governance processes and controls over the measurement of ECL.

ECL assessment of Financing Assets was considered to be a key area of audit focus due to the size of the balances and the significant management judgements involved.

- (4) We examined major data inputs to the ECL models for selected samples, including exposure at default and loss rate after taking into consideration forward looking factors;
- (5) For credit-impaired assets under Stage 3, we tested, on a sample basis, the credit loss allowance computed by management with reference to financial information of borrowers and guarantors, and the latest collateral valuations, as appropriate.

Based on the audit procedures performed, in the context of the inherent uncertainties associated with the measurement of ECL, we considered the models, key parameters, significant judgements and assumptions adopted by management and the measurement results to be acceptable.

## **Other Information**

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Wai Kin.

The logo for PricewaterhouseCoopers, written in a black, cursive script font.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 March 2022

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Notes	2021	2020
Revenue			
Fee and commission income		<b>40,930,909</b>	31,816,338
Interest income	7	<b>20,574,931</b>	15,527,763
Investment income	8	<b>22,682,672</b>	17,906,659
		<b>84,188,512</b>	65,250,760
Income from bulk commodity trading		<b>12,387,890</b>	6,080,845
Other income	9	<b>747,767</b>	537,280
<b>Total revenue and other income</b>		<b>97,324,169</b>	71,868,885
Fee and commission expenses	10	<b>6,376,739</b>	5,052,291
Interest expenses	10	<b>15,237,439</b>	12,940,797
Staff costs	10	<b>20,762,073</b>	14,737,560
Depreciation of property, plant and equipment		<b>399,026</b>	380,837
Tax and surcharges		<b>423,169</b>	398,254
Cost from bulk commodity trading		<b>11,784,741</b>	5,737,462
Other operating expenses and costs	10	<b>7,833,195</b>	5,661,245
Expected credit losses	13	<b>899,084</b>	6,580,657
Impairment losses on other assets	14	<b>2,604,632</b>	495,081
<b>Total operating expenses</b>		<b>66,320,098</b>	51,984,184
<b>Operating profit</b>		<b>31,004,071</b>	19,884,701
Share of profits and losses of:			
Associates		<b>851,977</b>	591,939
Joint ventures		<b>37,747</b>	(6,182)
<b>Profit before income tax</b>		<b>31,893,795</b>	20,470,458
Income tax expense	15	<b>7,888,714</b>	4,953,917
<b>Profit for the year</b>		<b>24,005,081</b>	15,516,541
Attributable to:			
Owners of the Parent		<b>23,099,625</b>	14,902,324
Non-controlling interests		<b>905,456</b>	614,217
		<b>24,005,081</b>	15,516,541
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	18	<b>1.77</b>	1.16
— Diluted	18	<b>1.77</b>	1.16

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

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	2021	2020
<b>Profit for the year</b>	<b>24,005,081</b>	15,516,541
<b>Other comprehensive income</b>		
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		
Net(losses)/gains on investments in debt instruments measured at fair value through other comprehensive income	<b>(16,864)</b>	(89,275)
Net gains/(losses) on debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	<b>(11,299)</b>	93,139
Income tax relating to these items	<b>24,613</b>	22,145
	<b>(3,550)</b>	26,009
Share of other comprehensive income of associates and joint ventures	<b>13,625</b>	(8,001)
Exchange differences on translation of foreign operations	<b>(531,671)</b>	(952,047)
Other	<b>20,188</b>	9,752
	<b>(501,408)</b>	(924,287)

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	2021	2020
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		
Net gains on investments in equity instruments designated as at fair value through other comprehensive income	<b>(788,366)</b>	348,208
Income tax relating to these items	<b>191,341</b>	(91,542)
	<b>(597,025)</b>	256,666
Share of other comprehensive income of associates and joint ventures	—	1,948
Other	<b>8,776</b>	(2,569)
	<b>(588,249)</b>	256,045
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,089,657)</b>	(668,242)
<b>Total comprehensive income for the year</b>	<b>22,915,424</b>	14,848,299
Attributable to:		
Owners of the Parent	<b>22,029,606</b>	14,264,790
Non-controlling interests	<b>885,818</b>	583,509
	<b>22,915,424</b>	14,848,299

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

# Consolidated Statement of Financial Position

At 31 December 2021

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2021	2020
<b>Non-current assets</b>			
Property, plant and equipment	19	7,800,360	7,530,641
Investment properties	20	956,861	1,060,211
Goodwill	21	8,675,973	10,776,698
Land-use rights and intangible assets	22	3,592,201	2,855,003
Investments in associates	24	9,089,090	8,818,599
Investments in joint ventures	24	38,894	57,983
Financial assets at fair value through other comprehensive income	25	164,813	16,635,501
Financial assets at fair value through profit or loss	31	29,231,659	35,847,395
Refundable deposits	26	55,183,604	3,877,774
Deferred income tax assets	27	9,492,914	9,661,920
Right-of-use assets	28	1,893,724	1,765,774
Other non-current assets	29	1,947,104	2,404,506
<b>Total non-current assets</b>		<b>128,067,197</b>	101,292,005
<b>Current assets</b>			
Fee and commission receivables		2,410,131	2,205,781
Margin accounts	30	129,119,054	116,741,432
Financial assets at fair value through other comprehensive income	25	69,091,928	49,400,900
Financial assets at fair value through profit or loss	31	516,102,101	384,133,465
Derivative financial assets	32	31,000,576	20,157,990
Reverse repurchase agreements	33	46,393,304	39,226,613
Other current assets	34	36,410,871	49,176,843
Cash held on behalf of customers	35	222,458,910	199,517,577
Cash and bank balances	36	97,610,703	91,109,688
<b>Total current assets</b>		<b>1,150,597,578</b>	951,670,289
<b>Current liabilities</b>			
Customer brokerage deposits	37	251,164,466	203,110,588
Derivative financial liabilities	32	34,117,766	46,876,206
Financial liabilities at fair value through profit or loss	38	49,413,477	40,895,212
Repurchase agreements	39	235,286,476	198,299,400
Due to banks and other financial institutions	40	50,683,601	10,504,115
Taxes payable	41	5,066,551	7,381,981
Short-term loans	42	7,261,987	5,010,371
Short-term financing instruments payable	43	14,630,461	11,941,871
Lease liabilities	44	541,974	494,209
Other current liabilities	45	265,367,689	185,861,191
<b>Total current liabilities</b>		<b>913,534,448</b>	710,375,144
<b>Net current assets</b>		<b>237,063,130</b>	241,295,145
<b>Total assets less current liabilities</b>		<b>365,130,327</b>	342,587,150

# Consolidated Statement of Financial Position

At 31 December 2021

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2021	2020
<b>Non-current liabilities</b>			
Debt instruments issued	46	<b>118,075,506</b>	132,651,021
Deferred income tax liabilities	27	<b>3,188,308</b>	3,176,192
Long-term loans	47	<b>457,866</b>	573,942
Financial liabilities at fair value through profit or loss	38	<b>26,230,119</b>	17,513,532
Lease liabilities	44	<b>1,342,961</b>	1,211,526
Other non-current liabilities	48	<b>2,027,781</b>	1,578,201
<b>Total non-current liabilities</b>		<b>151,322,541</b>	156,704,414
<b>Net assets</b>		<b>213,807,786</b>	185,882,736
<b>Equity</b>			
Equity attributable to Owners of the Parent			
Issued share capital	49	<b>12,926,776</b>	12,926,776
Other equity instruments	50	<b>10,767,729</b>	—
Reserves	51	<b>107,816,264</b>	104,018,309
Retained earnings		<b>77,660,564</b>	64,766,984
		<b>209,171,333</b>	181,712,069
Non-controlling interests		<b>4,636,453</b>	4,170,667
<b>Total equity</b>		<b>213,807,786</b>	185,882,736

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

Approved and authorised for issue by the Board of Directors on 28 March 2022.

**ZHANG Youjun**

Chairman

**YANG Minghui**

Executive Director and President

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Notes	Attributable to owners of the Parent										
		Reserves							Retained earnings	Subtotal	Non-controlling interests	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve				
<b>At 1 January 2021</b>		12,926,776	–	65,631,818	9,438,480	28,634,720	469,163	(155,872)	64,766,984	181,712,069	4,170,667	185,882,736
Profit for the year		–	–	–	–	–	–	–	23,099,625	23,099,625	905,456	24,005,081
Other comprehensive income for the period		–	–	–	–	–	(557,987)	(512,032)	–	(1,070,019)	(19,638)	(1,089,657)
Total comprehensive income for the year		–	–	–	–	–	(557,987)	(512,032)	23,099,625	22,029,606	885,818	22,915,424
Dividend – 2020	17	–	–	–	–	–	–	–	(5,170,710)	(5,170,710)	–	(5,170,710)
Distribution to other equity instrument holders	17	–	–	–	–	–	–	–	(157,636)	(157,636)	–	(157,636)
Appropriation to surplus reserves		–	–	–	546,597	–	–	–	(546,597)	–	–	–
Appropriation to general reserves		–	–	–	–	4,323,814	–	–	(4,323,814)	–	–	–
Capital increase/(decrease) by equity holders												
– Capital increase by equity holders		–	–	–	–	–	–	–	–	–	(4)	(4)
– Capital increase by other equity instrument holders	50	–	10,767,729	–	–	–	–	–	–	10,767,729	–	10,767,729
– Others		–	–	(2,437)	–	–	–	–	(7,288)	(9,725)	(10,799)	(20,524)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	(409,229)	(409,229)
<b>At 31 December 2021</b>		12,926,776	10,767,729	65,629,381	9,985,077	32,958,534	(88,824)	(667,904)	77,660,564	209,171,333	4,636,453	213,807,786

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Attributable to owners of the Parent										
	Notes	Reserves						Retained earnings	Subtotal	Non-controlling interests	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve				
<b>At 1 January 2020</b>		12,116,908	54,155,556	8,682,886	25,614,987	185,358	765,467	60,104,047	161,625,209	3,824,583	165,449,792
Profit for the year		—	—	—	—	—	—	14,902,324	14,902,324	614,217	15,516,541
Other comprehensive income for the period		—	—	—	—	283,805	(921,339)	—	(637,534)	(30,708)	(668,242)
Total comprehensive income for the year		—	—	—	—	283,805	(921,339)	14,902,324	14,264,790	583,509	14,848,299
Dividend — 2019	17	—	—	—	—	—	—	(6,463,388)	(6,463,388)	—	(6,463,388)
Appropriation to surplus reserves		—	—	755,594	—	—	—	(755,594)	—	—	—
Appropriation to general reserves		—	—	—	3,019,733	—	—	(3,019,733)	—	—	—
Capital increase/(decrease) by equity holders											
— Capital increase by equity holders		809,868	11,357,362	—	—	—	—	—	12,167,230	(63,857)	12,103,373
— Others		—	118,900	—	—	—	—	(672)	118,228	23,624	141,852
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(197,192)	(197,192)
<b>At 31 December 2020</b>		12,926,776	65,631,818	9,438,480	28,634,720	469,163	(155,872)	64,766,984	181,712,069	4,170,667	185,882,736

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	2021	2020
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>31,893,795</b>	20,470,458
Adjustments for:		
Financing interest expense	<b>7,416,364</b>	7,049,886
Share of profits and losses of associates and joint ventures	<b>(889,724)</b>	(585,756)
Interest income from debt instruments at fair value through other comprehensive income	<b>(2,801,292)</b>	(1,138,889)
Net gains on disposal of debt instruments at fair value through other comprehensive income	<b>(44,074)</b>	(216,476)
Net gains on disposal of property, plant and equipment and other assets	<b>(38,686)</b>	49,257
Gains on disposal of associates, joint ventures and subsidiaries	<b>(55)</b>	(57,615)
Fair value gains on financial assets and liabilities measured at fair value through profit or loss	<b>(5,306,730)</b>	6,391,105
Depreciation	<b>1,271,832</b>	1,210,803
Amortisation	<b>360,152</b>	396,554
Expected credit losses	<b>899,084</b>	6,580,657
Impairment on other assets	<b>2,604,632</b>	495,081
	<b>35,365,298</b>	40,645,065
<b>Net (increase)/decrease in operating assets</b>		
Financial assets at fair value through profit or loss	<b>(142,278,765)</b>	(49,373,686)
Cash held on behalf of customers	<b>(22,941,333)</b>	(81,116,192)
Other assets	<b>(46,127,511)</b>	(91,032,357)
	<b>(211,347,609)</b>	(221,522,235)
<b>Net increase/(decrease) in operating liabilities</b>		
Customer brokerage deposits	<b>46,350,783</b>	74,483,275
Repurchase agreements	<b>36,987,076</b>	23,851,507
Other liabilities	<b>108,032,111</b>	107,744,520
	<b>191,369,970</b>	206,079,302
<b>Net cash inflow from operating activities before tax</b>	<b>15,387,659</b>	25,202,132
Income tax paid	<b>(9,870,867)</b>	(4,493,292)
<b>Net cash inflow from operating activities</b>	<b>5,516,792</b>	20,708,840

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(In RMB thousands, unless otherwise stated)

	Notes	2021	2020
<b>Cash flows from investing activities</b>			
Net cash flow from purchases and sales of items of property, plant and equipment and other assets		<b>(719,738)</b>	(609,264)
Net cash flow from disposal of subsidiaries	23(c)	<b>15,417</b>	9,653
Net cash flow from acquisition of subsidiaries	23(d)	<b>—</b>	13,731,881
Net cash flow from investments in associates and joint ventures		<b>265,537</b>	513,112
Net cash flow of financial assets at fair value through other comprehensive income		<b>(6,729,375)</b>	(21,900,730)
Net cash flow from other investing activities		<b>252,435</b>	1,395,777
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(6,915,724)</b>	(6,859,571)
<b>Cash flows from financing activities</b>			
Cash inflows from perpetual bonds		<b>10,800,000</b>	—
Cash inflows from borrowing activities		<b>24,034,869</b>	33,484,108
Cash inflows from issuing bonds		<b>106,375,493</b>	223,715,020
Payment of debts		<b>(118,449,931)</b>	(227,022,882)
Dividends and interest expense		<b>(12,500,569)</b>	(13,918,584)
Other cash outflows from financing activities		<b>(546,422)</b>	(4,259,185)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>9,713,440</b>	11,998,477
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		<b>83,339,178</b>	59,421,482
Effect of exchange rate changes on cash and cash equivalents		<b>(1,589,060)</b>	(1,930,050)
<b>Cash and cash equivalents at the end of the year</b>	52	<b>90,064,626</b>	83,339,178

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

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 1 CORPORATE INFORMATION

CITIC Securities Company Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC” or “Mainland China”, which excludes for the purpose of these consolidated financial statements, the Hong Kong Special Administrative Region of the PRC or “Hong Kong”, the Macau Special Administrative Region of the PRC or “Macau”, and Taiwan) on 25 October 1995. Pursuant to approval by the China Securities Regulatory Commission (the “CSRC”), the Company was restructured as a joint stock limited company in 1999. The unified social credit code of the Company for its business license is 914403001017814402. The Company’s common stock was listed on the PRC domestic A-share market in 2003. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, the PRC.

According to a resolution relating to the issue and listing of H Shares in Hong Kong passed in the first extraordinary general meeting of shareholders in 2011, along with the “Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities” (CSRC [2011] No. 1366) issued by the CSRC, the Company conducted its initial public offering of Overseas-Listed Foreign Shares (“H shares”) from September to October 2011. Under this offering, the Company offered a total of 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400.00. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435\_A09.

According to a resolution relating to the additional issuance and listing of H shares in Hong Kong passed in the first extraordinary general meeting of the shareholders in 2015, along with the “Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities the Approval relating to Additional Issuance of Overseas-Listed Foreign Shares of CITIC Securities Company Limited (CSRC [2015] No. 936)” issued by the CSRC, on 23 June 2015, the Company completed its additional issuance and listing of H shares in Hong Kong. Under this offering, the Company offered a total of 1,100,000,000 H shares with an offering price of HKD24.60 per share. As at 31 December 2015, the total share capital of the Company increased to RMB12,116,908,400.00. The capital increase has been verified by PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No. 748.

The Company (also referred to as the “Parent”) and its subsidiaries (collectively referred to as the “Group”) conduct the following principal activities:

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622) for this financial year and the comparative period.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which have been measured at fair value, as further explained in the respective accounting policies below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.1 Relevant standards and amendments effective in 2021 and adopted by the Group:

- |     |  |  |
|-----|--|--|
| (1) | Amendments to IFRS 16                                    | COVID-19 — Related Rent Concessions (March 2021) |
| (2) | Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark (IBOR) Reform — Phase 2  |

#### (1) Amendments to IFRS 16: COVID-19 — Related Rent Concessions (March 2021)

In May 2020, the IASB published an amendment to IFRS 16 that provided lessees (but not lessors) with relief in the form of an optional practical expedient from assessing whether a rent concession related to COVID-19 is a lease modification (the ‘May 2020 amendment’). Lessees could elect to account for rent concessions in the same way as if they were not lease modifications. In many cases, the practical expedient resulted in accounting for the concession as a variable lease payment.

The practical expedient in the May 2020 amendment applied only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions were met:

- the change in lease payments resulted in revised consideration for the lease that was substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affected only payments due on or before 30 June 2021; and
- there was no substantive change to other terms and conditions of the lease.

On 31 March 2021, in light of the ongoing pandemic, the IASB published an additional amendment to extend the date from 30 June 2021 to 30 June 2022 (the ‘March 2021 amendment’).

#### (2) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark (IBOR) Reform — Phase 2

For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

There were no significant impacts from amendments above on the Group’s consolidated financial statements.

## 2 BASIS OF PREPARATION (Continued)

### 2.2 The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

		Effective for annual periods beginning on or after
(1)	IFRS 17 Insurance Contracts	1 January 2023
(2)	Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early adoption of the amendments continue to be permitted
(3)	Amendments to IAS 1 Classification of liabilities	1 January 2024
(4)	Amendments to IFRS 3 Business Combinations	1 January 2022
(5)	Amendments to IAS 16 Property, Plant and Equipment	1 January 2022
(6)	Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

#### (1) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each Reporting Period. Contracts are measured using the building blocks of: discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The Group anticipates that the adoption of this standard will not have any impact on the Group's consolidated financial statements.

#### (2) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION (Continued)

### 2.2 The Group has not adopted the following new and amended standards that have been issued but are not yet effective. (Continued)

#### (3) Amendments to IAS 1: Classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the Reporting Period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the Reporting Period. The entity should assess the existence of the right on the reporting date, whether the right will be enforced is out of consideration. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (4) Amendments to IFRS 3: Business Combinations

Amendments to IFRS 3: 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (5) Amendments to IAS 16: Property, Plant and Equipment

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (6) Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

## 2 BASIS OF PREPARATION (Continued)

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries for the year ended 31 December 2021. The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company (also referred to as the “Parent”), using consistent accounting policies.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognises the carrying amount of any non-controlling interest;
- (c) derecognises the cumulative translation differences recorded in equity;
- (d) recognises the fair value of the consideration received;
- (e) recognises the fair value of any investment retained;
- (f) recognises any resulting surplus or deficit in profit or loss; and
- (g) reclassifies the Group’s share of components previously recognised in other comprehensive income (OCI) to profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position separately from the equity attributable to owners of the Parent. An acquisition of non-controlling interests is accounted for as an equity transaction.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES

### (1) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid assets, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and bank balances.

### (2) Foreign currency transactions and foreign currency translation

The financial statements are presented in RMB, which is the Company's functional and presentation currency. The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the Reporting Period. All differences are taken to the statement of profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the Reporting Period, and their income and expenses are translated at exchange rates that approximate the exchange rates of the date of the transaction. The exchange differences resulting from foreign currency financial statement translation of subsidiaries are recognised in OCI and accumulated in the foreign exchange translation reserve. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows.

The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### (3) Financial instruments

#### (a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (a) Initial recognition, classification and measurement of financial instruments (Continued)

###### **Financial assets**

Financial assets are classified on the basis of the Group's business model for managing the asset and the cash flow characteristics of the assets:

- (i) Amortised cost;
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Fair value through profit or loss ("FVPL").

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determine whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments are described as below:

###### **Debt Instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of asset.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (a) Initial recognition, classification and measurement of financial instruments (Continued)

##### *Debt Instruments (Continued)*

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortised cost.
- (ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.
- (iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

##### *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

##### *Financial liabilities*

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading books) and other financial liabilities designated as such at initial recognition.

Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first Reporting Period following the change in business model that results in an entity reclassifying financial assets.

##### (c) Fair value of financial instruments

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. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that Default Valuation Adjustments stay the same before and after the transfer of the liability. Default Valuation Adjustments refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

##### ***Amortised cost***

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; and (iii) for financial assets, adjusted for any loss allowance. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses (“ECL”) and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired (“POCI”) financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in “Interest income”, except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortised cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

##### ***Fair value through other comprehensive income***

###### *Debt instruments*

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue on the instrument’s amortised cost which are recognised in profit or loss. Interest income from these financial assets is included in “interest income” using the effective interest rate method. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in “Investment income”.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (d) Subsequent measurement of financial instruments (Continued)

###### ***Fair value through other comprehensive income (Continued)***

###### *Equity instruments*

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established, and it is probable that future economic benefits associated with the item will flow to the Group, and the amounts of the dividends can be measured reliably.

###### ***Financial assets at fair value through profit or loss***

###### *Debt instruments*

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

###### *Equity instruments*

Gains and losses on equity investments at FVPL are included in the "Investment income" line in the statement of profit or loss.

###### ***Financial liabilities at fair value through profit or loss***

Gains or losses on financial liabilities designated as at FVPL are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

When financial liabilities designated as at FVPL are derecognised, fair value gains and losses are subsequently reclassified from other comprehensive income to retained earnings.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage I: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL if the credit risk of that financial instrument has not increased significantly since initial recognition.
- Stage II: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, but is not yet deemed to be credit-impaired.
- Stage III: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

The Group applies the impairment requirements for the recognition and measurement of loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognised in OCI and the impairment loss is recognised in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (e) Impairment of financial instruments (Continued)

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous Reporting Period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognised in profit or loss. Excluding POCI financial assets.

The inputs, assumptions and estimation techniques the Group used in ECL models for its debt instrument assets carried at amortised cost and FVOCI refer to note 58(a).

##### (f) Derecognition of financial instruments

A financial asset is derecognised, when one of the following criteria is satisfied:

- (i) the contractual rights to receive cash flows from the assets have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but not retain control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognised, while the financial liability under modified terms is recognised as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognised in profit or loss.

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognised shall be recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (4) Derivative financial instruments

The Group uses derivatives, such as foreign currency contracts, interest rate swaps, contracts of stock index and contracts for difference to economically hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

### (5) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 realise the asset and settle the liability simultaneously.

### (6) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

For impairment of financial assets arising from margin financing and securities lending, refer to Note 3(3)(e).

### (7) Reverse repurchase agreements and repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognised. They continue to be recorded as original financial assets before transferred. The corresponding liability is included in repurchase agreements.

Consideration paid for financial assets held under agreements to resell are recorded as reverse repurchase agreements, the related collateral accepted is not recognised in the consolidated financial statements.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is recognised through interest income or expenses.

For impairment of reverse repurchase agreements, refer to Note 3(3)(e). Stock repo and stock-pledged repo under reverse purchase agreements are assets arising from financing businesses.

### **3 SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **(8) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

#### **(9) Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

#### **(10) Joint ventures**

Joint ventures are all entities over which the Group has joint control. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition results and reserves of joint ventures is included in the consolidated statement of profit or loss and reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures.

#### **(11) Investment properties**

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

The Group's investment properties are accounted for using cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment.

When an investment property is transferred to owner-occupied property, it is reclassified to property, plant and equipment with the carrying amount determined at the carrying amount of the investment property at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment is transferred to investment properties with the carrying amount determined at the carrying amount at the date of the transfer.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (11) Investment properties (Continued)

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit or loss.

### (12) Property, plant and equipment

#### (a) Recognition criteria for property, plant and equipment

Property, plant and equipment comprise properties and buildings, transportation vehicles and electronic devices that the Group expects to use for more than one year and other tangible assets that are expected to be used for more than one year and the unit costs of which are greater than RMB2,000.

#### (b) Property, plant and equipment initially measured at cost

Cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees. The cost of a self-constructed asset comprises all costs incurred before the asset is ready for its intended use.

Subsequent expenditure incurred for the property and equipment is included in the cost of the property and equipment if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably, while the carrying amount of the replaced part is derecognised. Other subsequent expenditure is recognised in the consolidated income statement in the period in which they are incurred.

Depreciation of property, plant and equipment is calculated on the straight-line basis.

Estimated useful life, depreciation rate and estimated residual value of each item of property, plant and equipment which are required by the operation of the Group are as follows:

Types of property, plant and equipment	Estimated useful lives	Monthly depreciation rate	Estimated residual value rate
Properties and buildings	35 years	0.2262%	5%
Electronic devices	2–5 years	1.667%–4.167%	—
Transportation vehicles			
– Leased out	(i)	(i)	(i)
– Others	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	—
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

(i) Transportation vehicles that are leased out under operating lease represent aircraft and cargo vessel. The Group determines the useful lives and depreciation method according to conditions of aircraft and cargo vessel. Among transportation vehicles, the estimated useful lives of cargo vessel is 20 years, and the estimated residual value is determined based on the expected residual value; the estimated useful lives of aircraft is 18 years with a monthly depreciation rate of 0.394%, and the estimated residual value rate is 15% of its original cost.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (12) Property, plant and equipment (Continued)

**(b) Property, plant and equipment initially measured at cost (Continued)**

The years that property, plant and equipment were already in use upon purchase were excluded when determining the estimated useful lives of these types of property, plant and equipment. The estimated useful lives, the estimated residual value rate and the depreciation method of each type of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value rate.

**(c) Impairment of property, plant and equipment**

The Group assesses whether there is any indication that assets are impaired at each financial reporting date. When any such indication exists, the Group estimates the recoverable amount. When recoverable amounts of assets are lower than carrying amounts, the Group decreases the carrying amount to recoverable amount, the decreased amount recognised in the consolidated income statement.

An impairment loss recognised for property, plant and equipment is not reversed in subsequent periods.

**(d) Disposal of property, plant and equipment**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised through profit or loss.

**(e) Construction in progress**

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 capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

#### (13) Land-use rights and intangible assets

**(a) Land-use rights**

Land-use rights acquired by the Group are amortised over the period that is confirmed by the land use permit.

**(b) Intangible assets**

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item shall be measured reliably, and measured initially at cost. Intangible assets acquired from business combination and their fair value can be measured reliably are recognised as intangible assets individually and measured at their fair value as at date of combination.

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.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (13) Land-use rights and intangible assets (Continued)

#### (b) Intangible assets (Continued)

Intangible assets with finite useful lives shall be amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. Impairment for intangible assets not readily for use is also assessed annually.

Software acquired from third party shall be amortised over 5 years. The self-developed software, patents, non-patents, trademarks, customer relationships and other intangible assets shall be amortised over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortised, and their useful lives shall be reviewed each reporting date. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

Internal research and development expenses are classified as research phase expense and development phase expenses. Expenditure on research phase of an internal project shall be recognised as an expense when it is incurred. Development phase expense can be capitalised only an entity can demonstrate all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions shall be recognised in profit or loss when incurred.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (14) Revenue

Revenue from underwriting services is recognised when the outcome of the underwriting services provided can be reliably estimated and reasonably recognised. The revenue is usually recognised upon completion of the offering.

Revenue from the securities brokerage services is recognised on the date of the securities transaction.

Revenue from asset management services is recognised when management services are provided in accordance with the asset management contract.

Dividend income is recognised when the Group's right to receive payment has been established.

Other business revenue mainly comes from the bulk commodities sales of the Group's commodities trading subsidiaries.

The Group recognises sales revenue from bulk commodity goods when fulfil the Group's performance obligations in the contract, that is, the revenue is recognised when the customer obtains control of the relevant bulk commodity goods.

In the process of selling goods, the Group, as the primary obligor, has the primary responsibility of providing goods and performing orders to customers; the Group is exposed to inventory risk before or after the bulk commodity goods have been ordered by a customer; the Group has discretion in establishing prices of bulk commodity goods and exposed to credit risk for the amount receivable from customers in exchange for the other party's goods and commodity risk for inventory. The Group satisfies the performance obligation above and recognised revenue in the gross amount. When the Group acts as an agent, the net amount of the consideration received or receivable after deducting the price payable to other parties shall be recognised as income.

When the Group recognises revenue in accordance with the progress of completed services, the part of unconditional receivables that the Group has acquired will be recognised as accounts receivables, and the rest will be recognised as contract assets. The Group identifies loss allowance on the basis of expected credit losses for accounts receivable and contractual assets; if the Group's received consideration or receivable consideration exceed the completed services, the excess part will be recognised as contractual liabilities. The Group's contractual assets and liabilities under the same contract are shown in net.

Interest income of debt investments at amortised costs and FVOCI, is measured by amortised cost and effective interest rate; excluding financial assets credit impaired are measured by amortised cost and credit-adjusted effective interest rate. The net gains of holding period from financial investments at FVTPL is measured as "Investment income".

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (15) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using balance sheet liability method according to the temporary differences between the carrying amount of an asset or liability at the end of the Reporting Period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the Reporting Period and its tax base.

All taxable temporary differences are recognised as deferred income tax liabilities, except:

- (i) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits carried forward and unused tax losses can be utilised, except that deferred income tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each Reporting Period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each Reporting Period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

### **3 SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **(16) Employee compensation**

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered the services to the Group.

In accordance with the applicable laws and regulations, Mainland China employees of the Group participate in various social insurance schemes including basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. Contributions to these schemes are recognised in profit or loss as incurred.

All eligible employees outside Mainland China participate in the respective local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

#### **(17) Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all the attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognised at nominal amount.

Government grants for purchasing, building or other development of long-term assets regulated in government documents are recognised as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or other development of long-term assets as basic condition are recognised as government grants related to assets, and the remaining type of grants are recognised as related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognised as deferred income and released to profit or loss during the period when the expense is incurred. Government grants that are to compensate the incurred expenses or losses are recognised into profit or loss directly. Government grants related to assets are recognised as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded into profit or loss directly.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (18) Leases

#### As a lessor

Lease income from operating leases is recognised in income on a straight-line basis over the period of the lease.

#### As a lessee

##### (a) *Initial measurement of the right-of-use asset and lease liability*

###### *Initial measurement of the right-of-use asset*

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial direct costs are defined as incremental costs that would not have been incurred if a lease had not been obtained.

###### *Initial measurement of the lease liability*

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease — this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (18) Leases (Continued)

##### As a lessee (Continued)

##### (b) *Subsequent measurement of the right-of-use asset and lease liability*

###### *Subsequent measurement of the right-of-use asset*

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. When the recoverable amount is less than the book value of the right-to-use assets, the Group shall write down its book value to the recoverable amount.

###### *Subsequent measurement of the lease liability*

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

##### (c) *Recognition of short-term leases and leases for which the underlying asset is of low value*

Short-term leases are defined as leases with a lease term of less than 12 months from the commencement date. Leases for which the underlying asset is of low value are defined as underlying assets of low value when new. The right-of-use asset and lease liability are not recognised by the Group for short-term leases and leases for which the underlying asset is of low value. The lessee shall recognise the lease payments associated with those leases as an expense.

#### (19) Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (20) Impairment of goodwill

The Group assesses goodwill acquired from business combination, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units to which the asset belongs will be estimated. The recognition of a group of assets shall base on whether the main cash flow generated by the group of assets is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases their carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding allowances are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on a pro rata basis. An impairment loss recognised for goodwill cannot be reversed in subsequent periods.

### (21) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close family member of that person and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (21) Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### (22) Provisions and contingencies

The obligation pertinent to contingencies shall be recognised as provisions when the following conditions are satisfied concurrently:

- (i) the obligation is a present obligation of the Group;
- (ii) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and
- (iii) the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the Reporting Period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but 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.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (23) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, and non-current assets are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

### (24) Perpetual bonds

Perpetual bonds issued by the Group, which satisfied with the following criteria are classified as equity instruments:

- (i) Financial instruments exclude those are settled on a net basis in cash (or other financial assets);
- (ii) Financial instruments must or can be settled on own equity: (a) For non-derivative contracts, they exclude those are settled gross by delivery of a variable number of own shares; (b) Derivative contracts that result in the delivery of a fixed amount of cash or other financial assets for a fixed number of an entity's own equity instruments.

Dividends for the perpetual bonds, which are classified as equity instruments, are accounted for as profit distribution.

### (25) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve under surplus reserves, 10% of after-tax profit for a general risk reserve under general reserves, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve under general reserves. In addition, with the approval from the Annual General Meeting, the Company may set aside 5%–10% of after-tax profit for a discretionary reserve after setting aside the funds for the various statutory reserves. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General reserves set aside by the Company are used to make up for any losses arising from securities transactions. The Company's surplus reserves are used to make up for any losses of the Company or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve are converted to capital, the balance of the statutory reserve cannot be less than 25% of the Company's registered capital.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the ordinary equity holders in the Annual General Meeting. When these dividends have been approved by the ordinary equity holders, they are recognised as a liability.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the Reporting Period. However, uncertainty about these judgements assumptions and estimates could result in outcomes that could require an adjustment to the carrying amounts of the assets or liabilities.

### (1) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, which requires significant judgement. This involves an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and its value in use.

### (2) Income tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement of the tax treatments of certain transactions and also significant estimation of the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

### (3) Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of observable market inputs. However, where observable market inputs are not available, management needs to make estimates and use alternatives on such unobservable market inputs.

### (4) Consolidation of structured entities

Management makes significant judgment on whether the Group controls and therefore is required to consolidate its structured entities. The decision outcome impacts the financial and operational results of the Group.

When assessing control, the Group considers: 1) the level of power of the Group over the investee; 2) variable returns gained through participation of relevant activities of the investee; and 3) the ability of the Group in using its power over the investee to affect its return.

When assessing the level of power over the structured entities, the Group considers the following four aspects:

- (i) the degree of participation when establishing the structured entities;
- (ii) contractual arrangements;
- (iii) activities that take place only at special occasions or events;
- (iv) commitments made to the investee from the Group.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### (4) Consolidation of structured entities (Continued)

When assessing whether there is control over the structured entities, the Group also considers whether it's acting as a principal or as an agent. Aspects of considerations normally include the decision making power over the structured entities, substantive rights enjoyed by the other third parties, level of reward to the Group, and exposure to variable risks and returns from owning other benefits of the structured entities.

### (5) Measurement of the expected credit loss allowance

#### Expected credit loss measurement

The measurement of the expected credit loss allowance for debt instruments measured at amortised cost and FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behaviour of the client (such as the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Projection of macroeconomic variables for forward-looking scenarios.

#### Inputs, assumptions and estimation techniques

The ECL of different financial portfolios is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3 as defined above. For debt securities investments, ECL are the discounted product of the Probability of Default ("PD"), Exposure at Default ("EAD"), and Loss Given Default ("LGD"). For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements, ECL are the discounted product of the EAD and Loss Ratio ("LR").

#### Forward-looking information incorporated in the ECL model

A pervasive concept in measuring ECL in accordance with IFRS9 is that it should consider forward-looking information. The assessment of SICR and the calculation of ECL both incorporated forward-looking information. The Group has performed historical data and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. These economic variables and their associated impact on the PD vary by product type. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

Details of the significant accounting judgements and estimates above please refer to Note 58(a).

### (6) Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required.

Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### (6) Classification of financial assets (Continued)

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayments); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

## 5 TAXATION

According to relevant tax policies, the most significant categories of taxes to which the Company is currently subject to are as follows:

### (1) Income tax

From 1 January 2008, the “Enterprise Income Tax Law of the PRC” and the “Regulations on the Implementation of Enterprise Income Tax Law of the PRC” became effective for the Company. Income tax computation and payment are governed by the “Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations” (Public Notice of the State Administration of Taxation [2012] No. 57). The income tax rate applicable to the Company and its major domestic subsidiaries is 25%, while the income tax rate applicable to several domestic subsidiaries is 15% and 20%. Hong Kong and overseas subsidiaries pay taxes according to the applicable tax rate in the territory where their tax residency is located.

### (2) Value added tax

Pursuant to the “Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the “VAT Pilot Programs”)” (Cai Shui [2016] No. 36), the “Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46), the “Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions” (Cai Shui [2016] No. 70) issued by the Ministry of Finance (the “MOF”) and the State Administration of Taxation (the “SAT”) of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%.

In accordance with the “Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services” (Cai Shui [2016] No. 140), the “Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products” (Cai Shui [2017] No. 2) and the “Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products” (Cai Shui [2017] No. 56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018.

(3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

(4) Urban maintenance and construction taxes, education surcharges and local education surcharges are levied at 5%/7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

*(In RMB thousands, unless otherwise stated)*

## 6 OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking — Securities placement and underwriting activities, and financial advisory services;

Brokerage — Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading — Equity, fixed income and derivatives trading and market-making, margin financing and securities lending and alternative investment activities;

Asset Management — Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management; and

Others — Private equity investment, principal investment, bulk commodity trading and other financial activities.

Management monitors the results of the Group's operating segments for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group's consolidated financial statements.

Income taxes are managed as a whole and are not allocated to operating segments.

## 6 OPERATING SEGMENT INFORMATION (Continued)

2021	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	8,112,581	19,622,132	205,274	12,210,764	780,158	40,930,909
Interest income	1	5,108,262	14,934,389	184,812	347,467	20,574,931
Investment income	—	177,804	17,223,142	990,279	4,291,447	22,682,672
Other income	2,892	490,985	(450,426)	198,821	12,893,385	13,135,657
Subtotal	8,115,474	25,399,183	31,912,379	13,584,676	18,312,457	97,324,169
Operating expenses	3,901,806	17,752,954	21,142,894	6,865,575	16,656,869	66,320,098
Including: Finance costs	5	1,442,854	13,327,920	41,506	425,154	15,237,439
Expected credit losses	8,092	66,349	806,799	5,066	12,778	899,084
Impairment losses on other assets	—	—	—	28,741	2,575,891	2,604,632
Operating profit	4,213,668	7,646,229	10,769,485	6,719,101	1,655,588	31,004,071
Share of profits and losses of associates and joint ventures	—	—	—	—	889,724	889,724
Profit before income tax	4,213,668	7,646,229	10,769,485	6,719,101	2,545,312	31,893,795
Income tax expenses						7,888,714
Profit for the year						24,005,081
Other segment information:						
Depreciation and amortisation	75,936	734,358	63,212	189,933	568,545	1,631,984
Capital expenditure	220,890	252,812	91,332	105,476	49,228	719,738

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 6 OPERATING SEGMENT INFORMATION (Continued)

2020	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	6,055,538	16,504,043	283,604	8,435,563	537,590	31,816,338
Interest income	569	3,494,738	11,627,692	173,273	231,491	15,527,763
Investment income	(85)	204,486	13,095,117	1,275,942	3,331,199	17,906,659
Other income	(2,965)	231,885	(437,319)	178,329	6,648,195	6,618,125
Subtotal	6,053,057	20,435,152	24,569,094	10,063,107	10,748,475	71,868,885
Operating expenses	2,947,251	13,865,482	21,883,772	5,350,113	7,937,566	51,984,184
Including: Finance costs	—	809,353	11,429,269	44,257	657,918	12,940,797
Expected credit losses	—	2,365	6,525,226	129,292	(76,226)	6,580,657
Impairment losses on other assets	—	23,677	—	149,784	321,620	495,081
Operating profit	3,105,806	6,569,670	2,685,322	4,712,994	2,810,909	19,884,701
Share of profits and losses of associates and joint ventures	—	—	—	—	585,757	585,757
Profit before income tax	3,105,806	6,569,670	2,685,322	4,712,994	3,396,666	20,470,458
Income tax expenses						4,953,917
Profit for the year						15,516,541
Other segment information:						
Depreciation and amortisation	73,072	806,244	65,187	195,697	467,157	1,607,357
Capital expenditure	214,044	204,996	90,514	87,426	12,722	609,702

## 7 INTEREST INCOME

	2021	2020
Interest income on margin and other financing	<b>11,788,497</b>	9,306,943
Bank interest income	<b>6,705,222</b>	4,810,935
Interest income on debt instruments at fair value through other comprehensive income	<b>1,831,222</b>	1,138,889
Others	<b>249,990</b>	270,996
Total	<b>20,574,931</b>	15,527,763

## 8 INVESTMENT INCOME

	2021	2020
Net gains from financial assets at fair value through profit or loss (Mandatory)	<b>20,450,953</b>	58,127,131
Net gains from financial assets at fair value through profit or loss (Designated)	<b>265,606</b>	3,702,012
Net gains from disposal of debt instruments at fair value through other comprehensive income	<b>44,074</b>	216,476
Dividend income from financial assets at fair value through other comprehensive income	<b>970,070</b>	—
Net losses from financial liabilities at fair value through profit or loss	<b>(4,000,766)</b>	(7,555,885)
Net losses from derivatives and others	<b>4,952,735</b>	(36,583,075)
Total	<b>22,682,672</b>	17,906,659

## 9 OTHER INCOME

	2021	2020
Lease income	<b>260,372</b>	343,322
Foreign exchange losses	<b>(138,199)</b>	(329,368)
Government grants	<b>229,572</b>	202,628
Others	<b>396,022</b>	320,698
Total	<b>747,767</b>	537,280

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 10 OPERATING EXPENSES

	2021	2020
<b>Fee and commission expenses:</b>		
— Commission expenses	<b>6,089,730</b>	4,857,061
— Others	<b>287,009</b>	195,230
Total	<b>6,376,739</b>	5,052,291

	2021	2020
<b>Finance costs:</b>		
— Due to banks and other financial institutions	<b>5,882,343</b>	4,972,665
— Debt instruments issued and short-term financing instruments payable	<b>7,195,367</b>	6,471,605
— Customer brokerage deposits	<b>1,280,855</b>	654,542
— Others	<b>878,874</b>	841,985
Total	<b>15,237,439</b>	12,940,797

	2021	2020
<b>Staff costs (including directors', supervisors' and senior executives' remuneration):</b>		
— Salaries and bonuses	<b>18,100,838</b>	12,815,344
— Staff benefits	<b>1,705,608</b>	1,338,712
— Contributions to defined contribution schemes (i)	<b>955,627</b>	583,504
Total	<b>20,762,073</b>	14,737,560

## 10 OPERATING EXPENSES (Continued)

### (i) Retirement benefits are included herein and their nature is described below:

Full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

	2021	2020
<b>Other operating expenses:</b>		
— Fund distribution and administration	<b>1,883,471</b>	930,946
— Electronic device operating expenditure	<b>932,190</b>	730,806
— Right-of-use asset depreciation	<b>722,030</b>	667,013
— Consulting expense	<b>512,198</b>	380,155
— Business promotion fee	<b>409,331</b>	240,055
— Travel expenses	<b>325,849</b>	245,641
— Postal and communication	<b>288,467</b>	292,950
— Amortisation of intangible assets	<b>270,670</b>	295,905
— Rental	<b>209,444</b>	223,799
— Securities Investor Protection Fund	<b>202,582</b>	154,265
— Auditors' remuneration (ii)	<b>39,439</b>	38,451
— Others	<b>2,037,524</b>	1,461,259
<b>Total</b>	<b>7,833,195</b>	5,661,245

(ii) This includes audit service fees of RMB31 million (2020: RMB27 million).

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(In RMB thousands, unless otherwise stated)

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the directors', supervisors' and senior executives' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

Name	Position	2021				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,392	3,299	—	163	5,854
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,153	7,670	—	163	9,986
Wang Shuhui	Non-executive Director	—	—	—	—	—
Zhou Zhonghui	Independent non-executive director	—	—	213	—	213
Li Qing	Independent non-executive director	—	—	138	—	138
Zhang Changyi	Chairman of the Supervisory Committee	1,551	2,180	—	163	3,894
Guo Zhao	Supervisor	—	—	142	—	142
Rao Geping	Supervisor	—	—	147	—	147
Li Ning	Supervisor representing Employees	1,874	3,940	—	127	5,941
Niu Xuekun	Supervisor representing Employees	838	1,720	—	109	2,667
Liu Ke	Formal Independent non-executive director	—	—	221	—	221
He Jia	Formal Independent non-executive director	—	—	53	—	53
Ma Yao	Member of the Executive Committee	1,563	9,900	—	163	11,626
Xue Jirui	Member of the Executive Committee	1,563	9,800	—	163	11,526
Yang Bing	Member of the Executive Committee	1,561	8,210	—	163	9,934
Li Chunbo	Member of the Executive Committee	1,563	8,050	—	163	9,776
Zou Yingguang	Member of the Executive Committee	1,563	6,500	—	163	8,226
Li Yongjin	Member of the Executive Committee	1,563	6,850	—	163	8,576
Shi Benliang	Chief Financial Officer	95	1,300	—	12	1,407
Li Jiong	Treasurer	1,563	7,500	—	163	9,226
Wang Junfeng	Secretary to the Board	1,443	3,700	—	158	5,301
Song Qunli	Chief Engineer	1,443	4,700	—	158	6,301
Zhang Hao	Chief Marketing Officer	1,617	8,100	—	166	9,883
Zhang Guoming	Compliance Officer, Chief Risk Management Officer	1,443	5,300	—	158	6,901
Ye Xinjiang	Senior Management Members	1,429	6,350	—	130	7,909
Jin Jianhua	Senior Management Members	1,561	9,020	—	166	10,747
Sun Yi	Senior Management Members	1,813	8,000	—	163	9,976
Gao Yuxiang	Senior Management Members	1,563	8,200	—	163	9,926
		<b>32,154</b>	<b>130,289</b>	<b>914</b>	<b>3,140</b>	<b>166,497</b>

Note: Certain of these independent non-executive directors act as representative directors of the Company in the board of certain subsidiaries and they do not receive any directors' remuneration from these subsidiaries. Related amounts were paid by the subsidiaries through the Company.

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION (Continued)

During the years ended 31 December 2021 and 2020, no special emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. There were no other retirement benefits for directors or supervisors.

During the years ended 31 December 2021 and 2020, there were no consideration provided to third parties for making available directors' or supervisor's services.

During the years ended 31 December 2021 and 2020, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. In addition, the Group did not provide any the guarantees or securities to certain controlled body corporates and connected entities of the Directors or Supervisors in respect of their loans, quasi-loans or credit transactions.

Name	Position	2020				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,394	2,400	—	121	4,915
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,161	7,630	—	144	9,935
Wang Shuhui	Non-executive Director	—	—	—	—	—
Liu Ke	Independent non-executive director	—	—	150	—	150
He Jia	Independent non-executive director	—	—	150	—	150
Zhou Zhonghui	Independent non-executive director	—	—	150	—	150
Zhang Changyi	Chairman of the Supervisory Committee	1,546	1,800	—	176	3,522
Guo Zhao	Supervisor	—	—	100	—	100
Rao Geping	Supervisor	—	—	100	—	100
Li Ning	Supervisor representing Employees	1,279	1,875	—	106	3,260
Niu Xuekun	Supervisor representing Employees	757	1,160	—	94	2,011
Ma Yao	Member of the Executive Committee	1,563	9,200	—	202	10,965
Xue Jirui	Member of the Executive Committee	1,565	8,800	—	202	10,567
Yang Bing	Member of the Executive Committee	1,563	8,400	—	202	10,165
Li Chunbo	Member of the Executive Committee	1,565	7,600	—	202	9,367
Zou Yingguang	Member of the Executive Committee	1,557	8,100	—	202	9,859
Li Yongjin	Member of the Executive Committee	1,565	6,600	—	196	8,361
Li Jiong	Chief Financial Officer, Treasurer	1,565	7,000	—	202	8,767
Song Qunli	Chief Engineer	1,444	4,700	—	184	6,328
Zhang Hao	Chief Marketing Officer	1,600	7,850	—	104	9,554

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(In RMB thousands, unless otherwise stated)

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION (Continued)

Name	Position	2020				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Wang Junfeng	Secretary to the Board	596	—	—	142	738
Zhang Guoming	Compliance Officer, Chief Risk Management Officer	1,445	4,150	—	184	5,779
Ye Xinjiang	Senior Management Members	1,455	5,350	—	216	7,021
Jin Jianhua	Senior Management Members	1,560	5,700	—	198	7,458
Sun Yi	Senior Management Members	1,745	5,850	—	202	7,797
Gao Yuxiang	Senior Management Members	1,565	9,000	—	202	10,767
Zheng Jing	Former Secretary to the Board, Company Secretary	187	1,400	—	12	1,599
		30,677	114,565	650	3,493	149,385

## 12 FIVE HIGHEST PAID EMPLOYEES

The Group's five highest paid employees during the year did not include any directors and supervisors (2020: did not include directors and supervisors). Details of the remuneration of the five (2020: five) non-director and non-supervisor highest paid employees for the year are as follows:

	2021	2020
Salaries, allowances and other benefits	<b>14,188</b>	15,138
Discretionary bonuses	<b>70,998</b>	52,950
Termination compensation	—	—
Total	<b>85,186</b>	68,088

## 12 FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of these individuals whose remuneration fell within the following bands is set out below:

	Number of employees	
	2021	2020
RMB12,500,001 to RMB13,000,000	—	2
RMB13,000,001 to RMB14,000,000	—	2
RMB14,000,001 to RMB15,000,000	2	—
RMB15,000,001 to RMB15,500,000	1	1
RMB15,500,001 to RMB16,000,000	—	—
RMB16,000,001 to RMB16,500,000	1	—
RMB16,500,001 to RMB20,000,000	—	—
RMB20,000,001 to RMB25,000,000	1	—
Total	5	5

Note: during the year of 2021, the emoluments paid by the Group to these non-director and non-supervisor individuals were based on the services provided to the Group by these individuals.

## 13 EXPECTED CREDIT LOSSES

	2021	2020
Margin accounts	1,788,429	710,869
Financial assets at fair value through other comprehensive income (debt instruments)	(27,446)	555,224
Reverse repurchase agreements	(1,194,381)	4,879,272
Other assets	109,763	334,340
Others	222,719	100,952
Total	899,084	6,580,657

## 14 IMPAIRMENT LOSSES ON OTHER ASSETS

	2021	2020
Impairment losses on long term equity investment	56,655	—
Impairment losses on goodwill (Note 21)	2,068,903	81,486
Impairment losses on investment property	—	91,970
Impairment losses on bulk commodity trading inventory	114,283	321,619
Others	364,791	6
Total	2,604,632	495,081

# Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

## 15 INCOME TAX EXPENSE

### (a) Income tax

	2021	2020
Current income tax expense		
Mainland China	<b>6,668,809</b>	8,260,481
Outside Mainland China	<b>829,940</b>	398,083
Deferred income tax expense	<b>389,965</b>	(3,704,647)
Total	<b>7,888,714</b>	4,953,917

### (b) Reconciliation between income tax and accounting profit

The PRC income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2021	2020
Profit before income tax	<b>31,893,795</b>	20,470,458
Tax at the PRC statutory income tax rate	<b>7,973,449</b>	5,117,614
Effects of different applicable rates of tax prevailing in various regions	<b>142,057</b>	3,937
Non-deductible expenses	<b>133,902</b>	262,995
Non-taxable income	<b>(596,108)</b>	(783,432)
Adjustments in respect of current and deferred income tax of prior years	<b>77,438</b>	348,560
Others	<b>157,976</b>	4,243
Tax expense at the Group's effective income tax rate	<b>7,888,714</b>	4,953,917

## 16 PROFIT ATTRIBUTABLE TO THE COMPANY

The consolidated profit attributable to the Company for the year ended 31 December 2021 amounted to RMB17,465 million (2020: RMB12,342 million), which has been dealt with in the financial statements of the Company (Note 60).

## 17 DIVIDENDS

	2021	2020
Dividends on ordinary shares proposed but not paid	<b>8,003,095</b>	5,170,710
Dividends on ordinary shares paid	<b>5,170,710</b>	6,463,388
Distribution to other equity instrument holders (Note 18(1))	<b>157,636</b>	—

Dividends on ordinary shares proposed for approval were RMB0.54 yuan per share for the year ended 31 December 2021 (2020: RMB0.40 yuan per share).

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in the general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

## 18 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	2021	2020
<b>Earnings:</b>		
Profit attributable to Owners of the Parent	<b>23,099,625</b>	14,902,324
Less: Profit for the year attributable to other equity holders of the Company <sup>(1)</sup>	<b>(157,636)</b>	—
Profit attributable to ordinary share holders of the Company	<b>22,941,989</b>	14,902,324
<b>Shares:</b>		
Weighted average number of ordinary shares in issue (thousand)	<b>12,926,776</b>	12,860,212
Basic and diluted earnings per share (in RMB yuan)	<b>1.77</b>	1.16

There were no dilutive shares during the year ended 31 December 2021 (2020: None).

Basic earnings per share was calculated by dividing profit for the year attributable to Owners of the Parent by the weighted average number of ordinary shares outstanding.

(1) As of 31 December 2021, there were three tranches of perpetual subordinated bonds existed under the terms and conditions as detailed in Note 50 Other Equity Instruments. For the purpose of calculating basic earnings per ordinary share, profit attributable to other equity holders was deducted from the profit attributable to ordinary equity holders of the Company.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 19 PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2021</b>										
<b>Cost</b>										
31 December 2020	6,109,897	76,366	296,127	2,389,387	10,483	2,604,284	36,675	11,523,219	482,344	12,005,563
Increases	19,924	1,047	19,139	8,013	1,188	300,614	311	350,236	774,862	1,125,098
Decreases	(179,231)	(9,395)	(34,622)	(7,791)	(622)	(169,189)	(7,070)	(407,920)	(78,682)	(486,602)
Effect of exchange rate changes	(6,710)	(2,311)	(2,469)	(51,077)	—	(33,318)	(677)	(96,562)	—	(96,562)
31 December 2021	5,943,880	65,707	278,175	2,338,532	11,049	2,702,391	29,239	11,368,973	1,178,524	12,547,497
<b>Accumulated depreciation</b>										
31 December 2020	1,279,287	69,015	269,243	558,651	8,200	2,253,940	34,705	4,473,041	—	4,473,041
Increases	179,196	2,814	13,831	123,619	1,352	193,516	1,399	515,727	—	515,727
Decreases	(48,794)	(9,216)	(34,035)	(7,271)	(570)	(163,785)	(6,989)	(270,660)	—	(270,660)
Effect of exchange rate changes	(5,368)	(2,122)	(2,033)	(12,597)	—	(29,792)	(659)	(52,571)	—	(52,571)
31 December 2021	1,404,321	60,491	247,006	662,402	8,982	2,253,879	28,456	4,665,537	—	4,665,537
<b>Allowances for impairment</b>										
31 December 2020	1,525	—	106	—	—	250	—	1,881	—	1,881
Increases	—	—	—	80,072	—	—	—	80,072	—	80,072
Decreases	—	—	(106)	—	—	(247)	—	(353)	—	(353)
31 December 2021	1,525	—	—	80,072	—	3	—	81,600	—	81,600
<b>Net carrying amount</b>										
31 December 2021	4,538,034	5,216	31,169	1,596,058	2,067	448,509	783	6,621,836	1,178,524	7,800,360
31 December 2020	4,829,085	7,351	26,778	1,830,736	2,283	350,094	1,970	7,048,297	482,344	7,530,641

## 19 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2020</b>										
<b>Cost</b>										
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Increases	10,467	2,336	17,652	5,664	6,175	294,411	33	336,738	267,436	604,174
Decreases	(9,565)	(1,285)	(14,637)	(1,879)	(2,946)	(135,260)	(1,207)	(166,779)	(79,403)	(246,182)
Effect of exchange rate changes	(10,351)	(4,200)	(3,886)	(153,894)	—	(74,026)	(126)	(246,483)	—	(246,483)
31 December 2020	6,109,897	76,366	296,127	2,389,387	10,483	2,604,284	36,675	11,523,219	482,344	12,005,563
<b>Accumulated depreciation</b>										
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Increases	185,891	4,577	22,104	135,639	6,211	258,011	3,977	616,410	—	616,410
Decreases	(9,679)	(1,245)	(14,373)	(1,885)	(2,818)	(131,650)	(800)	(162,450)	—	(162,450)
Effect of exchange rate changes	(7,159)	(3,870)	(2,841)	(32,284)	—	(66,667)	(43)	(112,864)	—	(112,864)
31 December 2020	1,279,287	69,015	269,243	558,651	8,200	2,253,940	34,705	4,473,041	—	4,473,041
<b>Allowances for impairment</b>										
31 December 2019	—	—	106	—	—	247	—	353	—	353
Increases	1,525	—	—	—	—	—	—	1,525	—	1,525
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	3	—	3	—	3
31 December 2020	1,525	—	106	—	—	250	—	1,881	—	1,881
<b>Net carrying amount</b>										
31 December 2020	4,829,085	7,351	26,778	1,830,736	2,283	350,094	1,970	7,048,297	482,344	7,530,641
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 20 INVESTMENT PROPERTIES

31 December 2021	Properties and Buildings
<b>Cost</b>	
31 December 2020	1,470,705
Increases	—
Decreases	(102,917)
Effect of exchange rate changes	(12,993)
31 December 2021	1,354,795
<b>Accumulated depreciation and amortisation</b>	
31 December 2020	260,528
Increases	34,208
Decreases	(5,666)
Effect of exchange rate changes	(687)
31 December 2021	288,383
<b>Allowances for impairment</b>	
31 December 2020	149,966
Increases	—
Decreases	(35,615)
Effect of exchange rate changes	(4,800)
31 December 2021	109,551
<b>Net carrying amount</b>	
31 December 2021	956,861
31 December 2020	1,060,211

## 20 INVESTMENT PROPERTIES (Continued)

31 December 2020	Properties and Buildings
<hr/>	
<b>Cost</b>	
31 December 2019	1,550,288
Increases	—
Decreases	(69,966)
Effect of exchange rate changes	(9,617)
<hr/>	
31 December 2020	1,470,705
<hr/>	
<b>Accumulated depreciation and amortisation</b>	
31 December 2019	225,532
Increases	38,518
Decreases	(2,768)
Effect of exchange rate changes	(754)
<hr/>	
31 December 2020	260,528
<hr/>	
<b>Allowances for impairment</b>	
31 December 2019	70,023
Increases	102,416
Decreases	(10,447)
Effect of exchange rate changes	(12,026)
<hr/>	
31 December 2020	149,966
<hr/>	
<b>Net carrying amount</b>	
31 December 2020	1,060,211
<hr/>	
31 December 2019	1,254,733
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# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 21 GOODWILL

	31 December 2021	2020
Carrying amount at the beginning of the year:		
Cost	<b>11,725,325</b>	10,952,310
Less: Accumulated impairment	<b>(948,627)</b>	(929,486)
Net carrying amount	<b>10,776,698</b>	10,022,824
Movements during the year:		
Additions and effect of exchange rate changes	<b>(69,678)</b>	773,015
Impairment and effect of exchange rate changes*	<b>(2,031,047)</b>	(19,141)
Carrying amount at the end of the year:		
Cost	<b>11,655,647</b>	11,725,325
Less: Accumulated impairment	<b>(2,979,674)</b>	(948,627)
Net carrying amount	<b>8,675,973</b>	10,776,698

\* As of 31 December 2021, the balance of impairment provision decreased by RMB38 million due to exchange rate changes (31 December 2020: decreased by RMB62 million).

	31 December 2021	2020
China Asset Management Company Limited	<b>7,418,587</b>	7,418,587
CITIC Securities International Company Limited <sup>(1)</sup>	<b>835,118</b>	2,059,837
CITIC Futures Company Limited	<b>193,826</b>	193,826
CITIC Securities South China Company Limited <sup>(2)</sup>	<b>91,725</b>	967,731
CITIC Securities (Shandong) Company Limited	<b>88,675</b>	88,675
CITIC Securities Company Limited	<b>43,500</b>	43,500
Xin Jiang Equity Exchange Centre Limited	<b>4,542</b>	4,542
CITIC Securities Overseas Investment Company Limited	<b>—</b>	—
Total	<b>8,675,973</b>	10,776,698

The goodwill acquired from business combination is assessed for impairment at each annual financial reporting date. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset (value in use, "VIU").

## 21 GOODWILL (Continued)

- (1) As of 31 December 2021, the net carrying amount of the goodwill arising from CITIC Securities International Co., Ltd.'s acquisition of CLSA was RMB751 million (31 December 2020: RMB1,874 million), with a cost of RMB2,182 million and an accumulated impairment of RMB1,431 million.

In 2013, CITIC Securities International Co., Ltd. completed the acquisition of 100% shares of CLSA, and the goodwill resulted from CLSA's business value as a whole. The Group regarded CLSA as one CGU prior to 31 December 2020.

In 2021, the Group completed the reorganisation of CLSA to implement global integrated management. This reorganisation changed CLSA's internal management and aligned with the reporting structure of its existing business within the Group. Vertical integrated management of the Group's offshore and onshore business was achieved. The cash flow generated by each business unit is independent from those generated by other business units. Therefore, the Group allocated the goodwill to the groups of CGUs listed below, and tested each group of CGUs' impairment separately.

	<b>Allocated Goodwill (RMB: Million)</b>
Group of CGUs:	
– CPAM (Capital Partner Asset Management)	–
– EQD (Equity Derivatives)	<b>264</b>
– FICC (Fixed Income, Currencies and Commodities)	<b>283</b>
– IBK (Investment Banking)	<b>204</b>
– IE (Institutional Equities)	<b>1,093</b>

In 2021, when performing the goodwill impairment test, the Group compared the fair value less costs of disposal and the VIU of each group of CGUs, and the recoverable amount of each group of CGUs was determined as its VIU. An impairment loss of RMB1,093 million was recognised for IE group of CGUs, and no impairment losses for other groups of CGUs were identified nor recognised.

The above-mentioned recoverable amount of each group of CGUs was determined by its VIU. The Group calculated each group of CGU's VIU through a discounted cash flow model based on approved business plans and discount rates that reflect specific risks of relevant groups CGUs. The cash flow after the forecast period is extrapolated according to a stable growth rate and a terminal value. The forecast period is from 2022 to 2026.

In 2021, the main parameters the Group applied when performing goodwill impairment tests of the above groups of CGUs were as follows:

	<b>31 December 2021</b>	2020
Average income growth rate in forecast period	<b>2.68%~24.96%</b>	10.87%
Average cost-to-income ratio in forecast period	<b>52.99%~97.08%</b>	72.60%
Pre-tax discount rate	<b>13.79%~14.68%</b>	14.35%
Terminal value growth rate	<b>2.00%</b>	3.00%

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 21 GOODWILL (Continued)

### (1) (Continued)

In 2021, the main parameters the Group applied when performing the goodwill impairment tests of IE group of CGUs were as follows:

	<b>31 December 2021</b>
Average income growth rate in forecast period	<b>6.92%</b>
Average cost-to-income ratio in forecast period	<b>90.70%</b>
Pre-tax discount rate	<b>14.50%</b>
Terminal value growth rate	<b>2.00%</b>

- (2) As of 31 December 2021, the net carrying amount of the goodwill arising from the Company's acquisition of CITIC Securities South China Co., Ltd. was RMB92 million (31 December 2020: RMB968 million), with a cost of RMB968 million and an accumulated impairment of RMB876 million.

In January 2020, the Company purchased 100% shares of CITIC Securities South China Co., Ltd. by issuing ordinary shares. The goodwill generated during the acquisition originated from the value of CITIC Securities South China Co., Ltd.'s wealth management business. Goodwill is allocated to the overall wealth management business of CITIC Securities South China Co., Ltd. for impairment testing. In 2021, when the Group conducted the goodwill impairment test, after comparing the fair value less costs of disposal and its VIU, the present value of the estimated future cash flow is used to determine its recoverable amount, and an impairment loss of RMB876 million is recognised.

The above-mentioned recoverable amount of the group of CGUs was determined by its VIU. The Group calculated group of CGU's VIU through a discounted cash flow model based on approved business plans and discount rates that reflect specific risks of relevant CGUs. The cash flow after the forecast period is extrapolated according to a stable growth rate and a terminal value. The forecast period is from 2022 to 2026.

In 2021, the main parameters the Group applied when performing the goodwill impairment tests were as follows:

	<b>31 December</b>	
	<b>2021</b>	2020
Income growth rate in forecast period	<b>4.80%~7.73%</b>	6.95%~14.49%
Average cost-to-income in forecast period	<b>52.77%~58.11%</b>	28.65%~35.06%
Pre-tax discount rate	<b>12.92%</b>	14.18%
Terminal value growth rate	<b>2.00%</b>	2.00%

## 22 LAND-USE RIGHTS AND INTANGIBLE ASSETS

	Intangible assets					Total
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	
<b>31 December 2021</b>						
<b>Cost</b>						
31 December 2020	131,594	1,690,768	1,336,613	277,663	2,272,436	5,709,074
Increases	—	177,567	4,143	—	1,462,188	1,643,898
Decreases	(1,501)	(110,598)	—	—	(20,050)	(132,149)
Effect of exchange rate changes	(2,341)	(16,943)	(27,745)	(6,360)	—	(53,389)
31 December 2021	127,752	1,740,794	1,313,011	271,303	3,714,574	7,167,434
<b>Accumulated amortisation</b>						
31 December 2020	102,198	1,406,145	983,909	—	324,918	2,817,170
Increases	342	88,086	128,016	—	351,197	567,641
Decreases	—	(48,483)	—	—	(4,021)	(52,504)
Effect of exchange rate changes	(1,716)	(14,940)	(22,125)	—	—	(38,781)
31 December 2021	100,824	1,430,808	1,089,800	—	672,094	3,293,526
<b>Allowance for impairment</b>						
31 December 2020	1,500	35,401	—	—	—	36,901
Increases	—	—	10,703	274,017	—	284,720
Decreases	(1,501)	(33,269)	—	—	—	(34,770)
Effect of exchange rate changes	1	(1,925)	(121)	(3,099)	—	(5,144)
31 December 2021	—	207	10,582	270,918	—	281,707
<b>Net carrying amount</b>						
31 December 2021	26,928	309,779	212,629	385	3,042,480	3,592,201
31 December 2020	27,896	249,222	352,704	277,663	1,947,518	2,855,003

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 22 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

	Intangible assets					Total
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	
<b>31 December 2020</b>						
<b>Cost</b>						
31 December 2019	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
Increases	4,999	336,759	4,241	—	6,200	352,199
Decreases	(1,200)	(118,105)	—	—	(7,187)	(126,492)
Effect of exchange rate changes	(2,875)	(39,934)	(83,295)	(19,159)	—	(145,263)
31 December 2020	131,594	1,690,768	1,336,613	277,663	2,272,436	5,709,074
<b>Accumulated amortisation</b>						
31 December 2019	100,505	1,248,929	902,062	—	266,924	2,518,420
Increases	4,140	254,187	143,029	—	58,981	460,337
Decreases	(1,200)	(57,808)	—	—	(987)	(59,995)
Effect of exchange rate changes	(1,247)	(39,163)	(61,182)	—	—	(101,592)
31 December 2020	102,198	1,406,145	983,909	—	324,918	2,817,170
<b>Allowance for impairment</b>						
31 December 2019	1,503	36,079	—	—	—	37,582
Increases	—	6	—	—	—	6
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	(3)	(684)	—	—	—	(687)
31 December 2020	1,500	35,401	—	—	—	36,901
<b>Net carrying amount</b>						
31 December 2020	27,896	249,222	352,704	277,663	1,947,518	2,855,003
31 December 2019	28,662	227,040	513,605	296,822	2,006,499	3,072,628

## 23 INVESTMENTS IN SUBSIDIARIES

### Company

	31 December 2021	2020
Unlisted shares, at cost	41,134,631	45,091,317

Particulars of the Company's principal subsidiaries are as follows:

#### (a) Principal subsidiaries acquired through establishment or investment

Name of subsidiaries	Place of incorporation/ registration and operations (kind of legal entity)	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
GoldStone Investment Co., Ltd. (金石投資有限公司)	Mainland China (Limited liability company)	RMB3 billion	Direct investment, investment advisory and management	RMB1,700 million	100%	—
CITIC Securities International Co., Ltd. (中信証券國際有限公司)	Hong Kong	Not applicable	Holding company	HKD6,516.05 million	100%	—
CITIC Securities Investment Ltd. (中信証券投資有限公司)	Mainland China (Limited liability company)	RMB14 billion	Financial product investment, securities investment, equity investment	RMB14 billion	100%	—
CITICS Global Absolute Return Fund	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	—	100%	—
CITIC Securities Finance 2013 Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	USD1	—	100%
CITIC Securities Finance MTN Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	USD1	—	100%
CITIC Securities Regal Holding Limited	The British Virgin Islands	Not applicable	Holding company	USD1	—	100%
CITIC Securities Qingdao Training Centre (青島中信証券培訓中心)	Mainland China (Private non-enterprise entity)	RMB1 million	Business training	RMB1 million	70%	30%
CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd. (中信証券信息與量化服務(深圳)有限責任公司)	Mainland China (Limited liability company)	RMB10 million	Information technology development, technical consulting	RMB10 million	100%	—
CITIC Securities Overseas Investment Company Limited (中信証券海外投資有限公司)	Hong Kong	Not applicable	Holding, investment	HKD10,000	100%	—
Jintong Securities Co., Ltd. (金通證券有限責任公司)	Mainland China (Limited liability company)	RMB135 million	Securities brokerage	RMB35 million	100%	—
CITICS Investment Services Company Limited (中信中證投資服務有限責任公司)	Mainland China (Limited liability company)	RMB100 million	Investment management, advisory service, finance outsourcing service	RMB100 million	100%	—
Xin Jiang Equity Exchange Limited (新疆股權交易中心有限公司)	Mainland China (Limited liability company)	RMB110 million	Financial services	RMB60 million	54.55%	—
Qingdao GoldStone Storm Investment Consulting Company Limited (青島金石暴風投資諮詢有限公司)	Mainland China (Limited liability company)	RMB50.1 million	Investment management, advisory services	RMB50.10 million	—	100%

# Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations (kind of legal entity)	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
Qingdao GoldStone Runhui Investment Management Company Limited (青島金石潤匯投資管理有限公司)	Mainland China (Limited liability company)	RMB10.1 million	Investment management, advisory services, investment with self-owned capital	RMB10.10 million	—	100%
Qingdao GoldStone Haorui Investment Company Limited (青島金石灝洩投資有限公司)	Mainland China (Limited liability company)	RMB805 million	Foreign investment and management with its own funds, as well as investment consulting services	RMB2 billion	—	100%
Jinjin Investment (Tianjin) Co., Ltd. (金津投資(天津)有限公司)	Mainland China (Limited liability company)	RMB100 million	Investment	RMB500 million	—	100%
CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司)	Mainland China (Limited liability company)	RMB100 million	Investment	RMB100 million	—	100%
GoldStone ZeXin Investment Management Co., Ltd. (金石澤信投資管理有限公司)	Mainland China (Limited liability company)	RMB1,000 million	Investment management, investment consulting, investment consulting, entrusted management of equity investment funds, venture capital, venture capital consulting, property management, self-owned property leasing, hotel management, purchase and sale of building decoration materials.	RMB1,000 million	—	100%
CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司)	Mainland China (Limited liability company)	RMB100 million	Investment management, advisory services	RMB100 million	—	100%
GoldStone Boxin Investment Management Co., Ltd. (金石博信投資管理有限公司)	Mainland China (Limited liability company)	RMB500 million	Investment	—	—	100%
Three Gorges GoldStone Private Fund Management Co., Ltd. (三峽金石私募基金管理有限公司)	Mainland China (Limited liability company)	RMB100 million	Investment management	RMB60 million	—	60%
Anhui Xinan M&A Private Fund Management Co., Ltd (安徽信安併購私募基金管理有限公司)	Mainland China (Limited liability company)	RMB20 million	Investment management	RMB16 million	—	80%
Jinshi Fengrui Investment Management (Hangzhou) Co., Ltd (金石灋洩投資管理(杭州)有限公司)	Mainland China (Limited liability company)	RMB30 million	Investment management	—	—	100%
Anhui Transport Control Jinshi Private Fund Management Co., Ltd. (安徽交控金石私募基金管理有限公司)	Mainland China (Limited liability company)	RMB30 million	Investment fund management	RMB10.5 million	—	70%
CITIC Securities Capital Management Co., Ltd (中信中證資本管理有限公司)	Mainland China (Limited liability company)	RMB2 billion	Investment and Asset Management	RMB1 billion	—	100%

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations (kind of legal entity)	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
CITIC Yingshi Asset Management Co., Ltd. (Shanghai) (盈時(上海)資產管理有限公司)	Mainland China (Limited liability company)	RMB200 million	Asset management	RMB100 million	—	100%
CITIC Global Trade Company Limited (中信寰球商貿有限公司)	Mainland China (Limited liability company)	RMB1,000 million	Engaged in the import and export business of goods and technologies, entrepot trade, trade and trade agency between enterprises in the region, simple commercial processing in the region, domestic cargo transportation agency, business consulting services, self-owned equipment leasing	RMB500 million	—	100%
CF International Financial Holding Company Limited (信期國際金融控股有限公司)	Hong Kong	RMB300 million	Holding company	RMB300 million		100%
CSI Corporate Finance (HK) Limited	Hong Kong	Not applicable	Financial Services	HKD2 million	—	100%
CSI AMC Company Limited	Hong Kong	Not applicable	Investment service	HKD1	—	100%
CSI Principal Investment Holding Limited	The British Virgin Islands	USD50 thousand	Holding company	USD1	—	100%
CLSA Europe B.V.	Netherlands	EUR0.75 million	Investment banking	EUR0.75 million	—	100%
China Wealth Investment management Limited Company (上海華夏財富投資管理有限公司)	Mainland China (Limited liability company)	RMB20 million	Asset management	RMB20 million	—	62.20%
Xinjiang Micro Finance Service Co., Ltd. (新疆小微金融服務中心有限公司)	Mainland China (Limited liability company)	RMB1,820 thousand	Research and development of financial products, portfolio design, consulting services, etc.	RMB0.91 million		54.55%

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## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (b) Principal subsidiaries acquired from business combination

Name of subsidiaries	Place of incorporation/ registration and operations (kind of legal entity)	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)	Mainland China (Limited liability company)	RMB2,493.8 million	Securities business	RMB1,145.74 million	100%	—
CITIC Futures Co., Ltd. (中信期貨有限公司)	Mainland China (Limited liability company)	RMB5,600 million	Futures brokerage, asset management, fund distribution	RMB5,949.23 million	100%	—
China Asset Management Co., Ltd. (華夏基金管理有限公司)	Mainland China (Sino-foreign joint stock limited company)	RMB238 million	Fund investment	RMB2,663.95 million	62.20%	—
Tianjin Jingzheng Property Services Co., Limited (天津京證物業服務有限公司)	Mainland China (Limited liability company)	RMB0.3 million	Property management and leasing service	RMB336.86 million	100%	—
Tianjin Shenzheng Property Services Co., Limited (天津深證物業服務有限公司)	Mainland China (Limited liability company)	RMB0.3 million	Property management and leasing service	RMB244.87 million	100%	—
CITIC Securities South China Company Limited (中信証券華南股份有限公司)	Mainland China (Joint stock limited company)	RMB5,091.14 million	Securities brokerage	RMB7,167.73 million	99.9%	0.10%
Guangzhou Securities Hang Seng Securities yanjiusuo company limited (廣州廣證恒生證券研究所有限公司)	Mainland China (Limited liability company (joint ventures with Taiwan, Hong Kong or Macao)	RMB44.68 million	Research Consulting	RMB29.94 million	—	67%
Guangzhou Securities lingxiu investment company limited (廣證領秀投資有限公司)	Mainland China (Limited liability company)	RMB680 million	Alternative Investments	RMB470.21 million	100%	—
Guangzhou Securities chuanguanli touzi guanli company limited (廣州證券創新投資管理有限公司)	Mainland China (Limited liability company)	RMB140 million	Capital Market Services	RMB134.98 million	—	100%
Jinshang (Tianjin) Investment Management Co., Ltd. (金尚(天津)投資管理有限公司)	Mainland China (Limited liability company)	RMB12.5 million	Investment management, advisory service	RMB18.59million	—	100%
China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司)	Hong Kong	HKD600 million	Asset management	HKD600 million	—	62.20%
China AMC Capital Management Limited (華夏資本管理有限公司)	Mainland China (Limited liability company)	RMB350 million	Asset management, financial advisory	RMB350 million	—	62.20%
CLSA B.V. (里昂證券)	Netherlands	Not applicable	Investment, holding	USD1,090.3 million	—	100%
CLSA Premium Limited	Cayman Island	Not applicable	Leveraged foreign exchange transactions and other transactions, cash transactions, other services	HKD780.20 million	—	59.03%
CSI Capricornus Limited	The British Virgin Islands	USD50 thousand	Investment, holding	—	—	100%

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (c) Net cash flows from disposal of subsidiaries

	2021	2020
Total consideration	15,975	12,550
Cash and cash equivalents received	15,975	12,550
Cash and cash equivalents in the subsidiaries disposed	558	2,897
Cash inflow from disposal of subsidiaries	15,417	9,653

### (d) Net cash flows from acquisition of subsidiaries

	2021	2020
Total consideration	—	12,190,346
Cash and cash equivalents paid	—	11,102
Cash and cash equivalents in the subsidiaries acquired	—	13,742,983
Cash outflow from acquisition of subsidiaries	—	13,731,881

### (e) Non-cash financing activities

The Group had no significant non-cash financing activities during the year ended 31 December 2021.

### (f) Structured entities included in the consolidated financial statement

The Group acts as asset manager for or invested in a number of structured entities. Management makes significant judgment on whether the Group controls and therefore should consolidate these structured entities.

Management has determined that the Group had control of certain structured entities based on their assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities. 25 of the structured entities have been consolidated as at 31 December 2021 (24 of the structured entities have been consolidated as at 31 December 2020), considering the variable returns to which the Group is entitled.

The fair value identifiable assets of the consolidated structured entities was RMB50,600 million (Year ended 31 December 2020: RMB13,456.91 million). The fair value liabilities of the consolidated structured entities was RMB2,814 million (Year ended 31 December 2020: RMB97.64 million).

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## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (f) Structured entities included in the consolidated financial statement (Continued)

The operating results and cash flows of the consolidated structured entities for the year ended 31 December 2021 and 2020 included in the consolidated financial statements are as follows:

	2021	2020
Revenue	<b>3,937,731</b>	224,098
Profit for the year	<b>3,463,792</b>	203,527
Net increase in cash and cash equivalents	<b>1,316,503</b>	(958,643)

### (g) Details of the Group's subsidiary with material non-controlling interests is set out below: China Asset Management Co., Ltd.

	31 December 2021	2020
Percentage of equity interest held by non-controlling interests	<b>37.80%</b>	37.80%
Dividends paid to non-controlling interests	<b>380,080</b>	181,420
Ending balances of non-controlling interests	<b>4,266,623</b>	3,782,391
Profit for the year attributable to non-controlling interests	<b>873,955</b>	603,864

The following tables illustrate the summarised financial information of the above subsidiary:

	2021	2020
Revenue	<b>8,026,663</b>	5,549,876
Profit from continuing operations	<b>2,312,051</b>	1,597,523
Total comprehensive income for the year	<b>2,286,540</b>	1,541,792
Net cash flows from operating activities	<b>1,226,918</b>	790,063
Net cash flows from investing activities	<b>(72,443)</b>	(54,113)
Net cash flows used in financing activities	<b>(1,125,746)</b>	(602,676)
Net increase in cash and cash equivalents	<b>10,682</b>	99,977

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (g) Details of the Group's subsidiary with material non-controlling interests is set out below:

(Continued)

China Asset Management Co., Ltd. (Continued)

	31 December 2021	2020
Current assets	<b>14,491,148</b>	12,119,386
Non-current assets	<b>1,803,461</b>	1,575,232
Current liabilities	<b>3,690,974</b>	2,715,255
Non-current liabilities	<b>1,316,273</b>	973,038

As at 31 December 2021, there were no significant restrictions on the ability of the Group to access or use the assets and settle the liabilities of the Group's subsidiaries (2020: Nil).

## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2021	2020
Associates	<b>9,145,745</b>	8,818,599
Joint ventures	<b>38,894</b>	57,983
Less: Allowance for impairment	<b>(56,655)</b>	—
Total	<b>9,127,984</b>	8,876,582

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## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (a) Particulars of the Group's principal associates and joint ventures are as follows:

Name	Place of incorporation/ registration (kind of legal entity)	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
<b>Associates:</b>					
CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司)	Mainland China (Limited liability company)	RMB1.8 billion	Investment fund management	35%	35%
Qingdao Blue Ocean Equity Exchange Limited (青島藍海股權交易中心有限責任公司)	Mainland China (Limited liability company)	RMB100 million	Equity trading	40%	40%
CSC Financial Co., Ltd. (中信建投證券股份有限公司)	Mainland China (Joint stock limited company)	RMB7,756.69 million	Securities brokerage, securities investment consulting	4.9357%	4.9357%
Beijing Agricultural Investment Fund (Limited Partnership) (北京農業產業投資基金(有限合夥))	Mainland China (Limited Joint Ventures)	RMB620 million	Investment	32.26%	32.26%
Beijing GoldStone Agricultural Investment Fund Management Center (Limited Partnership) (北京金石農業投資基金管理中心(有限合夥))	Mainland China (Limited Joint Ventures)	RMB30 million	Fund management	33%	33%
Zhongzheng Fund Management Co., Ltd. (中證基金管理有限公司)	Mainland China (Limited liability company)	RMB110 million	Investment consulting (excluding finance, securities and futures), investment management, equity investment, and external investment with its own funds. (Projects subject to approval according to law can only carry out business activities after approval by relevant departments)	29%	29%
Xinrong Customer Services Club Co., Ltd. (深圳市信融客戶服務俱樂部有限公司)	Mainland China (Limited liability company)	RMB10 million	Financial services	25%	25%
Qianhai Infrastructure Investments Fund Management Co., Ltd. (深圳前海基礎設施投資基金管理有限公司)	Mainland China (Limited liability company)	RMB300 million	Fund management	11.67%	11.67% <sup>0</sup>
Tibet Xinsheng Equity Investment Partnership (limited partnership) (西藏信升股權投資合夥企業(有限合夥))	Mainland China (Limited Joint Ventures)	RMB3,096.50 million	Private equity investment	10.35%	10.35%
Taifu GoldStone (Tianjin) Fund Management Co., Ltd. (泰富金石(天津)基金管理有限公司)	Mainland China (Limited liability company)	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
Xi'an Future Aerospace Industry Co., Ltd. (西安明日宇航工業有限責任公司)	Mainland China (Limited liability company)	RMB50 million	Aerospace components and ground equipment manufacturing, sheet metal components manufacturing	35%	35%
Sailing Capital International (Shanghai) Co., Ltd. (賽領國際投資基金(上海)有限公司)	Mainland China (Limited liability company)	RMB5,010 million	Investment and loan fund	11.10%	11.10% <sup>0</sup>
Sailing Capital Management (Shanghai) Co., Ltd. (賽領資本管理有限公司)	Mainland China (Limited liability company)	RMB280.50 million	Equity investment management	9.09%	9.09% <sup>0</sup>
CITIC POLY (Tianjin) Private Equity Fund Management Co., Ltd. (信保(天津)股權投資基金管理有限公司)	Mainland China (Limited liability company)	RMB100 million	Entrusted management of equity investment	33%	33%

## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (a) Particulars of the Group's principal associates and joint ventures are as follows: (Continued)

Name	Place of incorporation/ registration (kind of legal entity)	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Aria Investment Partners III, L.P.	Cayman Islands	Not applicable	Private equity fund	28.10%	100% <sup>(i)</sup>
Aria Investment Partners IV, L.P.	Cayman Islands	Not applicable	Private equity fund	39.14%	100% <sup>(i)</sup>
Aria Investment Partners V, L.P.	Cayman Islands	Not applicable	Private equity fund	45.45%	100% <sup>(i)</sup>
Clean Resources Asia Growth Fund L.P.	Cayman Islands	Not applicable	Hedge fund	17.59%	100% <sup>(i)</sup>
Fudo Capital II, L.P.	Cayman Islands	Not applicable	Real estate fund	6.13%	100% <sup>(i)</sup>
Fudo Capital III, L.P.	Cayman Islands	Not applicable	Real estate fund	5%	40% <sup>(i)</sup>
Fudo Capital IV, L.P.	Cayman Islands	Not applicable	Real estate fund	2.65%	40%
Sunrise Capital II, L.P.	Cayman Islands	Not applicable	Private equity fund	23.99%	100% <sup>(i)</sup>
Sunrise Capital III, L.P.	Cayman Islands	Not applicable	Private equity fund	6.08%	100% <sup>(i)</sup>
Sunrise Capital IV, L.P.	Cayman Islands	Not applicable	Private equity fund	5.49%	50% <sup>(i)</sup>
CLSA Aviation Private Equity Fund I	Korea	Not applicable	Direct investment fund	6.86%	100% <sup>(i)</sup>
CLSA Aviation Private Equity Fund II	Korea	Not applicable	Direct investment fund	0.08%	100% <sup>(i)</sup>
CLSA Aviation II Investments (Cayman) Limited	Cayman Islands	Not applicable	Direct investment fund	12.39%	100% <sup>(i)</sup>
CT CLSA Holdings Limited	Sri Lanka	LKR500 million	Investment banking and securities brokerage	25%	25%
Holisol Logistics Private Ltd.	India	INR10.80 million	Asset management	20.29%	20.29%
CLSA Infrastructure Private Equity Fund I	Korea	Not applicable	Private equity fund	0.14%	100% <sup>(i)</sup>
CSOBOR Fund, L.P.	Cayman Islands	Not applicable	Asset management	25.10%	60%
Alfalah CLSA Securities (Private) Limited	Pakistan	PRK400 million	Investment banking and securities brokerage	24.90%	24.90%
Pine Tree Special Opportunity FMC LLC	Cayman Islands	Not applicable	Fund management	50%	50%
CLSA Real Estate Limited	Cayman Island	USD50 thousand	Real estate investment consulting	40%	40%
Citron PE Holdings Limited	The British Virgin Island	HKD171.60 million	Asset management	35%	Not applicable
MEC Global Partners Asia Ltd.	Cayman Islands	USD10 million	Asset management	30%	30%
Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Cayman Islands	Not applicable	Asset management	22.16%	30%
Lending Ark Asia Secured Private Debt Holdings Limited	Cayman Islands	USD50 thousand	Asset management	30%	30%
<b>Joint ventures:</b>					
CITIC Standard and Poor's Information Service (Beijing) Co., Ltd. (中信標普指數信息服務(北京)有限公司)	Mainland China (Sino-foreign joint stock limited company)	USD1 million	Financial services	50%	50%
Double Nitrogen Fund GP Limited	Cayman Islands	USD100	Investment management	48%	50% <sup>(i)</sup>
Sino-Ocean Land Logistics Investment Management Limited	Cayman Islands	USD50 thousand	Investment management	50%	33.33%
CSOBOR Fund GP, Limited	Cayman Islands	USD100	Investment management	49%	60%
Merchant Property Limited	Guernsey	GBP7.25 million	Property investment	50%	50%
Kingvest Limited	Cayman Islands	JPY5,000 million	Asset management	44.85%	44.85%
Sunrise Capital Holdings IV Limited	Cayman Islands	USD50 thousand	Asset management	50%	50%
Bright Lee Capital Limited	The British Virgin Island	USD50 thousand	Asset management	48%	50%

(i) The Group has a significant influence over these funds as it acts as the fund manager of these funds.

(ii) The Group has joint control over this entity with other parties through contractual arrangement.

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## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

**(b) The following table illustrates the summarised financial information of the Group's material associates:**

- (i) CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The unaudited financial information is as follows:

	<b>31 December</b>	
	<b>2021</b>	2020
Current assets	<b>5,355,347</b>	5,287,604
Non-current assets	<b>157,094</b>	117,318
Current liabilities	<b>76,108</b>	163,650
Non-current liabilities	<b>300,082</b>	287,422
	<b>2021</b>	2020
Revenue	<b>576,073</b>	771,826
Profit from continuing operations	<b>184,133</b>	446,328
Total comprehensive income	<b>184,133</b>	446,328

- (ii) CSC Financial Co., Ltd., as a major associate of the Group, is primarily engaged in securities brokerage and investment consulting, and is accounted for using the equity method. According to the unaudited financial data for 2021 provided by the management of CSC Financial Co., Ltd, the Group calculated its share of net assets based on its shareholding ratio.

**(c) The following table illustrates the aggregate unaudited financial information of the Group's associates and joint ventures that are not individually material.**

	<b>2021</b>	2020
Profit for the year	<b>890,824</b>	257,934
Other comprehensive income	—	—
Total comprehensive income	<b>890,824</b>	257,934

- (d)** As at 31 December 2021, there was no capital commitment to the associates and joint ventures (31 December 2020: Nil).
- (e)** There were no significant restrictions on the ability of the Group's associates and joint ventures to transfer funds to the Group in form of cash dividends or to repay any liability owed to the Group as at 31 December 2021 and 31 December 2020.



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## 26 REFUNDABLE DEPOSITS

	31 December 2021	31 December 2020
Trading deposits	40,448,292	2,116,013
Credit deposits	1,354,659	1,404,749
Performance bonds	13,380,653	357,012
<b>Total</b>	<b>55,183,604</b>	<b>3,877,774</b>

## 27 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2020	5,238	2,362,110	2,933,007	4,067,555	294,010	9,661,920
Credited/(debited) to the statement of profit or loss	4,664	(705,062)	140,645	335,205	58,497	(166,051)
Credited/(debited) to other comprehensive income	(218)	(778)	—	(4,670)	2,711	(2,955)
<b>At 31 December 2021</b>	<b>9,684</b>	<b>1,656,270</b>	<b>3,073,652</b>	<b>4,398,090</b>	<b>355,218</b>	<b>9,492,914</b>

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489
Credited/(debited) to the statement of profit or loss	(19,240)	2,160,877	1,415,044	612,464	(250,407)	3,918,738
Credited/(debited) to other comprehensive income	189	(329)	7,430	647	59	7,996
Other increase	381	47,269	261,437	42,316	142,294	493,697
<b>At 31 December 2020</b>	<b>5,238</b>	<b>2,362,110</b>	<b>2,933,007</b>	<b>4,067,555</b>	<b>294,010</b>	<b>9,661,920</b>

## 27 DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2020	197,098	2,117,458	861,636	3,176,192
Debited/(credited) to the statement of profit or loss	(140,837)	218,161	146,590	223,914
Debited/(credited) to other comprehensive income	6,472	(223,507)	5,237	(211,798)
At 31 December 2021	62,733	2,112,112	1,013,463	3,188,308

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2019	264,326	1,792,466	787,203	2,843,995
Debited/(credited) to the statement of profit or loss	(52,982)	239,975	27,066	214,059
Debited/(credited) to other comprehensive income	(14,246)	76,537	6,185	68,476
Other increase	—	8,480	41,182	49,662
At 31 December 2020	197,098	2,117,458	861,636	3,176,192

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## 28 RIGHT-OF-USE ASSETS

31 December 2021	Properties and Buildings	Transportation Vehicles	Electronic Devices	Others	Total
<b>Cost</b>					
31 December 2020	2,819,343	1,795	768	1,609	2,823,515
Increases	933,233	124	–	364	933,721
Decreases	(505,853)	(422)	–	–	(506,275)
Effect of exchange rate change	(32,807)	(197)	(82)	–	(33,086)
31 December 2021	3,213,916	1,300	686	1,973	3,217,875
<b>Accumulated depreciation</b>					
31 December 2020	1,055,728	1,059	412	542	1,057,741
Increases	730,932	309	192	383	731,816
Decreases	(450,997)	(390)	–	–	(451,387)
Effect of exchange rate change	(13,832)	(133)	(54)	–	(14,019)
31 December 2021	1,321,831	845	550	925	1,324,151
<b>Allowances for impairment</b>					
31 December 2020	–	–	–	–	–
Increases	–	–	–	–	–
Decreases	–	–	–	–	–
Effect of exchange rate change	–	–	–	–	–
31 December 2021	–	–	–	–	–
<b>Net carrying amount</b>					
31 December 2021	1,892,085	455	136	1,048	1,893,724
31 December 2020	1,763,615	736	356	1,067	1,765,774

## 28 RIGHT-OF-USE ASSETS (Continued)

31 December 2020	Properties and Buildings	Transportation Vehicles	Electronic Devices	Others	Total
<b>Cost</b>					
31 December 2019	2,190,369	1,762	755	1,350	2,194,236
Increases	874,126	—	—	728	874,854
Decreases	(197,342)	—	—	(469)	(197,811)
Effect of exchange rate change	(47,810)	33	13	—	(47,764)
31 December 2020	2,819,343	1,795	768	1,609	2,823,515
<b>Accumulated depreciation</b>					
31 December 2019	592,417	518	191	225	593,351
Increases	615,008	493	197	459	616,157
Decreases	(147,009)	—	—	(142)	(147,151)
Effect of exchange rate change	(4,688)	48	24	—	(4,616)
31 December 2020	1,055,728	1,059	412	542	1,057,741
<b>Allowances for impairment</b>					
31 December 2019	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
31 December 2020	—	—	—	—	—
<b>Net carrying amount</b>					
31 December 2020	1,763,615	736	356	1,067	1,765,774
31 December 2019	1,597,952	1,244	564	1,125	1,600,885

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For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 29 OTHER NON-CURRENT ASSETS

	31 December 2021	2020
Project investment	—	1,888,181
Receivables and others	<b>1,947,104</b>	516,325
Total	<b>1,947,104</b>	2,404,506

## 30 MARGIN ACCOUNTS

	31 December 2021	2020
Margin accounts	<b>132,438,405</b>	118,274,965
Less: loss allowance	<b>(3,319,351)</b>	(1,533,533)
Total	<b>129,119,054</b>	116,741,432

Margin accounts are funds that the Group lends to its customers for margin financing business.

As at 31 December 2021, the Group received collateral with fair value amounted to RMB604,176 million (31 December 2020: RMB511,904 million), in connection with its margin financing business.

### 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	240,167,107	466,449
Equity instruments(i)	196,274,080	23,851,608
Others	67,863,499	3,586,890
	504,304,686	27,904,947
<b>Designated</b>		
Debt instruments	832,754	—
Equity instruments	10,907,100	754,087
Others	57,561	572,625
	11,797,415	1,326,712
<b>Total</b>	<b>516,102,101</b>	<b>29,231,659</b>
Analysed into:		
<b>Mandatory</b>		
Listed	427,939,226	6,018,207
Unlisted	76,365,460	21,886,740
	504,304,686	27,904,947
<b>Designated</b>		
Listed	10,905,999	156,339
Unlisted	891,416	1,170,373
	11,797,415	1,326,712
<b>Total</b>	<b>516,102,101</b>	<b>29,231,659</b>

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For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	31 December 2020	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	177,801,516	28,772
Equity instruments (i)	156,742,718	18,621,222
Others	45,251,403	6,931,901
	379,795,637	25,581,895
<b>Designated</b>		
Debt instruments	97,862	—
Equity instruments	4,239,197	9,513,016
Others	769	752,484
	4,337,828	10,265,500
<b>Total</b>	<b>384,133,465</b>	<b>35,847,395</b>
Analysed into:		
<b>Mandatory</b>		
Listed	310,909,747	4,501,708
Unlisted	68,885,890	21,080,187
	379,795,637	25,581,895
<b>Designated</b>		
Listed	4,239,052	8,863,859
Unlisted	98,776	1,401,641
	4,337,828	10,265,500
<b>Total</b>	<b>384,133,465</b>	<b>35,847,395</b>

- (i) As of 31 December 2021, financial assets at fair value through profit or loss of RMB189,906 million (31 December 2020: RMB136,219 million) were collateralised for reverse repurchase agreements, amount due to China Securities Finance Co., Ltd. (CSF), securities lending and short term loan transactions.

## 32 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,480,778,754	6,734,730	7,042,396
Currency derivatives	184,764,645	2,311,987	1,070,496
Equity derivatives	450,713,282	16,596,726	22,585,514
Credit derivatives	8,132,484	137,525	339,840
Others	489,988,642	5,219,608	3,079,520
<b>Total</b>	<b>2,614,377,807</b>	<b>31,000,576</b>	<b>34,117,766</b>
	31 December 2020		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,499,934,029	5,934,466	6,525,383
Currency derivatives	115,613,610	1,580,362	1,287,918
Equity derivatives	330,660,258	10,984,622	37,062,855
Credit derivatives	7,573,989	32,820	19,707
Others	197,947,212	1,625,720	1,980,343
<b>Total</b>	<b>2,151,729,098</b>	<b>20,157,990</b>	<b>46,876,206</b>

Under the “daily mark-to-market and settlement arrangement”, the Group’s future contracts were settled on a daily basis and the amount of mark-to-market gain or loss of those unexpired future contracts is reflected in profit or loss and not included in derivative financial instruments above. The corresponding payments or receipts are reflected in “cash and bank balances”. As at 31 December 2021, the fair value of those unexpired daily settled future contracts was a loss of RMB47 million (31 December 2020: Gains of RMB202 million).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 33 REVERSE REPURCHASE AGREEMENTS

	31 December 2021	2020
Analysed by collateral:		
Stocks	<b>22,033,509</b>	31,723,843
Debts	<b>29,699,294</b>	15,541,709
Others	<b>1,505,059</b>	—
	<b>53,237,862</b>	47,265,552
Less: loss allowance	<b>(6,844,558)</b>	(8,038,939)
<b>Total</b>	<b>46,393,304</b>	39,226,613
Analysed by business		
Pledged repo	<b>48,961,875</b>	40,494,849
Debt securities outright repo	<b>2,770,928</b>	6,770,703
Others	<b>1,505,059</b>	—
	<b>53,237,862</b>	47,265,552
Less: loss allowance	<b>(6,844,558)</b>	(8,038,939)
<b>Total</b>	<b>46,393,304</b>	39,226,613
Analysed by counterparty:		
Banks	<b>2,719,672</b>	1,065,249
Non-bank financial institutions	<b>7,115,787</b>	3,395,353
Others	<b>43,402,403</b>	42,804,950
	<b>53,237,862</b>	47,265,552
Less: loss allowance	<b>(6,844,558)</b>	(8,038,939)
<b>Total</b>	<b>46,393,304</b>	39,226,613

As at 31 December 2021, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB22,034 million (31 December 2020: RMB31,724 million) with credit impairment loss allowance of RMB6,845 million (31 December 2020: RMB8,039 million).

As at 31 December 2021, the Group received collateral amounted to RMB94,895 million (31 December 2020: RMB125,402 million), in connection with its reverse repurchase agreements.

### 33 REVERSE REPURCHASE AGREEMENTS (Continued)

As part of the reverse repurchase agreements, the Group received securities allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

As at 31 December 2021, the amount of the above collateral allowed to be re-pledged was RMB4,840 million (31 December 2020: RMB8,422 million), and the amount of the collateral re-pledged was RMB2,389 million (31 December 2020: RMB3,010 million).

### 34 OTHER CURRENT ASSETS

	31 December 2021	2020
Brokerage accounts due from clients	<b>8,138,283</b>	13,835,207
Interest receivable	<b>374,159</b>	386,071
Accounts due from brokers	<b>10,566,199</b>	12,657,085
Settlement deposits receivable	<b>7,905,333</b>	7,735,319
Deferred expenses	<b>75,773</b>	64,984
Dividends receivable	<b>2,465</b>	10,726
Bulk commodity trading inventory	<b>2,301,404</b>	4,784,609
Others	<b>9,195,054</b>	11,837,709
Subtotal	<b>38,558,670</b>	51,311,710
Less: Impairment allowance	<b>(2,147,799)</b>	(2,134,867)
Total	<b>36,410,871</b>	49,176,843

### 35 CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 37). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant authorities.

# Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

## 36 CASH AND BANK BALANCES

	31 December 2021	2020
Cash on hand	195	317
Deposits in banks	97,610,508	91,109,371
<b>Total</b>	<b>97,610,703</b>	91,109,688

As at 31 December 2021, the Group had restricted funds of RMB6,569 million (31 December 2020: RMB7,529 million).

## 37 CUSTOMER BROKERAGE DEPOSITS

	31 December 2021	2020
Customer brokerage deposits	251,164,466	203,110,588

Customer brokerage deposits represent the amounts received from and repayable to clients arising from the ordinary course of the Group's securities brokerage activities. For more details, please refer to Note 35 "Cash held on behalf of customers".

## 38 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	2,105,086	—
Equity investments	3,354,631	—
Other	617,600	—
Subtotal	6,077,317	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	42,321,036	15,429,529
Minority interests in consolidated structured entities and others	1,015,124	10,800,590
Subtotal	43,336,160	26,230,119
<b>Total</b>	<b>49,413,477</b>	<b>26,230,119</b>

### 38 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

As at 31 December 2021, there were no significant fair value changes related to the changes in the credit risk of the Group (31 December 2020: Nil).

	31 December 2020	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	5,675,783	—
Equity investments	1,706,988	—
Subtotal	7,382,771	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	32,683,668	7,720,924
Minority interests in consolidated structured entities	828,773	9,792,608
Subtotal	33,512,441	17,513,532
<b>Total</b>	<b>40,895,212</b>	<b>17,513,532</b>

### 39 REPURCHASE AGREEMENTS

	31 December	
	2021	2020
Analysed by collateral:		
Equity	<b>30,185,502</b>	24,922,470
Debts	<b>154,402,507</b>	120,952,729
Precious metal	<b>11,834,085</b>	16,282,953
Others	<b>38,864,382</b>	36,141,248
Total	<b>235,286,476</b>	198,299,400
Analysed by counterparty:		
Banks	<b>83,547,103</b>	83,299,479
Non-bank financial institutions	<b>21,904,630</b>	17,331,315
Others	<b>129,834,743</b>	97,668,606
Total	<b>235,286,476</b>	198,299,400

As at 31 December 2021, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB257,925 million (31 December 2020: RMB216,769 million).

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(In RMB thousands, unless otherwise stated)

## 40 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2021	2020
Due to banks	<b>50,683,601</b>	8,480,226
Due to China Securities Finance Corporation Limited (Note 31)	—	2,023,889
Total	<b>50,683,601</b>	10,504,115

## 41 TAXES PAYABLE

	31 December 2021	2020
Enterprise income tax	<b>3,864,522</b>	6,242,969
Individual income tax	<b>941,336</b>	711,856
Value added tax	<b>201,234</b>	350,855
Others	<b>59,459</b>	76,301
Total	<b>5,066,551</b>	7,381,981

## 42 SHORT-TERM LOANS

	31 December 2021	2020
Analysed by nature:		
Credit loans	<b>7,098,889</b>	3,661,987
Collateralised loans	<b>163,098</b>	1,348,384
Total	<b>7,261,987</b>	5,010,371
Analysed by maturity:		
Maturity within one year	<b>7,261,987</b>	5,010,371

As at 31 December 2021, the annual interest rates on the short-term loans were in the range of 0.00% to 10.00% (31 December 2020: 0.79% to 2.00%). As at 31 December 2021, the book value of the collateral was RMB3,236 million (31 December 2020: RMB3,796 million) (Note 31).

## 43 SHORT-TERM FINANCING INSTRUMENTS PAYABLE 2021

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
20 CS 08	02/06/2020	02/06/2021	2.08%	1,010,833	9,967	(1,020,800)	—
20 CS S1	28/07/2020	28/04/2021	2.84%	505,475	5,185	(510,660)	—
20 CS S2	07/08/2020	07/08/2021	2.95%	2,828,388	54,212	(2,882,600)	—
CITICS MTN ECP08	26/05/2020	25/05/2021	0.00%	323,672	2,565	(326,237)	—
CITICS MTN ECP10	20/08/2020	19/08/2021	0.00%	194,139	1,596	(195,735)	—
CITICS MTN ECP11	17/09/2020	16/09/2021	0.95%	653,786	4,867	(658,653)	—
CITICS MTN ECP12	16/10/2020	20/01/2021	0.00%	195,667	80	(195,747)	—
CITICS MTN ECP13	19/11/2020	19/05/2021	0.00%	251,606	899	(252,505)	—
CITICS MTN ECP14	25/11/2020	24/11/2021	0.00%	64,662	582	(65,244)	—
CITICS MTN ECP15	15/12/2020	14/12/2021	0.00%	775,512	7,403	(782,915)	—
CITICS MTN ECP16	19/01/2021	18/01/2022	0.75%	—	328,542	(7,482)	321,060
CITICS MTN ECP17	01/02/2021	02/08/2021	0.00%	—	647,089	(647,089)	—
CITICS MTN ECP18	09/02/2021	09/08/2021	0.00%	—	643,853	(643,853)	—
CITICS MTN ECP19	08/03/2021	30/11/2021	0.00%	—	194,137	(194,137)	—
CITICS MTN ECP20	25/05/2021	24/05/2022	0.00%	—	161,229	(2,277)	158,952
CITICS MTN ECP21	02/06/2021	01/06/2022	0.00%	—	190,712	—	190,712
CITICS MTN ECP22	20/07/2021	19/07/2022	0.00%	—	331,641	(5,650)	325,991
CITICS MTN ECP23	22/07/2021	21/07/2022	0.00%	—	248,723	(4,238)	244,485
CITICS MTN ECP24	10/08/2021	08/03/2022	0.00%	—	322,736	(4,219)	318,517
CITICS MTN ECP25	19/08/2021	18/08/2022	0.00%	—	450,122	(5,883)	444,239
CITICS MTN ECP26	19/08/2021	18/03/2022	0.00%	—	193,625	(2,531)	191,094
CITICS MTN ECP27	08/09/2021	07/09/2022	0.00%	—	331,117	(5,394)	325,723
CITICS MTN ECP28	14/09/2021	14/06/2022	0.00%	—	322,481	(4,593)	317,888
CITICS MTN ECP29	17/09/2021	15/09/2022	0.58%	—	647,243	(9,218)	638,025
CITICS MTN ECP30	17/09/2021	16/09/2022	0.00%	—	321,755	(4,582)	317,173
CITICS MTN ECP31	29/09/2021	28/09/2022	0.00%	—	321,703	(4,582)	317,121
CITICS MTN ECP32	10/11/2021	12/05/2022	0.00%	—	76,516	(180)	76,336
CITICS MTN ECP33	10/11/2021	11/05/2022	0.00%	—	114,776	(269)	114,507
CITICS MTN ECP34	18/11/2021	18/05/2022	0.00%	—	1,083,736	(2,543)	1,081,193
CITICS MTN ECP35	18/11/2021	18/05/2022	0.00%	—	614,863	(3,102)	611,761
CITICS MTN ECP36	23/11/2021	22/11/2022	0.00%	—	633,921	(1,487)	632,434
CITICS MTN ECP37	02/12/2021	01/12/2022	0.00%	—	243,496	(141)	243,355
CITICS MTN ECP38	14/12/2021	13/12/2022	0.75%	—	613,063	(356)	612,707
CITICS MTN ECP39	20/12/2021	19/12/2022	0.00%	—	202,769	(118)	202,651
CITICS MTN ECP40	21/12/2021	21/09/2022	0.00%	—	316,933	(184)	316,749
	08/07/2020	04/01/2021	1.70%				
Structured notes	~31/12/2021	~31/10/2022	~4.00%	5,138,131	32,410,687	(30,921,030)	6,627,788
Total				11,941,871	42,054,824	(39,366,234)	14,630,461

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## 43 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (Continued) 2020

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	6,036,084	7,440	(6,043,524)	—
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	5,017,422	21,117	(5,038,539)	—
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	3,004,354	18,146	(3,022,500)	—
20 CITIC CP001	17/01/2020	16/04/2020	2.78%	—	4,028,664	(4,028,664)	—
20 CITIC CP002	18/02/2020	18/05/2020	2.50%	—	4,025,986	(4,025,986)	—
20 CITIC CP003	25/02/2020	25/05/2020	2.45%	—	4,025,577	(4,025,577)	—
20 CITIC CP004	05/03/2020	03/06/2020	2.39%	—	4,024,610	(4,024,610)	—
20 CITIC CP005	13/03/2020	11/06/2020	2.16%	—	5,027,718	(5,027,718)	—
20 CITIC CP006	25/03/2020	23/06/2020	1.78%	—	5,022,597	(5,022,597)	—
20 CITIC CP007	08/04/2020	07/07/2020	1.50%	—	6,023,473	(6,023,473)	—
20 CITIC CP008	20/04/2020	17/07/2020	1.40%	—	6,021,820	(6,021,820)	—
20 CITIC CP009	13/05/2020	11/08/2020	1.55%	—	5,020,246	(5,020,246)	—
20 CITIC CP010	25/05/2020	21/08/2020	1.55%	—	5,019,711	(5,019,711)	—
20 CITIC CP011	28/05/2020	26/08/2020	1.58%	—	4,016,543	(4,016,543)	—
20 CITIC CP012	15/06/2020	11/09/2020	2.20%	—	4,022,014	(4,022,014)	—
20 CITIC CP013	09/07/2020	30/09/2020	1.95%	—	5,023,354	(5,023,354)	—
20 CS 08	02/06/2020	02/06/2021	2.08%	—	1,013,946	(3,113)	1,010,833
20 CS S1	28/07/2020	28/04/2021	2.84%	—	506,947	(1,472)	505,475
20 CS S2	07/08/2020	07/08/2021	2.95%	—	2,836,503	(8,115)	2,828,388
CITICS MTN ECP03	20/11/2019	20/05/2020	0.00%	690,727	6,916	(697,643)	—
CITICS MTN ECP04	11/03/2020	11/09/2020	0.00%	—	700,691	(700,691)	—
CITICS MTN ECP05	13/03/2020	14/09/2020	0.00%	—	350,345	(350,345)	—
CITICS MTN ECP06	25/03/2020	26/06/2020	0.00%	—	700,704	(700,704)	—
CITICS MTN ECP07	22/05/2020	23/11/2020	0.00%	—	1,234,797	(1,234,797)	—
CITICS MTN ECP08	26/05/2020	25/05/2021	0.00%	—	349,969	(26,297)	323,672
CITICS MTN ECP09	26/05/2020	27/11/2020	0.00%	—	352,796	(352,796)	—
CITICS MTN ECP10	20/08/2020	19/08/2021	0.00%	—	207,791	(13,652)	194,139
CITICS MTN ECP11	17/09/2020	16/09/2021	0.00%	—	687,371	(33,585)	653,786
CITICS MTN ECP12	16/10/2020	20/01/2021	0.00%	—	204,213	(8,546)	195,667
CITICS MTN ECP13	19/11/2020	19/05/2021	0.94%	—	259,191	(7,585)	251,606
CITICS MTN ECP14	25/11/2020	24/11/2021	0.00%	—	66,626	(1,964)	64,662
CITICS MTN ECP15	15/12/2020	14/12/2021	0.00%	—	781,847	(6,335)	775,512
	11/10/2019	02/01/2020	1.39%	—	—	—	—
Structured notes	~31/12/2020	~13/10/2021	~4.00%	5,388,706	58,095,241	(58,345,816)	5,138,131
Total				20,137,293	129,704,910	(137,900,332)	11,941,871

As at 31 December 2021, short-term financing instruments payable comprised unsecured short-term corporate bonds and structured notes with an original tenor of less than one year.

As at 31 December 2021, there was no default related to any short-term financing instruments payable issued (31 December 2020: Nil).

#### 44 LEASE LIABILITIES

	31 December 2021	
	Current	Non-current
Lease liabilities	<b>541,974</b>	<b>1,342,961</b>
	31 December 2020	
	Current	Non-current
Lease liabilities	494,209	1,211,526

The cash flows of lease contracts signed by the Group but the relevant leases which have not yet commenced are shown as follows:

	31 December	
	2021	2020
Lease term:		
Within one year	<b>7,550</b>	25,627
One to two years	<b>10,255</b>	7,729
Two to five years	<b>3,520</b>	15,385
More than five years	<b>—</b>	1,392
	<b>21,325</b>	50,133

#### 45 OTHER CURRENT LIABILITIES

	31 December	
	2021	2020
Settlement deposits payable	<b>15,916,019</b>	14,596,002
Salaries, bonuses and allowances payable	<b>18,944,850</b>	17,583,983
Debt instruments issued due within one year and others (Notes 46(a) (iii)(iv)(v)(vii)(viii)(ix)(x)(xi)(xii)(xiii)(xiv)(xvi)(xxxi)(xxxii))	<b>63,327,476</b>	39,656,392
Amounts due to brokers	<b>23,741,901</b>	16,213,051
Interest payable	<b>224,302</b>	258,307
Accrued liabilities	<b>954,228</b>	305,980
Fee and commissions payable	<b>817,418</b>	662,588
Funds payable to securities holders	<b>167,393</b>	168,699
Funds payable to securities issuers	<b>711,227</b>	1,071,235
Dividends payable	<b>159,685</b>	2,049
Contract liabilities	<b>172,929</b>	2,194,221
Client deposits payable	<b>112,889,865</b>	77,905,318
Others	<b>27,340,396</b>	15,243,366
Total	<b>265,367,689</b>	185,861,191

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 46 DEBT INSTRUMENTS ISSUED

By category	31 December	
	2021	2020
Bonds and medium term notes issued (a)	<b>116,593,411</b>	127,297,137
Structured notes issued (b)	<b>1,482,095</b>	5,353,884
	<b>118,075,506</b>	132,651,021

By maturity	31 December	
	2021	2020
Maturity within five years	<b>101,869,947</b>	130,938,777
Maturity over five years	<b>16,205,559</b>	1,712,244
	<b>118,075,506</b>	132,651,021

As at 31 December 2021, there was no default related to any issued debt instruments (31 December 2020: Nil).

### (a) Bonds and medium term notes issued

Item		31 December	
		2021	2020
13 CITICS 02	(i)	<b>12,339,984</b>	12,336,466
15 CITICS 02	(ii)	<b>2,566,009</b>	2,565,917
17 CITICS G2	(iii)	—	2,076,635
17 CITICS C2	(iv)	—	2,373,760
17 CITICS C4	(v)	—	4,947,070
18 CS G2	(vi)	<b>616,095</b>	616,085
19 CS 01	(vii)	—	2,788,294
19 CS 02	(viii)	—	3,093,455
19 CS C1	(ix)	—	2,570,019
19 CS 03	(x)	—	3,086,405
19 CS C2	(xi)	—	3,068,558
19 CS 04	(xii)	—	1,532,973
19 CITICS Financial Bond 01	(xiii)	—	9,136,908
19 CS G1	(xiv)	—	2,020,854
19 CS G2	(xv)	<b>1,011,662</b>	1,011,649
19 CS 05	(xvi)	—	5,018,153
20 CS G1	(xvii)	<b>3,074,558</b>	3,071,687
20 CS G2	(xviii)	<b>2,053,286</b>	2,052,199

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

		31 December	
		2021	2020
20 CS G3	(xix)	<b>2,250,198</b>	2,248,069
20 CS G4	(xx)	<b>2,048,363</b>	2,047,275
20 CS C1	(xxi)	<b>2,049,090</b>	2,047,209
20 CS G6	(xxii)	<b>3,355,984</b>	3,352,818
20 CS G7	(xxiii)	<b>1,020,294</b>	1,019,737
20 CS 09	(xxiv)	<b>4,564,604</b>	4,560,306
20 CS 11	(xxv)	<b>2,030,380</b>	2,028,466
20 CS 13	(xxvi)	<b>3,045,688</b>	3,042,805
20 CS 15	(xxvii)	<b>7,600,910</b>	7,593,807
20 CS 16	(xxviii)	<b>5,266,108</b>	5,261,190
20 CS 18	(xxix)	<b>2,830,146</b>	2,827,501
20 CS 20	(xxx)	<b>808,209</b>	808,013
20 CS 21	(xxx i)	—	7,531,703
20 CS 23	(xxx ii)	—	4,315,025
20 CS 24	(xxx iii)	<b>904,450</b>	904,231
21 CS C1	(xxx iv)	<b>3,100,316</b>	—
21 CS 02	(xxx v)	<b>4,743,646</b>	—
21 CS 03	(xxx vi)	<b>3,313,877</b>	—
21 CS 04	(xxx vii)	<b>1,542,065</b>	—
21 CS 05	(xxx viii)	<b>3,094,894</b>	—
21 CS 06	(xxx ix)	<b>2,573,967</b>	—
21 CS 07	(xl)	<b>1,436,762</b>	—
21 CS 08	(xli)	<b>1,018,005</b>	—
21 CS 09	(xlii)	<b>2,549,288</b>	—
21 CS 10	(xliii)	<b>1,522,100</b>	—
21 CS 11	(xliv)	<b>1,524,113</b>	—
21 CS 12	(xlv)	<b>3,024,680</b>	—
21 CS 13	(xlvi)	<b>1,009,276</b>	—
21 CS 14	(xlvii)	<b>4,528,772</b>	—
21 CS 16	(xlviii)	<b>2,211,816</b>	—
21 CS 17	(xlix)	<b>1,811,279</b>	—
21 CS 18	(l)	<b>2,509,573</b>	—
21 CS 19	(li)	<b>2,008,963</b>	—
21 CS 20	(lii)	<b>3,001,147</b>	—
21 CS 21	(liii)	<b>2,995,801</b>	—
CITIC SEC N2204	(liv)	—	3,275,980
CITIC SEC N2210	(liv)	—	3,262,455
CITIC SEC N2410	(liv)	<b>1,273,615</b>	1,300,556
CITIC SEC N2306	(liv)	<b>3,184,612</b>	3,253,679
CITIC SEC N2506	(liv)	<b>3,178,826</b>	3,249,225
Carrying amount		<b>116,593,411</b>	127,297,137

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (i) The Company issued a 10-year unguaranteed bond with a face value of RMB12.00 billion on June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (ii) The Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion on June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.
- (iii) The Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion on February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (iv) The Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB2.30 billion on May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (v) The Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB4.90 billion on October 2017. The coupon rate of the bond is 5.25% and the maturity date is 26 October 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (vi) The Company issued a 5-year unguaranteed bond with a face value of RMB0.60 billion on June 2018. The coupon rate of the bond is 4.90% and the maturity date is 15 June 2023.
- (vii) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.70 billion on February 2019. The coupon rate of the bond is 3.90% and the maturity date is 28 February 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (viii) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion on March. The coupon rate of the bond is 3.98% and the maturity date is 21 March 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (ix) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.50 billion on April 2019. The coupon rate of the bond is 4.20% and the maturity date is 23 April 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (x) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion on April 2019. The coupon rate of the bond is 4.28% and the maturity date is 29 April 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xi) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion on May to June 2019. The coupon rate of the bond is 4.10% and the maturity date is 3 June 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xii) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB1.50 billion on June 2019. The coupon rate of the bond is 4.00% and the maturity date is 14 June 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xiii) The Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB9.00 billion on July 2019. The coupon rate of the bond is 3.58% and the maturity date is 25 July 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xiv) The Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion on September 2019. The coupon rate of the bond is 3.39% and the maturity date is 10 September 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xv) The Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion on September 2019. The coupon rate of the bond is 3.78% and the maturity date is 10 September 2024.
- (xvi) The Company issued a 3-year unguaranteed bond with a face value of RMB5.00 billion on November 2019. The coupon rate of the bond is 3.75% and the maturity date is 26 November 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xvii) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on February 2020. The coupon rate of the bond is 3.02% and the maturity date is 21 February 2023.
- (xviii) The Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion on February 2020. The coupon rate of the bond is 3.31% and the maturity date is 21 February 2025.

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (xix) The Company issued a 3-year unguaranteed bond with a face value of RMB2.20 billion on March 2020. The coupon rate of the bond is 2.95% and the maturity date is 10 March 2023.
- (xx) The Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion on March 2020. The coupon rate of the bond is 3.20% and the maturity date is 10 March 2025.
- (xxi) The Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion on March 2020. The coupon rate of the bond is 3.32% and the maturity date is 24 March 2023.
- (xxii) The Company issued a 3-year unguaranteed bond with a face value of RMB3.30 billion on April 2020. The coupon rate of the bond is 2.54% and the maturity date is 14 April 2023.
- (xxiii) The Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion on April 2020. The coupon rate of the bond is 3.10% and the maturity date is 14 April 2025.
- (xxiv) The Company issued a 3-year unguaranteed bond with a face value of RMB4.50 billion on May 2020. The coupon rate of the bond is 2.70% and the maturity date is 2 June 2023.
- (xxv) The Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion on June 2020. The coupon rate of the bond is 3.10% and the maturity date is 19 June 2023.
- (xxvi) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on July 2020. The coupon rate of the bond is 3.58% and the maturity date is 14 July 2023.
- (xxvii) The Company issued a 3-year unguaranteed bond with a face value of RMB7.50 billion on July 2020. The coupon rate of the bond is 3.49% and the maturity date is 28 July 2023.
- (xxviii) The Company issued a 3-year unguaranteed bond with a face value of RMB5.20 billion on August 2020. The coupon rate of the bond is 3.55% and the maturity date is 7 August 2023.
- (xxix) The Company issued a 3-year unguaranteed bond with a face value of RMB2.80 billion on August 2020. The coupon rate of the bond is 3.48% and the maturity date is 24 August 2023.
- (xxx) The Company issued a 10-year unguaranteed bond with a face value of RMB0.80 billion on September 2020. The coupon rate of the bond is 4.20% and the maturity date is 11 September 2030.
- (xxxi) The Company issued a 2-year unguaranteed bond with a face value of RMB7.50 billion on October 2020. The coupon rate of the bond is 3.48% and the maturity date is 21 October 2022. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxii) The Company issued a 10-year unguaranteed bond with a face value of RMB4.30 billion on October 2020. The coupon rate of the bond is 3.45% and the maturity date is 28 October 2020. As at 31 December 2021, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxiii) The Company issued a 10-year unguaranteed bond with a face value of RMB0.90 billion on October 2020. The coupon rate of the bond is 4.27% and the maturity date is 28 October 2030.
- (xxxiv) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on February 2021. The coupon rate of the bond is 3.97% and the maturity date is 8 February 2024.
- (xxxv) The Company issued a 3-year unguaranteed bond with a face value of RMB4.60 billion on January 2021. The coupon rate of the bond is 3.56% and the maturity date is 25 January 2024.
- (xxxvi) The Company issued a 10-year unguaranteed bond with a face value of RMB3.20 billion on January 2021. The coupon rate of the bond is 4.10% and the maturity date is 25 January 2031.
- (xxxvii) The Company issued a 3-year unguaranteed bond with a face value of RMB1.50 billion on March 2021. The coupon rate of the bond is 3.60% and the maturity date is 1 March 2024.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (xxxviii) The Company issued a 10-year unguaranteed bond with a face value of RMB3.00 billion on March 2021. The coupon rate of the bond is 4.10% and the maturity date is 1 March 2031.
- (xxxix) The Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion on March 2021. The coupon rate of the bond is 4.10% and the maturity date is 19 March 2031.
- (xl) The Company issued a 10-year unguaranteed bond with a face value of RMB1.40 billion on April 2021. The coupon rate of the bond is 4.04% and the maturity date is 13 April 2031.
- (xli) The Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion on June 2021. The coupon rate of the bond is 3.70% and the maturity date is 11 June 2026.
- (xlii) The Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion on June 2021. The coupon rate of the bond is 4.03% and the maturity date is 11 June 2031.
- (xliii) The Company issued a 5-year unguaranteed bond with a face value of RMB1.50 billion on July 2021. The coupon rate of the bond is 3.62% and the maturity date is 9 July 2026.
- (xliv) The Company issued a 10-year unguaranteed bond with a face value of RMB1.50 billion on July 2021. The coupon rate of the bond is 3.92% and the maturity date is 9 July 2031.
- (xlv) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on August 2021. The coupon rate of the bond is 3.01% and the maturity date is 23 August 2024.
- (xlvi) The Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion on August 2021. The coupon rate of the bond is 3.34% and the maturity date is 23 August 2026.
- (xlvii) The Company issued a 3-year unguaranteed bond with a face value of RMB4.50 billion on September 2021. The coupon rate of the bond is 3.08% and the maturity date is 16 September 2024.
- (xlviii) The Company issued a 1095 days unguaranteed bond with a face value of RMB2.20 billion on September 2021. The coupon rate of the bond is 3.09% and the maturity date is 27 September 2024.
- (xlix) The Company issued a 5-year unguaranteed bond with a face value of RMB1.80 billion on September 2021. The coupon rate of the bond is 3.47% and the maturity date is 28 September 2026.
- (l) The Company issued a 3-year unguaranteed bond with a face value of RMB2.50 billion on October 2021. The coupon rate of the bond is 3.25% and the maturity date is 19 October 2024.
- (li) The Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion on October 2021. The coupon rate of the bond is 3.59% and the maturity date is 19 October 2026.
- (lii) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on November 2021. The coupon rate of the bond is 3.07% and the maturity date is 24 November 2024.
- (liii) The Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion on December 2021. The coupon rate of the bond is 2.97% and the maturity date is 14 December 2024.
- (liv) CITIC Securities Finance MTN Co., Ltd. established a USD3.00 billion (or other equivalents) Medium Term Notes Program on October 2014. In April 2017, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD800 million, including USD300 million of three-year notes and USD500 million of five-year notes. The three-year notes were fully paid in April 2020. In December 2018, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program of three-year notes in the amount of USD300 million. In October 2019, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD700 million, including USD500 million of three-year notes and USD200 million of five-year notes. In 2020, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD1.00 billion, including USD500 million of three-year notes and USD500 million of five-year notes, and a current settlement of USD300 million. In 2021, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of HKD1.5 billion and USD170 million, and a current settlement of USD300 million. These medium term notes are guaranteed by the Company with no counter-guarantee arrangement.

### (b) Structured notes issued

As at 31 December 2021, the structured notes issued by the Group amounted to RMB1,482 million (31 December 2020: RMB5,354 million) were with maturity dates over one year and coupon rates ranging from 2.60% to 3.30% (31 December 2020: 1.70% to 3.40%).

## 47 LONG-TERM LOANS

	31 December	
	2021	2020
Analysed by nature:		
Collateralised loans	<b>457,866</b>	573,942
<b>Total</b>	<b>457,866</b>	573,942
Analysed by maturity:		
Maturity within five years	<b>457,866</b>	246,961
Maturity over five years	—	326,981
<b>Total</b>	<b>457,866</b>	573,942

As at 31 December 2021, the interest rates on the long-term loans were in the range of 1.33% to 3.30% (31 December 2020: 1.37% to 10.00%). As at 31 December 2021, the book value of the collateral was RMB1,037 million (31 December 2020: RMB1,152 million).

## 48 OTHER NON-CURRENT LIABILITIES

	31 December	
	2021	2020
Regulatory risk provision	<b>1,502,295</b>	1,152,322
Others	<b>525,486</b>	425,879
<b>Total</b>	<b>2,027,781</b>	1,578,201

## 49 ISSUED SHARE CAPITAL

	31 December			
	2021		2020	
Ordinary Shares	Number of shares (Thousand)	Nominal value	Number of shares (Thousand)	Nominal value
Registered, issued and fully paid:				
A shares of RMB1 each	<b>10,648,448</b>	<b>10,648,448</b>	10,648,448	10,648,448
H shares of RMB1 each	<b>2,278,328</b>	<b>2,278,328</b>	2,278,328	2,278,328
<b>Total</b>	<b>12,926,776</b>	<b>12,926,776</b>	12,926,776	12,926,776

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 50 OTHER EQUITY INSTRUMENTS

Other equity instruments of the Group are as follows:

In July 2021, the Group issued the first tranche of perpetual subordinated bonds of 2021 amounted to RMB3.3 billion.

In August 2021, the Group issued the second tranche of perpetual subordinated bonds of 2021 amounted to RMB6 billion.

In August 2021, the Group issued the third tranche of perpetual subordinated bonds of 2021 amounted to RMB1.5 billion.

Key terms and conditions relating to the equity instruments that exist at the end of the year are as follows:

- The bonds are repriced every 5 interest-accruing years, and at the end of the repricing cycle, the issuer has the option to extend the bonds for another repricing cycle (another five years) or redeem them in full;
- The bonds offer no redemption option to the investors so that investors cannot require the issuer to redeem their bonds during the duration of the bonds;
- The Group has the 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 the interest payment to the next payment date for current period as well as all interests and accreted interests already deferred according to the related terms, without any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital;
- The priority over repayment of the 2021 perpetual subordinated bonds (the first tranche), the 2021 perpetual subordinated bonds (the second tranche) and the 2021 perpetual subordinated bonds (the third tranche) is subordinated to the Group's general debts and subordinated bonds, unless in the event of liquidation of the Group, investors of these bonds cannot require the Group to accelerate payment of bonds' principals.

The perpetual subordinated bonds issued by the Group are classified as equity instruments and recognised under equity in the consolidated statement of financial position. As at December 31, 2021, the interest payable by the Company for the perpetual bonds was RMB158 million (December 31, 2020: Nil).

## 51 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

### (a) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

### (b) Surplus reserves

#### (i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

## 51 RESERVES (Continued)

### (b) Surplus reserves (Continued)

#### (i) Statutory surplus reserve (Continued)

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalisation is not less than 25% of the registered capital immediately before capitalisation.

As as of 31 December 2021, the accumulative statutory surplus reserve of the Company has reached at 50% of the registered capital of the Company, there is no need to appropriate statutory surplus reserve for this year.

#### (ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards, to its discretionary surplus reserve upon approval by the General Shareholders' Meeting. Subject to the approval of General Shareholders' Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

### (c) General reserves

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves may be used to offset accumulated losses of the Company but shall not be declared as dividends or converted into share capital. General reserves also include reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside of Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. These regulatory reserves are not available for distribution.

### (d) Investment revaluation reserve

Investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

### (e) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

### (f) Distributable profits

The Company's distributable profits are based on the retained earnings of the Company as determined under China Accounting Standards and IFRSs, whichever is lower.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 52 CASH AND CASH EQUIVALENTS

	<b>31 December</b>	
	<b>2021</b>	2020
Cash and bank balances	<b>97,610,703</b>	91,109,688
Less: Restricted funds (Note 36)	<b>(6,568,649)</b>	(7,529,161)
Interest receivable	<b>(977,428)</b>	(241,349)
Cash and cash equivalents	<b>90,064,626</b>	83,339,178

## 53 INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in these unconsolidated structured entities are set out as below:

Structured entities sponsored by the Group:

Unconsolidated structured entities sponsored by the Group mainly include investment funds and asset management plans sponsored by the Group. The nature and objective of the structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

In addition, the Group also held certain interests in structured entities sponsored by the Group.

In 2021, the Group obtained management fee, commission and performance fee amounting to RMB8,413 million during the year ended 31 December 2021 from the unconsolidated structured entities sponsored by the Group, for which the Group held no investment as at 31 December 2021 (2020: RMB5,891 million).

The maximum exposure and the book value of relevant balance sheet items of the Group arising from these unconsolidated structured entities sponsored by the Group were set out as below:

	<b>31 December 2021</b>	
	<b>Carrying amount</b>	<b>Maximum exposure</b>
Financial assets at fair value through profit or loss (Mandatory)	<b>13,466,723</b>	<b>13,466,723</b>
	31 December 2020	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	10,529,515	10,529,515

## 53 INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

Structured entities sponsored by third party financial institutions:

The maximum exposure and the book value of relevant balance sheet items of the Group arising from the interest held in directly invested structured entities that are sponsored by third party financial institutions were set out as below:

	31 December 2021	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	70,254,015	70,254,015
	31 December 2020	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	62,467,099	62,467,099

## 54 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

### Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require counterparties to return a portion of the collateral or be required to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. A financial liability is recognised for cash received.

### Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances require customers to return a portion of the collateral or to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them.

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

### 54 TRANSFERRED FINANCIAL ASSETS (Continued)

#### Securities lending arrangements (Continued)

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2021		31 December 2020	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	46,390,326	40,590,962	41,688,337	35,407,782
Securities lending	9,651,626	—	5,419,333	—
Total	56,041,952	40,590,962	47,107,670	35,407,782

### 55 COMMITMENTS AND CONTINGENT LIABILITIES

#### (a) Capital commitments

	31 December 2021	2020
Contracted, but not provided for	3,699,104	3,874,610

The above-mentioned capital commitments are mainly in respect of the construction of properties and purchase of equipment of the Group.

## 55 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### (b) Operating lease commitments

#### (i) Operating lease commitments — as a lessor

At the end of the reporting year, the future minimum lease receivables of the Group as lessor under significant irrevocable operating lease arrangements are summarised below.

	31 December	
	2021	2020
Within one year	<b>285,758</b>	304,598
After one year but not more than two years	<b>271,082</b>	296,300
After two years but not more than three years	<b>260,991</b>	283,407
After three years but not more than four years	<b>230,454</b>	273,075
After four years but not more than five years	<b>141,153</b>	233,342
After five years	<b>110,628</b>	198,100
<b>Total</b>	<b>1,300,066</b>	1,588,822

### (c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2021 and 2020, the Group was not involved in any material legal, or arbitration that if adversely determine, would materially and adversely affect the Group's financial position or results of operations.

## 56 RELATED PARTY DISCLOSURES

### (1) Largest equity holder of the Company

Name of the shareholder	Relationship	Enterprise type	Place of registration and operations	Legal representative	Principal activities	Registered share capital	Percentage of equity interest	Voting rights	Uniform Social Credit Code
CITIC Corporation Limited	Largest equity holder	State-controlled	Beijing	Zhu Hexin	Financial, industrial and other services	RMB139 billion	15.47% <sup>1</sup>	15.47%	911100007178317092
CITIC Limited	Largest equity holder and its persons acting in concert	State-controlled	Hong Kong	Zhu Hexin	Financial, industrial and other services	Not applicable	2.91% <sup>1</sup>	2.91%	Not applicable

<sup>1</sup> As of 3 March 2022, CITIC Corporation Limited, the largest equity holder of the Company, and its persons acting in concert, CITIC Limited, together hold approximately 18.45% of the Company's total expanded outstanding shares.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions

#### (a) Largest equity holder of the Company — CITIC Corporation Limited

##### *Transactions during the year*

	2021	2020
Income from providing services	2,299	5,810
Interest expense	183	4,135

##### *Related party transactions*

##### *Guarantees between related parties*

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion which was guaranteed by CITIC Corporation Limited. As at 31 December 2021, the guarantee provided by CITIC Corporation Limited had been fulfilled (31 December 2020: The total guarantee amounted to RMB1.5 billion).

#### (b) Subsidiaries

##### *Transactions during the year*

	2021	2020
Interest income	768,534	634,557
Investment income	(22,864)	(20,559)
Income from providing services	105,300	50,565
Other income	—	107
Leasing income	11,029	4,446
Interest expenses	218,226	330,958
Lease payment	330,919	327,024
Expense from receiving services	—	869
Lease liability — interest expense	48,480	52,376

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (b) Subsidiaries (Continued)

##### *Balances at the end of the year*

	31 December	
	2021	2020
Other current assets	<b>37,835,462</b>	36,625,773
Financial assets at fair value through other comprehensive income	<b>8,011,171</b>	8,236,445
Deposits for investments	<b>9,951,736</b>	4,618,559
Derivative financial assets	<b>1,429,764</b>	15,516,250
Refundable deposits	<b>5,585,913</b>	5,418,811
Financial assets at fair value through profit or loss (Mandatory)	<b>18,199,419</b>	10,162,946
Property, plant and equipment	<b>744</b>	744
Land use rights and intangible assets	<b>184</b>	184
Right-of-use assets	<b>1,038,995</b>	1,331,114
Other current liabilities	<b>2,530,610</b>	6,227,776
Debt instruments issued	<b>969,094</b>	3,705,075
Derivative financial liabilities	<b>4,411,629</b>	1,902,689
Repurchase agreements	<b>—</b>	3,250,471
Customer brokerage deposits	<b>294,493</b>	277,662
Short-term financing instruments payable	<b>123,682</b>	87,267
Lease liabilities	<b>1,023,196</b>	1,354,115

Significant balances and transactions between the Parent and subsidiaries set out above have been eliminated in the consolidated financial statements.

As at 31 December 2021, the collective assets management plans managed by the Company and held by the Company and its subsidiaries amounted to RMB607 million (31 December 2020: RMB693 million).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (c) Subsidiaries and joint ventures of the largest equity holder of the Parent

##### *Transactions during the year*

	2021	2020
Interest income	<b>951,821</b>	608,104
Income from providing services	<b>296,145</b>	163,208
Leasing income	<b>31,314</b>	30,921
Investment income	<b>(457,365)</b>	33,653
Expense from receiving services	<b>233,952</b>	454,592
Lease payment	<b>11,814</b>	11,140
Interest expenses	<b>15,999</b>	26,544
Depreciation of right-of-use assets	<b>8,710</b>	7,363
Interest expenses of leasing liabilities	<b>1,218</b>	1,367

##### *Balances at the end of the year*

	31 December	
	2021	2020
Cash held on behalf of customers (i)	<b>37,903,272</b>	33,911,224
Cash and bank balances (i)	<b>4,577,230</b>	1,781,941
Right of use assets	<b>27,625</b>	25,684
Other current assets	<b>182,064</b>	25,594
Lease liabilities	<b>28,502</b>	25,376
Other current liabilities	<b>24,171</b>	22,722

(i) Represented deposits placed with financial institution subsidiaries of the largest equity holder of the Company.

As at 31 December 2021, the subsidiaries and joint ventures of the Company's largest equity holder did not hold in repurchase agreement (31 December 2020: RMB1,436 million).

As of December 31, 2021, the balance of funds borrowed by the Company from the subsidiary and joint venture of the Company's largest shareholder was RMB4 billion (31 December, 2020: Nil).

As of 31 December 2022, the contracted amount of CITIC Financial Center construction paid to the subsidiaries and joint ventures of the Company's largest equity holder by the Company is RMB306 million (31 December 2020: 306 million).

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

- (d) Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries — CITIC Limited and CITIC Group Corporation and its subsidiaries

#### *Transactions during the year*

	2021	2020
Income from providing services	<b>103,651</b>	18,798
Investment Income	<b>(3,298)</b>	—
Leasing income	<b>—</b>	—
Expense from receiving services	<b>6,186</b>	5,573
Interest expenses	<b>1,058</b>	720
Lease payment	<b>40,358</b>	39,289
Depreciation of right-of-use assets	<b>18,754</b>	18,219
Interest expenses of lease liabilities	<b>1,841</b>	2,665

#### *Balances at the end of the year*

	31 December	
	2021	2020
Right-of-use assets	<b>66,747</b>	53,448
Other current assets	<b>2,178</b>	1,525
Lease liabilities	<b>65,054</b>	53,621
Other current liabilities	<b>68</b>	68

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For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

- (e) Shareholder who directly and indirectly holds more than 5% shares of the Company – Yuexiu Financial Holdings and its concert parties, Financial Holdings Limited and Yuexiu Financial International.<sup>1</sup>

#### Transactions during the year

	2021	2020
Interest expenses	79,920	109,997
Income from providing services	4,121	2,344
Lease payment	–	1,154
Investment Income(i)	437,262	–

#### Balances at the end of the year

	31 December 2021	2020
Other current assets	–	210
Other current liabilities	3,544	–
Other non-current liabilities	–	2,290,319

- (i) As of 31 December 2021, investment gains received by the Company from shareholders directly or indirectly holding 5% or more shares of the Company were compensations under the Asset Protection Agreement related to issuance of shares to purchase assets.

- (f) Associates

#### Transactions during the year

	2021	2020
Interest Income	7,063	–
Investment Income	(12,651)	–
Expense from receiving services	1,779	11,190
Interest expenses	–	9,432
Equity investment	4,002	10,223

<sup>1</sup> As at 31 December 2021, Yuexiu Financial Holdings and its concert parties, Financial Holdings Limited and Yuexiu Financial International, held a total of 7.09% of the company's shares.

As at 3 March 2022, Yuexiu Financial Holdings and its concert parties, Financial Holdings Limited and Yuexiu Financial International, held a total of 7.47% of the company's shares.

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (f) Associates (Continued)

##### *Balances at the end of the year*

	31 December	
	2021	2020
Refundable deposits	499,840	371,713
Other current assets	8,455	—
Other current liabilities	29,347	1,222

As of 31 December 2021, the Company's associates did not hold any structured notes issued by the company (31 December 2020: RMB0.9 billion).

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

Level 2: Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the financial asset or financial liability, either directly or indirectly.

Level 3: Valuation techniques using inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (a) Financial instruments recorded at fair value

31 December 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
– Debt securities	56,721,423	127,254,061	56,658,072	240,633,556
– Equity investments	191,193,489	6,490,378	22,441,821	220,125,688
– Others	7,227,836	63,884,991	337,562	71,450,389
Subtotal	255,142,748	197,629,430	79,437,455	532,209,633
Financial assets at fair value through profit or loss (Designated)	28,997	1,587,307	11,507,823	13,124,127
Derivative financial assets	661,695	27,418,547	2,920,334	31,000,576
Financial assets at fair value through other comprehensive income				
– Debt securities	5,048,472	54,890,002	9,153,454	69,091,928
– Equity investments	–	–	164,813	164,813
Subtotal	5,048,472	54,890,002	9,318,267	69,256,741
Total	260,881,912	281,525,286	103,183,879	645,591,077
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	4,962,092	1,115,225	–	6,077,317
– Financial liabilities designated as at fair value through profit or loss	–	36,517,620	33,048,659	69,566,279
Subtotal	4,962,092	37,632,845	33,048,659	75,643,596
Derivative financial liabilities	589,625	26,003,911	7,524,230	34,117,766
Total	5,551,717	63,636,756	40,572,889	109,761,362

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (a) Financial instruments recorded at fair value (Continued)

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
– Debt securities	67,116,217	107,790,156	2,923,915	177,830,288
– Equity investments	147,564,813	10,247,984	17,551,143	175,363,940
– Others	4,670,179	47,168,131	344,994	52,183,304
Subtotal	219,351,209	165,206,271	20,820,052	405,377,532
Financial assets at fair value through profit or loss (Designated)				
	3,555,297	1,192,151	9,855,880	14,603,328
Derivative financial assets	829,193	16,963,281	2,365,516	20,157,990
Financial assets at fair value through other comprehensive income				
– Debt securities	17,864,405	30,895,670	640,825	49,400,900
– Equity investments	–	16,440,224	195,277	16,635,501
Subtotal	17,864,405	47,335,894	836,102	66,036,401
Total	241,600,104	230,697,597	33,877,550	506,175,251
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	5,216,469	2,166,069	233	7,382,771
– Financial liabilities designated as at fair value through profit or loss	769	27,081,056	23,944,148	51,025,973
Subtotal	5,217,238	29,247,125	23,944,381	58,408,744
Derivative financial liabilities	663,812	37,724,669	8,487,725	46,876,206
Total	5,881,050	66,971,794	32,432,106	105,284,950

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## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (b) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorised within Level 2

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is available on China bond pricing system on the valuation date is measured using the latest valuation results published by China bond pricing system.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is not available on China bond pricing system, the fair value is determined by valuation technique. The inputs of those valuation techniques include risk-free interest rate, implied volatility curve, RMB denominated swap yield curve, etc., which are all observable.

For equity instruments at fair value through other comprehensive income, the fair value is determined by the equity investment account report provided by CSF.

For forward contracts in derivative financial instruments, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. Fair value of swap contracts under derivative financial instruments is calculated based on the difference between the quoted prices or discounted cash flows of underlying financial instruments and the fixed income agreed in the contracts.

During the year ended 31 December 2021, there were no changes of valuation techniques for Level 2.

### (c) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised within Level 3

For unlisted equity investments, fund investments, bond investments, stocks instruments without quoted prices in active markets, listed equity instruments with disposal restriction in a specific period, trusts, Over-the-counter options, financial liabilities, etc., the Group adopts significant judgements and applies counterparties' quotations and valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, the option pricing model and the Monte Carlo model etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discounts, volatility and risk adjusted discount rate and price to book ratios, etc. The fair value of the financial instruments classified under Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

During the year ended 31 December 2021, there were no changes of valuation techniques for Level 3.

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (d) Movements in Level 3 financial instruments measured at fair value

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

	As at 1 January 2021	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2021
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	2,923,915	(1,606,035)	(5,469)	46,645,011	(7,300,497)	–	16,071,916	(30,978)	(39,791)	56,658,072
– Equity instruments	17,551,143	2,707,608	(10,508)	7,926,311	(6,263,844)	–	1,233,832	(97,800)	(604,921)	22,441,821
– Others	344,994	(19,359)	–	–	(192,559)	–	204,486	–	–	337,562
Financial assets at fair value through profit or loss (Designated)	9,855,880	1,632,094	(8,634)	328,021	(595,355)	–	436,633	–	(140,816)	11,507,823
Derivative financial assets	2,365,516	3,349,233	(678)	1,263,060	(4,537,648)	–	635,262	–	(154,411)	2,920,334
Financial assets at fair value through other comprehensive income	836,102	(59,107)	(45,657)	1,002,017	(1,677,400)	–	9,262,312	–	–	9,318,267
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	23,944,148	3,316,279	–	19,792,818	(14,004,586)	–	–	–	–	33,048,659
– Financial liabilities held for trading	233	(17)	–	–	–	–	–	–	(216)	–
Derivative financial liabilities	8,487,725	4,894,174	–	3,216,722	(11,183,852)	–	2,286,910	–	(177,449)	7,524,230

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## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (d) Movements in Level 3 financial instruments measured at fair value (Continued)

	As at 1 January 2020	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2020
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	272,223	(72,373)	(19,325)	1,587,219	–	–	1,156,171	–	–	2,923,915
– Equity instruments	12,829,352	(744,628)	(23,201)	3,779,649	(691,159)	–	3,036,359	–	(635,229)	17,551,143
– Others	2,043,103	(220,548)	(11,592)	170,378	(1,810,963)	–	174,616	–	–	344,994
Financial assets at fair value through profit or loss (Designated)										
	742,567	3,778,900	(25,010)	669,462	(161,962)	–	4,851,923	–	–	9,855,880
Derivative financial assets	–	–	–	–	–	–	2,365,516	–	–	2,365,516
Financial assets at fair value through other comprehensive income										
	205,313	–	(40,436)	344,064	–	–	327,161	–	–	836,102
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	6,953,349	2,968,125	–	–	(129,635)	–	14,152,309	–	–	23,944,148
– Financial liabilities held for trading	4,269	–	–	–	(4,269)	–	233	–	–	233
Derivative financial liabilities	–	–	–	–	–	–	8,487,725	–	–	8,487,725

The amount of realised investment income recognised in profit or loss from Level 3 financial instruments held by the Group was RMB3,051 million in 2021 (2020: RMB421 million).

### (e) Transfers between Level 1 and Level 2

In 2021, the amount of financial assets held by the Group transferred from Level 1 to Level 2 was RMB0.30 million (2020: RMB62 million) and the amount of financial assets from Level 2 to Level 1 was RMB2,267 million (2020: RMB306 million).

### (f) Financial instruments not measured at fair value

At the end of the reporting year, the following financial assets and liabilities of the Group are not measured at fair value:

- (i) For refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions, short-term financing instruments payable and lease liabilities, these financial instruments' fair values approximate their carrying amounts.

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (f) Financial instruments not measured at fair value (Continued)

(ii) The recorded amounts and fair values of debt instruments issued are summarized below.

	Carrying amount		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Debt instruments issued	<b>118,075,506</b>	132,651,021	<b>120,112,605</b>	133,906,579

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company has implemented comprehensive risk management mechanism and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has incorporated internal control and risk management as essential elements in the Company's decision-making processes.

### Structure of Risk Management

The major organisational framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Operation Management, the relevant internal control departments and business departments/business lines, which formed a relatively comprehensive three-level risk management system featuring collective decision by the respective committees and close cooperation among internal control departments and business departments/business lines, and managing the risks through review, decision, execution and supervision. At the division and business line level, the Company has established three lines of defense in risk management, that is, business departments/business lines to assume the primary responsibility for risk management, internal control departments, including the Risk Management Department and the Compliance Department, to conduct professional management of all types of risks, and the Audit Department to take charge of post-risk supervision and evaluation.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 1: The Board

The Risk Management Committee of the Board supervises the overall risk management of the Company with the aim of controlling risks within an acceptable scope and ensuring the Company's smooth implementation of effective risk management schemes over risks relating to the operating activities; prepares overall risk management policies for the Board's review; formulates strategic structure and resources to be allocated for the Company's risk management purposes and keeps them in line with the Company's internal risk management policies; sets boundaries for major risk indicators; performs supervision and review on the relevant risk management policies and makes recommendation to the Board.

#### Level 2: Operation Management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and the Operation Management of the Company, the committee reviews and makes decisions on major issues and relevant systems regarding the use of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimises assets allocation and improves the efficiency of the capital consumption via a scientific, standardized management method and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and review on capital commitment of the underwriting business within the authority delegated by the Board and the Operation Management of the Company. All corporate finance business involving application of capital of the Company is subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance business and security of capital of the Company.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and the Operation Management of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management subworking group is the coordinating and decision-making body responsible for the daily monitoring and management of the financial risks over the Company's buy-side business and facilitating the execution of the decisions made by the Risk Management Committee of the Company. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent. The Risk Management Committee has set up specific working groups focusing on market risks, credit risks, liquidity risks and operational risks, which are led by specific risk management experts with the participation of related business departments/business lines, to respond to pending matters from daily monitoring or decisions made by the higher authorities in a timely manner through the establishment of coordination on the implementation level.

The Company has appointed the Chief Risk Officer to be responsible for coordinating the overall risk management work.

## **58 FINANCIAL INSTRUMENTS RISK MANAGEMENT** (Continued)

### **Structure of Risk Management** (Continued)

#### **Level 2: Operation Management** (Continued)

The Company has established the Product Committee. Within the authorization of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews and approves the launch or sales of products and related service provided by the Company, and is the decision-making body of the launch and the suitability management of financial products of the Company. It is also the decision-making management body of the Company's new product and new business evaluation, guiding the evaluation process and coordinating the promotion of new product and new business development. The Risk Evaluation Group, Suitability Management Group and Index Professional Committee were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk grading on products or services, as well as supervising the management of product terms. The Suitability Management Group is responsible for formulating the criteria for investor classification and principles and procedures for appropriate matching of investors, supervising departments to implement investor suitability management work, organizing suitability training and suitability self-examination and rectification at the company level, and supervising the establishment and improvement of investor suitability evaluation database and other work related to suitability management. The Index Professional Committee is responsible for unified management of the planning, operation and maintenance of the Company's self-developed index business, including formulating the systems and standards for the operation and maintenance of Company's index business, specifying the treatment plan and accountability system for risk events, making plans for the layout of such business, and conducting online review of the Company's self-developed indexes.

#### **Level 3: Division/Business Lines**

At the division and business line level, the Company has segregated the roles and responsibilities of the front office, middle office and back office to ensure the establishment of a system of "checks and balances", forming three lines of defense in risk management jointly built by business departments/business lines, internal control departments including the Risk Management Department and the Compliance Department, and the Audit Department.

Being the Company's first line of defense in risk management, front-office business departments/business lines of the Company bear the first-line responsibility for risk management. These departments are responsible for the establishment of business management systems and risk management systems for various businesses and performing supervision, assessment and reporting on business risks and maintaining such risks within the approved limits.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 3: Division/Business Lines (Continued)

Internal control departments, such as the Risk Management Department, Compliance Department, Legal Department, and the Office of the Board of the Company, are the Company's second line of defense in risk management, of which:

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business lines and recommends on optimised allocation of the Company's risk resources; assists the Risk Management Committee of the Company in the preparation of risk management indicators such as risk limits, as well as the supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among the front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk portfolio of the Company to the Operation Management in a comprehensive manner and makes recommendations on risk management of the Company; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment of the Company and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Compliance Department of the Company organises the establishment and implementation of the basic compliance system of the Company, provides compliance advice and consultation to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the departments/business lines and branches of the Company to assess, develop, modify and improve internal management systems and business processes based on changes in laws, regulations and guidelines; performs prior compliance reviews on internal management systems, important decisions, new products, new businesses and key business activities launched by the Company; fulfills the obligations of regular and non-regular reporting to regulatory authorities; organises and performs money laundering risk control in accordance with the anti-money laundering system of the Company, etc. The Compliance Department is responsible for taking the lead in organizing the construction of the Company's integrity practice system and publicity and education, accepting complaints, reports, investigations, inspections, etc., assisting in dealing with employee violations of disciplines and performing the duties of compliance reports.

The Legal Department of the Company is responsible for overseeing the legal risks of the Company and its relevant businesses.

The Company's reputation risk management sub-working group consists of the Office of the Board, the Risk Management Department, the General Manager's Office, the Compliance Department, the Legal Department, the Audit Department, the Human Resources Department, the Information Technology Center, the Wealth Management Committee and relevant departments, to jointly promote the Company's reputation risk management work in accordance with the relevant reputation risk management system. The Office of the Board, as the lead department of the reputation risk management sub-working group, shall set up special positions for reputation risk management and have full-time staff with professional quality to engage in reputation risk management.

The Company's Strategic Planning Department is responsible for managing the Company's strategic risks.

The Company's Information Technology Center is responsible for managing the Company's information technology risks.

The Audit Department of the Company is the third line of defense in risk management and has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

Other internal control departments exercise their respective risk management functions within the scope of their responsibilities.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk

Credit risk is the risk in respect of loss arising from the failure to perform obligations by a borrower, counterparty or issuer of financial positions held, or the result of whose credit qualifications deteriorate.

The credit risk of the Group mostly arises from four aspects: firstly, the risk of potential loss arising from securities dealing and futures trading on behalf of clients in brokerage business due to the Group's failure to collect sufficient margin deposits from clients in accordance with laws as the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or are short at funds due to other factors on the settlement date; secondly, credit risk relating to the securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of the Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating system, measures its credit risk by means of stress test and sensitivity analysis, and manages such credit risk based on these results through credit approval mechanism. Meanwhile, the Company uses its information management system to monitor its credit risk on a real time basis, keeps track of the credit risk of its business products and transaction counterparties, provides analysis and pre-warning reports, and adjusts its credit limits in a timely manner.

Securities brokerage business transactions in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the securities financing business primarily includes clients' provision of false information, failure to make full repayment in a timely manner, contractual breach of portfolio limits and compositions, violation of regulatory requirements for trading activities, and provision of collateral encumbered with legal disputes, etc. Credit risk arising from this type of business is mainly controlled through client education, credit reference checks, credit approval, daily mark to market, and risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For credit products investment, the Company has established the entrance levels and investment caps for its products and will manage its credit risk through risk assessment, risk control and judicial recourse.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner when facing losses in investments, and the discrepancy between the amounts calculated by the parties. The Company sets proportional requirement on the security deposits for the counterparties and limits on the transaction size, controls the credit risk exposure of the counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and appeals to judicial procedures to make claims on the losses occurs after the forced liquidation of clients' positions.

#### Expected credit loss (ECL) measurement

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortised cost (including margin accounts, reverse repurchase agreements), FVOCI and securities lending is an area that requires the use of models and assumptions about the future economic conditions and credit behaviour of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Company has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Company;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For Stage 1 and Stage 2, the ECL is measured on a 12-month (12M) and Lifetime basis, respectively, using the risk parameter modelling approach that incorporated key parameters, including Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and Loss Ratio ("LR") taking into consideration of forward looking factors. For credit-impaired financial assets classified under Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration of forward looking factors.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Measuring ECL – inputs, assumptions and estimation techniques*

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk (“SICR”), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios for each type of product.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements (“**Financing Assets**”), ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the appropriate external and internal credit ratings are taken into consideration.
- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on assessed publicly available information.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Company’s expectation of the likelihood of default and extent of loss on exposure. The Company uses historical loss rates and assesses their appropriateness. The Company determines LR based on factors including: the coverage ratio of related loan to underlying collateral value and the volatility of such collateral’s valuation, the realised value of collateral upon forced liquidation taking account the estimated volatility over the realisation period.

##### *The criteria of significant increase in credit risk (“SICR”)*

The Company evaluates the financial instruments at each financial statement date after considering whether a SICR has occurred since initial recognition. An ECL allowance for financial instruments is recognised according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Company considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

The Company considers debt securities investments to have experienced a SICR if the latest internal ratings of issuers of debt securities or the debt securities themselves underwent two levels of downward migration or more, compared to their ratings on initial recognition; or if the latest external ratings of the debt securities or the issuers of the debt securities were under investment grade.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

#### The criteria of significant increase in credit risk (“SICR”) (Continued)

The Company considers Financing Assets to have experienced a SICR if margin calls are triggered when the threshold of relevant collateral to loan ratios are below a force liquidation level.

A backstop is applied to all relevant financial instruments and they are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company has not used the low credit risk exemption as 31 December 2021.

#### Definition of credit-impaired assets

The Company assesses whether a financial instrument is credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes quantitative criteria and qualitative criteria. The Company defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- Bonds or other bonds of the same issuer have materially defaulted, or extended or triggered cross-protection clauses;
- For Financing Assets, a forced liquidation of a client’s position is triggered based on a pre-determined threshold of collateral to loan ratios and the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial instrument has disappeared because of financial difficulties;
- Concessions have been made by the Company relating to the debtor, issuer, borrower or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring.

When a financial instrument is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

For debt securities investments, the Company has performed historical data analysis and identified the key economic variables impacting credit risk and ECL. Key economic variables mainly include the growth rate of Domestic GDP, producer price index and the total retail sales of consumer goods. The Company makes forward looking adjustments to the ECL of debt securities investments by analyzing the impacts of these economic variables.

For Financing Assets, based on the analysis of the characteristics of these products, the Company has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolio include volatility of Shanghai Composite Index and Shenzhen Composite Index. The Company makes forward looking adjustments to the ECL of Financing Assets by analyzing the impacts of these economic variables.

In addition to the base economic scenario, the Company's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at 31 December 2021, the Company concluded that three scenarios appropriately captured the non-linearities of key economic variables for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weighting of the three scenarios employed by the Company were almost the same.

The Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Sensitivity analysis*

The allowance for credit losses could be sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the assessment of significant increase in credit risk and the measurement of ECLs. The Company regularly rechecks the model annually and makes appropriate amendments and optimisation to the assumptions and parameters used in the models according to the external economic environment and internal observable data.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned used in forward-looking measurement. When the assigned weightings of optimistic scenario and pessimistic scenario change by 10%, the impact on ECL recognised is not significant.

Meanwhile, the Company also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 31 December 2021, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL recognised in financial statements is not significant.

##### *Collateral and other credit enhancements*

The Company employs a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral through funds advanced or guarantees. The Company determines the type and amount of collaterals according to the credit risk evaluation of counterparties. The collateral under Financing Assets are primarily stocks, debt securities, funds etc. Management tests the market value of collateral periodically, and makes margin calls according to related agreements. It also monitors the market value fluctuation of collateral when reviewing the measurement of the loss allowance.

##### *Loss Ratio of Financing Assets*

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Company sets differentiated collateral to loan ratios (generally no less than 150%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For Financing Assets exposures with collateral to loan ratios above the force liquidation thresholds and no past due; or those past due for no more than 30 days and exposures with collateral to loan ratios above triggering margin calls are classified under Stage 1.
- For Financing Assets exposures with collateral to loan ratios above triggering margin calls and past due for more than 30 days and within 90 days; or those exposures with collateral to loan ratios between force liquidation thresholds and triggering margin calls and past due within 90 days; or those exposures with collateral to loan ratios between 100% and force liquidation thresholds and no past due or past due with 90 days are considered to be with significant increase in credit risks and are classified under Stage 2.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

#### Loss Ratio of Financing Assets (Continued)

- For Financing Assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are considered to be credit-impaired and non-performing. These exposures are classified under Stage 3.

Loss ratio applied by the Company on its Financing Assets under the 3 stages were as follows:

Stage 1: 1% to 3% according to different collateral ratios;

Stage 2: No less than 10%;

Stage 3: Discounted cash flow on individual exposure.

The Company considered the credit risk of the Financing Assets was relatively low. As at 31 December 2021, most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 31 December 2021 and 31 December 2020, most of the debt securities investments of the Company were rated at investment grade or above.

The maximum credit risk exposure of the Group after impairment allowance without taking account of any collateral and other credit enhancements is presented below:

	<b>31 December</b>	
	<b>2021</b>	2020
Financial assets at fair value through other comprehensive income (debt instruments)	<b>69,091,928</b>	49,400,900
Refundable deposits	<b>55,183,604</b>	3,877,774
Margin accounts	<b>129,119,054</b>	116,741,432
Financial assets at fair value through profit or loss	<b>334,136,558</b>	244,791,230
Derivative financial assets	<b>31,000,576</b>	20,157,990
Reverse repurchase agreements	<b>46,393,304</b>	39,226,613
Cash held on behalf of customers	<b>222,458,910</b>	199,517,577
Bank balances	<b>97,610,508</b>	91,109,371
Others	<b>37,730,933</b>	42,218,402
<b>Total maximum credit risk exposure</b>	<b>1,022,725,375</b>	807,041,289

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations

The breakdown of the Group's maximum credit risk exposure, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarised below.

31 December 2021	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (debt instruments)	67,795,614	1,296,314	69,091,928
Refundable deposits	53,319,018	1,864,586	55,183,604
Margin accounts	123,240,896	5,878,158	129,119,054
Financial assets at fair value through profit or loss	300,044,239	34,092,319	334,136,558
Derivative financial assets	20,066,880	10,933,696	31,000,576
Reverse repurchase agreements	45,150,962	1,242,342	46,393,304
Cash held on behalf of customers	208,029,174	14,429,736	222,458,910
Bank balances	76,958,858	20,651,650	97,610,508
Others	8,592,204	29,138,729	37,730,933
<b>Total maximum credit risk exposure</b>	<b>903,197,845</b>	<b>119,527,530</b>	<b>1,022,725,375</b>

31 December 2020	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (debt instruments)	48,022,268	1,378,632	49,400,900
Refundable deposits	3,322,607	555,167	3,877,774
Margin accounts	111,138,858	5,602,574	116,741,432
Financial assets at fair value through profit or loss	211,992,426	32,798,804	244,791,230
Derivative financial assets	13,902,536	6,255,454	20,157,990
Reverse repurchase agreements	35,214,192	4,012,421	39,226,613
Cash held on behalf of customers	185,477,019	14,040,558	199,517,577
Bank balances	79,129,275	11,980,096	91,109,371
Others	7,560,231	34,658,171	42,218,402
<b>Total maximum credit risk exposure</b>	<b>695,759,412</b>	<b>111,281,877</b>	<b>807,041,289</b>

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

Loss allowance	31 December 2021			Total
	Stage of ECL			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
<b>Reverse repurchase agreements</b>				
Amortised cost	44,237,950	2,446,554	6,553,358	53,237,862
Loss allowance	(289,567)	(516,394)	(6,038,597)	(6,844,558)
Book value	43,948,383	1,930,160	514,761	46,393,304
<b>Margin accounts</b>				
Amortised cost	127,238,656	807,217	4,392,532	132,438,405
Loss allowance	(1,274,829)	(191,920)	(1,852,602)	(3,319,351)
Book value	125,963,827	615,297	2,539,930	129,119,054
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Fair value	69,091,928	—	—	69,091,928
Loss allowance	365,959	—	44,000	409,959
<b>Others</b>				
Amortised cost	36,810,664	128,407	1,908,093	38,847,164
Loss allowance	(208,160)	(80,160)	(1,803,789)	(2,092,109)
Book value	36,602,504	48,247	104,304	36,755,055

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

	31 December 2020			Total
	Stage of ECL			
Loss allowance	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3	
<b>Reverse repurchase agreements</b>				
Amortised cost	33,506,322	5,369,838	8,389,392	47,265,552
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Book value	33,447,564	4,038,571	1,740,478	39,226,613
<b>Margin accounts</b>				
Amortised cost	114,595,282	120,176	3,559,507	118,274,965
Loss allowance	(344,216)	(12,547)	(1,176,770)	(1,533,533)
Book value	114,251,066	107,629	2,382,737	116,741,432
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Fair value	49,400,900	—	—	49,400,900
Loss allowance	533,493	—	44,000	577,493
<b>Others</b>				
Amortised cost	41,612,421	37,506	2,053,255	43,703,182
Loss allowance	(173,932)	(8,131)	(1,949,385)	(2,131,448)
Book value	41,438,489	29,375	103,870	41,571,734

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

#### (i) Credit loss allowance for stock reverse repurchase agreements

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2021	58,758	1,331,267	6,648,914	8,038,939
Increases	285,814	442,645	215,915	944,374
Reversals	(55,005)	(1,200,761)	(882,989)	(2,138,755)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	—	—	56,757	56,757
— Decrease	—	(56,757)	—	(56,757)
Others	—	—	—	—
31 December 2021	289,567	516,394	6,038,597	6,844,558

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	102,601	385,210	2,558,098	3,045,909
Increases	70,243	1,483,756	3,764,443	5,318,442
Reversals	(114,086)	(157,571)	(167,513)	(439,170)
Write-offs	—	—	(553,392)	(553,392)
Transfers between stages				
— Increase	—	75,230	466,344	541,574
— Decrease	—	(466,344)	(75,230)	(541,574)
Others	—	10,986	656,164	667,150
31 December 2020	58,758	1,331,267	6,648,914	8,038,939

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (i) Credit loss allowance for stock reverse repurchase agreements (Continued)

Analysed loss allowance for stock reverse repurchase agreements

31 December 2021				
Stage of ECL				
	Stage 1	Stage 2	Stage 3	Total
Book value	13,033,597	2,446,554	6,553,358	22,033,509
Loss allowance	(289,567)	(516,394)	(6,038,597)	(6,844,558)
Collateral	45,236,015	6,661,269	8,901,206	60,798,490

31 December 2020				
Stage of ECL				
	Stage 1	Stage 2	Stage 3	Total
Book value	17,964,613	5,369,838	8,389,392	31,723,843
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Collateral	74,668,705	20,699,078	10,786,817	106,154,600

#### (ii) Credit loss allowance for margin accounts

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2021	344,216	12,547	1,176,770	1,533,533
Increases	946,337	267,284	777,224	1,990,845
Reversals	(8,271)	(55,968)	(138,177)	(202,416)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	354	4,642	39,389	44,385
— Decrease	(7,800)	(36,585)	—	(44,385)
Other changes	(7)	—	(2,604)	(2,612)
31 December 2021	1,274,829	191,920	1,852,602	3,319,351

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (ii) Credit loss allowance for margin accounts (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	198,450	303,772	270,263	772,485
Increases	138,180	24,296	614,751	777,227
Reversals	—	(12,123)	(54,235)	(66,358)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	360	734	303,772	304,866
— Decrease	(734)	(304,132)	—	(304,866)
Other changes	7,960	—	42,219	50,179
31 December 2020	344,216	12,547	1,176,770	1,533,533

#### (iii) Credit loss allowance for financial assets at fair value through other comprehensive income

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2021	<b>533,493</b>	—	<b>44,000</b>	<b>577,493</b>
Increases	<b>133,444</b>	—	—	<b>133,444</b>
Reversals	<b>(160,890)</b>	—	—	<b>(160,890)</b>
Write-offs	<b>(138,488)</b>	—	—	<b>(138,488)</b>
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	<b>(1,600)</b>	—	—	<b>(1,600)</b>
31 December 2021	<b>365,959</b>	—	<b>44,000</b>	<b>409,959</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (iii) Credit loss allowance for financial assets at fair value through other comprehensive income (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	218,920	—	44,000	262,920
Increases	581,751	—	—	581,751
Reversals	(26,527)	—	—	(26,527)
Write-offs	(240,300)	—	—	(240,300)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	(351)	—	—	(351)
31 December 2020	533,493	—	44,000	577,493

#### (iv) Credit loss allowance for other financial assets measured at amortised cost

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2021	173,932	8,131	1,949,385	2,131,448
Increases	74,590	81,873	22,342	178,805
Reversals	(30,603)	(9,482)	(28,957)	(69,042)
Write-offs	(572)	—	(112,007)	(112,579)
Transfers between stages				
— Increase	—	225	587	812
— Decrease	(225)	(587)	—	(812)
Other changes	(8,962)	—	(27,561)	(36,523)
31 December 2021	208,160	80,160	1,803,789	2,092,109

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (iv) Credit loss allowance for other financial assets measured at amortised cost (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	119,702	5,596	1,646,217	1,771,515
Increases	131,831	10,094	313,107	455,032
Reversals	(80,811)	(6,842)	(33,038)	(120,691)
Write-offs	(2,308)	(717)	(78,259)	(81,284)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	5,518	—	101,358	106,876
31 December 2020	173,932	8,131	1,949,385	2,131,448

### (b) Liquidity risk

Liquidity risk refers to the risk that the Company fails to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations or satisfy capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralised management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long-term working capital through public or private offering of corporate bonds, subordinated bonds, and beneficial certificates, so as to enable the Company to maintain its overall liquidity at a relatively secured level.

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a certain period of future time span on a daily basis. It measures the solvency of the Company via analysis of matching between assets and liabilities on a specified point of time and within a time period, and the measurement of indicators including funding gap ratio. The Company has established a liquidity reserve pool system with sufficient high-liquidity assets to meet its emergency liquidity needs, and the Risk Management Department monitors the size and liquidity of the reserve pool on a daily basis. The Risk Management Department releases a liquidity risk report on a daily basis and reports on the status of the Company's assets and liabilities, the implementation of liquidity risk quota, the situation of the reserve pool and other situations. The Company also sets warning threshold values for liquidity risk indicators, and once exceeded, the Risk Management Department will warn the risk to the Risk Management Committee, the management and relevant departments of the Company in accordance with relevant rules, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges.

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(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows:

	31 December 2021						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	251,164,466	—	—	—	—	—	251,164,466
Financial liabilities at fair value through profit or loss	4,283,109	22,901,197	26,654,023	9,184,156	1,349,491	11,271,619	75,643,595
Repurchase agreements	—	222,149,894	8,585,753	4,086,478	—	864,149	235,686,274
Due to banks and other financial institutions	—	50,691,702	—	—	—	—	50,691,702
Short-term loans	163,329	7,094,010	6,791	—	—	—	7,264,130
Short-term financing instruments payable	—	6,761,724	7,925,823	—	—	—	14,687,547
Debt instruments issued	—	1,045,660	1,470,357	108,778,838	18,952,170	—	130,247,025
Long-term loans	—	27,520	82,351	363,577	—	—	473,448
Leases	267	136,421	550,587	1,205,550	101,953	—	1,994,778
Others	142,603,593	40,461,761	56,728,845	703,898	—	4,868,242	245,366,339
<b>Total</b>	<b>398,214,764</b>	<b>351,269,889</b>	<b>102,004,530</b>	<b>124,322,497</b>	<b>20,403,614</b>	<b>17,004,010</b>	<b>1,013,219,304</b>
Cash flows from derivative financial liabilities settled on a net basis	161,060	5,602,947	9,888,529	12,896,160	5,827,062	—	34,375,758
Gross-settled derivative financial liabilities:	665	675,215	610,464	194,958	—	—	1,481,302
Contractual amounts receivable	(240,083)	(54,166,884)	(27,604,088)	(11,003,199)	—	—	(93,014,254)
Contractual amounts payable	240,748	54,842,099	28,214,552	11,198,157	—	—	94,495,556

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

	31 December 2020						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	203,110,588	—	—	—	—	—	203,110,588
Financial liabilities at fair value through profit or loss	2,969,253	13,853,516	19,292,667	9,737,209	2,286,500	10,269,599	58,408,744
Repurchase agreements	10,348	176,435,082	21,533,645	730,375	—	—	198,709,450
Due to banks and other financial institutions	—	10,377,204	130,499	—	—	—	10,507,703
Short-term loans	1,218	5,004,253	6,951	—	—	—	5,012,422
Short-term financing instruments payable	—	3,421,695	8,634,492	—	—	—	12,056,187
Debt instruments issued	—	664,800	2,002,777	138,983,251	2,060,150	—	143,710,978
Long-term loans	—	3,811	11,434	261,857	354,919	—	632,021
Leases	—	138,990	415,426	1,155,554	141,024	—	1,850,994
Others	97,254,331	22,373,077	39,246,335	523,131	—	2,562,363	161,959,237
<b>Total</b>	<b>303,345,738</b>	<b>232,272,428</b>	<b>91,274,226</b>	<b>151,391,377</b>	<b>4,842,593</b>	<b>12,831,962</b>	<b>795,958,324</b>
Cash flows from derivative financial liabilities settled on a net basis	502	5,188,027	7,869,402	16,397,546	17,673,099	—	47,128,576
Gross-settled derivative financial liabilities:	—	—	—	—	—	—	—
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risks

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers or the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and exchange rate risk. Among which, equity price risk arises from fluctuation in the price and volatility of equity products such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk are caused by fluctuations in non-local currency rates.

The Company has established a top-down risk limit management system, which strives to keep the overall market risk of the Company within an acceptable level by allocating the overall risk limit of the Company to different business departments/business lines, the monitoring and implementation by the internal control department, and by timely assessing and reporting of significant risk matters.

The Company assesses, monitors and manages its overall market risks in a comprehensive manner through the Risk Management Department, which is independent from the business departments/business lines and reports its assessments and monitoring results to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. In implementing market risk management, the front-office business departments/business lines, as the direct bearer of market risks and the frontline risk management team, dynamically manage the market risks arising from its positions held, and actively take measures including reducing risk exposures or conducting risk hedging when the exposures are relatively high. The relevant monitoring personnel from the Risk Management Department will continuously and directly communicate with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

The Risk Management Department estimates possible losses arising from market risks through a series of measurements, including possible losses under normal market volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term mainly via Value at Risk (VaR) and sensitivity analysis. Meanwhile, the Risk Management Department measures the possible losses of the Company in extreme situations via stress test. The risk report sets out the market risk portfolios and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers of the business departments/business lines and the Operation Management of the Company.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risks (Continued)

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation of specific parameter is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through back-testing and improves its calculation in line with the expansion of the Company's businesses. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and micro market scenarios to calculate the possible losses to the positions and specific business of the Company upon the concurrence of different events under multiple pressure scenario(s). These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers in advance, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to comply with the risk limits, or apply for a temporary or permanent upgrade in the limits, and implement the upgraded limits as approved by the corresponding authorised personnel or organisation.

The Company continues to modify the risk limits system, defines unified limit management measures and a hierarchical authorization mechanism, and adjusted the measures for the management system of risk limit indicators on various level, such as the Company level, the business departments/business lines level and the investment accounts level in accordance with the authorisation mechanism.

In respect of foreign assets and assets of subsidiaries, the Company implemented centralized management. The Company keeps track of the exchange risk by closely monitoring the value of the assets in the account on a daily basis, and monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test. In respect of foreign currency assets, the Company takes overall monitoring and management on exchange rate risk, and manages exchange risk exposure through a number of methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risks (Continued)

#### (i) VaR

VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation is based on the historical data of the Group's VaR (confidence level of 95% and a holding period of one trading day).

The Group's VaR analysis by risk categories is summarised as follows:

	<b>31 December</b>	
	<b>2021</b>	2020
Stock price-sensitive financial instruments	<b>365,079</b>	295,775
Interest rate-sensitive financial instruments	<b>86,963</b>	76,257
Exchange rate-sensitive financial instruments	<b>31,322</b>	16,455
Total portfolio VaR	<b>347,266</b>	327,485

#### (ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and total equity when interest rates fluctuate reasonably and possibly.

Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

#### Sensitivity of revenue

	<b>2021</b>	2020
Change in basis points		
+25 basis points	<b>(794,057)</b>	(548,451)
-25 basis points	<b>796,760</b>	541,388

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risks (Continued)

#### (ii) Interest rate risk (Continued)

##### Sensitivity of equity

	December 31	
	2021	2020
Change in basis points		
+25 basis points	<b>(157,218)</b>	(255,727)
-25 basis points	<b>164,798</b>	267,726

#### (iii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

##### Sensitivity of revenue

Currency	Change in currency rate	December 31	
		2021	2020
USD	-3%	<b>848,324</b>	530,576
HKD	-3%	<b>(143,098)</b>	(513,024)

##### Sensitivity of equity

Currency	Change in currency rate	December 31	
		2021	2020
USD	-3%	<b>(245,339)</b>	(249,748)
HKD	-3%	<b>8,802</b>	6,632

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(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risks (Continued)

#### (iii) Currency risk (Continued)

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarised the Group's exposure to foreign currency exchange rate risk as at 31 December 2021 and 31 December 2020. The Group's exposure to RMB is provided 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, categorised by the original currencies.

	As at 31 December 2021				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	197,909,127	2,455,664	5,896,250	7,546,745	213,807,786

	As at 31 December 2020				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	161,705,402	(4,534,441)	18,004,275	10,707,500	185,882,736

#### (iv) Price risk

Price risk is the risk that the fair value of equity instruments decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of equity instruments at fair value through profit or loss will impact the Group's profit; and market price fluctuations of equity instruments classified as financial assets at fair value through other comprehensive income will impact shareholders' equity for the Group.

As at 31 December 2021, the equity investment accounted for approximately 18.14% of the total assets (as at 31 December 2020: 19.54%).

## 59 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December	
		2021	2020
<b>Non-current assets</b>			
Property, plant and equipment		<b>897,581</b>	867,791
Investment properties		<b>85,116</b>	89,098
Goodwill		<b>43,500</b>	43,500
Land-use rights and intangible assets		<b>2,043,290</b>	2,090,537
Investments in subsidiaries	23	<b>41,134,631</b>	45,091,317
Investments in associates		<b>5,309,047</b>	4,885,533
Financial assets at fair value through other comprehensive income		—	16,440,223
Financial assets at fair value through profit or loss (Mandatory)		<b>651,874</b>	715,019
Refundable deposits		<b>20,911,050</b>	8,603,714
Deferred income tax assets		<b>6,894,379</b>	7,692,037
Right-of-use assets		<b>1,774,872</b>	2,040,787
Other non-current assets		<b>167,481</b>	149,648
<b>Total non-current assets</b>		<b>79,912,821</b>	88,709,204
<b>Current assets</b>			
Fee and commission receivables		<b>1,025,757</b>	881,596
Margin accounts		<b>108,736,026</b>	96,834,510
Financial assets at fair value through other comprehensive income		<b>75,882,733</b>	56,477,262
Financial assets as at fair value through profit or loss (Mandatory)		<b>373,230,784</b>	258,263,794
Derivative financial assets		<b>20,924,031</b>	26,428,902
Reverse repurchase agreements		<b>45,102,258</b>	34,778,736
Other current assets		<b>42,798,324</b>	43,986,124
Cash held on behalf of customers		<b>127,510,727</b>	108,142,276
Cash and bank balances		<b>65,741,712</b>	63,845,295
<b>Total current assets</b>		<b>860,952,352</b>	689,638,495

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 59 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	Notes	31 December 2021	2020
<b>Current liabilities</b>			
Customer brokerage deposits		123,198,336	104,957,910
Derivative financial liabilities		26,438,556	37,346,164
Financial liabilities at fair value through profit or loss		18,318,705	12,059,736
Repurchase agreements		195,073,038	163,112,170
Due to banks and other financial institutions		50,683,601	10,504,115
Tax payable		2,308,177	5,427,524
Short-term financing instrument payables		6,751,470	9,570,094
Lease liabilities		651,348	606,675
Other current liabilities		212,889,173	149,852,544
<b>Total current liabilities</b>		<b>636,312,404</b>	493,436,932
<b>Net current assets</b>		<b>224,639,948</b>	196,201,563
<b>Total assets less current liabilities</b>		<b>304,552,769</b>	284,910,767
<b>Non-current liabilities</b>			
Debt instruments issued		111,407,548	122,014,204
Deferred income tax liabilities		2,638,533	2,091,248
Financial liabilities at fair value through profit or loss		15,576,100	7,720,925
Lease liabilities		1,087,259	1,379,534
<b>Total non-current liabilities</b>		<b>130,709,440</b>	133,205,911
<b>Net assets</b>		<b>173,843,329</b>	151,704,856
<b>Equity</b>			
Issued share capital	49	12,926,776	12,926,776
Other equity instruments		10,767,729	—
Reserves		101,832,851	99,000,058
Retained earnings		48,315,973	39,778,022
<b>Total equity</b>		<b>173,843,329</b>	151,704,856

## 60 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Notes	Reserves							Retained earnings	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Sub-total		
At 1 January 2021		12,926,776	–	65,848,795	6,669,818	25,401,918	1,079,527	99,000,058	39,778,022	151,704,856
Profit for the year		–	–	–	–	–	–	–	17,465,159	17,465,159
Other comprehensive income		–	–	–	–	–	(766,924)	(766,924)	–	(766,924)
Total comprehensive income		–	–	–	–	–	(766,924)	(766,924)	17,465,159	16,698,235
Dividend – 2020	17	–	–	–	–	–	–	–	(5,170,710)	(5,170,710)
Distribution to other equity instrument holders	17	–	–	–	–	–	–	–	(157,636)	(157,636)
Appropriation to surplus reserves		–	–	–	–	–	–	–	–	–
Appropriation to general reserves		–	–	–	–	3,598,862	–	3,598,862	(3,598,862)	–
Others		–	–	–	–	855	–	855	–	855
Capital increase/ (decrease) by equity holders										
– Capital increase by equity holders		–	–	–	–	–	–	–	–	–
– Capital injected by other equity instrument holders	50	–	10,767,729	–	–	–	–	–	–	10,767,729
At 31 December 2021		12,926,776	10,767,729	65,848,795	6,669,818	29,001,635	312,603	101,832,851	48,315,973	173,843,329

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2021

(In RMB thousands, unless otherwise stated)

## 60 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (Continued)

	Notes	Share capital	Capital reserve	Surplus reserves	Reserves		Sub-total	Retained earnings	Total
					General reserves	Investment revaluation reserve			
At 1 January 2020		12,116,908	54,411,316	6,263,770	22,862,847	1,058,379	84,596,312	36,844,386	133,557,606
Profit for the year		–	–	–	–	–	–	12,342,143	12,342,143
Other comprehensive income		–	–	–	–	21,148	21,148	–	21,148
Total comprehensive income		–	–	–	–	21,148	21,148	12,342,143	12,363,291
Dividend – 2019	17	–	–	–	–	–	–	(6,463,388)	(6,463,388)
Appropriation to surplus reserves		–	–	406,048	–	–	406,048	(406,048)	–
Appropriation to general reserves		–	–	–	2,539,071	–	2,539,071	(2,539,071)	–
Capital increase by equity holders		809,868	11,357,362	–	–	–	11,357,362	–	12,167,230
– Others		–	80,117	–	–	–	80,117	–	80,117
At 31 December 2020		12,926,776	65,848,795	6,669,818	25,401,918	1,079,527	99,000,058	39,778,022	151,704,856

## 61 EVENTS AFTER THE REPORTING PERIOD

### A Share and H Share Rights Issue

Pursuant to the resolution of the Board of Directors' meeting of the Company held on 27 February 2021, the 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting, as well as the CSRC's Approval in respect of the Rights Issue of CITIC Securities Company Limited (Zheng Jian Xu Ke [2021] No. 3729), the Company has offered A share right issue on the basis of 1.5 A shares for every 10 existing A shares held to all A Shareholders registered on the register of the Company at the Shanghai branch of China Securities Depository and Clearing Corporation Limited after the close of trading on the A Share Record Date (18 January 2022), and has offered H shares right issue on the basis of 1.5 H shares for every 10 existing H shares held to all H Shareholders registered on the register of the Company at Hong Kong Securities Clearing Company Limited on the H Share Record Date (8 February 2022).

As of the last day for subscription and payment under the A Share Rights Issue (25 January 2022), the total proceeds of A Rights Shares amounted to RMB22,395,672,337.35, and the net proceeds was RMB22,318,195,731.58 after deducting issuance fee RMB77,476,605.77 (not including VAT expense).

As of the last day for subscription and payment under the H Share Rights Issue (23 February 2022), the total proceeds of H Rights Shares amounted to HKD6,038,707,568.85.

## **61 EVENTS AFTER THE REPORTING PERIOD** (Continued)

### **Issuance of Corporate Bonds**

The Company completed the first public issuance of corporate bonds of year 2022 on 16 February 2022 in the amount of RMB1.5 billion in two tranches with maturity terms and coupon rates of 1,808 days and 3,642 days; and 3.20% and 3.69%, respectively in Shanghai Stock Exchange. The Company completed the second public issuance of corporate bonds of year 2022 on 11 March 2022 in the amount of RMB1.5 billion in two tranches with maturity terms and coupon rates of 3 years and 5 years; and 3.03% and 3.40%, respectively in Shanghai Stock Exchange.

### **Issuance of perpetual Subordinated Bonds**

The Company completed the first public issuance of perpetual subordinated bonds of year 2022 on 20 January 2022 in the amount of RMB3 billion, with coupon rate of 3.58% in Shanghai Stock Exchange.

### **Issuance of Euro-commercial paper**

As at 28 March 2022, CITIC Securities Finance MTN Co., Ltd. issued 1 tranche of Euro-commercial paper with a total issue size of USD80 million during the year of 2022. The Euro-commercial paper was unconditionally and irrevocably guaranteed by the Company with joint and several liability.

### **Proposed profit distribution after the reporting period**

According to the board resolution passed in the Board of Directors' meeting of the Company held on 28 March 2022, the Company made the following resolution based on the profit for the year ended 31 December 2021: (i) appropriation of a total of RMB 1,746,515,869.13 to the general risk reserve; (ii) appropriation of a total of RMB 1,746,515,869.13 to the transaction risk reserve; (iii) appropriation of a total of RMB 8,004,507.93 to the provisions of risk for custody business; (iv) appropriation of a total of RMB 97,824,965.71 to the provisions of risk for collective asset management business; (v) appropriation of a total of RMB 157,635,616.42 to accrual of perpetual bonds interests; (vi) proposed cash dividend for the year ended 31 December 2021 of RMB 5.40 for every 10 shares (pre-tax), totalled approximately RMB 8,003,095,287.66 (pre-tax), based on the number of total issued shares of the Company as at the date of this Board of Directors' meeting, i.e. 14,820,546,829 shares. In the event of change in total share capital of the Company after the date of the above-mentioned Board meeting but before the Record Date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. This proposed dividend is subject to the approval of the General Meeting of Shareholders of the Company.

## **62 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements was approved and authorised for issue by the Board of Directors on 28 March 2022.

## Documents Available for Inspection

Financial statements signed by the head of the Company, the Chief Financial Officer and the head of the Accounting Department and chopped with the official chop of the Company.

The original copy of the audit report with chops of the accounting firm and signatures and chops of CPAs.

The originals of all the documents and announcements of the Company published during the Reporting Period in the media designated by the CSRC for information disclosures.

Annual reports published in other stock exchanges.

The Articles of Association of the Company.

# Definitions

Unless the context otherwise requires, the following expressions have the following meanings in report:

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600030)
“A Shareholder(s)”	holder(s) of A Shares
“Board”	the board of directors of the Company
“BSE”	Beijing Stock Exchange
“China AMC”	China Asset Management Company Limited (華夏基金管理有限公司)
“China CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司)
“CITIC Futures”	CITIC Futures Company Limited (中信期貨有限公司)
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Co., Ltd. (中信寰球商貿(上海)有限公司)
“CITIC GoldStone Fund”	CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“CITIC PE Fund”	CITIC Private Equity Funds Management Company Limited (中信產業投資基金管理有限公司)
“CITIC Securities Brokerage (HK)”	CITIC Securities Brokerage (HK) Limited
“CITIC Securities Finance MTN”	CITIC Securities Finance MTN Co., Ltd.
“CITIC Securities Investment”	CITIC Securities Investment Limited (中信證券投資有限公司)
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd. (中信證券(山東)有限責任公司)
“CITIC Securities South China” or “Guangzhou Securities”	CITIC Securities South China Company Limited (formerly known as “Guangzhou Securities Company Limited” (廣州證券股份有限公司))
“CITIC Trust”	CITIC Trust Co., Ltd. (中信信託有限責任公司)

## Definitions

“CLSA”	the brand name of the offshore business of the Company
“CLSA B.V.”	a private limited company incorporated under the laws of the Netherlands and becoming a wholly-owned subsidiary of CSI on 31 July 2013
“CLSA Limited”	CLSA Limited
“Company” or “CITIC Securities”	CITIC Securities Company Limited
“Company Law”	the Company Law of the People’s Republic of China
“connected transaction(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSC”	CSC Financial Co., Ltd. (中信建投証券股份有限公司)
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd. (中信証券國際有限公司)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Financial Holdings Capital”	Guangzhou Yuexiu Financial Holdings Capital Management Co., Ltd. (廣州越秀金融資本管理有限公司)
“Financial Holdings Limited”	Guangzhou Yuexiu Financial Holdings Company Limited (廣州越秀金融控股集團有限公司)
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Company Limited (青島金石灝納投資有限公司)
“GoldStone Investment”	GoldStone Investment Co., Ltd. (金石投資有限公司)
“GoldStone Zexin”	GoldStone ZeXin Investment Management Co., Ltd. (金石澤信投資管理有限公司)
“Group”	the Company and its subsidiaries
“GZS Lingxiu”	GZS Lingxiu Investment Co., Ltd. (廣證領秀投資有限公司)
“H Share(s)”	the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 6030)

“H Shareholder(s)”	holder(s) of H Shares
“Heilongjiang Securities Regulatory Bureau”	the Heilongjiang Securities Regulatory Bureau of the CSRC
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kington Securities”	Kington Securities Limited Liability Company (金通證券有限責任公司)
“Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“NSSF”	National Social Security Fund of the PRC
“PRC” or “China”	the People’s Republic of China
“PwC”	PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers
“PwC Hong Kong”	PricewaterhouseCoopers
“PwC Zhong Tian”	PricewaterhouseCoopers Zhong Tian LLP
“related party transaction(s)”	has the same meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time
“Reporting Period”	From 1 January 2021 to 31 December 2021
“Securities Law”	the Securities Law of the People’s Republic of China
“Shanghai Clearing House”	Interbank Market Clearing House Co., Ltd.
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the domestic Share(s) or the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE and the Hong Kong Stock Exchange, respectively

## Definitions

“Shenzhen Securities Regulatory Bureau”	the Shenzhen Securities Regulatory Bureau of the CSRC
“SSE”	Shanghai Stock Exchange
“SSE Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	Shenzhen Stock Exchange
“Wind Info”	Wind Information Co., Ltd.
“Xinjiang Equity Exchange”	Xinjiang Equity Exchange Center Co., Ltd. (新疆股權交易中心有限公司)
“Yuexiu Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Company Limited (廣州越秀金融控股集團股份有限公司)
“Yuexiu Financial International”	Yuexiu Financial International Holdings Limited (越秀金融國際控股有限公司)
“Yuexiu Industrial Investment Fund”	Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司)

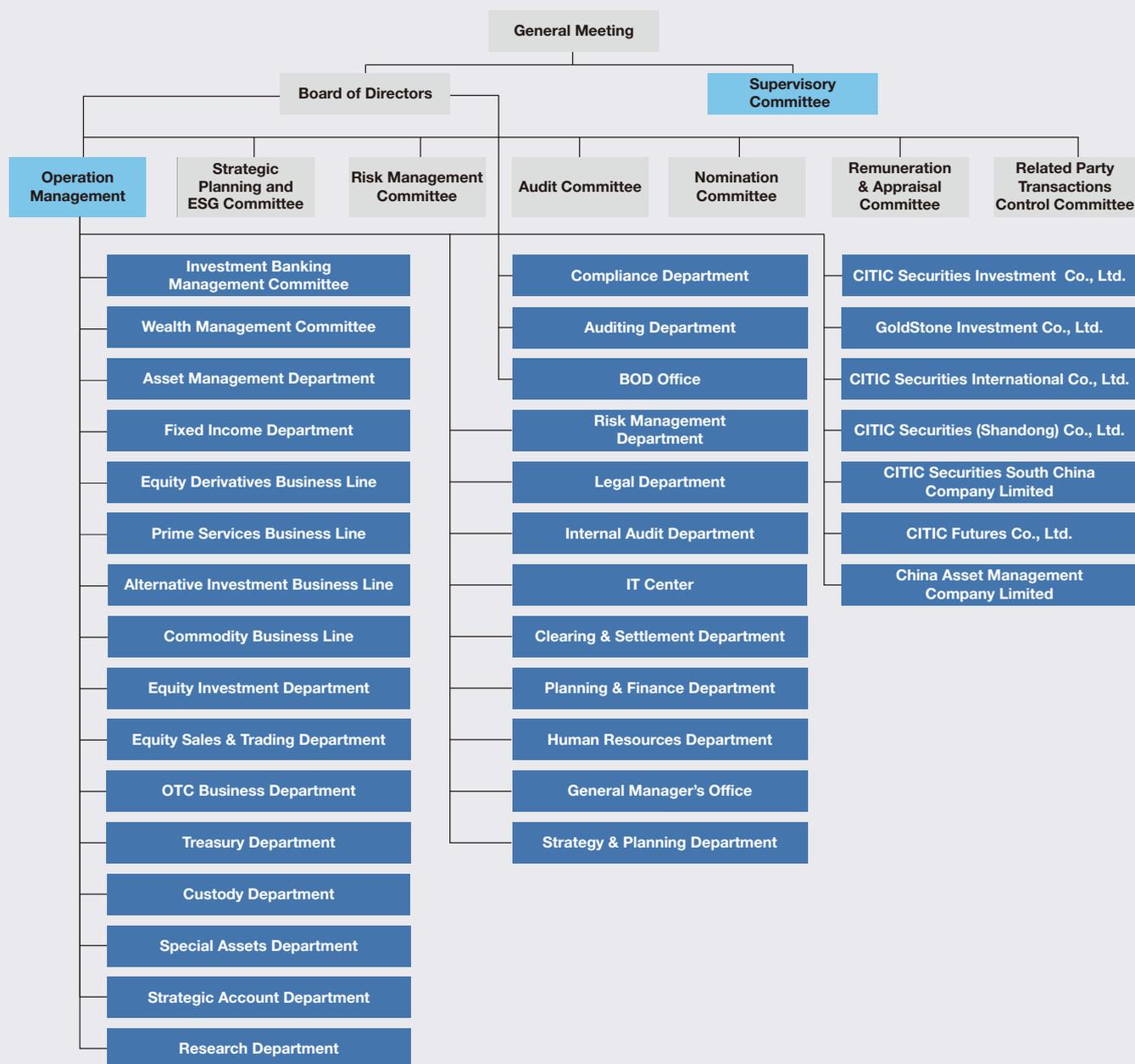
# Material Risk Factors

The Group's business is highly dependent on the macroeconomic and market conditions of China and other areas in which the Company operates its business. Therefore, fluctuation in the Chinese and international capital markets will have material impact on the operating results of the Group.

The major risks exposed to by the Group mainly include: legal and compliance risk caused by possible failure of the business management and standards to align in a timely manner with changes in national laws and the regulations and rules promulgated by the regulatory authorities; strategic risk where the Group may not be able to determine the strategic plan in response to the profound changes in the domestic and overseas capital markets; internal operations and management risks arising from the transformation of the Group's business model and the emergence of new businesses and new technologies; market risk that may arise from the fluctuating market price of the financial positions held by the Group; credit risk that may arise from the default or deterioration of credit qualification of its borrower, trading counterparty or the issuer of financial positions held; liquidity risk where the Group may encounter a shortage of fund in fulfillment of payment obligations; operational risk that may arise from the negligence or omission of the internal process management, information system failure or personnel misconduct; reputational risk caused by negative evaluation of the Company by stakeholders due to the Company's operation, management and other behaviors or external events; risks such as currency exchange risk that may arise from the operation of international businesses and financial innovative businesses. In particular, credit risk and liquidity risk are the major risks currently being faced by the Group.

To cope with the above risks, the Group takes preventive measures through its organizational structure, management system, information technology, and other aspects, while at the same time, optimizes its business process and focuses on strengthening the management of credit risk and liquidity risk.

# Appendix 1: Organization Chart



Note 1: The Investment Banking Management Committee comprised the Financial and Technology Industry Team, the Energy and Chemical and New Materials Industry Team, the Infrastructure and Modern Services Industry Team, the Industrial and Advanced Manufacturing Industry Team, the Telecom, Internet, Media and Entertainment Industry Team, the Healthcare Industry Team, the Consumer Industry Team, Debt Financing Business Line, the Merger & Acquisition Business Line, the Integrated Industry Team (Beijing), the Integrated Industry Team (Shanghai), the Integrated Industry Team (Shenzhen), Investment Banking (Zhejiang) Branch, Investment Banking (Shandong) Branch, Investment Banking (Jiangsu) Branch, Investment Banking (South China) Branch, Investment Banking (Hubei) Branch, Investment Banking (Hunan) Branch, Investment Banking (Jiangxi) Branch, Investment Banking (Henan) Branch, Investment Banking (Sichuan) Branch, Investment Banking (Fujian) Branch, Investment Banking (Shaanxi) Branch, Investment Banking (Anhui) Branch, OTC Business Department, the Equity Capital Market Department, the Debt Capital Market Department, the Quality Control Team, the Human Resource Development Center, the Operation Department and other departments. The Wealth Management Committee comprised departments such as the Retail Account Department, the Wealth Management Department, the Financial Product Department, the Investment Advisory Department, the Financial Technology Department and the Operation Management Department, as well as branches such as Beijing Branch, Shanghai Branch, Hubei Branch, Jiangsu Branch, Shenzhen Branch, Northeast Branch, Zhejiang Branch, Fujian Branch, Jiangxi Branch, Wenzhou Branch, Ningbo Branch, Sichuan Branch, Shaanxi Branch, Tianjin Branch, Inner Mongolia Branch, Anhui Branch, Shanxi Branch, Yunnan Branch, Hebei Branch, Hunan Branch, Chongqing Branch, Hainan Branch, Gansu Branch, Ningxia Branch, Guangxi Branch, Jilin Branch, Heilongjiang Branch, Jiaying Branch, Jinhua Branch, Shaoxing Branch, Taizhou Branch, Xinjiang Branch, Suzhou Branch, Foshan Branch, Dongguan Branch, Xiamen Branch, Qinghai Branch, Dalian Branch and Wuxi Branch.

Note 2: Only some first-tier subsidiaries of the Company are presented on the above.

## Appendix 2: Index of Information Disclosure

Information disclosures made by the Company on the website of the SSE (<http://www.sse.com.cn>) and in China Securities Journal, Shanghai Securities News and Securities Times during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2021-01-05	Monthly Return on Movements in Securities of CITIC Securities for December 2020
2	2021-01-06	Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors
3	2021-01-09	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
4	2021-01-23	Announcement on the Preliminary Financial Data for the Year 2020
5	2021-02-02	Monthly Return on Movements in Securities of CITIC Securities for January 2021
6	2021-02-06	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
7	2021-02-23	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 19th Meeting of the Seventh Session of the Board of the Company
8		Announcement on the Resolutions Passed at the 19th Meeting of the Seventh Session of the Board
9		Announcement on Providing the Net Capital Guarantee Commitment for the Proposed Establishment of an Asset Management Subsidiary
10	2021-02-27	Announcement on Risk Warning and Remedial Measures Regarding Dilution of Immediate Returns by Rights Issue to Existing Shareholders and Undertakings Given by Relevant Parties
11		Utilization Report and Assurance Report on the Use of Proceeds from Previous Issuance of Securities as at 31 December 2020
12		Utilization Report on the Use of Proceeds from Previous Issuance of Securities as at 31 December 2020
13		Feasibility Analysis Report on the Use of Proceeds from the Rights Issue
14		Proposal of Public Issuance of Securities by Way of the Rights Issue
15		Statements on the Satisfaction of the Conditions for the Rights Issue of the Company
16		Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 20th Meeting of the Seventh Session of the Board
17		Announcement on the Resolutions Passed at the 20th Meeting of the Seventh Session of the Board
18		Shareholders' Return Plan for 2021–2023
19		Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Supervisory Committee

## Appendix 2: Index of Information Disclosure

No.	Date of Publication	Subject Matter
20	2021-03-02	Monthly Return on Movements in Securities of CITIC Securities for February 2021
21	2021-03-06	H Share Announcement — Notification of Board Meeting
22	2021-03-12	Announcement on Convening of the 2020 Annual Results Presentation
23	2021-03-19	Report of the Audit Committee of the Board on the Performance of Duties in 2020
24		Audit Report on the Internal Control of 31 December 2020
25		2020 Social Responsibility Report
26		2020 Assessment Report on the Internal Control
27		Duty Performance Report of Independent Non-executive Directors for 2020
28		Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties
29		2020 Financial Statements and Audit Report
30		2020 Annual Report
31		Announcement on the Provision for Provision for Expected Credit Losses
32		Announcement on the Resolutions Passed at the 21st Meeting of the Seventh Session of the Board
33		Announcement in Relation to the Amendments to the Articles of Association of the Company
34		Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 21st Meeting of the Seventh Session of the Board
35		Announcement on the Estimation of Related Party Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2021
36		Announcement on the Reappointment of Accounting Firms
37		Announcement on the Profit Distribution Plan
38		Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Supervisory Committee
39		Registration System for Person Informed of Inside Information (2021 Revision)
40		Summary of the 2020 Annual Report
41	2021-04-02	Monthly Return on Movements in Securities of CITIC Securities for March 2021
42	2021-04-06	Indicative Announcement on Changes in Equity for Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
43		2020 Continuous Supervision Report of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
44	2021-04-13	H Share Announcement – Notification of Board Meeting
45	2021-04-29	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 22nd Meeting of the Seventh Session of the Board
46		Announcement on the Resolutions Passed at the 22nd Meeting of the Seventh Session of the Board
47		Statement of the Nominator of Independent Director
48		Statement of the Candidate for Independent Director
49		Announcement on Resignation and By-election of Independent Directors
50		2021 First Quarterly Report
51		Main Body of the 2021 First Quarterly Report
52	2021-05-06	Indicative Announcement on Changes in Equity for Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
53	2021-05-07	Monthly Return on Movements in Securities of CITIC Securities for April 2021
54	2021-05-13	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
55		Documents of the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting
56		Notice of the 2020 Annual General Meeting and 2021 First A Shareholders Class Meeting
57	2021-05-29	Announcement on Change of Financial Advisors for Continuous Supervision
58	2021-06-02	Monthly Return on Movements in Securities of CITIC Securities for May 2021
59	2021-06-08	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 23rd Meeting of the Seventh Session of the Board
60		Announcement on the Resolutions Passed at the 23rd Meeting of the Seventh Session of the Board
61	2021-06-10	Second Notice of the 2020 Annual General Meeting and 2021 First A Shareholders Class Meeting
62	2021-06-24	Documents of the 2021 First Extraordinary General Meeting
63		Notice of the 2021 First Extraordinary General Meeting
64	2021-06-25	Announcement on Adjustment to the Book Closure Period and the Last Registration Date for H Shares in Relation to the Distribution of the 2020 Final Dividend
65	2021-06-28	Letter of Reply from the CSRC Regarding the Launch of Fund Investment Consulting Service Business by the Company on a Trial Basis
66	2021-06-29	Announcement on Undertaking Given by the Largest Shareholder to Subscribe for All the Offered Rights Shares

## Appendix 2: Index of Information Disclosure

No.	Date of Publication	Subject Matter
67	2021-06-30	Legal Opinions of the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting of the Company
68		The Articles of Association of the Company (2021 First Revision)
69		Announcement on the Resolutions Passed at the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting
70	2021-07-01	Announcement on Estimated Increase in 2021 Interim Results of CITIC Securities Company Limited
71	2021-07-09	Monthly Return on Movements in Securities of CITIC Securities for June 2021
72	2021-07-17	Independent Opinion of Independent Non-executive Directors of the Seventh Session of the Board of Directors of CITIC Securities Company Limited on External Investment through Domestic Subsidiaries
73		Announcement on the Resolutions Passed at the 24th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
74	2021-07-21	Second Notice of the 2021 First Extraordinary General Meeting of CITIC Securities Company Limited
75	2021-07-22	Announcement of the Application for Rights Issue by CITIC Securities Company Limited Accepted by CSRC
76	2021-07-26	Announcement on H Shares of CITIC Securities Company Limited
77	2021-07-28	Announcement on the Resolutions Passed at the 25th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
78	2021-07-29	Announcement on 2021 Interim Results of CITIC Securities Company Limited
79	2021-08-04	Monthly Return on Movements in Securities of CITIC Securities for July 2021
80	2021-08-05	Announcement on Change of Meeting Venue for the 2021 First Extraordinary General Meeting of CITIC Securities Company Limited
81		Notice of Board Meeting
82	2021-08-10	Legal Opinions of Beijing Jia Yuan Law Offices on the 2021 First Extraordinary General Meeting of CITIC Securities Company Limited
83		Announcement on Resolutions of the 2021 First Extraordinary General Meeting of CITIC Securities Company Limited
84		Independent Opinions of Independent Non-executive Directors of the Seventh Session of the Board of CITIC Securities Company Limited on the Renewal of the Property Leasing Framework Agreement with China CITIC Group Corporation
85		Announcement on Day-to-day Related Party/Continuing Connected Transactions of CITIC Securities Company Limited
86		Announcement on the Resolutions Passed at the 26th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
87	2021-08-13	Announcement on the Convening of 2021 Interim Results Online Presentation of CITIC Securities Company Limited
88		Announcement on the Implementation of Bonus Dividends for A Shares in 2020 of CITIC Securities Company Limited
89	2021-08-17	The Reply to the Feedback Notice to the Application Materials for the A Share Rights Issue of CITIC Securities Company Limited
90		Announcement in Relation to the Reply to the Feedback Notice to the Application Materials for the A Share Rights Issue of CITIC Securities Company Limited
91		The Proposal of Public Issuance by Way of the Rights Issue of CITIC Securities Company Limited (Revised)
92		Announcement on the Amendments to the Proposal of Public Issuance by Way of the Rights Issue of CITIC Securities Company Limited
93	2021-08-20	2021 Interim Report of CITIC Securities Company Limited
94		Summary of the 2021 Interim Report of CITIC Securities Company Limited
95		Announcement on the Resolutions Passed at the 27th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
96	2021-08-27	The Reply to the Feedback Notice to the Application Materials for the A Share Rights Issue of CITIC Securities Company Limited
97		Announcement in Relation to the Reply to the Feedback Notice to the Application Materials for the A Share Rights Issue (Revised) of CITIC Securities Company Limited
98	2021-09-02	CITIC Securities Monthly Return on Movements in Securities for August 2021
99	2021-09-09	H Share Announcement — Announcement on the Progress of the Connected Transaction in Relation to the Entering into of the Promoters Agreement with CITIC Wealth Management and Other Promoters
100	2021-09-17	H Share Announcement — Supplemental Announcement in Relation to the Annual Report of the Company for the Year Ended 31 December 2020
101	2021-09-18	Announcement on the Resolutions passed at the 28th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
102	2021-10-08	CITIC Securities Monthly Return on Movements in Securities for September 2021
103	2021-10-19	Notification of Board Meeting
104	2021-10-21	The Reply to the Second Feedback Notice to the Application Materials for the A Share Rights Issue of CITIC Securities Company Limited
105		Announcement in Relation to the Reply to the Second Feedback Notice to the Application Materials for the A Share Rights Issue of CITIC Securities Company Limited

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No.	Date of Publication	Subject Matter
106	2021-10-29	Announcement on the Resolutions Passed at the 29th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
107		2021 Third Quarterly Report of CITIC Securities Company Limited
108	2021-11-03	CITIC Securities Monthly Return on Movements in Securities for October 2021
109	2021-11-16	Announcement of CITIC Securities Company Limited in Relation to the Approval of the Application for the A Share Rights Issue from the Issuance Examination Committee of China Securities Regulatory Commission
110	2021-11-27	Announcement in Relation to the Approval from the CSRC of the Application for the Rights Issue of CITIC Securities Company Limited
111		Announcement on the Resolutions Passed at the 30th Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
112	2021-12-02	CITIC Securities Monthly Return on Movements in Securities for November 2021
113	2021-12-11	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board of CITIC Securities Company Limited on the Appointment of the Company's Chief financial Officer
114		Announcement on the Resolutions Passed at the 31st Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
115		Announcement of CITIC Securities Company Limited in Relation to the Approval of Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors from the CSRC
116	2021-12-18	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board of CITIC Securities Company Limited on the Proposed Joint Investment with Related/Connected Parties
117		Pre-Approval Opinions of Independent Non-executive Directors of the Seventh Session of the Board of CITIC Securities Company Limited on the Proposed Joint Investment with Related/Connected Parties
118		Announcement on the Resolutions Passed at the 32nd Meeting of the Seventh Session of the Board of CITIC Securities Company Limited
119	2021-12-20	H Share Announcement — Connected Transaction — Subscription of the Newly Increased Registered Capital of CIIC Shanghai

Note: The "dates" set out in the above table are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE. Each of these announcements was published on the HKEXnews website of HKEx in the morning of the above "date" or in the evening on the immediately preceding date

Information disclosures made by the Company on the HKEXnews website of HKEx (<http://www.hkexnews.hk>) during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2021-01-04	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2020
2	2021-01-05	Overseas Regulatory Announcement — Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors
3	2021-01-08	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
4	2021-01-22	Preliminary Financial Data for the Year 2020
5	2021-02-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2021
6	2021-02-05	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
7	2021-02-22	Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 19th Meeting of the Seventh Session of the Board
8		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 19th Meeting of the Seventh Session of the Board
9		Overseas Regulatory Announcement — Announcement on Providing Net Capital Guarantee Commitments for Asset Management Subsidiaries under Proposed Establishment
10	2021-02-26	Announcement — Proposed Rights Issue of A Shares and H Shares
11		Overseas Regulatory Announcement — Announcement on Risk Warning and Remedial Measures for Diluting Current Returns from Allotment of Shares to Former Shareholders and Commitments by Relevant Individuals
12		Overseas Regulatory Announcement — Report on Uses of Previously Raised Funds as of 31 December 2020 and Assurance Report
13		Overseas Regulatory Announcement — Report on Uses of Previously Raised Funds as of 31 December 2020
14		Overseas Regulatory Announcement — Feasibility Analysis Report on Uses of Funds Raised from Rights Issue
15		Overseas Regulatory Announcement — Plan to Publicly Issue Securities by Way of the Rights Issue
16		Overseas Regulatory Announcement — Explanations on the Company's Qualification for Rights Issue

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No.	Date of Publication	Subject Matter
17		Overseas Regulatory Announcement — Independent Opinions of Independent Non-executive Directors of the Seventh Session of the Board on Matters Related to the 20th Meeting of the Seventh Session of the Board
18		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 20th Meeting of the Seventh Session of the Board
19		Overseas Regulatory Announcement — 2021–2023 Shareholders Return Plan of the Company
20		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Supervisory Committee
21	2021-03-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2021
22	2021-03-05	Notification of Board Meeting
23	2021-03-11	Voluntary Announcement — Convening of 2020 Annual Results Presentation
24	2021-03-18	Announcement in Relation to Provision for Expected Credit Losses
25		Proposed Amendments to the Articles of Association
26		2020 Social Responsibility Report
27		2020 Annual Results Announcement
28		Overseas Regulatory Announcement — Report of the Audit Committee of the Board on the Performance of Duties in 2020
29		Overseas Regulatory Announcement — Audit Report on the Internal Control of 31 December 2020
30		Overseas Regulatory Announcement — 2020 Assessment Report on the Internal Control
31		Overseas Regulatory Announcement — Duty Performance Report of Independent Non-executive Directors for 2020
32		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 21st Meeting of the Seventh Session of the Board
33		Overseas Regulatory Announcement — Special Statement Regarding the Appropriation of Funds by Its Largest Shareholder and Other Related Parties
34		Overseas Regulatory Announcement — Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 21st Meeting of the Seventh Session of the Board
35		Overseas Regulatory Announcement — Announcement on the Estimation of Related Party/ Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2021
36		Overseas Regulatory Announcement — Announcement on the Reappointment of Accounting Firms

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
37		Overseas Regulatory Announcement — Announcement on Profit Distribution Plan
38		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Supervisory Committee
39		Overseas Regulatory Announcement — System on the Registration of Persons with Insider Information
40	2021-04-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2021
41	2021-04-06	Voluntary Announcement — Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
42		Overseas Regulatory Announcement — 2020 Continuous Supervision Report of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
43	2021-04-12	Notification of Board Meeting
44	2021-04-21	2020 Annual Report
45		Notification Letter to Registered Shareholders — Notice of Publication of 2020 Annual Report and Change Request Form
46		Notification Letter to Non-Registered Holders — Notice of Publication of 2020 Annual Report and Request Form
47	2021-04-28	2021 First Quarterly Results
48		List of Directors and their Roles and Functions
49		Announcement — Change in Directorship
50		Overseas Regulatory Announcement — Statement of the Nominator of Independent Director
51		Overseas Regulatory Announcement — Statement of the Candidate for Independent Director
52		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 22nd Meeting of the Seventh Session of the Board
53		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 22nd Meeting of the Seventh Session of the Board
54	2021-04-30	Voluntary Announcement — Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
55	2021-05-06	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2021

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No.	Date of Publication	Subject Matter
56	2021-05-12	Circulars — (1) 2020 Work Report of the Board; (2) 2020 Work Report of the Supervisory Committee; (3) 2020 Annual Report; (4) 2020 Profit Distribution Plan; (5) Resolution on the Re-appointment of Accounting Firms; (6) Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2021; (7) Resolution on Considering the Total Remuneration of the Directors and the Supervisors of the Company for 2020; (8) Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021; (9) Proposed Amendments to the Articles of Association; (10) Resolution on the Re-authorisation of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company; (11) Resolution on the Potential Related Party/Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company; (12) Proposed Election of Independent Non-executive Director; (13) Proposed Rights Issue of A Shares and H Shares; Notice of the Annual General Meeting; and Notice of the 2021 First H Shareholders Class Meeting
57		Notice of the Annual General Meeting
58		Notice of the 2021 First H Shareholders Class Meeting
59		Proxy Form — For the 2020 Annual General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
60		Proxy Form — For the 2021 First H Shareholders Class Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
61		Reply Slip — For the 2020 Annual General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
62		Reply Slip — For the 2021 First H Shareholders Class Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
63		Notification Letter to Registered Shareholders — Notice of Publication of Circular, Proxy Form and Reply Slip of 2020 Annual General Meeting and Change Request Form
64		Notification Letter to Non-Registered Holders — Notice of Publication of Circular of 2020 Annual General Meeting and Request Form
65		Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
66	2021-05-28	Overseas Regulatory Announcement — Announcement on Change of Financial Advisors for Continuous Supervision
67	2021-06-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2021
68	2021-06-07	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 23rd Meeting of the Seventh Session of the Board

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
69		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 23rd Meeting of the Seventh Session of the Board
70	2021-06-09	Second Notice of the 2020 Annual General Meeting
71	2021-06-23	Proposed Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company; Proposed Adjustment to the Allowance Given to Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company; and Notice of the 2021 First Extraordinary General Meeting
72		Notice of the 2021 First Extraordinary General Meeting
73		Proxy Form — For the 2021 First Extraordinary General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 9 August 2021 (Monday)
74		Reply Slip — For the 2021 First Extraordinary General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 9 August 2021 (Monday)
75		Notification Letter to Registered Holders — Notice of Publication of Circular, Proxy Form and Reply Slip of 2021 First Extraordinary General Meeting and Change Request Form
76		Notification Letter to Non-Registered Holders — Notice of Publication of Circular of 2021 First Extraordinary General Meeting and Request Form
77	2021-06-24	Announcement on Adjustment to the Book Closure Period and the Last Registration Date for H Shares in Relation to the Distribution of the 2020 Final Dividend
78	2021-06-27	Voluntary Announcement — Letter of Reply from the CSRC Regarding the Launch of Fund Investment Consulting Service Business by the Company on a Trial Basis
79	2021-06-28	Announcement — Undertaking Given by the Largest Shareholder to Subscribe for All the Offered Rights Shares
80	2021-06-30	Announcement on Poll Results of the 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting; Payment of the 2020 Final Dividend; and Appointment of the Independent Non-executive Director
81		The Articles of Association of the Company
82		List of Directors and their Roles and Functions
83		Preannouncement on Estimated Growth in Profit for the First Half of 2021
84	2021-07-08	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2021
85	2021-07-16	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 24th Meeting of the Seventh Session of the Board
86		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on External Investment through Domestic Subsidiaries

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No.	Date of Publication	Subject Matter
87	2021-07-20	Second Notice of the 2021 First Extraordinary General Meeting
88	2021-07-21	Announcement — Receipt of CSRC's Acceptance Notices of the Application for the Rights Issue
89	2021-07-23	Connected Transaction Entering into the Promoters Agreement with CITIC Wealth Management and other Promoters
90	2021-07-27	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 25th Meeting of the Seventh Session of the Board
91	2021-07-28	Preliminary Financial Data for the First Half of 2021
92	2021-08-03	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 July 2021
93	2021-08-04	Announcement on the Change of Venue of the 2021 First Extraordinary General Meeting
94		Notification of Board Meeting
95	2021-08-09	Announcement — Poll Results of the 2021 First Extraordinary General Meeting
96		Announcement — Renewal of Property Leasing Framework Agreement with CITIC Group
97		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Renewing of Property Leasing Framework Agreement with CITIC Group Corporation Limited
98		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 26th Meeting of the Seventh Session of the Board
99	2021-08-12	Voluntary Announcement — Convening of 2021 Interim Results Online Presentation
100		Overseas Regulatory Announcement — Announcement on the Implementation of Bonus Dividends for A Shares in 2020
101	2021-08-16	Overseas Regulatory Announcement — Proposal of Public Issuance of Securities by Way of the Rights Issue (as Amended)
102		Overseas Regulatory Announcement — Reply to the Feedback to the Application Materials for the A Share Rights Issue of the Company
103		Announcement in Relation to the Reply to the Feedback Notice to the Application Materials for the A Share Rights Issue and the Amendments to the Proposal of Public Issuance by Way of the Rights Issue
104	2021-08-19	2021 Interim Results Announcement
105		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 27th Meeting of the Seventh Session of the Board
106	2021-08-26	Overseas Regulatory Announcement — Announcement in Relation to Reply to the Feedback to the Application Materials for the A Share Rights Issue (as Amended)

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
107		Overseas Regulatory Announcement — Reply to the Feedback to the Application Materials for the A Share Rights Issue of the Company
108	2021-09-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 August 2021
109	2021-09-08	Announcement on the Progress of the Connected Transaction in Relation to the Entering into of the Promoters Agreement with CITIC Wealth Management and Other Promoters
110	2021-09-16	Circulars — Notification Letter to Non-Registered Holders — Notice of Publication of 2021 Interim Report and Request Form
111		Circulars — Notification Letter to Registered Shareholders — Notice of Publication of 2021 Interim Report and Change Request Form
112		2021 Interim Report
113		Supplemental Announcement in Relation to the Annual Report of the Company for the Year Ended 31 December 2020
114	2021-09-17	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 28th Meeting of the Seventh Session of the Board
115	2021-09-30	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 September 2021
116	2021-10-18	Notification of Board Meeting
117	2021-10-20	Overseas Regulatory Announcement — Announcement in Relation to Reply to the Second Feedback to the Application Materials for the A Share Rights Issue
118		Overseas Regulatory Announcement — Reply to the Second Feedback to the Application Materials for the A Share Rights Issue
119	2021-10-28	2021 Third Quarterly Results
120		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 29th Meeting of the Seventh Session of the Board
121	2021-11-02	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 October 2021
122	2021-11-15	Announcement in Relation to the Approval of the Application for the A Share Rights Issue from the Issuance Examination Committee of the CSRC
123	2021-11-26	Announcement in Relation to the Approval from the CSRC of the Application for the Rights Issue
124		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 30th Meeting of the Seventh Session of the Board
125	2021-12-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2021

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<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
126	2021-12-10	Announcement — Change of Chief Financial Officer
127		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 31st Meeting of the Seventh Session of the Board
128		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Appointment of Person in Charge of Accounting Affairs of the Company
129		Overseas Regulatory Announcement — Announcement on Approval from the CSRC for Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors
130	2021-12-17	Connected Transaction Subscription of the Newly Increased Registered Capital of CIIC Shanghai
131		Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Proposed Joint Investment with Related Party
132		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Proposed Joint Investment with Related Party
133		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 32nd Meeting of the Seventh Session of the Board
134	2021-12-20	Documents on Display — 2020 Corporate Annual Report

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