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**申 萬 宏 源 集 團 股 份 有 限 公 司**  
**SHENWAN HONGYUAN GROUP CO., LTD.**

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

**(Stock Code: 6806)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The board of directors (the “**Board**”) of Shenwan Hongyuan Group Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2022. This interim results announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany preliminary announcement of interim results.

This interim results announcement will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.swhygh.com](http://www.swhygh.com)) respectively.

The 2022 interim report will be dispatched to the H shareholders of the Company and published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company in due course.

By order of the Board  
**Shenwan Hongyuan Group Co., Ltd.**  
**Liu Jian**  
*Chairman*

Beijing, the PRC  
August 30, 2022

*As at the date of this announcement, the Board comprises Mr. Liu Jian and Mr. Huang Hao as executive Directors; Ms. Ge Rongrong, Mr. Ren Xiaotao, Mr. Zhang Yigang, Mr. Zhu Zhilong and Ms. Zhang Ying as non-executive Directors; Ms. Yeung Siuman Shirley, Mr. Wu Changqi, Mr. Chen Hanwen and Mr. Zhao Lei as independent non-executive Directors.*


## Important Notice

1. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content contained in this interim report, and that there are no misstatements, misleading representations or material omission in the contents contained herein, and severally and jointly bear full legal responsibilities thereof.
2. This interim report was considered and approved at the 12th meeting of the fifth session of the Board. 11 directors shall participate in the poll of the meeting and the actual number of directors participated was 11. No directors, supervisors, or senior management declares the inability to warrant or disagreement with the truthfulness, accuracy, and completeness of the content herein.
3. Mr. Huang Hao, the legal representative, an executive director and the general manager of the Company, Ms. Ren Quansheng, the chief financial officer of the Company, and Ms. Zhang Yan, the general manager of the planning and finance department of the Company, have declared that they warrant the truthfulness, accuracy, and completeness of the financial statements in this interim report.
4. The interim condensed consolidated financial information for 2022 prepared by the Group in accordance with the International Financial Reporting Standards are unaudited; PricewaterhouseCoopers has reviewed the interim financial information and issued the review report in accordance with International Standard on Review Engagements 2410.
5. The forward-looking statements in this interim report, including future plans and development strategies do not constitute substantive commitments of the Company to investors. Investors should be aware of the investment risks.
6. The Company has described details of the possibly existing risks including market risk, credit risk, liquidity risk, operational risk, policy risk, legal and compliance risk, risk of innovative businesses and exchange rate risk in this interim report. Investors are advised to read the “Management Discussion and Analysis” as set out in section III of this interim report carefully and pay special attention to the above-mentioned risk factors.
7. The Company did not plan to distribute cash dividend, issue bonus share, or convert any capital reserve into share capital for the first half of 2022.
8. This interim report of the Company is prepared in both Chinese and English. In the event of any discrepancy, the Chinese version should prevail.
9. The Company did not have any preferred shares during the Reporting Period.



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# Section I Important Notice, Contents and Definitions

## DOCUMENTS AVAILABLE FOR INSPECTION

1. Financial statements affixed with the signatures and stamps of the person in charge of the Company, the person in charge of the accounting work, the person in charge of the accounting organization (accounting supervisor).
2. Originals of all the Company's documents and announcements publicly disclosed during the Reporting Period.
3. Interim reports published in other securities markets.

## Section I Important Notice, Contents and Definitions (continued)

### DEFINITIONS

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

Term	Definition
“A Share(s)”	domestic ordinary shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“ABS”	asset-backed securities
“actual controller” or “Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Beijing Stock Exchange”	Beijing Stock Exchange
“Board of Supervisors”	the board of supervisors of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code”	Corporate Governance Code (revised version came into effect on January 1, 2022) as set out in Appendix 14 to the Hong Kong Listing Rules
“ChiNext Board”	the growth enterprise board launched by the Shenzhen Stock Exchange
“CHOICE”	a data platform which provides professional financial data service to financial institutions
“CMBS”	commercial mortgage-backed securities
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“Company” or “Shenwan Hongyuan Group”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司)
“controlling shareholder” or “JIC”	China Jianyin Investment Ltd. (中國建銀投資有限責任公司)

## Section I Important Notice, Contents and Definitions (continued)

Term	Definition
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“ETF(s)”	exchange-traded fund(s)
“FICC”	fixed income, currencies and commodities
“FOF”	a fund which specially invests in other securities investment funds
“Fullgoal Fund”	Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司)
“general meeting”	the general meeting of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary shares of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyuan Futures”	Hongyuan Futures Co., Ltd. (宏源期貨有限公司)
“Hongyuan Huifu”	Hongyuan Huifu Capital Co., Ltd. (宏源匯富創業投資有限公司)
“Hongyuan Huizhi”	Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司)
“Hongyuan Hengli”	Hongyuan Hengli (Shanghai) Industrial Co., Ltd. (宏源恆利(上海)實業有限公司)



## Section I Important Notice, Contents and Definitions (continued)

Term	Definition
“IPO”	initial public offering
“margin financing and securities lending”	provision of collateral by investors to securities firms who are qualified for conducting margin financing and securities lending business to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Net Capital”	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognized or approved by the CSRC
“PB System”	prime brokerage system
“PE”	private equity investment
“Pre-IPO”	direct equity investment in companies before listing or expected to be listed
“PTA”	a type of futures listed on the Zhengzhou Commodity Exchange
“QDLP”	qualified domestic limited partner
“Reporting Period”	the six months from January 1, 2022 to June 30, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)

## Section I Important Notice, Contents and Definitions (continued)

Term	Definition
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shenwan Futures”	Shenwan Futures Co., Ltd. (申銀萬國期貨有限公司)
“Shenwan Hongyuan Financing Services”	Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司)
“Shenwan Hongyuan Securities”	Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司)
“Shenyin & Wanguo Alternative Investment”	Shenyin & Wanguo Alternative Investment Co., Ltd. (申銀萬國創新證券投資有限公司)
“Shenyin & Wanguo Investment”	Shenyin & Wanguo Investment Co., Ltd. (申銀萬國投資有限公司)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“SSE Composite Index”	the composite price index of the Shanghai Stock Exchange
“STAR Market”	the Sci-Tech Innovation Board launched by the Shanghai Stock Exchange
“stock-backed lending”	a transaction in which a securities firm provides financing to qualified clients who pledge their stocks as collateral
“structured notes”	marketable securities issued by securities firms with the payment of principal and return linked to specific underlying assets
“SWS MU”	SWS MU Fund Management Co., Ltd. (申萬菱信基金管理有限公司)
“SWS Research”	SWS Research Co., Ltd. (上海申銀萬國證券研究所有限公司)
“SZSE Component Index”	the component stock price index of the Shenzhen Stock Exchange
“US dollar” or “USD”	United States dollars, the lawful currency of the United States
“VaR”	value at risk





## Section I Important Notice, Contents and Definitions (continued)

Term	Definition
“VC”	venture capital
“WIND”	Wind Information Co., Ltd. (萬得信息技術股份有限公司), a service provider of financial data, information and software in Mainland China
“%”	percent

In the 2022 interim report, any discrepancies between the last digit of total shown and the last digit of the sum of the amounts listed are due to rounding.

## Section II Company Profile and Key Financial Indicators

### I. COMPANY PROFILE

<b>Stock name</b>	SWHY	<b>Stock code</b>	000166 (Shenzhen Stock Exchange); 6806 (Hong Kong Stock Exchange)
<b>Stock exchanges on which the shares are listed</b>	Shenzhen Stock Exchange, Hong Kong Stock Exchange		
<b>Chinese name of the Company</b>	申萬宏源集團股份有限公司		
<b>Abbreviation of Chinese name of the Company</b>	申萬宏源		
<b>English name of the Company</b>	Shenwan Hongyuan Group Co., Ltd.		
<b>Abbreviation of English name of the Company</b>	Shenwan Hongyuan		
<b>Legal representative of the Company</b>	Mr. Huang Hao		
<b>Authorized representatives</b>	Mr. Liu Jian, Mr. Xu Liang		
<b>Joint company secretaries</b>	Mr. Xu Liang, Mr. Wong Wai Chiu		

### II. CONTACT PERSONS AND CONTACT METHODS

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

## Section II Company Profile and Key Financial Indicators (continued)

### III. OTHER INFORMATION

#### (I) Contact method of the Company

<b>Registered office of the Company</b>	Room 2001, 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC
<b>Postal code of the registered office of the Company</b>	830011
<b>Office address of the Company</b>	20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC  No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC
<b>Postal code of the office address of the Company</b>	830011; 100033
<b>Principal place of business in Hong Kong</b>	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
<b>Company website</b>	<a href="http://www.swhygh.com">www.swhygh.com</a>
<b>Email address of the Company</b>	<a href="mailto:swhy@swhysc.com">swhy@swhysc.com</a>

#### (II) Information Disclosure and Location for Inspection of Documents

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

## Section II Company Profile and Key Financial Indicators (continued)

### (III) Other Relevant Information

#### Share Registrars

A Share: China Securities Depository and Clearing Corporation Limited, Shenzhen Branch  
22-28/F, Shenzhen Stock Exchange Building,  
2012 Shennan Blvd., Futian District, Shenzhen,  
Guangdong, the PRC

H Share: Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

#### Legal Advisors

Alliance J&S Law Firm (Domestic legal advisor)  
Room 1910, Tower 2, Guanghua Changan Building, No. 7  
Jianguomen Inner Street, Dong Cheng District, Beijing

Clifford Chance (Hong Kong legal advisor)  
27/F, Jardine House, One Connaught Place, Central, Hong Kong

#### Auditors

PricewaterhouseCoopers Zhong Tian LLP (Domestic)  
11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin  
Road, Huangpu District, Shanghai, the PRC

PricewaterhouseCoopers (International)  
22/F, Prince's Building, 5 Ice House Street, Central, Hong Kong

## Section II Company Profile and Key Financial Indicators (continued)

### IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: Thousand Yuan Currency: RMB

Items	January to June 2022	January to June 2021	Increase/decrease as compared with the corresponding period of last year (%)
Total revenue and other income	18,536,642	21,280,128	-12.89
Profit before income tax	4,088,916	5,347,139	-23.53
Profit for the period attributable to shareholders of the Company	3,361,796	4,520,910	-25.64
Net cash generated from/(used in) operating activities	13,884,479	-26,935,455	N/A
Basic earnings per share (in Renminbi per share)	0.13	0.18	-27.78
Weighted average return on equity (%)	3.47	5.01	Decreased by 1.54 percentage points

Items	June 30, 2022	December 31, 2021	Increase/decrease as compared with the end of last year (%)
Total assets	624,957,963	601,011,467	3.98
Total liabilities	516,988,313	493,956,873	4.66
Total equity attributable to shareholders of the Company	95,933,101	95,222,008	0.75
Share capital	25,039,945	25,039,945	–
Equity per share attributable to shareholders of the Company (in Renminbi per share)	3.83	3.80	0.79
Gearing ratio (%) <sup>Note</sup>	78.75	78.43	Increased by 0.32 percentage point

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

### V. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

In terms of profit for the period attributable to the shareholders of the Company for January to June 2022 and January to June 2021, and total equity and total equity attributable to shareholders of the Company as of June 30, 2022 and December 31, 2021, there's no difference between the data set out in the financial statements disclosed by the Company prepared in accordance with International Financial Reporting Standards and that prepared in accordance with China Accounting Standards for Business Enterprises.



## Section II Company Profile and Key Financial Indicators (continued)

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

Unit: Thousand Yuan Currency: RMB

Items	As of the end of the Reporting Period	As of the end of last year	Increase/decrease as compared with the end of last year
Core Net Capital	59,259,158	62,373,396	-4.99%
Net supplementary capital	17,240,000	20,760,000	-16.96%
Net Capital	76,499,158	83,133,396	-7.98%
Net assets	97,878,432	98,220,020	-0.35%
Total risk capital reserves	41,917,365	40,148,469	4.41%
Total on-balance sheet & off-balance sheet assets	505,108,590	481,426,172	4.92%
Risk coverage ratio	182.50%	207.06%	Decreased by 24.56 percentage points
Capital leverage ratio	11.98%	13.11%	Decreased by 1.13 percentage points
Liquidity coverage ratio	232.82%	208.79%	Increased by 24.03 percentage points
Net stable funding ratio	134.81%	131.00%	Increased by 3.81 percentage points
Net Capital/net assets	78.16%	84.64%	Decreased by 6.48 percentage points
Net Capital/liabilities	23.00%	25.58%	Decreased by 2.58 percentage points
Net assets/liabilities	29.42%	30.22%	Decreased by 0.80 percentage point
Equity securities and derivatives held/Net Capital	53.90%	44.99%	Increased by 8.91 percentage points
Non-equity securities and derivatives held/Net Capital	298.65%	271.01%	Increased by 27.64 percentage points

### VII. REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed and confirmed the Company's Report on Review of Interim Financial Statements disclosed in accordance with International Financial Reporting Standards for the six months ended June 30, 2022, and has no objection against matters including the accounting policies and practice adopted by the Company.



## Section III Management Discussion and Analysis

### I. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Basic Information of the Industry of the Company during the Reporting Period

In the first half of 2022, several adverse factors such as the severe global pandemic, escalating geopolitical conflicts, intensifying global and regional jockeying, have brought unprecedented challenges to China's national economic development, and the capital market has shown great fluctuations. To maintain the capital market stability and boost market confidence, the CSRC resolutely implemented the spirit of the special meeting of the State Council's Financial Stability and Development Committee, and successively issued a series of policies to fully maintain the smooth operation of the capital market. With the support of various policies and measures to effectively coordinate pandemic prevention and control and economic and social development, the domestic economy has gradually stabilized and rebounded, showing a trend of steady strengthening, steady improvement, and steady improvement in quality. The overall business environment of the securities industry has been improved with businesses back on track of benign development. During the Reporting Period, the securities industry in the PRC showed three major development characteristics:

#### 1. The fluctuation of capital market intensified, and the overall market and operating results of securities companies were under pressure

In the first half of 2022, in the face of the dual pressure of the domestic economic downturn and the tightening pandemic prevention and control, the main indexes of the securities market fluctuated with a certain downward trend. As of June 30, the SSE Composite Index, the SZSE Component Index, and the ChiNext Price Index dropped by 6.63%, 13.20% and 15.41% compared with the beginning of the year, respectively. Affected by the sharp market fluctuations, the securities market fluctuated to fall in the first quarter. With the recovery of the market in the second quarter and the adjustment of the institutions' own strategies, the market of securities traders has recovered, but the overall performance has still declined to a certain extent compared with the corresponding period of last year.

#### 2. Reform has consolidated the resilience of the capital market, and loose liquidity combined with policies have shown a trending upwards

During the Reporting Period, under the principle of "steadiness at the forefront and seeking progress while maintaining stability", the capital market advanced various reform measures, gradually improved the system construction, promoted the long-term improvement of the capital market, and the implementation of the personal pension system brought about the increment of the asset management industry; the speed-up of high-quality development of the public fund industry has promoted the investment of medium- and long-term funds in the market; the reduction of stock transfer fee is conducive to the increase of trading volume; the official implementation of the transfer system of the Beijing Stock Exchange marks that China's multi-tier capital market has achieved real interconnection; the pilot implementation of the market maker system of the STAR Market filled the gap of the A-share market making system; the issuance of the Futures and Derivatives Law of the People's Republic of China provides a broader space for the opening up and high-quality development of the futures market. In addition, the meeting of the Political Bureau of the Central Committee expressly proposed the comprehensive and stable growth, the National Standing Committee deployed a package of economy stabilizing policies, accelerated their implementation, resolutely stabilized the macro-economic market, gradually improved the market ecology, continued to enhance market vitality, and promoted the healthy and sustainable development of the securities industry.

## Section III Management Discussion and Analysis (continued)

### 3. Comprehensive implementation of the “zero tolerance” regulatory policies and continuous improvement of the market development ecology

The “zero tolerance” regulatory enforcement in the capital market continued to enhance. During the Reporting Period, the securities regulatory system intensively issued various regulatory documents, covering practitioners’ practice norms, business operation guidelines, compliance culture construction, reputation management, etc., and steadily promoted the establishment of laws and regulations. Moreover, the supervision on securities firms’ non-compliance by supervision authorities remained strict, the administrative punishment has been significantly intensifying, and higher requirements have been put forward on the due diligence level of intermediary institutions when they carry out the business. In the first half of 2022, regulatory bodies issued 163 penalty fines against 60 securities firms and 137 relevant practitioners, representing a significant increase over the same period, and showing the characteristics of “multiple fines” against one case and longer time for post-supervision accountability. By strengthening system establishment, intensifying supervision, and further setting up the cultural concept of the securities industry with “compliance, integrity, professionalism and stability” as the core, it will continue to promote the high-quality development of the securities industry.

#### (II) Industry Position of the Company

As a comprehensive financial service provider relying on the capital market, the Company has witnessed the development of the securities industry of the PRC, experienced multiple market cycles and established a long-standing, comprehensive and high-quality leading position in the securities industry of China. The Company fully exerts the dual structure advantages of “investment holding group + securities subsidiaries”, upholds steady operation and strict risk control, and with the focus on the needs of customers of corporate finance, personal finance, institutional services and trading as well as investment management, etc., the Company constantly enriches the securities business fields, optimizes the asset allocation structure, accelerates the business coordination, continues to improve the sustainable investment model, and strives to create a closed loop of comprehensive financial services. During the Reporting Period, the Company proactively responded to the dual challenges of the COVID-19 pandemic and the pressure of economic development, conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council, respectively, coordinated the pandemic prevention and control and operation management, made every effort to execute the “six stabilizations” work, implemented the “six guarantees” tasks, continuously strengthened the comprehensive customer service capacity, actively optimized the business layout, accelerated the reform and transformation, strengthened risk prevention and control, and took several measures to serve the national strategy, supported all kinds of market players in their rescue efforts and helped stabilize the overall economic market. At present, the Company has reached good asset quality and sound financial condition, maintained good position in operating results and business industry ranking, etc., and ranked at the top echelon in the industry in terms of comprehensive strength.

## Section III Management Discussion and Analysis (continued)

### II. PRINCIPAL BUSINESS ENGAGED BY THE COMPANY

#### (I) Principal Business Engaged by the Company during the Reporting Period

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

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

#### 1. Enterprise finance

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

#### 2. Personal finance

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



## Section III Management Discussion and Analysis (continued)

### 3. Institutional services and trading

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

### 4. Investment management

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

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

## (II) Major Awards and Honors Granted during the Reporting Period

Issuing authority	Award
The People's Bank of China Shanghai Head Office	2021 Shanghai Economic and Financial Research Mechanism Research Work Advanced Group
The People's Bank of China Shanghai Head Office	The first prize of 2021 Shanghai Economic and Financial Research Mechanism Excellent Research Achievement Comprehensive Award
Securities Association of China	2021-2022 Investor Education Class A Evaluation
Xinjiang Uygur Autonomous Region Local Financial Supervision and Administration Bureau	Rewarded and Honored Unit Supporting High-quality Economic Development in Xinjiang of Financial Industry and Financial Supervision Department in Xinjiang Uygur Autonomous Region
Xinjiang Securities and Futures Association	Outstanding Member Unit of Compliance and Risk Control in Xinjiang in 2021 (6 units of Shenwan Hongyuan Securities (Western))
Shenzhen Stock Exchange	2021 Outstanding Bond Investment and Trading Institution
Shenzhen Stock Exchange	2021 Outstanding Market Maker for Publicly Offered REITs
Shenzhen Stock Exchange	2021 "Emerging ETF Fund Manager"
Shenzhen Stock Exchange	2021 "Outstanding Interest Rate Bond Underwriter"
Shenzhen Stock Exchange	"Outstanding Interest Rate Bond Underwriting Individual Awards" (Wan Haiyan)
Shenzhen Stock Exchange	"Outstanding Interest Rate Bond Underwriting Individual Awards" (Sui Yanxiu)
Shanghai Stock Exchange	2021 Outstanding REITs Liquidity Service Provider
Shanghai Stock Exchange	2021 Outstanding Corporate Bond Underwriter
Shanghai Stock Exchange	2021 Outstanding Underwriter of Innovative Corporate Bond Products
Shanghai Stock Exchange	Chang'an Yan'an Road Securities Branch and Urumqi Beijing South Road Securities Branch of Shenwan Hongyuan Securities (Western) won the "Top 100 ETF Securities Branches" in 2021
Shanghai Stock Exchange	Outstanding Local Government Bond Underwriter
China Central Depository & Clearing Co., Ltd.	2021 CDC Member Business Development Quality Election Results – Top 100 Clearing Companies (Securities Institutions)



## Section III Management Discussion and Analysis (continued)

Issuing authority	Award
China Central Depository & Clearing Co., Ltd.	2021 CDC Member Business Development Quality Election Results – Outstanding Institution of Local Debt Underwriting (Non-banks)
China Central Depository & Clearing Co., Ltd.	Outstanding Institution of Local Debt Underwriting
China Central Depository & Clearing Co., Ltd.	Top 100 Proprietary Clearing House of Bond Trading and Investment
China Foreign Exchange Trade System	Annual Market Influence Award – Active Dealer
China Foreign Exchange Trade System	Market Innovation Award – Bond Underwriting and Distribution (Underwriter)
China Foreign Exchange Trade System	Market Innovation Award – iDeal
China Association for Public Companies	Rich Return List of A-share Listed Companies Cash Dividend List for 2021
China Financial Futures Exchange	2021 Outstanding Member Platinum Award
China Financial Futures Exchange	2021 Risk Management Service Award (Stock Index Futures)
China Financial Futures Exchange	2021 Risk Management Service Award (Stock Index Options)
China Financial Futures Exchange	2021 Marketing Publicity Award
Shanghai Futures Exchange	Market Making Business Silver Award
Shanghai Futures Exchange	Outstanding Member Award
Shanghai Futures Exchange	Precious Metals Industry Service Award
Shanghai Futures Exchange	Energy and Chemical Industry Service Award
Zhengzhou Commodity Exchange	Outstanding Option Market Maker Award
Zhengzhou Commodity Exchange	2021 Outstanding Member
Zhengzhou Commodity Exchange	2021 Agricultural Industry Service Award
Zhengzhou Commodity Exchange	2021 Textile Industry Service Award
Zhengzhou Commodity Exchange	2021 Outstanding Risk Management Company
Zhengzhou Commodity Exchange	Outstanding Futures Market Maker Award
Dalian Commodity Exchange	“Enterprise Risk Management Plan” Outstanding Project Award
Dalian Commodity Exchange	Market Maker Contribution Award
Dalian Commodity Exchange	2021 Outstanding Member Gold Award
Dalian Commodity Exchange	2021 Outstanding Technical Service Award
Dalian Commodity Exchange	2021 Outstanding Energy and Chemical Industry Service Award
Dalian Commodity Exchange	2021 Outstanding Steel Raw Fuel Industry Service Award
Dalian Commodity Exchange	2021 Outstanding Institutional Service Award
Shanghai Pudong Development Bank	2021 Best FICC Partner of SPD Bank
Chinese Venture	2021 China Best Brokerage Fund and 2021 China Best S Fund Investment Institution
Securities Times	“Best Investor Relations Award of Chinese Listed Companies” of the 13th “Tianma Award” for Investor Relations Award of Chinese Listed Companies

## Section III Management Discussion and Analysis (continued)

Issuing authority	Award
15th New Fortune	The 9th Best Local Investment Bank
15th New Fortune	Best Investment Bank for Implementation of ESG
15th New Fortune	The 8th Best Equity Underwriting Investment Bank
New Fortune (15th)	The 9th Best Debt Underwriting Investment Bank
New Fortune (15th)	The 8th Best Refinancing Investment Bank
New Fortune (15th)	The 5th Best Investment Bank in New Energy Industry
New Fortune (15th)	The 9th Best IPO project – Sinocat Environmental
New Fortune (15th)	The 10th Best Refinancing Project – Zhonghuan Semiconductor
New Fortune (15th)	The 7th Best Corporate Bond Project – Nanjing Jiangning Tourism Industry Group
New Fortune (15th)	Best Investment Banking Elite (Yang Xiao)
New Fortune (15th)	Best Sponsor Representative (Liao Yanhua)
WIND	2021 Wind Best Investment Bank – Best A Share Equity Underwriter
WIND	2021 Wind Best Investment Bank – Best A Share Refinancing Underwriter
WIND	2021 Wind Best Investment Bank – Best STAR Market Equity Underwriter
WIND	2021 Wind Best Investment Bank – Best Beijing Stock Exchange Equity Underwriter
The 3rd Annual Awards for Structured Products in China of Structured Retail Products Limited	Person of the Year
The 3rd Annual Awards for Structured Products in China of Structured Retail Products Limited	Rising Star of the Year
CNABS	“Golden Laurel Award” in the 6th CNABS China Asset Securitization Annual Selection

### III. ANALYSIS ON CORE COMPETITIVENESS

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

#### (I) Leading Comprehensive Strength

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

#### (II) Comprehensive Business Layout

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

#### (III) Favorable Regional Advantage

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

#### (IV) Effective Risk Management

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

## Section III Management Discussion and Analysis (continued)

### (V) Well-established Talent Mechanism

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

## IV. PRINCIPAL BUSINESS ANALYSIS

In the first half of 2022, in face of the complex global condition and the intensifying economic downward pressure, the Company adhered to the general tone of “seeking progress while maintaining stability”, centered on its main responsibilities and businesses, fully exerted its financial advantages, supported the development of enterprises featured by “specialization, refinement, specialization and novelty”, strategic emerging industries and cutting-edge sci-tech enterprises, assisted the transformation and upgrading of advanced manufacturing industries, key procedures and core node enterprises in the industrial chain, and enriched the supply of financial services in the supply chain, promoted our own business development integrating into the overall high-quality development of national economy, capital market. Meanwhile, the Company proactively fulfilled the responsibilities as a state-owned financial enterprise, assisted the industries and enterprise which were affected by the pandemic and in temporarily difficult to overcome the difficulties and resume development, promoted employment through development and guaranteed people's livelihood through employment.

### (I) General Condition

In the first half of 2022, the Company realized total revenue and other income of RMB18,537 million, representing a year-on-year decrease of 12.89%; profit before income tax of RMB4,089 million, representing a year-on-year decrease of 23.53%; profit for the period attributable to shareholders of the Company of RMB3,362 million, representing a year-on-year decrease of 25.64%; basic earnings per share of RMB0.13, representing a decrease of 27.78% as compared to the corresponding period of last year; and a weighted average return on equity of 3.47%, representing a year-on-year decrease of 1.54 percentage points.

### (II) Principal Business Analysis

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



## Section III Management Discussion and Analysis (continued)

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

Unit: Thousand Yuan Currency: RMB

Segment	Total revenue and other income	Total expenses	Profit margin before income tax (%) <sup>Note</sup>	Change in total revenue and other income as compared to the corresponding period of last year (%)	Change in total expenses as compared to the corresponding period of last year (%)	Change in profit margin before income tax as compared to the corresponding period of last year (percentage point)
Enterprise finance	1,500,145	1,296,703	30.73	-0.02	11.78	-8.20
Including: Investment banking	850,244	499,046	41.31	12.35	18.23	-2.91
Principal investment	649,901	797,657	21.92	-12.61	8.10	-13.50
Personal finance	6,535,091	5,252,655	19.62	2.07	20.55	-12.32
Institutional services and trading	9,573,937	7,742,321	19.13	-23.30	-23.39	0.09
Investment management	927,469	527,769	43.10	3.68	-25.47	22.26
Total	18,536,642	14,819,448	21.62	-12.89	-9.26	-3.04

Note: Profit margin before income tax = profit before tax/(total revenue and other income + profit attributable to associates and joint ventures)

\*100%

### 1. Enterprise finance business

Targeting enterprise clients, our enterprise finance business consists of investment banking business and principal investment business. The investment banking business includes equity financing, debt financing and financial advisory, while the principal investment business includes equity investment, debt investment and other investment. During the Reporting Period, the enterprise finance business of the Company recorded total revenue and other income of RMB1,500 million, representing a year-on-year decrease of 0.02%, among which: the investment banking business segment achieved total revenue and other income of RMB850 million, representing a year-on-year increase of 12.35%, and the principal investment business segment achieved total revenue and other income of RMB650 million, representing a year-on-year decrease of 12.61%.



## Section III Management Discussion and Analysis (continued)

### (1) *Investment banking business*

Market environment:

In terms of equity financing, affected by the recurring pandemic in the first half of the year, the equity business in the whole market showed a downward trend in general, and both the number and size of equity projects decreased. During the Report Period, a total of 176 new A shares were listed, representing a year-on-year decrease of 33.83%, and the proceeds from IPOs amounted to RMB260.064 billion, representing a year-on-year increase of 18.96%. In the first half of 2022, the scale of A-share refinancing reached RMB429.131 billion, representing a year-on-year decrease of 16.10%. In particular, the scale of private placement reached RMB238.238 billion, representing a year-on-year decrease of 28.02%; the total issuance size of convertible bonds reached RMB117.536 billion, representing a year-on-year decrease of 22.17%. (WIND, 2022).

In terms of debt financing, in the first half of 2022, the issuance size of main types in the bond market declined year-on-year. Particularly, the issuance size of enterprise bonds was RMB216.677 billion, representing a year-on-year decrease of 1.00%; the issuance size of corporate bonds was RMB1,514.434 billion, representing a year-on-year decrease of 9.13%; and the issuance size of financial bonds was RMB4,582.772 billion, representing a year-on-year decrease of 2.96%. (WIND, 2022). During the Reporting Period, in order to prevent local government debt risks, the competent bond authorities still maintained and tightened relatively strict direct debt financing approval policies; the differentiation of the primary market in different regions was obvious; the rating agencies conducted business especially the rating improvement business in a prudent manner; and the bond issuance by industrial bodies and private enterprise was also supported by policies.

In terms of financial advisory, under the stable advancement of the registration system reform, IPO becomes the optimal access for quality assets, and the shortage of supply side of quality assets cooled down the merge and acquisition market. There were 15 listed company restructuring projects reviewed and approved by the securities regulatory authorities, representing a year-on-year decrease of approximately 11.76%. (WIND, 2022).

Operating measures and results:

The Company carries out investment banking business primarily through subsidiaries including Shenwan Hongyuan Securities.

Insisting on implementing the national strategies and serving the real economy as the core, the Company earnestly exerted the professional advantages, deepened the business transformation and innovation, continuously promoted industry, regional and product optimization, persistently improved the financial service capabilities for national key development strategies. The Company adhered to the organic coordination of fulfilling economic responsibilities and social responsibilities, conducted the “six stabilizations” and “six guarantees” and practiced the original aspiration and mission of serving national strategies. Specific measures are as follows:

## Section III Management Discussion and Analysis (continued)

Serving national strategies	Specific measures
<b>Serving technology for self-reliance and self-improvement</b>	<p><b>Equity financing:</b> the Company supported high-tech enterprises including CICT Mobile Communication Technology Co., Ltd. (中信科移动通信技術股份有限公司), China Catalyst (688267.SH) and Kiwi Instruments (688045.SH) to conduct equity financing activities. Since the introduction of the STAR Market, the Company supported a total of 10 enterprises listing on the STAR Market. During the Reporting Period, the Company successfully issued the science and technology innovation bonds of RMB1 billion, being the first tranche in China and the first bond project of this type in Shanghai.</p> <p><b>Debt financing:</b> the Company grasped tightly the hot spot business, and issued five “innovation and entrepreneurship corporate bonds” with issuance size of RMB3.2 billion, contributing professional force to implement national strategies of innovation-driven development.</p>
<b>Serving green finance</b>	<p><b>Equity financing:</b> the Company supported the listing of China Catalyst, a green environmental enterprise, on the STAR Market. As at the end of the Reporting Period, there were five enterprise projects of carbon neutrality concept under review.</p> <p><b>Debt financing:</b> During the Reporting Period, the Company successively completed 12 bonds of various types including China Construction Bank green financial bonds, Baosteel green bonds (the first green corporate bonds for low-carbon transformation in China) and Jiaying natural gas green asset securitization, with issuance size of RMB13.45 billion in total.</p>
<b>Serving small and medium-sized enterprises featured by “specialization, refinement, specialization and novelty”</b>	<p>The Company continued to strengthen the support of small and medium-sized enterprises, served more than 3,000 small and medium-sized enterprises in total, and formulated and implemented Shenwan Hongyuan’s strategies of “specialization, refinement, specialization and novelty” and “investment + investment banking”. During the Reporting Period, the Beijing Stock Exchange ranked the top 2 in the market by the number of underwriters; as of the end of the Reporting Period, the Beijing Stock Exchange ranked first in the market by the number of reviewers.</p>

## Section III Management Discussion and Analysis (continued)

<b>Serving national strategies</b>	<b>Specific measures</b>
<b>Serving rural revitalization</b>	During the Reporting Period, the Company issued a total of 2 rural revitalization related bonds, with an underwriting size and total issuance amount of RMB620 million, supported the national rural revitalization strategies with practical actions.
<b>Serving the national “Belt and Road Initiative” strategies</b>	<p><b>Equity financing:</b> the Company helped Huaxin Cement to be listed in Hong Kong, created a precedent for B-share to H-share conversion on the Shanghai Stock Exchange.</p> <p><b>Debt financing:</b> During the Reporting Period, the first “Belt and Road Initiative” bond project, namely “22 Yubei 01” was issued with an issuance size of RMB1 billion.</p>
<b>Serving the inclusive finance policy</b>	The Company proactively implemented the inclusive financial policy, served small, medium and micro-sized enterprises, and have reduced and exempted the continuous supervision fees for NEEQ enterprises for many consecutive years. The Company proactively carried out more than 10 activities such as policy publicity, special lectures, business training and interactive exchanges for small, medium and micro-sized enterprises so as to help enterprises understand and master relevant national inclusive finance policies, market and industry development, development trend of the capital market in a timely manner, etc.. During the Reporting Period, the Company ranks the top 2 in the market for directional issuance on the NEEQ, and the top 2 in the market for recommended listed reserve projects; 11 bond projects including Bank of Beijing, Beibu Gulf Bank and Bank of Jiangsu were issued, with a total issuance size of RMB46.406 billion.



## Section III Management Discussion and Analysis (continued)

### a. Equity financing

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

In terms of domestic equity financing, during the Reporting Period, the Company's total underwriting scale was RMB16.174 billion and it acted as the underwriter for 14 enterprises, ranking the tenth in respect of underwriting scale in the industry (WIND, based on the data on the issuance date), with a rapid increase in the ranking in the industry; in particular, the underwriting scale of refinancing for 9 enterprises was RMB12.578 billion, ranking the eighth and the seventh in the industry in respect of underwriting scale and the number of enterprises it served, respectively; the scale of underwriting for 2 IPOs on the STAR Market was RMB2.798 billion, ranking the ninth in the industry. As of the end of the Reporting Period, there are 36 IPO projects under review and approved but pending issuance which were served by the Company, ranking the ninth in the industry in terms of number of backlogs.

In addition, the Company proactively promoted the strategy of “specialization, refinement, specialization, novelty” and vigorously developed inclusive financial business, to fully promote the development of small and medium-sized enterprises. As of the end of the Reporting Period, it provided continuous supervision for 578 NEEQ-listed enterprises, ranking the second in the industry, including 158 enterprises on the innovative layer, ranking the second in the market; it accumulatively recommended 812 enterprises for listing, provided 862 private placements for listed enterprises, and conducted equity financing in a total amount of RMB35.551 billion for listed enterprises, all ranking the first in the industry (CHOICE, based on the data on the listing date); the Company accumulatively served as the underwriter for 8 enterprises listed on the Beijing Stock Exchange, ranking the third in the industry; the Company accumulatively served 9 IPO projects that have passed the review of the Beijing Stock Exchange, ranking the third in the industry; the Company has served 13 IPO projects which are currently under review by the Beijing Stock Exchange, ranking the first in the industry.

In terms of overseas equity financing business, the Company continued to promote internationalization and domestic and overseas integration strategies, gradually expanded project reserves and sped up project turnover. During the Reporting Period, the Company helped Huaxin Cement to be listed in Hong Kong and completed the first B-share to H-share conversion project on the Shanghai Stock Exchange.



## Section III Management Discussion and Analysis (continued)

### b. Debt financing

In the first half of 2022, under the background of negative growth of bond issuance market and the repeated pandemic, the debt financing business of the Company maintained good development momentum with its ranking in the industry improving and market influence further increasing. During the Reporting Period, the Company completed the issuance a total of 150 bonds (inclusive of corporate bonds, financial bonds and enterprise bonds), ranking the eighth in the industry in terms of the number of enterprises it served, and the underwriting size amounted to RMB97.875 billion, ranking the seventh in the industry in terms of underwriting size, up by one place compared to the end of 2021. (WIND, 2022)

In addition, the Company took the initiative to implement the requirements of serving national strategies, expanded and designated projects for serving national strategies and featured business types. During the Reporting Period, most of proceeds from bond issuance was applied in key areas such as pandemic prevention and control, dual carbon development and sci-tech innovation. The Company took the initiative to assist enterprises in difficulty and small, medium and micro-sized enterprises in the transportation, cultural tourism and engineering and construction industries which were affected by the pandemic severely to expand financing channels. During the Reporting Period, “22 Shanghai Airlines 01 (22上航 01)”, the first pandemic prevention and control bond by central enterprises in the market was issued during the year.

In terms of overseas debt financing, the Company continued to develop overseas bond projects for high-quality enterprises such as large state-owned enterprises and comprehensive state-owned enterprises, and continued to improve domestic and overseas teamwork ability. During the Reporting Period, the Company has completed a total of 60 bond projects, with a total financing size of USD9.957 billion, ranking the seventh among Chinese securities companies in terms of underwriting amount. In addition, the Company issued the first Euro-dominated bond – Euro-dominated bond of Taizhou Huangyan Transportation and Tourism Investment Group Co., Ltd. (台州市黃岩交通旅遊投資集團有限公司), which is the first Euro-backed credit enhancement bond in Zhejiang Province, achieved a new breakthrough in bond underwriting types and laying a good foundation for the Company to achieve full coverage of bond varieties.





## Section III Management Discussion and Analysis (continued)

### c. Financial advisory

During the Reporting Period, the Company completed 2 financial advisory merger and acquisition projects and 6 overseas financial advisory projects, and was rated as the Class A securities firm in terms of the evaluation of professional ability of the financial advisory merger and acquisition for six consecutive years.

Outlook for the second half of 2022:

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

### (2) *Principal investment business*

Market environment:

As the multi-tier capital market is establishing and improving continuously, particularly the establishment of the STAR Market and the pilot registration system, the reform of the ChiNext Board and the pilot registration system, and the establishment of a “reverse linkage” mechanism for the reduction of shares held by shareholders of venture capital funds of listed companies, PE/VC exit channels have been further broadened, which is conducive to the realization of investment income by venture capital institutions. Besides, the registration system provides direct financing channels for small and medium-sized enterprises. Together with the sponsor co-investment system, all of those promoted the transformation and upgrading of investment banking business of securities firms, and advanced the synergy between principal investment business and investment banking, underwriting and sponsor businesses of securities firms.

Operating measures and results:

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

## Section III Management Discussion and Analysis (continued)

In the first half of 2022, following up the new development trend during the “14th Five-year Plan” period, centering on the securities business as the core and continuously leveraging on collaborative business, the Company focused on serving strategic businesses and strategic customers, steadily carried out the layout of investment business, comprehensively improved the quality of development, actively built a comprehensive financial service system featured by “investment + investment banking”, continued to improve its ability to serve the national strategies, and took every effort in supporting the economy stability, and constantly improved the market competitiveness of principal investment business.

Hongyuan Huizhi took serving important strategic customers as the core, further strengthened regional focus, deepened cooperation with local governments and leading enterprises in key regions, optimized the business model of real estate investment, and proactively developed ABS, REITs, CMBS and other investment products. The Company continued to increase support for the real economy, expanded the breadth and depth of inclusive financial services, and proactively contributed to the green and low-carbon transformation and development. We had two additional projects to serve small, medium and micro-sized enterprises, and the balance of investment in small, medium and micro-sized enterprises projects was RMB797 million.

Shenyin & Wanguo Alternative Investment completed 2 follow-up investment projects on the STAR Market and made investment in 2 selected Pre-IPO projects.

Outlook for the second half of 2022:

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

### 2. Personal Finance Business

The personal finance business of the Company mainly covers securities brokerage, futures brokerage, margin financing and securities lending, stock-backed lending and sales of financial products. During the Reporting Period, the personal finance business of the Company recorded total revenue and other income of RMB6,535 million, representing a year-on-year increase of 2.07%.

#### (1) Securities brokerage business

Market environment:

In the first half of 2022, the whole capital market showed a volatile and falling trend. As of the end of the Reporting Period, SSE Composite Index, SZSE Component Index and ChiNext Index decreased by 6.63%, 13.20% and 15.41% compared with the beginning of the year, respectively (WIND, 2022); the market transaction was slightly more active than the first half of 2021, the turnover of shares in the Shanghai and Shenzhen stock exchanges reached RMB114.41 trillion, representing a year-on-year increase of 6.32%. (People's Bank of China, 2022)



## Section III Management Discussion and Analysis (continued)

### Operating measures and results:

The Company carries out securities brokerage business principally through its subsidiaries including Shenwan Hongyuan Securities.

During the Reporting Period, with the goal of “progressing while maintaining, refining while progressing”, the securities brokerage business of the Company actively strengthened its ability to acquire customers and investments, enlarged the scale of customers and assets, improved the standardized retail customer service system, solidly provided basic services, improved comprehensive service capabilities and improved customer quality. At the end of the Reporting Period, client’s securities under the custody of the Company amounted to RMB4.17 trillion, and the market share was 5.93%, ranked the top in the industry. The average monthly active users of the Big Winner APP of the Company was 1.577 million, and the peak monthly active users reached 1.6293 million. Besides, the securities brokerage business of the Company further increased the empowerment of financial technology, and started the construction of a new generation of mobile terminals – Shencai Youdao APP. Shencai Youdao APP will make full use of the power of financial technology, focus on digitalization and intelligence, and combine the Company’s characteristic business development to provide customers with a full range of services.

### Outlook for the second half of 2022:

In the second half of 2022, the Company will continue to promote the transformation of its wealth management business. With a focus on the asset allocation and value-added, investment advisory services, and financial technology, the Company will build its core competitiveness in high-quality customer service and create a distinctive brand of Shenwan Hongyuan Wealth Management. The Company will also consolidate basic client assets, transform into the buy-side investment and advisory model, strengthen the empowerment of financial technology, strengthen the synergy of large wealth management business, and create a balanced and sustainable wealth management business model.

## Section III Management Discussion and Analysis (continued)

### (2) *Futures brokerage business*

#### Market environment:

In 2022, under the complex macro environment including downward pressure on the economy, the differentiation of domestic and foreign monetary policies and the expansion of commodity price fluctuations, the demand for risk management of industries and financial institutions has risen, and the risk management function of futures market has continued to play. In the first half of the year, affected by the increasingly complex internal and external economic environment, the overall activity of the domestic futures market declined. From January to June, the cumulative transaction volume on the national futures market was 3.046 billion lots, and the cumulative transaction value was RMB257,479.366 billion, decreased by 18.04% and 10.08% year-on-year respectively. (China Futures Association)

#### Operating measures and results:

The Company carries out futures brokerage business principally through its subsidiaries including Shenwan Futures and Hongyuan Futures.

In the first half of 2022, with the focus of “gathering consensus, consolidating foundation, deepening transformation, and striving for excellence”, Shenwan Futures accelerated the establishment and improvement of a business system of “one base and two wings” with agency business as a base and risk management business and wealth management business as two wings; established a large-scale institutional business model with “institution + wealth + asset management” as a synergy; deepened the collaboration between securities company and futures company; improved service capabilities for key regional industries, institutions and high-net-worth customers; improved the business coverage capability of its branches and enhanced its overall market competitiveness. In the first half of the year, the size of average daily customer equity reached RMB31.297 billion, representing a year-on-year increase of 51.83%. At the end of June, the size of customer equity reached RMB34.52 billion, representing an increase of 29.15% compared with the end of last year, both hit a record high. During the Reporting Period, Shenwan Futures’ cases of “insurance + futures” enterprise service and party building service were rated as outstanding cases by China Futures Association, helped continue to enhance its industry status and brand image.

Hongyuan Futures actively adapted to changes in market and customer needs, seized market opportunities for brokerage business, and achieved an average daily customer equity of RMB13.465 billion, representing a year-on-year increase of 21.61%. It deepened cooperation with institutional customers and continued to optimize customer structure, and the equity ratio of its legal person customers reached 63.78%. It further strengthened the strategy optimization and upgrade of its risk management business, and its futures and current business steadily promoted the trading with rights, achieved a spot trade of RMB4.229 billion (tax inclusive). Its market-making business and over-the-counter derivatives business developed rapidly, the number of market-making products increased to 15, and the new nominal principal amounted to RMB14.879 billion.





## Section III Management Discussion and Analysis (continued)

Outlook for the second half of 2022:

The Futures and Derivatives Law of the People's Republic of China has been officially implemented, which further consolidated the foundation of market rule of law and provided a broader development space for the opening up and high-quality development of the futures market. With the rapid development of the futures industry, the market will continue to heat up and competition will intensify. In the second half of 2022, the futures brokerage business of the Company will continue to implement the development concept of "vigorously developing capital-light business, developing high-quality capital-heavy business", and will further consolidate the foundation of brokerage business, build core capabilities in wealth management business and risk management business, accelerate the development of innovative business, and promote the transformation of customer, business and income structure.

(3) *Margin financing and securities lending business*

Market environment:

In the first half of 2022, the A-share market fluctuated to rise, and the overall market balance of margin financing and securities lending business accelerated to decline from January to April, and then ushered in a small periodical rebound. As of the end of June 2022, the balance of market margin financing and securities lending was RMB1,603.331 billion, decreased 10.14% from the same period of the previous year. (WIND, 2022)

Operating measures and results:

The Company carries out margin financing and securities lending business principally through its subsidiaries including Shenwan Hongyuan Securities.

During the Reporting Period, the Company focused on promoting comprehensive services for corporate customers, institutional customers and high-net-worth customers, and accelerated the transformation to institutionalization. Besides, the Company continued to improve the management and control mechanism for margin financing and securities lending business in terms of system revision, process optimization, concentration control, and mark-to-market management. As of the end of the Reporting Period, the balance of the Company's financing business was RMB64.154 billion, and the balance of securities lending business was RMB3.888 billion (based on the data of securities company' regulatory reporting). The average maintenance guarantee ratio of the Company's overall margin financing and securities lending business was 279.57%, an increase of 3.62 percentage points over the same period of last year.

## Section III Management Discussion and Analysis (continued)

Outlook for the second half of 2022:

In the second half of 2022, the Company will establish a differentiated marketing service system for different customer categories, effectively improve the precise service capabilities, and effectively improve the customer service experience; the Company will further build and improve the securities source industry chain, strengthen the cooperation of coupon and sources for institutional customers, enhance the securities lending experience of upstream and downstream customers, and improve the market competitiveness of the Company's securities lending business; the Company will also further optimize the risk management and control methods of margin financing and securities lending, continue to strengthen the risk control and system optimization of credit business, actively deploy comprehensive registration-based securities classification and concentration control, manage and control by tiered classification, and improve the accuracy of risk control to ensure that no occurrence of major risk events.

### (4) *Stock-backed lending business*

Market environment:

Since 2022, the overall market size of the stock pledge business has maintained a downward trend, the size of stock pledge from the controlling shareholders and major shareholders of listed companies has been further reduced. During the Reporting Period, in face of the market environment of "reducing scale and adjusting structure", all market parties paid more attention to the risk prevention of stock pledge, and proactively adjusted the positioning of stock-backed lending business.

Operating measures and results:

The Company carries out stock-backed lending business principally through its subsidiaries including Shenwan Hongyuan Securities.

During the Reporting Period, the Company's stock-backed lending business continued to hold on the business idea of "risk control and structure adjustment", strengthened project risk management, and developed stock pledge business with high quality. As of the end of the Reporting Period, the balance of the stock-backed lending business of the Company contributed by own funds was RMB5.563 billion, a decrease of 5.31% compared with the beginning of the year.

Outlook for the second half of 2022:

As a large securities company, the Company was equipped with sufficient capital, complete business types and strong risk management capabilities. The Company will continue to focus on high-quality development, take stock pledge business as an important tool for serving customers, and devote itself to provide customers with a full range of comprehensive financial services, and to effectively serve the national strategy and serve the real economy.



## Section III Management Discussion and Analysis (continued)

### (5) *Sales of financial products business*

Market environment:

Affected by the market conditions in the first half of 2022, the scale of fund filings has showed a downward trend compared with 2021. During the Reporting Period, the sales of financial products of security companies experienced a significant decline. In addition, relying on strong capital strength and giving full play to the synergy of internal active management and comprehensive capabilities such as risk pricing, capital, risk control, sales, collaboration, and technology, large securities companies have further widened up the gap with small and medium-sized securities companies. The trend of “stronger always strong” in the field of wealth management has further emerged. As a service method for investors’ asset allocation, the ability to sell financial products has also gradually become one of the important criteria to measure the quality of securities companies’ wealth management business.

Operating measures and results:

The Company carries out the sales of financial products business principally through its subsidiaries including Shenwan Hongyuan Securities.

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

In the first half of 2022, the Company fully implemented the concept of great wealth management, and continued to promote the improvement of its own product performance, the improvement of product systems, the strong empowerment of product sales, and the prevention of compliance risks. By improving the scientific product research and evaluation system and the customer grading service system, we continued to provide customers with professional and multi-level product services. During the Reporting Period, the financial products sold by the Company amounted to RMB196.394 billion in total, including: self-developed financial products of RMB172.482 billion, and agent sales of financial products of third-party manufacturers of RMB23.912 billion.

Outlook for the second half of 2022:

In the second half of 2022, the Company will continue to focus on customers, devote itself to improve the long-term income and investors size, focus on strengthening the productization of advantageous business resources and on enhancing the competitiveness of its own products, and continuously enrich product reserves and supply; The Company will also strengthen the building of product research capabilities, give full play to the resource endowment of branch regions, increase the searching and screening for potential managers and high-quality products; strengthen the building of asset allocation capabilities, and enhance the output capabilities of comprehensive wealth management solutions; In addition, the Company will comprehensively optimize the customer service system, enhance customer experience and sense of gain, continue to create value for customers, and further achieve high-quality and sustainable development of product sales business.



## Section III Management Discussion and Analysis (continued)

### 3. Institutional Services and Trading Business

The institutional services and trading business include prime brokerage services, research and consultation, FICC sales and trading as well as equity sales and trading business. During the Reporting Period, the Company's institutional services and trading business recorded total revenue and other income of RMB9,574 million, representing a year-on-year decrease of 23.30%.

#### (1) Prime brokerage business

Market environment:

With the increasing demand for residents' asset allocation and the full implementation of new asset management regulations, various asset management institutions are competing on the same stage, showing different development trends. The product size of public offering and private equity funds has grown rapidly, and the trend of institutionalization and productization has been strengthened, and the demand for professional services kept increasing.

Operating measures and results:

The Company carries out the prime brokerage business, which include trading units leasing, PB System and fund administration services, principally through its subsidiaries including Shenwan Hongyuan Securities.

In the first half of 2022, under the efforts to overcome the adverse impact of the pandemic, the institutional business of the Company utilised products to coordinate and integrate internal and external resources of the Company and focused on mutual funds, insurance, private equity funds, banks and large institutional customers, to provide them with a comprehensive package of financial services including research, products and transactions, striving to build a whole business chain of institutional business. Besides, relying on the strong research strength and brand influence of SWS Research, a controlled subsidiary of the Company, institutional customer resources have been continuously accumulated to boost the steady development of institutional business.

During the Reporting Period, the Company recorded revenue of RMB527 million from trading units leasing, representing a year-on-year increase of 30.09%, continued to rank top level in the industry.

As for the PB System, the Company continued to strengthen personalized services for key institutional customers such as bank wealth management. During the Reporting Period, there were 1,096 customers with a total scale of RMB255.130 billion. The "SWHYMatrix" high-speed trading platform continued to improve functions and optimize performance, and can provide institutional customers with rich functions and algorithms of trading terminal system. As of the end of the Reporting Period, the product scale of the "SWHYMatrix" high-speed trading platform of the Company reached RMB26.268 billion.





## Section III Management Discussion and Analysis (continued)

In terms of fund custody and operation outsourcing service business, relying on the empowerment of the vast number of branches and business headquarters, the Company has strengthened the expansion of localized business, made in-depth contacts with various asset management product managers in various regions, and provided them with full life cycle services for product custody and operation. We carried out online salon marketing activities routinely, which covered multiple dimensions such as private equity investment strategies, compliance and operational knowledge sharing, and service function upgrades. During the pandemic, we also opened up new channels of online marketing. During the Reporting Period, there were 215 new mutual funds, private funds and custody and operation outsourcing services under private asset management plan, and the total size of new custody and operation outsourcing services was 20.292 billion. Among securities firm custodian institutions, during the Reporting Period, the Company ranked the 11th in respect of the number of new mutual funds under custody and the 10th in respect of the number of new private funds under custody.

Outlook for the second half of 2022:

In the second half of 2022, the global pandemic will become increasingly controllable, economic development will gradually restart, and domestic economic development and various fiscal and monetary policy support will continue unabated. Under the trend of productization and institutionalization, the Company will continue to focus on the general idea of large institutions, large sales, large transactions, and large platforms. The Company will expand and strengthen the “circle of friends” of institutional finance, increase investment in layout, ensure full coverage of key institutional customers, take advantage of full licenses, enhance customer stickiness, exert leading trading capabilities, meet the needs of various customers, and introduce services with capital, and promote the construction of a one-stop service system.

## Section III Management Discussion and Analysis (continued)

### (2) *Research and consultant business*

Operating measures and results:

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

During the Reporting Period, SWS Research continued to practice the strategy of “Research + Investment + Investment Banking”, thoroughly implemented the tasks of “six stabilizations” and “six guarantees”, effectively leveraged its brand advantages, focused on the layout of in-depth research, and continuously improved the quality of research and the market. The Company’s market influence has been further enhanced. Firstly, serve the national strategy with financial power. During the Reporting Period, SWS Research was successfully elected as the vice-chairman unit of China Green Carbon Foundation, further enhanced its influence in the research field of “carbon neutrality”. It was invited to participate in the compilation of ESG industry standards such as “General Rules for Corporate ESG Information Disclosure” and “General Rules for Corporate ESG Evaluation”, helped Chinese enterprises to standardize ESG information disclosure. It cooperated with the China Small and Medium Enterprise Development Promotion Center of the Ministry of Industry and Information Technology to jointly research and to establish a comprehensive and full-chain industrial financial service system, promoted the high-quality development of small and medium-sized enterprises, especially specialized new enterprises. Secondly, play the practical effect of think tanks. It contributed think tank strength to support the resumption of work and production of enterprises and restore economic momentum. Joined with the Shanghai Securities News, it launched 5 series reports of researches, including “Playing the Positive Role of Capital Factors in the Construction of a Modern Economic System”, which were serialized and published on the Xinhua News Agency client side and the Shanghai Stock Exchange, and has been read more than 3.2 million times and reprinted 51 series on the Internet, further demonstrated the strength and heritage of the “policy investment and research think tank” of SWS Research. Thirdly, implement the seven research themes and consolidate the existing brand advantages. Focusing on thematic series such as carbon neutrality, “specialization, refinement, specialization and novelty”, new infrastructure, innovative consumption, digital economy, common prosperity, and the 14th Five-Year Plan, it carried out a number of activities, including “Experience of Homecomings”, large-scale strategy conferences, digital economy high-end exchange activities, foresight series conference call of 2022 first quarterly report, series conference call of star analyst about 14th Five-Year Plan, attracted comprehensive coverage by mainstream financial media, and was recognized by the market and customers.

Outlook for the second half of 2022:

In the second half of 2022, the Company will continue to focus on research, actively support the development of business lines internally, maintain the influence of seller research externally, focus on the current key tasks, and continue to enhance decision-making influence and industry influence.



## Section III Management Discussion and Analysis (continued)

### (3) *Proprietary businesses*

#### ① FICC sales and trading business

##### Market environment:

Under the situation including the escalation of overseas geopolitical crises, the collective shift in monetary policy, and the larger-than-expected domestic pandemic, China has successively introduced a series of policies to “stabilize the economy, expand investment, and ensure employment”, to support an orderly economic recovery by implementing proactive fiscal and prudent monetary policies. During the Reporting Period, under the background of the overall loose monetary policy, relaxation of credit expectations, repeated pandemics and asset shortages, the overall bond interest rate fluctuated within a narrow range, and the bond market generally showed a fluctuating pattern.

##### Operating measures and results:

The Company carries out the FICC sales and trading business principally through its subsidiaries including Shenwan Hongyuan Securities.

The FICC sales and trading business of the Company relies on traditional fixed income investment transactions, and strives to build a strong investment and research platform. From the macro level, through a unified perspective, the Company analyzed the cycle rotation of various assets from top to bottom, and realized the full coverage of multiple varieties based on the perspective of major asset allocation. Besides, the Company is actively transforming into the cross-trade derivatives business in order to create a complete FICC business chain.

During the Reporting Period, the Company proactively seized market opportunities to steadily engage in fixed-income investments, insisted on risk control and structure adjustment, and steadily promoted the transformation of investment style. In terms of traditional self-operated bonds, as the Company’s basic business, its strategic trading performance was mature. In the volatile market, the Company seized the opportunity of the volatile market, used interest rate derivatives to flexibly manage the risk of portfolio exposure, and achieved the leading level of its investment performance in the industry. In terms of strategic trading, the Company flexibly grasped the opportunity of portfolio trading, and expanded quantitative trading. Besides, the Company actively promoted the strategic transformation. We have continuously enriched the product structure of the options business, further improved the target market coverage of the income swap business, achieved the steady growth of the structured notes business, realized the continuous increase in the scale of the investment consulting business, carried out the market making business in an orderly manner, achieved breakthrough development in the model and scale of credit derivatives business, leveraged the investment and research advantages of commodity business and publicly offered REITs, so to form an effective supplement.

## Section III Management Discussion and Analysis (continued)

Besides, the Company actively promoted various business innovations, and realized the implementation of US Treasury bond futures trading during the Reporting Period; The Company carried out the first over-the-counter interest rate option transactions with entity enterprises and private equity funds respectively, to expand the scope of customers; the Company has newly opened up the retail counter issuance channel, providing listed companies and retail customers with wealth linked to FICC-type targets management tools; The Company has implemented the product model of “non-pledged exchange public bond + credit protection tools” on the exchange, achieved a breakthrough in the Company’s credit protection tool business on the exchanges, and successfully facilitated the secondary circulation of corporate bonds.

In addition, based on the goal of serving the national strategy, the Company has effectively fulfilled its social responsibility as a central enterprise. Through securities investment, the Company has provided support for projects such as the national science and technology self-improvement strategy, the major development strategy of serving regions, and the green development strategy. Besides, the Company adhered to the principle of “finance serve the real economy”, helped to resume work and production, stabilize prices and ensure supply. Through the comprehensive use of financial derivatives, we provided precise solutions for real enterprises.

### Outlook for the second half of 2022

In the second half of 2022, the FICC business of the Company will continue to implement the “three profit curves” strategy idea, make a good combination of “consolidating traditional leading businesses + cultivating characteristic new businesses”, adhere to the improvement of the self-operation capacity of fixed-income business through “multiple strategies for bonds”, adhere to achieve the full coverage of multiple varieties from the perspective of configuration of large-scale assets with “multiple assets and multiple strategies”, and adhere to achieve continuous expansion of comprehensive financial services with “cross trade and investment advisory” as the focus, so to form a “1+3” business pattern in which fixed income, product creation, investment advisory business, and commodity trading will develop simultaneously, so to achieve excellent investment and business performance.





## Section III Management Discussion and Analysis (continued)

### ② Equity sales and trading business

#### Market environment:

During the Reporting Period, under the combined influence of multiple internal and external factors, the equity market experienced a continuous decline for four months, and on April 27, the CSI 300 INDEX fell by nearly 22%, and then the market started a two-month repairing rise. In terms of market style, benefited from the increased policy stimulus and the post-pandemic recovery of the large consumer sector, as well as the combined influence of internal and external demand, high-prosperity sectors, such as new energy vehicles, photovoltaics, wind power, and military industries achieved good performance.

#### Operating measures and results:

The Company carries out the equity sales and trading business principally through its subsidiaries including Shenwan Hongyuan Securities.

During the Reporting Period, the Company's equity sales and trading business adhered to the goal of "non-directional, low volatility, absolute return", and gradually built a "multi-asset, multi-strategy" competence circle. On the basis of effectively controlling directional asset investment, we have taken a series of precise reform measures to further consolidate the portfolio allocation structure based on "cornerstone" assets such as neutral quantitative strategic assets, equity-bearing bonds and publicly offered REITs, and continued to promote the optimization and transformation of the "non-directional" neutral multi-asset and multi-strategy asset allocation portfolio.

#### Outlook for the second half of 2022:

In the second half of 2022, the equity sales and trading business of the Company will continue to practice the core concept of "low volatility and stability" and rely on the "three cornerstone business models" of absolute income business, capital market business and equity market making business to optimize the compliance and risk control operation and management mechanism through the empowerment by the buyer's investment research system, to create a three-dimensional securities investment and trading system. With "one body and two wings" as the starting point for asset allocation, we will accelerate the optimization of asset structure and increase business transformation efforts.

## Section III Management Discussion and Analysis (continued)

### ③ Derivatives business

#### Market environment:

In the first half of 2022, due to the intensified volatility of global capital market and commodity market, the demand for derivative instruments by institutional investors and real enterprises further increased considering asset allocation and risk management. From the perspective of the OTC derivatives trading volume, the upward trend in recent years continued in the first half of the year, and the existing scale reached a new height. With reference to the volume of developed overseas capital markets and the scale of derivatives, the domestic derivatives business still has huge development potential. With the vigorous development of the derivatives business, the implementation of industry policies has accelerated. The Futures and Derivatives Law of the People's Republic of China was officially promulgated, which clarifies the legal status of the derivatives business, and provides legal protection for the long-term healthy development of the derivatives business and better serving the real economy.

#### Operating measures and results:

The Company carries out the derivatives business principally through Shenwan Hongyuan Securities and other subsidiaries.

In the first half of 2022, the OTC derivatives business of the Company kept competitive advantage, and the new and existing scale stably ranked at the forefront of the industry. Through investment and research empowerment and fintech empowerment, the Company continuously improved pricing and hedging trading capabilities, responded quickly to customer needs, continued to provide differentiated product creation and design to customers, and further expanded the scale of OTC options business. Meanwhile, the Company strengthened the construction of domestic and overseas integrated system, and fully developed income swaps and cross-border business. In terms of on-the-exchange market making, the Company continuously obtained market-making business qualifications, continued to optimize market-making strategies, and formed a stable and sustainable market-making transaction model. The business ranked at the forefront of the industry. In terms of quantitative business, the Company independently researched and developed quantitative strategy indexes, and achieved dynamic and decentralized allocation in different types of assets such as global stocks, bonds and commodities. The strategic index products such as structured notes linked to relevant indices have been gradually implemented, and the nominal principal of the series of products has reached billions of RMB. The Company insisted that the derivatives business shall serve the high-quality development of the real economy, actively responded to the national policy requirements of “six stabilizations” and “six guarantees”, and continuously explored and tried to serve industrial customers to avoid risks and stabilize production and operation.



## Section III Management Discussion and Analysis (continued)

During the Reporting Period, for on-the-exchange derivatives market making business, the Company obtained the qualification of market maker of aluminum options of the Shanghai Futures Exchange, qualification of market maker of PTA futures of the Zhengzhou Commodity Exchange and qualification of general market maker of rapeseed meal, cotton and sugar futures of the Zhengzhou Commodity Exchange. Among them, the Company ranked first in terms of rapeseed meal and cotton among general market makers for three consecutive months, and now becomes the main market maker.

Outlook for the second half of 2022:

In the second half of 2022, the Company will continue to enhance its core competitiveness in products, pricing and trading, and strive to build an integrated platform for on-the-exchange and OTC derivatives trading and product creation and design. The Company will continue to use derivatives to provide effective risk management, wealth management and asset allocation tools to the market, and to provide differentiated, one-stop comprehensive financial service solutions to professional investors. In terms of derivatives business, the Company will strengthen the development of diversified configuration and trading products in light of the market environment, and focus on building the trading platform to increase the scale of income swaps and cross-border business. The Company will expand new varieties for on-the-exchange market making, increase the research and development of quantitative strategies, and improve the construction of talent echelon. The Company will also further utilize its leading advantages of derivatives business, and drive the coordinated development of the overall businesses of the Company including brokerage, credit, investment banking and custody through comprehensive services.

### 4. Investment Management Business

The investment management business consists of asset management, mutual fund management and private equity fund management. During the Reporting Period, the Company's investment management business segment recorded total revenue and other income of RMB927 million, representing a year-on-year increase of 3.68%.

#### (1) Asset management business

Market environment:

During the Reporting Period, the asset management market of the PRC entered a new stage of comprehensive development. Asset management in the securities and fund industries continued to develop in a differentiated manner. After securities asset management companies, funds companies and their subsidiaries passed the impact of the new regulations on asset management, the asset management scale began to "bottom out". The Measures for Supervision and Administration of Managers of Publicly Offered Securities Investment Funds, and the Interim Provisions on the Management of Personal Pension Investment Publicly Offered Securities Investment Funds (Exposure Draft), etc. were released in the first half of 2022, which relax the conditions for applying for the public offering license by the subsidiaries of securities asset management companies after establishment, as well as indicate that public offering products will become an important carrier for undertaking personal pension funds amounting to "trillions of RMB" in the future, and highlight the important role of public offering licenses in the future development of asset management industry.

## Section III Management Discussion and Analysis (continued)

Operating measures and results:

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

In the first half of 2022, for asset management business, the Company continued to focus on professional reforms and enhancement and transformation of active management capabilities, improve the construction of product portfolio, and promote the construction of investment and research system. The level of product investment management and investment performance have been significantly improved. Firstly, the Company continued to further promote the transformation of active management business, and accelerated the optimization of business structure. The scale of asset management stabilized and rebounded. As of the end of the Reporting Period, the net income from asset management business of the Company ranked ninth in the industry, up by one place from the previous year; the scale of asset management business was RMB283.963 billion, representing an increase of 4.80% over the end of 2021. The active management capabilities have been steadily improved. As of the end of the Reporting Period, the proportion of active management increased by 111.24% compared with the same period of previous year. The scale of special ABS business grew steadily, and ranked in the top ten in the market at the end of the Reporting Period. The investment advisory business continued to develop, the scale of which nearly doubled from the end of 2021. During the Reporting Period, the Company established 51 new collective products, ranking fourth in the asset management industry of securities companies. Secondly, the Company achieved initial results in improving the product portfolio construction, and continuously enriched the basic product portfolio with the characteristics of “full asset allocation, quantitative boutique” of Shenwan Hongyuan. The Company has currently formed a complete product system with 7 major product types, 18 product sub-categories and 8 major brand labels, and continued to enrich configuration strategies and product types. Thirdly, the construction of investment and research system has achieved remarkable results. By continuing to promote specialized division of labor, the Company strengthened research coverage and deep digging capabilities, and established tracking mechanism for fields and targets with key depth coverage. The Company improved the mechanism of departmental strategy meetings, standardized the recommendation and sharing mechanism of analog combination, and enriched the asset management business ideas of major asset allocation and multi-dimensional investment strategies. The Company promoted the professional transformation of talent team, achieved an efficient, professional and teamwork cooperation mode with sharing of research resources, and promoted investment performance and customer stickiness.





## Section III Management Discussion and Analysis (continued)

Outlook for the second half of 2022:

In the second half of 2022, the Company will take the establishment of subsidiaries engaged in asset management as an opportunity to further consolidate and improve the investment research system, enhance active management capabilities, and diversify investment strategy; The Company will promote the public offering of asset management of securities companies, follow the industry transformation and development trend to enter a new track for public offering, and solve the problems of customer access and number of customers. The Company will give full play to the advantages of branches, expand and optimize sales network, and coordinate sales to achieve rapid growth in scale. The Company will comprehensively promote the application of fintech, coordinate existing system platform to achieve systematization, as well as accelerate the upgrade according to the operation requirements of mutual funds, and enhance professional operation capabilities.

### (2) *Mutual fund management business*

Market environment:

In the first half of 2022, the A-share market rose after restrain, and the mutual fund industry also experienced from new market, freezing point to the milestone moment of total number of fund products exceeding 10,000. The Opinions on Accelerating the Promotion of High-quality Development of Mutual Fund Industry was issued by the CSRC in the second quarter, which provides a clear “roadmap” for the high-quality development of the mutual fund industry. As of June 30, 2022, all 153 mutual fund management institutions managed a total of 10,010 mutual funds, with a total net value of over RMB26.79 trillion (Asset Management Association of China, 2022). Mutual funds have become an important tool for preservation and appreciation of residents’ wealth. Financial institutions accelerated the transition of wealth management from product sales to asset allocation. Since the commencement of the pilot program, over 60 institutions had obtained mutual fund investment advisory business licenses in three batches, including 26 fund companies, 29 securities companies, 3 banks and 3 third-party independent sales agencies (KPMG, China Fund Investment Adviser Blue Book 2022).

Operating measures and results:

The Company carries out the mutual fund management business principally through Shenwan Hongyuan Securities, SWS MU and Fullgoal Fund.

During the Reporting Period, the Company carried out all-round work centering on the deepening transformation of wealth management, and comprehensively upgraded in terms of business model, asset allocation system, talent team, financial technology, and system construction. As of the end of the Reporting Period, the mutual fund investment advisory business has a total of nearly 100,000 contracted clients; the per capita entrusted assets of existing customers reached RMB69,300; a total of 10 portfolio strategies in 5 categories were launched. The accumulative reinvestment rate was over 66%. The profitable customers of certain medium and low-risk portfolios accounted for more than 90%.

### Section III Management Discussion and Analysis (continued)

Relying on the continuous construction of the perfect key assumption platform integrating research, investment and risk control, SWS MU effectively played the role of “ski poles” of comprehensive risk management. The medium and long-term investment performance of the Company improved amidst stabilization. In terms of the promotion of digitalization strategy, SWS MU officially launched the first phase of user-oriented “Total EBS (Excellent Branding and Service) Applet”, and opened a new chapter of external empowerment through EBS in the key assumption platform of the Company. In terms of financial returns, SWS MU overcame the adverse effects of continuous downturn in the market and continuous pessimism of institutional and individual investors in the first four months, and profit for the period increased by 7.52% over the same period of previous year. In terms of product layout, during the Reporting Period, SWS MU issued a total of 7 mutual funds and 7 special account products, steadily promoted the “new wealth management” series of products, completed the layout of various products including but not limited to Hongliang, Zhiliang, Shuangxi, Xinxiang Wenjian and Wenxin 30-day rolling short-term debt, and began to accumulate performance curves, striving to provide investors with better alternative wealth management products as soon as possible. In terms of innovative business, during the Reporting Period, SWS MU officially completed the implementation of fund investment advisory business and QDLP business. Among them, the fund investment advisory business officially launched 10 strategies, completed the contracts signed with 2,800 clients.

Fullgoal Fund adhered to the concept of high-quality development and maintained good business development trend. As of the end of the Reporting Period, the total asset management scale of Fullgoal Fund exceeded RMB1.4 trillion, another record high, of which the management scale of mutual funds was RMB932.9 billion. Both the pension business and special account business maintained steady growth, and their management scale hit new highs.

Outlook for the second half of 2022:

In the second half of 2022, the Company will actively deploy the fund investment advisory business at the strategic level, serve the investment needs of customers professionally, accompany to share the investment experience of customers, and promote the transformation of financial management from seller model to buyer model. Additionally, based on the Opinions on Accelerating the Promotion of High-quality Development of Mutual Fund Industry which was newly promulgated, the Company will continue to build the core competitiveness of mutual fund business development through the construction of an integrated platform for research, investment and risk control.



## Section III Management Discussion and Analysis (continued)

### (3) *Private equity fund management business*

Market environment:

In recent years, due to the rapid development of emerging industries which promoted the rise of private equity industry, coupled with continued support of policies for steady development of the private equity industry, the formation of benign circle ecology of “fundraising, investment, management and withdrawal” was accelerated. During the Reporting Period, the fundraising, investment and withdrawal were all affected by the complex international situation and the frequent domestic pandemic. According to the Asset Management Association of China, 1,659 new private equity investment funds were established in the first half of 2022, with the filing scale of RMB126.271 billion, representing a year-on-year decrease of 15.66% and 46.87% respectively.

Operating measures and results:

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

The Company vigorously reinforced the investment capacity of private equity funds, actively developed large enterprise groups as well as high-quality small and medium-sized scientific and technological innovation customers. Relying on the business advantages on the NEEQ, the Company strengthened the layout of enterprises featured by “specialization, refinement, specialization and novelty”, continuously improved business capabilities of FOFs, industry funds and M&A funds, and took advantage of comprehensive financial services to continuously promote the integration of industrial chain and capital chain.

During the Reporting Period, Hongyuan Huifu focused on the capital market and securities business, and further strengthened capacity building of specialized products. It successfully won the bid for the FOFs manager qualification of major industrial equity investment fund in Mianyang Science and Technology City with a scale of RMB5.01 billion, and actively served key industries to strengthen the chain and complete the chain, as well as transform and upgrade; it deepened the collaboration with the securities business of the Company, initiated the establishment of Guizhou Advantage Industry Development Equity Investment Fund with a scale of RMB300 million, and actively supported the construction of the Yangtze River Economic Belt and the Strategy for Large-scale Development of Western China.

By fully exerting the role of the private fund management platform of the Company, as a proactively response to the Company’s strategic layout of “Five Science and Technology Innovation Funds”, Shenyin & Wanguo Investment focused on five major funds, key regions and key industries, expanded the scale of fund management by layers, and further enriched the product line of funds. It continued to promote the implementation and strategic layout of industry funds and funds featured by specialization, refinement, specialization and novelty, and increased the support for the real industry. The fund featured by specialization, refinement, specialization and novelty (1 fund) as well as the thematic fund of “carbon neutrality” (1 fund) established by the Company during the Reporting Period have started investment and operation.



## Section III Management Discussion and Analysis (continued)

Outlook for the second half of 2022:

In the second half of 2022, the Company will continue to actively respond to the national strategies, promote the establishment of funds featured by specialization, refinement, specialization and novelty, actively establish regional funds and enrich fund product lines. In addition, the Company will strengthen the collaborative work of “research + investment + investment banking”, and further clarify the core logic of regional and industry investment to realize high-quality fund investment.

### IV. ANALYSIS OF FINANCIAL STATEMENTS

#### (I) Analysis of Consolidated Statements of Profit or Loss

##### 1. Composition of Revenue

Unit: Thousand Yuan Currency: RMB

Item	January to June 2022	January to June 2021	Change in amount	Change in percentage (%)
Fee and commission income	5,395,546	5,134,700	260,846	5.08
Interest income	4,965,236	5,579,696	-614,460	-11.01
Net investment gains	4,381,243	4,635,058	-253,815	-5.48
Other income and gains	3,794,617	5,930,674	-2,136,057	-36.02
<b>Total revenue and other income</b>	<b>18,536,642</b>	21,280,128	-2,743,486	-12.89

From January to June of 2022, the Company achieved total revenue and other income of RMB18,537 million, representing a year-on-year decrease of RMB2,743 million or 12.89%, which included:

- (1) Fee and commission income of RMB5,396 million, representing a year-on-year increase of RMB261 million or 5.08%, mainly due to a year-on-year increase in the income from futures brokerage business and underwriting and sponsorship business;
- (2) Interest income of RMB4,965 million, representing a year-on-year decrease of RMB614 million or 11.01%, mainly due to a year-on-year decrease in the interest income from margin financing and securities lending, financial instruments at fair value through other comprehensive income and securities-backed lending, and a year-on-year increase in interest income from financial institutions;
- (3) Net investment gains of RMB4,381 million, representing a year-on-year decrease of RMB254 million or 5.48%, mainly due to a year-on-year decrease in net realised gains from disposal of financial instruments at fair value through profit or loss, and a year-on-year increase in the unrealised fair value changes of derivative financial instruments and unrealised fair value changes of financial instruments at fair value through profit or loss;
- (4) Other income and gains of RMB3,795 million, representing a year-on-year decrease of RMB2,136 million or 36.02%, mainly due to a year-on-year decrease in income from commodity trading business.



## Section III Management Discussion and Analysis (continued)

### 2. Composition of Expenses

Unit: Thousand Yuan    Currency: RMB

Item	January to June 2022	January to June 2021	Change in amount	Change in percentage (%)
Fee and commission expenses	1,064,547	931,197	133,350	14.32
Interest expenses	4,999,994	4,632,538	367,456	7.93
Staff costs	3,350,054	3,499,091	-149,037	-4.26
Depreciation and amortization expenses	360,576	330,367	30,209	9.14
Tax and surcharges	77,311	86,652	-9,341	-10.78
Other operating expenses	4,306,872	6,627,393	-2,320,521	-35.01
Credit impairment losses	684,361	226,077	458,284	202.71
Reversal of impairment of other assets	-24,267	-1,359	-22,908	N/A
<b>Total expenses</b>	<b>14,819,448</b>	<b>16,331,956</b>	<b>-1,512,508</b>	<b>-9.26</b>

From January to June of 2022, the Group had total expenses of RMB14,819 million, representing a year-on-year decrease of RMB1,513 million or 9.26%, mainly attributable to the impact of other operating expenses, credit impairment losses and interest expenses, which included:

- (1) Other operating expenses of RMB4,307 million, representing a year-on-year decrease of RMB2,321 million or 35.01%, mainly due to a year-on-year decrease in the cost of commodity sales;
- (2) Credit impairment losses of RMB684 million, representing a year-on-year increase of RMB458 million or 202.71%, mainly due to a year-on-year increase in the impairment losses on financial assets held under resale agreements;
- (3) Interest expenses of RMB5,000 million, representing a year-on-year increase of RMB367 million or 7.93%, mainly due to a year-on-year increase in the financial assets sold under repurchase agreements and interest expenses arising from external financing;
- (4) Other expenses mainly included fee and commission expenses, staff costs, depreciation and amortization expenses, tax and surcharges, reversal of impairment losses of other assets.

## Section III Management Discussion and Analysis (continued)

### (II) Analysis of Consolidated Statements of Cash Flows

As of June 30, 2022, the Group had cash and cash equivalents of RMB74,863 million, increasing by 55.82% as compared to RMB48,046 million as of June 30, 2021. From January to June of 2022, there was net cash inflow of RMB12,104 million for cash and cash equivalents, up by inflow of RMB1,591 million as compared to RMB10,513 million of the net cash inflow for the corresponding period of 2021. Among these, the net cash inflow from operating activities between January and June of 2022 amounted to RMB13,884 million, up by inflow of RMB40,819 million as compared to the net cash outflow of RMB26,935 million for the corresponding period of 2021, mainly due to a year-on-year increase in the cash received from disposal of financial instruments at fair value through profit or loss, a year-on-year increase in cash paid resulting from the decrease in financial assets sold under repurchase agreements, an increase in cash held on behalf of brokerage clients and a year-on-year increase in cash received resulting from the decrease in margin accounts receivable; the net cash outflow used in investing activities between January and June of 2022 amounted to RMB6,157 million, up by outflow of RMB41,126 million as compared to RMB34,969 million of the net cash inflow for the corresponding period of 2021, mainly due to a year-on-year increase in the cash paid for the acquisition of financial assets at fair value through other comprehensive income; and the net cash inflow from financing activities between January and June of 2022 amounted to RMB4,377 million, up by inflow of RMB1,898 million as compared to net cash inflow of RMB2,479 million for the corresponding period of 2021, mainly due to an increase in the cash paid for repayment of long-term bonds, a year-on-year decrease in the cash paid for repayment of short-term debt instruments and a year-on-year increase in the cash received from issuance of long-term bonds.

### (III) Analysis of Consolidated Statements of Financial Position

Unit: Thousand Yuan Currency: RMB

Item	June 30, 2022		December 31, 2021		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Non-current assets</b>						
Property and equipment	1,316,971	0.21	1,353,552	0.23	-36,581	-2.70
Right-of-use assets	912,039	0.15	948,606	0.16	-36,567	-3.85
Investment properties	50,223	0.01	52,466	0.01	-2,243	-4.28
Other intangible assets	231,339	0.04	250,181	0.04	-18,842	-7.53
Interest in associates and joint ventures	4,562,330	0.73	4,512,058	0.75	50,272	1.11
Financial assets measured at amortized cost	3,672,756	0.59	3,045,522	0.51	627,234	20.60
Financial assets at fair value through other comprehensive income	4,071,593	0.65	6,429,530	1.07	-2,357,937	-36.67
Financial assets held under resale agreements	4,658,160	0.75	5,465,423	0.91	-807,263	-14.77
Financial assets at fair value through profit or loss	24,073,166	3.85	25,439,618	4.23	-1,366,452	-5.37
Refundable deposits	31,148,219	4.98	29,113,660	4.84	2,034,559	6.99
Deferred tax assets	2,674,864	0.43	2,570,403	0.43	104,461	4.06
Other non-current assets	102,612	0.01	106,700	0.01	-4,088	-3.83
<b>Total non-current assets</b>	<b>77,474,272</b>	<b>12.40</b>	<b>79,287,719</b>	<b>13.19</b>	<b>-1,813,447</b>	<b>-2.29</b>

## Section III Management Discussion and Analysis (continued)

Unit: Thousand Yuan Currency: RMB

Item	June 30, 2022		December 31, 2021		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Current assets</b>						
Accounts receivable	7,900,779	1.26	4,093,737	0.68	3,807,042	93.00
Other receivables and prepayments	2,966,273	0.47	3,244,016	0.54	-277,743	-8.56
Margin accounts receivable	67,378,075	10.78	76,296,755	12.69	-8,918,680	-11.69
Financial assets measured at amortized cost	913,870	0.15	1,976,042	0.33	-1,062,172	-53.75
Financial assets held under resale agreements	24,803,304	3.97	19,932,761	3.32	4,870,543	24.43
Financial assets at fair value through profit or loss	243,970,273	39.04	247,136,841	41.12	-3,166,568	-1.28
Financial assets at fair value through other comprehensive income	39,551,038	6.33	33,319,677	5.54	6,231,361	18.70
Derivative financial assets	6,302,755	1.01	2,800,300	0.47	3,502,455	125.07
Clearing settlement funds	15,607,412	2.50	15,261,942	2.54	345,470	2.26
Cash held on behalf of brokerage clients	100,625,113	16.10	86,622,841	14.41	14,002,272	16.16
Cash and bank balances	37,464,799	5.99	31,038,836	5.17	6,425,963	20.70
<b>Total current assets</b>	<b>547,483,691</b>	<b>87.60</b>	<b>521,723,748</b>	<b>86.81</b>	<b>25,759,943</b>	<b>4.94</b>
<b>Total assets</b>	<b>624,957,963</b>	<b>100.00</b>	<b>601,011,467</b>	<b>100.00</b>	<b>23,946,496</b>	<b>3.98</b>

## Section III Management Discussion and Analysis (continued)

Unit: Thousand Yuan Currency: RMB

Item	June 30, 2022		December 31, 2021		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Current liabilities</b>						
Loans and borrowings	3,089,108	0.60	3,229,798	0.65	-140,690	-4.36
Short-term debt instruments issued	36,032,626	6.97	29,586,843	5.99	6,445,783	21.79
Placements from other financial institutions	3,337,755	0.65	4,366,725	0.88	-1,028,970	-23.56
Accounts payable to brokerage clients	116,768,954	22.59	104,738,359	21.20	12,030,595	11.49
Employee benefits payable	2,445,564	0.47	2,388,044	0.48	57,520	2.41
Other payables and accruals	43,441,345	8.40	31,448,358	6.39	11,992,987	38.14
Contract liabilities	112,813	0.02	140,220	0.03	-27,407	-19.55
Current tax liabilities	228,378	0.04	851,040	0.17	-622,662	-73.16
Financial assets sold under repurchase agreements	130,220,011	25.19	137,977,520	27.93	-7,757,509	-5.62
Lease liabilities	392,458	0.08	305,436	0.06	87,022	28.49
Financial liabilities at fair value through profit or loss	4,959,070	0.96	5,873,514	1.19	-914,444	-15.57
Derivative financial liabilities	8,010,150	1.55	7,309,855	1.48	700,295	9.58
Long-term bonds due within one year	25,808,700	4.99	42,947,167	8.69	-17,138,467	-39.91
<b>Total current liabilities</b>	<b>374,846,932</b>	<b>72.51</b>	<b>371,162,879</b>	<b>75.14</b>	<b>3,684,053</b>	<b>0.99</b>



## Section III Management Discussion and Analysis (continued)

Unit: Thousand Yuan Currency: RMB

Item	June 30, 2022		December 31, 2021		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Non-current liabilities</b>						
Long-term bonds	136,090,737	26.32	117,539,557	23.80	18,551,180	15.78
Non-current employee benefits payable	4,229,706	0.82	3,838,905	0.78	390,801	10.18
Deferred tax liabilities	4,732	—	27,298	0.01	-22,566	-82.67
Lease liabilities	558,844	0.11	663,779	0.13	-104,935	-15.81
Financial liabilities at fair value through profit or loss	—	—	293,481	0.06	-293,481	-100.00
Other non-current liabilities	1,257,362	0.24	430,974	0.08	826,388	191.75
<b>Total non-current liabilities</b>	<b>142,141,381</b>	<b>27.49</b>	<b>122,793,994</b>	<b>24.86</b>	<b>19,347,387</b>	<b>15.76</b>
<b>Total liabilities</b>	<b>516,988,313</b>	<b>100.00</b>	<b>493,956,873</b>	<b>100.00</b>	<b>23,031,440</b>	<b>4.66</b>
Share capital	25,039,945	23.19	25,039,945	23.39	—	—
Reserves	38,737,532	35.88	38,823,922	36.27	-86,390	-0.22
Retained profits	32,155,624	29.78	31,358,141	29.29	797,483	2.54
<b>Total equity attributable to shareholders of the Company</b>	<b>95,933,101</b>	<b>88.85</b>	<b>95,222,008</b>	<b>88.95</b>	<b>711,093</b>	<b>0.75</b>
Non-controlling interests	12,036,549	11.15	11,832,586	11.05	203,963	1.72
<b>Total equity</b>	<b>107,969,650</b>	<b>100.00</b>	<b>107,054,594</b>	<b>100.00</b>	<b>915,056</b>	<b>0.85</b>

## Section III Management Discussion and Analysis (continued)

1. As of June 30, 2022, the Group had total non-current assets of RMB77,474 million, representing a decrease of RMB1,813 million from the beginning of the year, mainly due to a decrease in financial assets at fair value through other comprehensive income of RMB2,358 million from the beginning of the year, an increase in refundable deposits of RMB2,035 million from the beginning of the year, and a decrease in financial assets at fair value through profit or loss of RMB1,366 million from the beginning of the year. As of June 30, 2022, the Group had total non-current liabilities of RMB142,141 million, representing an increase of RMB19,347 million from the beginning of the year, mainly due to an increase in long-term bonds of RMB18,551 million from the beginning of the year.
2. As of June 30, 2022, the Group had total current assets of RMB547,484 million, representing an increase of RMB25,760 million from the beginning of the year, mainly due to an increase in cash held on behalf of brokerage clients of RMB14,002 million from the beginning of the year, a decrease in margin accounts receivable of RMB8,919 million from the beginning of the year, an increase in cash and bank balances of RMB6,426 million from the beginning of the year and an increase in financial assets at fair value through other comprehensive income of RMB6,231 million from the beginning of the year. As of June 30, 2022, the Group had total current liabilities of RMB374,847 million, representing an increase of RMB3,684 million from the beginning of the year, mainly due to a decrease in long-term bonds due within one year of RMB17,138 million from the beginning of the year, an increase in accounts payable to brokerage clients of RMB12,031 million from the beginning of the year and an increase in other payables and accruals of RMB11,993 million from the beginning of the year.
3. **Financing Channels and Structure of Long- and Short-term Liability of the Company**

(1) *Financing channels of the Company*

The Company's major financing channels include interbank lending, structured notes, corporate bonds, subordinated bonds, short-term corporate bonds, short-term financing bills, short-term borrowings and equity financing, etc. In accordance with relevant laws and regulations, the Company may utilize short-term, medium-term and long-term financings based on its own funding needs to support its business development.

(2) *Structure of long-term and short-term liabilities of the Company*

Item	Unit: Thousand Yuan    Currency: RMB	
	June 30, 2022	December 31, 2021
Loans and borrowings	3,089,108	3,229,798
Short-term debt instruments issued	36,032,626	29,586,843
Placements from other financial institutions	3,337,755	4,366,725
Long-term bonds (including long-term bonds due within one year)	161,899,437	160,486,724
<b>Total</b>	<b>204,358,926</b>	<b>197,670,090</b>



## Section III Management Discussion and Analysis (continued)

In the above liabilities, RMB136,091 million had a financing period of more than one year while RMB68,268 million less than one year, accounting for 66.59% and 33.41% of the aforesaid debt, respectively. In addition to borrowings and debt financing instruments, the Company also raised funds through on-the-exchange and OTC repurchases. At the end of the Reporting Period, the balance of financial assets sold under repurchase agreements was RMB130,220 million, and the financing terms were all less than one year. As of the end of the Reporting Period, the Company had no outstanding debts overdue and had sound overall solvency, and its liquidity risks were controllable.

(3) *Liquidity management policies and measures of the Company*

The Company has established a comprehensive risk management system and liquidity risk management mechanism based on the management goal of “strengthening the self-owned funds management, safeguarding the security of self-owned funds, improving the efficiency of using self-owned funds and controlling the risk of using self-owned funds”. The Company has also continuously improved its liquidity reserve management system and focused on the matching of assets and liabilities in terms of scale, duration and structure to enhance the diversity of financing channels and conducted emergency drills for liquidity risk, effectively preventing liquidity risks. During the Reporting Period, the Company maintained sufficient liquidity reserve, and the regulatory indicators such as liquidity coverage ratio and net stable funding ratio were in compliance with regulatory standards.

(4) *Analysis of financing capabilities of the Company*

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

(5) *Material contingent liabilities*

As of June 30, 2022, the Company did not have any material contingent liabilities.

## Section III Management Discussion and Analysis (continued)

### 4. Key Assets Overseas

Unit: Thousand Dollar Currency: HK\$

Details of the assets	Formed reason	Assets scale	Location	Operating model	Control measures to ensure the asset security	Total revenue and other income	Assets overseas/net asset of the Company	Whether there is significant impairment risk
Shenwan Hongyuan (International) Holdings Limited	Investment	33,747,282	Hong Kong	Wholly-owned subsidiary	The safety of assets is ensured through systems including the Implementation Rules for the Management of Overseas Subsidiaries	317,711	26.73%	No

#### (IV) Changes in the Basis of Consolidation of Financial Statements

During the Reporting Period, there were no material changes in the scope of consolidation of the Group.

#### (V) Changes in Significant Accounting Policies and Accounting Estimates

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

#### (VI) Restricted Asset Rights as of the End of the Reporting Period

For assets with restricted ownership or use rights, please refer to Notes "17, 22, 24 and 35" to the interim condensed consolidated financial statements.

## V. ANALYSIS OF INVESTMENTS

### (I) Interest in Associates and Joint Ventures

Unit: Thousand Yuan Currency: RMB

Investment amount during the Reporting Period	Investment amount at the corresponding period of last year	Change (%)
4,562,330	4,512,058	1.11

### (II) Material Equity Investments

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

### (III) Material Non-equity Investments

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



## Section III Management Discussion and Analysis (continued)

### (IV) Investments in Financial Assets

#### 1. Investments in securities

Unit: Thousand Yuan Currency: RMB

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Beginning book value	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Current purchase amount	Current sales amount	Profit and loss during the Reporting Period	Closing book value	Accounting item	Sources of funds
Asset management scheme	113938	Baoying Jinyuanbao No. 10 Collective Asset Management Scheme	11,809,989	Fair value	8,789,367	269,023	-	2,800,000	311	268,713	11,858,080	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113914	Rongtong Fund Shenwan Hongyuan Securities No. 1 Collective Asset Management Scheme	8,113,803	Fair value	7,554,887	169,096	-	700,000	202,824	168,672	8,221,159	Financial assets at fair value through profit or loss	Self-owned funds
Shares	300750	CATL	5,468,096	Fair value	1,166,376	957,768	-	9,213,080	5,008,878	554,917	6,328,346	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	SLS119	Dongxing Liangcai FOF No. 1 Single Asset Management Scheme	5,008,213	Fair value	6,740,080	193,665	-	123,679	1,520,983	338,291	5,536,442	Financial assets at fair value through profit or loss	Self-owned funds
Bonds	200018	20 Interest-bearing Government Bonds 18	3,860,552	Fair value	4,476,159	-6,838	-	-	603,079	54,778	3,920,978	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	E1ZX01	Caida Yanshan Zhixuan FOF No. 1 Single Asset Management Scheme	2,823,912	Fair value	3,808,978	252,565	-	-	535,382	355,165	3,526,162	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	SSG105	Sinolink Securities Ruixuan No. 1 FOF Single Asset Management Scheme	3,107,790	Fair value	4,321,196	141,857	-	200,000	1,217,908	245,612	3,445,146	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113936	Baoying Jinyuanbao No. 9 Collective Asset Management Scheme	2,698,300	Fair value	1,934,928	44,937	-	755,000	-	44,937	2,734,865	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	390050	Zhonghai Juying Single Asset Management Scheme	2,154,292	Fair value	2,856,616	12,302	-	2,200,000	2,872,086	64,316	2,196,832	Financial assets at fair value through profit or loss	Self-owned funds
Shares	002415	Hik Vision	2,123,081	Fair value	4,605,114	-48,904	-	3,122,639	5,924,563	-1,362,798	1,754,286	Financial assets at fair value through profit or loss	Self-owned funds
Other securities investments held at the end of the period			266,334,023	-	271,093,529	-524,557	-410,620	1,391,119,329	1,395,306,338	596,395	266,730,400	-	-
<b>Total</b>			<b>313,502,051</b>	<b>-</b>	<b>317,347,230</b>	<b>1,460,914</b>	<b>-410,620</b>	<b>1,410,233,727</b>	<b>1,413,192,352</b>	<b>1,328,998</b>	<b>316,252,696</b>	<b>-</b>	<b>-</b>

- Notes:
1. The above profit and loss during the Reporting Period of the investments in securities did not include the profit and loss of derivative financial instruments in hedging transactions.
  2. This table is sorted by the ratio of the book value at the end of the period to the total securities investment of the Company at the end of the period and only contains the top ten securities held by the Company at the end of the period.
  3. Other securities investments refer to investments in other securities other than the top ten securities.

#### 2. Investments in derivatives

N/A

## Section III Management Discussion and Analysis (continued)

### VI. USE OF PROCEEDS

(I) During the Reporting Period, the Company had no securities issuance for fund raising such as issuance of shares and convertible corporate bonds.

(II) **Use of proceeds from corporate bonds issued by the Company during the Reporting Period and proceeds raised before the Reporting Period and extended to the Reporting Period**

Unit: Ten thousand Yuan Currency: RMB

Year of fund raising	Way of fund raising	Total proceeds	Total proceeds used in the current period	Total proceeds used cumulatively	Total proceeds with changed use during the Reporting Period	Total proceeds with changed use cumulatively	Proportion of total proceeds with changed use cumulatively	Total unused proceeds	Use and destination of unused proceeds	Proceeds that have been idle for more than two years
2018	Public issuance of corporate bonds to qualified investors	700,000	0	700,000	0	0	0	0	N/A	0
2019	Non-public issuance of corporate bonds	580,000	0	580,000	0	0	0	0	N/A	0
2021	Public issuance of corporate bonds to professional investors	800,000	0	800,000	0	0	0	0	N/A	0
2022	Public issuance of corporate bonds to professional investors	955,000	300,000	300,000	0	0	0	655,000	After deducting issuance expenses, all proceeds are used to repay debts due	0
Total	—	3,035,000	300,000	2,380,000	0	0	0	655,000	—	0
Description of the overall use of proceeds										
The Company used the proceeds in accordance with the use specified in the prospectus, and the unused proceeds are deposited in the special account for proceeds.										

(III) **Commitment for proceeds**

N/A

(IV) **Changes of proceeds**

N/A

## Section III Management Discussion and Analysis (continued)

### VII. MATERIAL ASSETS AND EQUITY INTERESTS DISPOSAL

During the Reporting Period, the Company had no disposal of any material assets or equity interests. The Company has no plan for material investments or acquisition of capital assets.

### VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

#### (I) Major subsidiaries

Unit: Thousand Yuan Currency: RMB

Name of companies	Type of companies	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Shenwan Hongyuan Securities Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting service, margin financing and securities lending, agency sale of financial products, securities assets management, securities underwriting and sponsoring and securities proprietary business	53,500,000	579,305,755	105,597,570	3,619,807
Shenwan Hongyuan Industrial Investment Management Company Limited	Wholly-owned subsidiary	Investment, assets management and investment consulting service. (For the special projects subject to approval according to law, they can be carried out only after approval from relevant departments)	200,000	272,802	219,100	3,440
Hongyuan Huizhi Investment Co., Ltd.	Wholly-owned subsidiary	Investment, assets management, investment management, corporate management consulting service and investment consulting service	2,000,000	5,713,419	2,184,288	37,237
Hongyuan Futures Co., Ltd.	Wholly-owned subsidiary	Commodity futures brokerage, financial futures brokerage and futures investment consulting service	1,000,000	17,362,207	1,584,444	53,307
Hongyuan Huifu Capital Co., Ltd.	Wholly-owned subsidiary	Entrepreneurship investment, entrepreneurship investment consulting service, provision of entrepreneurial management service for startup enterprises and participation in setting up entrepreneurial investment enterprises and entrepreneurial investment management advisory institutions	500,000	545,917	501,686	-4,410

### Section III Management Discussion and Analysis (continued)

Name of companies	Type of companies	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Shenwan Hongyuan Securities (Western) Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting, margin financing and securities lending, agency sales of financial products, agency sales of securities investment funds, provision of intermediate introduction business for futures companies (the above businesses are limited to Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai and Tibet), securities proprietary business (for securities brokerage clients in Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai, and Tibet only). (For the projects subject to approval according to law, they can be carried out only after approval from relevant departments)	5,700,000	20,028,080	8,378,717	333,048
Shenwan Hongyuan Financing Services Co., Ltd.	Wholly-owned subsidiary	Securities underwriting (excluding bond types other than convertible bonds) and sponsoring, financial advisory in relation to securities transactions and securities investment activities	1,000,000	2,092,196	1,538,080	110,630
Shenwan Futures Co., Ltd.	Controlling subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consulting service, assets management and fund sales	1,441,588	41,945,099	4,036,905	163,532
SWS MU Fund Management Co., Ltd.	Controlling subsidiary	Fund management business, initiation and establishment of funds and other businesses approved by the CSRC (including sales of funds initiated and established by itself)	150,000	1,593,124	1,187,059	77,963
Shenyin & Wanguo Alternative Investment Co., Ltd.	Wholly-owned subsidiary	Investment management, consulting service and advisory service	2,000,000	2,346,159	2,324,610	-100,470
Shenyin & Wanguo Investment Co., Ltd.	Wholly-owned subsidiary	Private equity fund	1,000,000	1,252,321	1,114,346	2,278
SWS Research Co., Ltd.	Controlling subsidiary	Investment consulting business	20,000	257,057	87,395	8,427
Shenwan Hongyuan (International) Holdings Limited	Wholly-owned subsidiary	Investment holdings	HK\$4,070,920 thousand	HK\$33,747,282 thousand	HK\$5,908,850 thousand	HK\$-116,880 thousand

Note: The above data of subsidiaries is unaudited.



## Section III Management Discussion and Analysis (continued)

### (II) Major investee

Unit: Thousand Yuan Currency: RMB

Name of Company	Type of company	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Fullgoal Fund Management Co., Ltd.	Joint venture	Publicly offered securities investment fund management, fund sales, specific customer assets management	520,000	12,243,844	6,786,969	1,122,213

### (III) Acquisition and disposal of subsidiaries, branch companies and securities branches during the Reporting Period

#### 1. Acquisition and disposal of subsidiaries and branch companies during the Reporting Period

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

#### 2. Acquisition and disposal of subsidiaries, branch companies and securities branches by Shenwan Hongyuan Securities, a subsidiary of the Company, during the Reporting Period:

##### (1) The establishment and disposal of subsidiaries of Shenwan Hongyuan Securities during the Reporting Period.

During the Reporting Period, Shenwan Hongyuan Securities did not establish or dispose of any first-level subsidiaries. During the Reporting Period, Shenwan Hongyuan (H.K.) Limited, a subsidiary of Shenwan Hongyuan Securities, completed the liquidation and cancellation of its 3 subsidiaries including Rise Hope Holdings Limited, Shenwan Hongyuan Fund Management (Hong Kong) Co., Ltd. and Shenwan Hongyuan Shipping (Hong Kong) Co., Ltd.

##### (2) During the Reporting Period, the establishment and cancellation of the branch companies and securities branches by Shenwan Hongyuan Securities are as follows:

During the Reporting Period, Shenwan Hongyuan Securities established Shenwan Hongyuan Securities Jiujiang Branch, which was established based on securities branches.

During the Reporting Period, Shenwan Hongyuan Securities established 1 securities branch, namely Yangpu Economic Development Zone Yingbin Road Securities Branch in Danzhou, Hainan of Shenwan Hongyuan Securities Co., Ltd. Besides, the establishment of 2 securities branches, including 1 in Yuncheng City, Shanxi Province and 1 in Shiyan City, Hubei Province, is newly approved; the establishment of 4 securities branches, including 2 in Shenzhen City, Guangdong Province, 1 in Wuhan City, Hubei Province and 1 in Shaoxing City, Zhejiang Province, is in preparation.

## Section III Management Discussion and Analysis (continued)

- (3) During the Reporting Period, Shenwan Hongyuan Securities closed down 2 securities branches, including: Pinghu Xinhua South Road Securities Branch in Jiaxing, Zhejiang, of Shenwan Hongyuan Securities Co., Ltd. and Xinxiang Pingyuan Road Securities Branch in Henan of Shenwan Hongyuan Securities Co., Ltd. In addition, Haikou Guoxing Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd. is approved to be cancelled, and Hubei Yicheng Zhonghua Avenue Securities Branch is in the progress of cancellation.

### IX. THE STRUCTURED ENTITIES UNDER CONTROL OF THE COMPANY

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

As at June 30, 2022, the consolidated structured entities of the Company included asset management schemes issued and managed by the Group and trust schemes the Group invested in issued by third parties. The book value of net assets of the abovementioned consolidated structured entities is RMB24,266 million. The interests of the Company and its subsidiaries in the abovementioned structured entities as reflected in their respective balance sheets included trading financial assets and long-term equity investment of RMB13,113 million.

### X. RISKS FACED BY THE COMPANY AND ITS COUNTERMEASURES

According to the analysis on the macroeconomic situation, industry development trend, regulatory environment and the Company's own conditions, the Company's major risk factors are mainly market risk, credit risk, liquidity risk, operational risk, policy risk, legal compliance risk, and risk of innovative businesses. As the repeated outbreaks of COVID-19 have caused a huge impact on the global economy and capital market, the Company has proactively responded to various risks.

#### (I) Market risk

The market risk exposure of the Company is mainly concentrated in the proprietary investment business, assets management business with self-owned funds and other businesses. During the Reporting Period, all investment businesses withstood the test of market downturn generally. At the end of the Reporting Period, the VaR (95% for one day) of the proprietary investment business of Shenwan Hongyuan Securities (including its subsidiaries) was RMB192 million.

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



## Section III Management Discussion and Analysis (continued)

The countermeasures taken by the Company include but are not limited to: 1. keeping a close eye on the economy in the post-pandemic era and financial evolution trends, strengthening the follow-up analysis and research and judgment on the macroeconomic situation and market trend, intensifying the research on the risk characteristics and future change trends of large-scale assets, and making timely and proactive responses. 2. strictly implementing the risk tolerance requirements and risk limit indicators of proprietary investments, assets management with self-owned funds and other businesses. 3. optimizing a quantitative risk indicator assessment system, including risk measurement indicators such as VaR, beta, volatility, Greek letters, interest rate basis point value, duration and investment concentration, and utilizing a combination of various methods or tools such as stress test and sensitivity analysis for measurement and assessment. 4. standardizing the whole-process management mechanism of models, strengthening model validation and model risk assessment, and using methods including VaR and stress testing to analyse and assess market risks and regularly test the effectiveness of the model. 5. conducting dynamic monitoring and graded pre-warning of risk control indicators, measuring and monitoring market risk limit-related indicators on a daily basis, conducting a comprehensive assessment of the Company's overall market risk, and taking effective countermeasures on a timely basis. 6. prior to the launch of major investment projects, strictly carrying out the project feasibility analysis, and having the risk control department issue risk assessment reports independently.

### (II) Credit risk

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

The increasing pressure of domestic economy downward and the impact of repeated pandemic posed greater operating pressure over enterprises. In light of normalization of defaults, credit risk management will face greater challenges.



## Section III Management Discussion and Analysis (continued)

The countermeasures taken by the Company include but are not limited to: 1. continuing to optimize the unified internal rating system of the Company and its subsidiaries, strengthening the access management of business entities, and all business entities with credit risk exposure shall meet the unified internal rating access standards of the Company. 2. implementing the unified same customer management and control mechanism with the actual controller as the main entity to achieve the unified credit extension of the same customer within the scope of the Company and its subsidiaries. 3. monitoring negative market sentiment information across the market, establishing default pre-warning mechanism based on secondary market prices, corporate interest spreads, implied ratings and other information, and applying the monitoring and warning results to credit risk management practices such as updating of rating results, adjustment of credit lines, and restrictions on access to negative list. 4. taking targeted credit risk control measures for key businesses: (1) for financing business, continuing to optimize the financing business structure, focusing on the analysis of credit status and repayment ability of financing entities, controlling the concentration of financing targets, strengthening dynamic mark-to-market, and improving the risk disposal process; (2) for debt securities investments, allocating bonds with high credit rating and good liquidity, improving the bond credit rating center, and continuously tracking corporate debt rating and changes in liquidity conditions, etc.; (3) for OTC derivatives business, improving the risk limit indicators and pre-approval criteria, optimizing financial models such as credit extension and deposits measurement, accurately measuring credit risk exposure, and strengthening the dynamic mark-to-market of deposits; (4) for asset securitization business, improving the due diligence mechanism, focusing on verifying the real business conditions, credit qualifications and related relationship of original owners, as well as the legitimacy, authenticity and cash flow stability of underlying assets, strengthening the review and decision-making, strictly implementing the preconditions for project implementation, continuously tracking the status of project duration, and taking countermeasures on a timely basis to prevent credit default risk when identifying potential risks. 5. establishing management process for disposing of default of risk assets, and based on specific circumstances of the event of default, promptly disposing of, dealing with and mitigating credit risks in various ways such as additional collateral, realization of collateral, early termination of contract and litigation recovery.

### (III) Liquidity risk

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

The inflation and other negative effects brought about by the loose monetary policies implemented by major developed economies such as Europe and the United States in response to the economic recession under the impact of the pandemic have become increasingly apparent. Such economies have gradually begun to promote the normalization of monetary policies, including withdrawing from quantitative easing, raising interest rates and other policies, bringing uncertainty to domestic macro policies. Affected by the drastic fluctuations in global and domestic capital markets, the Company timely and dynamically adjusted the configuration of large-scale assets. The volatility of the use of funds in business lines increased, and the liquidity risk management of the Company was faced with greater challenges.





## Section III Management Discussion and Analysis (continued)

The countermeasures taken by the Company include but are not limited to: 1. strengthening research and judgment of financial market conditions, closely following monetary policy trends of the central bank, making comprehensive capital planning, and continuously optimizing the structure of high-quality current assets to ensure the Company's business capital needs and debt repayment. 2. on the basis of keeping existing financing channels unblocked, exploring new financing models, expanding new financing channels, and continuously improving the Company's debt financing management capabilities. 3. strengthening the dynamic monitoring of liquidity risk status, continuously tracking and evaluating the information including liquidity regulatory indicators, cash flow gap and liquidity reserve, and carrying out liquidity risk pre-warning work. 4. optimizing the liquidity risk measurement model, improving the capabilities to predict changes in cash flow from operations and analyze gaps. 5. conducting stress test of liquidity risk on a regular basis to assess liquidity pressure in the event of substantial expansion of business scale and extreme market changes, and preparing response plans for liquidity impact in advance. 6. assessing the Company's capabilities to report and handle liquidity risk emergency, continuously improving liquidity emergency plan and improving Company's capabilities to respond to liquidity crisis by conducting liquidity risk emergency drills which incorporate scenarios including the guarantees provided by the Company to overseas subsidiaries and possible reputational risks. 7. assigning liquidity risk limit indicators to subsidiaries and effectively monitoring liquidity risks of subsidiaries to strengthen liquidity risk management of subsidiaries.

### (IV) Operational risk

Operational risk exists in the Company's various business processes and operation management, mainly due to factors such as operational errors of personnel, system defects, imperfect procedures and external events. During the Reporting Period, certain operational risk events were triggered in the Company due to operational errors of personnel, system defects and external events, and individual incidents triggered customer complaints and claims. Upon the occurrence of the risk events, the Company actively took countermeasures and endeavored to defuse the risk, well ensuring the normal business operation of the Company. At the same time, the Company adopted the measures including optimization of review mechanism, standardization of business processes, improvement of system defects and carrying out business training, to prevent the reoccurrence of similar risk incidents.

The constant enrichment of business types, the continuous expansion of business scale, the widespread use of information systems, etc., have brought greater challenges to the operational risk management.

The countermeasures taken by the Company include but are not limited to: 1. constantly improving the operational risk management mechanism and further strengthening operational risk management requirements. 2. carrying out in-depth self-assessment of operational risks of each unit, identifying potential risks in a timely manner, optimizing and improving the key risk indicator system, to improve the capabilities to identify and prevent risk events. 3. continuously improving the front-end control functions of the business system, strengthening the risk assessment, functional verification and daily monitoring of the information system, formulating information system security emergency plans and carrying out emergency drills. 4. continuing to conduct publicity of typical risk cases and business training, to constantly improve their business capabilities and risk management awareness.

## Section III Management Discussion and Analysis (continued)

### (V) Policy risk

The Company's overall operations and development of businesses are greatly affected by policies. On the one hand, changes in national macroeconomic policies and interest rate policies will affect the trend of the securities market, which will lead a direct and important influences on the operations and business development of securities operating institutions; on the other hand, regulatory authorities have published a series of regulatory policies to continuously improve the capital market management rules, and put forward new requirements for securities operating institutions to improve professional service capabilities and risk management level.

The countermeasures taken by the Company include but are not limited to: 1. strengthening the research and analysis of the macroeconomic situation and industry dynamics, and taking proactive measures to adjust risk control policies and business strategies in due course. 2. paying close attention to dynamics and trends of regulatory policies, strengthening communication and contact with regulatory authorities, analyzing and interpreting regulatory policies related to main businesses, and conducting special training to improve the policy acumen of employees. 3. strictly implementing the relevant regulations of the regulatory authorities, improving the institutional improvement and system construction of relevant businesses, and strengthening risk management and control, to ensure the healthy development of businesses.

### (VI) Legal compliance risk

The regulatory authorities continued to improve capital market management rules and issued a number of important new regulatory rules. Meanwhile, under the background of "zero tolerance" of supervision, regulatory penalties continued to be strict and severe. The management of legal compliance is facing greater challenges.

The countermeasures taken by the Company include but are not limited to: 1. actively monitoring changes in laws and regulations and implementing thereof and improving the legal compliance system and mechanism. 2. further strengthening legal compliance review, compliance monitoring, compliance check, anti-money laundering, Chinese wall, conflicts of interest and connected transaction management, etc., and properly responding to and resolving risk events including complaints and disputes. 3. revising authorization management system of the Company, and optimizing and improving the authorization management mechanism, to ensure that business activities are under checks and balances and supervision. 4. continuing to strengthen the construction of compliance culture, strengthening legal compliance training and case warning education, improving the compliance assessment mechanism, and strengthening accountability, to improve practitioners' compliance awareness and effectively prevent legal compliance risks.



## Section III Management Discussion and Analysis (continued)

### (VII) Risk of innovative businesses

The Company actively carried out business innovation and continued to increase business innovation. The innovative business structure and product types became increasingly complex and risks of innovative businesses further emerged. Therefore, corresponding risk control mechanisms and standards need to be strengthened.

The countermeasures taken by the Company include but are not limited to: 1. Shenwan Hongyuan Securities established a new product and innovation business committee to be responsible for the verification of the Company's innovative businesses and coordinate the operation of cross-line innovative businesses. 2. revising and improving corresponding rules of innovative businesses to prevent risk of innovative businesses. 3. the new businesses, new models and new products of subsidiaries were included in the Company's hierarchical review and decision-making system. Based on the first-level evaluation by subsidiaries, the Company's risk management department would conduct a second-level evaluation and review. 4. adding the risk monitoring and pre-warning of innovative businesses to the daily risk management work, and dynamically adjusting the control threshold based on business operation situation. 5. a retrospective evaluation mechanism has been established for innovative businesses, to conduct tracking retrospective evaluation on the development goals and operations of innovative businesses as well as effectiveness of risk management and control measures, continuously improve the risk management capabilities of innovative businesses and promote the steady development of innovative businesses.

### (VIII) Exchange rate risk

The Company conducts cross-border derivatives business and large-scale asset index business. The Company has a subsidiary in Hong Kong which holds assets with Hong Kong dollars as the settlement currency. Hong Kong subsidiaries hold foreign currencies or assets denominated in foreign currencies in operating activities, and are all exposed to certain directional risks of exchange rate or volatility risks. By strengthening the analysis and judgment of exchange rate trends, setting foreign exchange risk exposure limits, the Company explored the use of foreign exchange forwards, futures, options, swaps and other methods to hedge exchange rate risks, and effectively control exchange rate risks. At the end of the Reporting Period, the proportion of net foreign currency risk exposure to total business exposure of the Company was low. The exchange rate risk is generally small and controllable.

## X. OPERATING PLAN AND THE RELEVANT MEASURES FOR THE NEXT REPORTING PERIOD

The Company will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, continue to fully implement the spirit of the 19th National Congress of the Communist Party of China and the Sixth Plenary Session of the 19th CPC Central Committee, as well as welcome, learn, publicize and implement the leadership of 20th National Congress of the Communist Party of China. Taking the implementation of the extended inspection and rectification by the central government as an opportunity, and taking the comprehensive implementation of the new development concept of innovation, coordination, green, openness and sharing as the foundation, the Company will thoroughly implement the decisions and arrangements of the CPC Central Committee, China Investment Corporation and the Board. The Company will adhere to the general working principle of seeking progress while maintaining stability, correctly understand and grasp the new situation and new tasks of the Company's development, and strengthen strategic leadership. The Company will take scientific and dialectical policies, take advantage of the trend, continuously enrich and improve the profit model, deepen professional and market-oriented reforms, and comprehensively build core competitiveness. The Company will also continue to strengthen and improve the construction of the compliance risk control system, so as to achieve new steps in the Company's new development pattern and achieve new results in high-quality development.



## Section IV Corporate Governance

### I. CORPORATE GOVERNANCE

As an “A+H” share listed company, the Company has continuously improved its corporate governance structure in strict compliance with laws, regulations and regulatory documents applicable in places where the shares of the Company are listed. The general meeting, Board of Directors, Board of Supervisors and the management of the Company perform their respective duties, and have fully fulfilled their obligations and responsibilities. Compliance operation of the Company has been continuously enhanced to ensure business development in a sustainable and normative manner. Such operations include, among others, the establishment and improvement of the corresponding systems, optimization and improvement of internal organizational structure and authorization management system.

Currently, the Company has formulated the Rules of Procedure of the General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, the Management Policy of Related Party Transactions, the Internal Control Policy, the Internal Control Evaluation Policy, the Internal Audit Policy, the Finance Management Policy, the Accounting Policy and the working rules of the committees of the Board of Directors, pursuant to relevant laws and regulations, such as the Company Law, the Securities Law and regulations of the places in which the shares of the Company are listed and the Articles of Association. During the Reporting Period, the Company has strictly followed all the provisions under the CG Code, and satisfied the requirements of most of the recommended best practices set out in the CG Code. The Model Code has been adopted by the Company as the code of conduct regarding the security transactions of the directors and the supervisors. As of the end of the Reporting Period, after making specific enquiries to the directors and supervisors, the Company confirmed that each of the directors and supervisors of the Company has complied with the standards set out in the Model Code throughout the Reporting Period.

### II. ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS HELD BY THE COMPANY AS OF THE DISCLOSURE DATE OF THIS REPORT

Session of meeting	Convening date	Investor participation		Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
		ratio				
2021 annual general meeting	June 10, 2022	65.17%	1.	The Resolution Regarding Consideration of the 2021 Work Report of the Board of Directors of the Company	Approved	For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on June 11, 2022 and the website of HKExnews at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on June 10, 2022
			2.	The Resolution Regarding Consideration of the 2021 Work Report of the Board of Supervisors of the Company	Approved	
			3.	The Resolution Regarding Consideration of the 2021 Annual Financial Report of the Company	Approved	
			4.	The Resolution Regarding the 2021 Profit Distribution Plan of the Company	Approved	
			5.	The Resolution Regarding Consideration of the 2021 Annual Report of the Company	Approved	



## Section IV Corporate Governance (continued)

Session of meeting	Convening date	Investor participation ratio	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
			6. The Resolutions Regarding the Estimated Ordinary Related Party Transactions for 2022 (voted item by item)	Approved	
			7. The Resolution Regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares of the Company	Approved	
			8. The Resolutions Regarding the Public Issuance of Corporate Bonds by Shenwan Hongyuan Group Co., Ltd. (voted item by item)	Approved	
			9. The Resolution Regarding the Re-appointment of Auditors of the Company for 2022	Approved	
2022 first extraordinary general meeting	August 26, 2022	62.87%	The Resolutions Regarding the Election of a Director of the Company (Mr. Liu Jian)	Approved	For details of the resolution considered at the meeting, Please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on August 27, 2022 and the website of the Hong Kong Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on August 26, 2022

### III. COMPOSITION OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS OF THE COMPANY

As of the disclosure date of this report, the fifth session of the Board of Directors of the Company comprises 11 directors:

Executive directors: Mr. Liu Jian (Chairman) and Mr. Huang Hao (general manager)

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

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

The fifth session of the Board of Supervisors of the Company comprises 5 supervisors:

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

Employee representative supervisors: Ms. Li Yan and Ms. Zhou Jie

## IV. COMPOSITION OF EXECUTIVE COMMITTEE OF THE COMPANY

Members of the executive committee: Mr. Huang Hao (chairman), Ms. Ren Quansheng and Mr. Liu Yue

## V. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

(I) During the Reporting Period, there was no change in the directors, supervisors and senior management of the Company.

## (II) Changes in directors of the Company as of the disclosure date of this report

Name	Position	Category	Date	Reason
Liu Jian	Executive Director	Election at the general meeting	26 August, 2022	Election at the general meeting
	Chairman	Election of the Board	26 August, 2022	Election of the Board
Chu Xiaoming	Executive Director, chairman	Demission	26 August, 2022	Work arrangement

- On August 5, 2022, the Resolution Regarding the Nomination of Candidate for Director was considered and approved at the tenth meeting of the fifth session of the Board of the Company. Mr. Liu Jian was nominated as the candidate for executive director of the fifth session of the Board of the Company. On August 26, 2022, the first extraordinary general meeting of the Company in 2022 considered and approved the Resolution Regarding the Election of Director of the Company and elected Mr. Liu Jian as a director (executive director) of the fifth session of the Board of the Company.

On August 26, 2022, due to work arrangement, Mr. Chu Xiaoming tendered the written resignation letter, applying for resignation as the chairman of the fifth session of the Board of Directors, an executive director, the chairman of the Strategy Committee of the Board of Directors, a member of the Remuneration and Nomination Committee of the Board of Directors and the authorized representative of the Company (the "Authorized Representative") under Rule 3.05 of the Listing Rules. His resignation took effect upon the delivery of resignation report to the Board of Directors on August 26, 2022.

- On August 26, 2022, the Company convened the eleventh meeting of the fifth session of the Board of Directors, at which the following resolutions (among others) were considered and approved:
  - The Resolution Regarding the Election of Chairman of the Fifth Session of the Board of Directors, pursuant to which Liu Jian, a director, was elected as the chairman of the fifth session of the Board of Directors for a term from August 26, 2022 until the expiry of the term of office of the fifth session of the Board of Directors.



## Section IV Corporate Governance (continued)

- (2) The Resolution Regarding the Adjustment to the Members of the Special Committees of the Board of Directors, pursuant to which the adjustment to the members of the Strategy Committee of the Board of Directors and the Remuneration and Nomination Committee of the Board of Directors was approved. The adjustment to relevant committee members is as follows:

Strategy Committee of the Board of Directors:

Before adjustment:

Chairman: Chu Xiaoming

Members: Huang Hao, Ge Rongrong, Wu Changqi, Ren Xiaotao

After adjustment:

Chairman: Liu Jian

Members: Huang Hao, Ge Rongrong, Wu Changqi, Ren Xiaotao

Remuneration and Nomination Committee of the Board of Directors:

Before adjustment:

Chairman: Wu Changqi

Members: Chu Xiaoming, Chen Hanwen, Zhao Lei, Zhang Ying

After adjustment:

Chairman: Wu Changqi

Members: Liu Jian, Chen Hanwen, Zhao Lei, Zhang Ying

For details of the above, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at [www.cninfo.com.cn](http://www.cninfo.com.cn) on August 6 and August 27, 2022 and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on August 5 and August 26, 2022.

### VI. CHANGES IN RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the disclosure date of this report, the biographies of certain directors and supervisors of the Company after changes are as follows:

#### 1. Directors

Mr. Zhang Yigang (張宜剛) currently serves as a non-executive director of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Zhang successively worked at the Diversified Operation Office of Yanting County Government, Sichuan Province, the Policy Research Office of the County Party Committee and the Office of the County Party Committee of Yanting County, Sichuan Province, and the Municipal Party Committee Office of Mianyang City, Sichuan Province from August 1983 to May 1998. He served as the secretary at deputy director general level and the secretary at director general level of the General Office of Sichuan Provincial Party Committee from May 1998 to December 2007 (during which, he concurrently served as the deputy general manager of Sichuan State-owned Assets Investment Management Co., Ltd. (四川省國有資產投資管理有限責任公司) from December 2001 to January 2007). From December 2007 to March 2009, he served as a researcher of the office of the State-owned Assets Supervision and Administration Commission of Sichuan Province (during which he concurrently served as the chairman, the secretary of the Party committee and the secretary of the discipline inspection commission of Sichuan State-owned Assets Investment Management Co., Ltd. from January 2007 to March 2009). He successively served as the deputy general manager, a director and the deputy general manager; a member of the Party committee, a director and the deputy general manager; the deputy secretary of the Party committee, a director and the deputy general manager of Sichuan Development Holding Co., Ltd. (四川發展(控股)有限責任公司) from March 2009 to July 2019. He served as a director of Sichuan Shengtian New Energy Development Co., Ltd. (四川晟天新能源發展有限公司) from April 2015 to December 2018. From December 2015 to August 2019, he served as an executive director of Sichuan Development Guorui Mining Investment Co., Ltd. (四川發展國瑞礦業投資有限公司). He has been the chairman of Sichuan Urban and Rural Construction Investment Co., Ltd. (四川城鄉建設投資有限責任公司) since February 2015. He served as the deputy secretary of the Party committee and a director of Sichuan Development Holding Co., Ltd. from July 2019 to June 2020. He served as the deputy secretary of the Party committee, vice chairman and general manager of Sichuan Development Holding Co., Ltd. from June 2020 to July 2022. He has served as the secretary of the Party committee and chairman of Sichuan Development Holding Co., Ltd. since July 2022, and a non-executive director of Shenwan Hongyuan Group Co., Ltd. since June 2020. Mr. Zhang Yigang graduated from Southwest Agricultural College (renamed as Southwest University in 2005), majoring in agriculture, with a bachelor's degree in agriculture in August 1983, and graduated from the University of Electronic Science and Technology of China, majoring in executive master of business administration, with a master's degree in business administration in June 2005.





## Section IV Corporate Governance (continued)

Mr. Wu Changqi (武常岐) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Wu Changqi served as a researcher at the China Studies Center of the University of Leuven in Belgium from February 1990 to July 1991; and an assistant professor in economics of the Business School in Hong Kong University of Science and Technology from August 1991 to June 2001; he was a visiting scholar at Northwestern's Kellogg School of Management in the U.S. from August 1997 to January 1998; a visiting professor at the Department of Applied Economics of Katholieke Universiteit Leuven in Belgium from September 1998 to December 1998; the deputy director of the Shui On Center for China Business and Management of the Business School and an adjunct associate professor of the Department of Economics of the Hong Kong University of Science and Technology from July 2001 to June 2004; he served as the head of the Department of Strategic Management of the Guanghua School of Management of Peking University from September 2001 to January 2011; the director of the EMBA Centre of the Guanghua School of Management of Peking University from August 2002 to December 2010; and the associate dean of the Guanghua School of Management of Peking University from February 2003 to December 2010; he served as an adjunct professor in the Department of Economics of the Business School of Hong Kong University of Science and Technology from 2005 to 2011; the dean of the National High-tech Industrial Development Zone Development Strategy Research Institute of Peking University from May 2007 to December 2020; the director of Guanghua Cisco Leadership Institute of Peking University from March 2011 to December 2020; and a visiting professor at the School of Economics and Finance of the University of Hong Kong from 2012 to 2018; he has been a professor of strategic management at the Guanghua School of Management of Peking University since September 2001; the dean and chair professor of the School of Management of Shandong University since October 2019; the executive deputy head of the International Operation and Management Institute of Peking University since September 2006; and the executive deputy head of the National High-tech Industrial Development Zone Development Strategy Institute of Peking University since January 2021. He has concurrently served as the fifth executive vice chairman of the Chinese Institute of Business Administration since September 2014; an expert in the 14th Five-Year National Intellectual Property Planning Guidance Expert Group of the China National Intellectual Property Administration since August 2019; an expert member of the Expert Committee of the China Council for the Promotion of International Trade since February 2015; the chairman of the Strategic Management Professional Committee of the China Management Science Society since September 2016; and an executive director of the China International Economic Cooperation Society since November 2019. He served as an independent director of Beijing Electronics Zone Investment and Development Co., Ltd. (600658.SH) from December 2012 to June 2019. He has been an external director of Haier Smart Home Co., Ltd. (600690.SH, 690D, 6690.HK) from April 2013 to June 2022. He was an external supervisor of Hua Xia Bank Co., Limited (600015.SH) from May 2015 to November 2021. He has served as an independent director of Yijiahe Technology Co., Ltd. (603666.SH) since August 2016; and an independent director of Aixin Life Insurance Co., Ltd. since July 2017. He served as an independent non-executive director of Beijing Media Corporation Limited (1000.HK) from June 2016 to November 2021. He has been an independent director of Tianneng Co., Ltd. (688819.SH) since February 2019; an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021; and an independent director of Wanhua Chemical Group Co., Ltd. (600309.SH) since April 2022. Mr. Wu Changqi obtained a doctorate in applied economics from the University of Leuven in Belgium in October 1990; a master's degree in business administration (MBA) from the University of Leuven in Belgium in February 1986; and a bachelor's degree in economics from Shandong University in July 1982.

### 2. Supervisors

Mr. Fang Rongyi (方榮義) currently serves as a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.. His main work experience includes: Mr. Fang Rongyi served as the deputy director of the information center of the research institute of Beijing Yonyou Financial Technology Co., Ltd. from November 1990 to August 1992; he studied in the Accounting Department of Xiamen University for a doctorate degree from September 1992 to September 1995 and was an associate professor at the Business Administration Education Center of Xiamen University from November 1995 to March 1997. From March 1997 to January 2003, he successively served as an employee, assistant investigator (deputy director general level), and deputy director general of the accounting department of the Shenzhen Central Branch of the People's Bank of China; he served as the director general of the Non-Bank Financial Institution Supervision Division of the Shenzhen Central Sub-branch of the People's Bank of China from January 2003 to October 2003; the director general of the Financial Accounting Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2003 to October 2006; and the director general of the State-owned Bank Supervision Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2006 to September 2007; he was the proposed chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from September 2007 to March 2008 and served as the chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from March 2008 to December 2014, during which he concurrently served as the general manager of planning and accounting management headquarters from June 2011 to November 2011; from December 2014 to July 2015, he served as the deputy general manager and chief financial officer of Shenwan Hongyuan Securities Co., Ltd.; he has concurrently served as the vice chairman of Fullgoal Fund Management Co., Ltd. and a supervisor of E-Capital Transfer Co., Ltd. since December 2014; he served as the deputy general manager, chief financial officer, and secretary to the board of directors of Shenwan Hongyuan Securities Co., Ltd. from July 2015 to December 2017; he served as the deputy general manager, chief financial officer, secretary to the board of directors, and chief risk officer of Shenwan Hongyuan Securities Co., Ltd. from December 2017 to January 2021; he has concurrently served as the deputy director of the Financial Accounting Professional Committee of the Securities Association of China and a part-time/visiting professor of East China University of Political Science and Law since May 2018; he served as the deputy general manager, a member of the executive committee, chief financial officer and secretary to the board of directors of Shenwan Hongyuan Securities Co., Ltd. from January 2021 to September 2021; he has been a supervisor and the chairman of the board of supervisors of Shenwan Hongyuan Securities Co., Ltd. since September 2021; a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. since October 2021; he has concurrently served as the deputy director of the professional committee of the board of supervisors of China Association for Public Companies since November 2021; he served as the chairman of Shanghai Shenwan Hongyuan Public Welfare Foundation (in preparation) from December 2021 to July 2022 and the chairman of Shanghai Shenwan Hongyuan Public Welfare Foundation since July 2022. Mr. Fang Rongyi obtained a bachelor's degree in economics from Xiamen University in July 1987; a master's degree in economics from Xiamen University in July 1990; and a doctorate degree in economics from Xiamen University in September 1995.



## Section IV Corporate Governance (continued)

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

Mr. Jiang Yang (姜楊) currently serves as a supervisor of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Jiang Yang was an employee of the retail service management headquarters of Hongyuan Securities Co., Ltd. from July 2001 to June 2010 (during which, he was temporarily transferred to the Financial Work Office of Xinjiang Uyghur Autonomous Region from October 2008 to June 2010). He served as the office director of Xinjiang Financial Investment Co., Ltd. from July 2010 to March 2013; the manager of the investment management department of Xinjiang Financial Investment Co., Ltd. from March 2013 to February 2014; an employee director of Xinjiang Kaidi Investment Co., Ltd. from June 2013 to March 2020; and the general manager assistant of Xinjiang Financial Investment Co., Ltd. and Xinjiang Kaidi Investment Co., Ltd. from February 2014 to November 2016. He has been a supervisor of Shenwan Hongyuan Securities Co., Ltd. since January 2015; a director of Xinjiang Exchange Market Investment and Construction Group Co., Ltd. since April 2015; and a director of Xinjiang Tianshan Wool Textile Co., Ltd. since August 2016; he served as the chairman of Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd. from September 2016 to October 2018; an investment director of Xinjiang Kaidi Investment Co., Ltd. from November 2016 to March 2018; the chairman of Xinjiang Tianshan Taifu Equity Investment Fund Management Co., Ltd. since December 2017; a director of Xinjiang Microfinance Refinance Co., Ltd. from March 2018 to December 2021; and the executive deputy general manager of Xinjiang Microfinance Refinance Co., Ltd. from March 2018 to June 2019. He served as the general manager of Xinjiang Microfinance Refinance Co., Ltd. from June 2019 to April 2021; he has been the deputy general manager of Xinjiang Financial Investment Co., Ltd. since December 2019; a director and the deputy general manager of Xinjiang Kaidi Investment Co., Ltd. since March 2020; a director of Xinjiang Kaidi Mineral Investment Co., Ltd. since March 2020; and a supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Jiang Yang obtained a bachelor's degree in economics from Xinjiang University of Finance and Economics majoring in banking and currency in July 2001; and obtained an Executive Master of Business Administration from Xinjiang University of Finance and Economics in December 2014.

Except for those relevant disclosures in this section, there were no other changes in information related to directors, supervisors and senior management of the Company during the Reporting Period that need to be disclosed in this report in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.



### VII. CHANGES IN AUTHORIZED REPRESENTATIVES

On August 26, 2022, the eleventh meeting of the fifth session of the Board of Directors of the Company considered and approved the appointment of Mr. Liu Jian as the Authorized Representative. His appointment took effect from the date of consideration and approval by the Board of Directors. Due to work arrangement, Mr. Chu Xiaoming resigned as the Authorized Representative. His resignation took effect upon the delivery of resignation report to the Board of Directors on August 26, 2022. (For details, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at [www.cninfo.com.cn](http://www.cninfo.com.cn) on August 27, 2022 and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on August 26, 2022)

### VIII. EMPLOYEES AND REMUNERATION POLICIES

#### (I) Number of employees

As of June 30, 2022, the Company had a total of 11,547 employees, of which Shenwan Hongyuan Group had 97 employees, Shenwan Hongyuan Securities had 10,870 employees (including 742 securities brokerage agents), and other subsidiaries had 580 employees.

#### (II) Remuneration policy

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





## Section IV Corporate Governance (continued)

### (III) Training

The Company conducts training closely around the Company's new round of development strategy and new requirements for employee education and training. Adhering to the working principles of strategic orientation and business support, focusing on the requirements for talent training as well as the knowledge and capabilities required to serve the Company's operations, and in line with the Company's development strategy of "investment banking + investment", the Company carried out trainings in the following major areas to focus on the improvement of the business capabilities of staffs, including wealth management, investment consultants, international talents, investment banking, investment research transactions, wealth institutions and compliance risk control. The Company organized and carried out mentoring work, initially established our own mentor database; the Company started the collection of operation and management cases, continued to improve our full-staff certification system and the content of the "navigation", "voyage" and "starting sailing" plan system, and continued to operate and innovatively implement key training programs, including series theme lectures in business communication and risk management such as "Huichuang Forum (匯創論壇)", to ensure the mutual cooperation between education training and business development, so as to serve the overall development of the Company, prevent financial risks, and serve the real economy.

## IX. PROFIT DISTRIBUTION PLAN AND PLAN FOR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL DURING THE REPORTING PERIOD

The Company did not plan to distribute cash dividend, issue bonus shares or convert any capital reserve into share capital for the first half of 2022.

## X. IMPLEMENTATION OF THE COMPANY'S EQUITY INCENTIVE PLAN, EMPLOYEE SHARE PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

During the Reporting Period, the Company had no equity incentive plan, employee share plan or other employee incentive measures or the implementation thereof.

## Section V Environmental and Social Responsibility

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

As a proactive response to the national call for green development, the Company, relying on its own business characteristics and advantages, vigorously propels the development of green finance, widely promotes environmental protection ideas and puts them into action, and practices the development idea of “lucid waters and lush mountains are our invaluable assets” to help achieve “peak carbon dioxide emissions, carbon neutrality”.

- (I) The financial business was carried out around the “dual carbon” strategy. Shenwan Hongyuan Securities has established a “carbon neutrality” bond business group. By deepening comprehensive cooperation in green finance and supporting green corporate bond financing, it has successively achieved “carbon neutrality” financial business cooperation with many central enterprises such as China National Energy Group (國家能源集團), China Datang (中國大唐), China Huaneng (中國華能) and China Railway Investment (中鐵投資), and guided the funds flow into the green industry through bond financing. It has successfully assisted in the issuance of the “first” carbon neutrality innovation bonds in several markets. By linking key performance objectives, it effectively promoted the low-carbon transformation of energy-based carbon-intensive enterprises. On May 19, 2022, the Company successfully assisted the issuance of the first low-carbon transition bond on the exchange – China Huaneng 2022 Renewable Corporate Bond (the first tranche), and took the lead in the industry to realize the beneficial exploration of using bond tools to help industrial entities achieve green and sustainable development; on May 20, it successfully assisted in the issuance of the first low-carbon transition-linked bond on the exchange and the first green bond in the history of Baosteel – Baoshan Iron and Steel 2022 Green Corporate Bond (the first tranche). This bond is one of the first batch of bonds of low-carbon transition-linked corporate bonds in China and the very first one in the iron and steel industry, and all the funds raised are used for the construction of the low-carbon transition project of Baosteel Zhanjiang Iron and Steel.
- (II) Proactive participation in green study for in-depth study of the direction of green development. The Company was successfully selected as the vice chairman of the China Green Carbon Foundation; strengthened policy research and theoretical research on “peak carbon dioxide emissions, carbon neutrality”, formulated a specific action plan based on the national strategy of “peak carbon dioxide emissions, carbon neutrality”; and coestablished a “carbon neutrality” industry merger and acquisition fund, demonstrating the image of a state-owned financial enterprise with faith and responsibility.
- (III) Facilitated the green development of designated counties. On July 3, 2022, under the joint promotion of the Company’s green dual-carbon working group, assistance office and research institute, Gansu Huining Tongning Construction Development Co., Ltd. (甘肅省會甯縣通甯建設發展有限公司) successfully entered into the Cooperation Contract for the Development of Forestry Carbon Sinks Resources for Voluntary Greenhouse Gas Emission Reduction Projects (溫室氣體自願減排項目林業碳匯資源開發合作合同) with Senhai Tan Hui (森海碳匯), a wholly-owned subsidiary of Yueyang Forestry & Paper Co., Ltd. (岳陽林紙股份有限公司), which is also the first project for a securities company to promote the development of forestry carbon sink resources.



## Section V Environmental and Social Responsibility (continued)

- (IV) Practice of low-carbon operations. In strict accordance with important laws and regulations including the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, the Company constantly improved relevant measures for green operations, promoted low-carbon services, advocated employees to save energy, and proactively promoted climate change management, to make contributions to the fight against climate changes. In terms of green conferences, the Company reduced the occupation of public resources and carbon emissions through online video conferences. In terms of green office, the Company implemented a variety of environmental protection measures, including saving electricity for lighting, prohibiting private power connection and changing electricity circuits, energy-saving setting for air-conditioning temperature in public areas, saving water in toilets, and promoting paperless office work, etc. In terms of green travel, employees are encouraged to use public transportation to travel. For the use of official vehicles, the Company has prepared the Interim Measures for Vehicle Management, which clarifies the application and approval processes for the use of official vehicles, requirements on expenditures, and prohibiting private use of official vehicles. Smoking is prohibited during both working hours and non-working hours. Non-smoking places include offices, meeting rooms, archives, canteens, stairways, corridors, toilets and other covered buildings. No smoking signs shall be posted and smoking utensils are not allowed in non-smoking areas, to create a green office environment.

## II. SOCIAL RESPONSIBILITY

In order to implement the central government's work requirements of firmly maintaining the bottom line of not returning to poverty and promoting rural revitalization in an all-round way, the Company intends to directly invest RMB34.5 million of assistance funds in Huining County, Gansu Province in 2022. The assistance project is divided into two major aspects. One is to consolidate and expand the poverty alleviation achievement project, with an investment of RMB15.29 million; the other is the rural revitalization, with an investment of RMB19.21 million. As of the end of June 2022, the Company invested RMB28.37 million of assistance funds in Huining County, Gansu Province, and invested RMB500,000 of assistance funds in Xinjiang.

- (I) In terms of consolidating the achievements of poverty alleviation: the Company continued to carry out the "comprehensive insurance of anti-poverty" in Huining County in 2022. As of the end of June 2022, 980 cases of anti-poverty insurance have been accepted in the county, and the accumulative compensation amounted to nearly RMB2.3859 million, achieved the effect of "preventing poverty and preventing return to poverty"; in 2022, for farmers of pigs, cattle and sheep, as well as farmers of corn and apples that belong to "three types of households" in the county (households that are not stable in poverty alleviation, households that are prone to poverty at the edge, and households with sudden serious difficulties), the Company continued to carry out "insurance + futures" policy to help more farmers of "three types of households" to avoid the risk of fluctuations in the price of agricultural products.



## Section V Environmental and Social Responsibility (continued)

- (II) In terms of promoting rural revitalization: in 2022, the Company increased the support for key industries, and further promoted the transformation of the support model from “blood transfusion type” to “blood-forming type”. Firstly, the Company supported the development of agriculture and aquaculture. We have intensified our support for the whole industry chain construction project of mutton sheep. According to the development requirements of Gansu Province to develop characteristic industries of cold and drought agriculture and expand the scale of breeding, Huining County planned to vigorously introduce sheep breeding enterprises to promote the cultivation and optimization of local varieties. Secondly, the Company supported the collective industry of Huining characteristic villages. For the lily in Liuzhai, the small grains in Laojunpo and the mutton sheep industry in Liangzhuang Village of Dinggou Town, through the cooperation model of “Village Collective + Leaders of Getting Rich + Farmer”, we have given full play to the leading role of the leader of getting rich, to increase the income for the collective economy and villagers. Thirdly, the Company supported the construction of Huining Farming Assistance Pavilion. We have helped improve the e-commerce operation and marketing capabilities of Huining County, created competitive products, and regularly carried out live broadcast promotion activities to promote the sales of agricultural products. Fourthly, the Company made efforts to provide education assistance. Our support objects were extended from elementary school, junior high school to high school, and realized the assistance of all age groups from children to high school, so to help the education development of Huining. We set up the “Happy Learning Award”, and the scope of the award has changed from the original “poverty alleviation households” to all students with excellent academic performance and comprehensive development in moral, intellectual, physical, aesthetic and labor. Fifthly, the Company promoted cultural revitalization. Through the project of “Enriching Village-level Library Books to Guide Civilized Township Style”, we have helped enrich people’s spare time life and strengthen cultural construction, and enabled village-level libraries to play a role in the cultural propaganda of new rural construction. Sixthly, the Company helped the ecological revitalization. Through the implementation of beautiful rural construction in characteristic villages, such as road maintenance, drainage side ditches, night lighting, sanitation facilities, environmental improvement and other means, we helped the people get benefits and helped Huining develop into a modern village. Seventhly, the Company helped the revitalization of the organization. We have built 27 new village-level positions to further consolidate the important role of village-level positions in rural revitalization; training was carried out for Party members and cadres of the township and village team members in the county to continuously improve the grass-roots governance capabilities and standards of Party members and cadres.
- (III) Pandemic prevention and control: in the first half of this year, the pandemic broke out in many places across the country. The Company attached great importance to it, earnestly fulfilled its responsibilities as a state-owned enterprise, and donated money and materials to support the fight against the pandemic. The Company urgently purchased 80,000 sets of protective clothing and donated them to the Xuhui District Government of Shanghai to support the anti-pandemic work; donated RMB300,000 to the Jilin Provincial Charity Federation for the anti-pandemic work in Changchun City, Jilin Province. The Company has contributed its own strength to resolutely win the battle of pandemic prevention and control.





## Section VI Significant Events

### I. UNDERTAKINGS

There is no undertaking that was accomplished during the Reporting Period or that exceeded the time limit and unaccomplished by the actual controller, shareholders, related parties, acquirers and the Company and other related parties as of the end of the Reporting Period.

### II. APPROPRIATION OF NON-BUSINESS CAPITAL ON THE COMPANY BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

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

### III. ILLEGAL EXTERNAL GUARANTEES

During the Reporting Period, the Company did not provide any illegal external guarantees.

### IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

#### (I) Audit of the interim financial report for 2022 of the Company

The interim financial report for 2022 of the Company is unaudited.

#### (II) Re-appointment of accounting firm

On April 29, 2022, the Resolution Regarding the Re-appointment of Auditors of the Company for 2022 was considered and approved at the 8th meeting of the fifth session of the Board of Directors of the Company, pursuant to which it was approved to re-appoint PricewaterhouseCoopers Zhong Tian LLP ("PricewaterhouseCoopers Zhong Tian") and PricewaterhouseCoopers ("PricewaterhouseCoopers") as the auditors of the Company for 2022 to provide relevant domestic and overseas audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and re-appoint PricewaterhouseCoopers Zhong Tian as the Company's internal audit control institution for 2022 with an audit fee, including the fee for internal control, for 2022 amounting to RMB5.98 million.

In accordance with relevant laws, regulations and system requirements of the Company, the Audit Committee of the Board of Directors of the Company has reviewed the audit work of PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers in 2021, and is of the opinion that PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers have the qualifications and capabilities to engage in financial audit and internal control audit, meet the independence requirements of relevant independence policies and professional codes, and satisfy the audit requirements of Company. During the audit of 2021 financial statements, internal control audit and other professional work, PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers were able to perform their duties in accordance with independent, objective and impartial practice standards, perform their work with due diligence, and provide professional audit services for the Company with rigorous independent review attitude and efficient quality control system.

## Section VI Significant Events (continued)

On April 22, 2022, the Audit Committee of the Board of Directors convened the fourth meeting of 2022, at which it was considered and approved to re-appoint PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers as the auditors of the Company for 2022 and submit the appointment to the Board of Directors of the Company for consideration. The independent directors of the Company issued relevant prior approval and independent opinions on the re-appointment of the accounting firms.

On June 10, 2022, the abovementioned re-appointment of auditors of the Company for 2022 was considered and approved at the 2021 annual general meeting of the Company.

### V. EXPLANATION OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS ON THE “NON-STANDARD AUDIT REPORT” ISSUED BY THE ACCOUNTING FIRM FOR THE REPORTING PERIOD

N/A

### VI. EXPLANATION OF THE BOARD OF DIRECTORS ON THE “NON-STANDARD AUDIT REPORT” FOR THE LAST YEAR

N/A

### VII. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

N/A

### VIII. LITIGATIONS

#### (I) Overall situation

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

#### (II) Litigations of the Company and its subsidiaries (excluding Shenwan Hongyuan Securities) during the Reporting Period

1. **The case of dispute over the warehousing contract raised by Hongyuan Hengli (Shanghai) Industrial Co., Ltd. (宏源恒利(上海)實業有限公司) against Zhejiang Kangyun Warehousing Co., Ltd. (浙江康運倉儲有限公司)**

## Section VI Significant Events (continued)

Due to the needs of carrying out basis trade and warehouse receipt service business, Hongyuan Hengli entered into the Warehousing and Safekeeping Contract with Zhejiang Kangyun Warehousing Co., Ltd. (浙江康運倉儲有限公司) (“Zhejiang Kangyun”) on December 30, 2021, which stipulated the rights and obligations of warehousing and safekeeping. On June 1, 2022, Hongyuan Hengli found that it could not take out the aluminum ingots stored in the warehouse of Zhejiang Kangyun. In order to protect its legitimate rights and interests, Hongyuan Hengli filed a lawsuit with Intermediate People’s Court of Hangzhou City, Zhejiang Province, requesting the court to rule that Zhejiang Kangyun shall deliver 6,993.239 tons of aluminum ingots (or RMB141,962,751.7 in compensation for the loss of goods value) as well as related interest and liquidated damages to Hongyuan Hengli. As of now, the case has not yet been judged.

**2. The case of dispute over the warehousing contract raised by Hongyuan Hengli (Shanghai) Industrial Co., Ltd. (宏源恒利(上海)實業有限公司) against Foshan Zhongjin Shengyuan Warehousing Management Co., Ltd. (佛山市中金聖源倉儲管理有限公司)**

Due to the needs of carrying out basis trade and warehouse receipt service business, Hongyuan Hengli entered into the Warehousing and Safekeeping Contract with Foshan Zhongjin Shengyuan Warehousing Management Co., Ltd. (佛山市中金聖源倉儲管理有限公司) (“Foshan Zhongjin Shengyuan”) on January 1, 2022, which stipulated the rights and obligations of warehousing and safekeeping. On May 30, 2022, Hongyuan Hengli found that it could not take out the aluminum ingots stored in the warehouse of Foshan Zhongjin Shengyuan. In order to protect its legitimate rights and interests, Hongyuan Hengli filed a lawsuit with Shanghai Hongkou District People’s Court, requesting the court to rule that Foshan Zhongjin Shengyuan shall deliver 4,125.1323 tons of aluminum ingots (or RMB85,637,746.55 in compensation for the loss of goods value) as well as related interest and liquidated damages to Hongyuan Hengli. As of now, the case has not yet been judged.

**(III) Relevant litigations and arbitrations of Shenwan Hongyuan Securities (a subsidiary of the Company) (referred to as the “company” in this sub-section for the purpose of being clear and concise) and its subsidiaries during the Reporting Period**

**1. The case of dispute over the entrusted financial management contract raised by Hubei Xiangyang Rural Commercial Bank Co., Ltd. (湖北襄陽農村商業銀行股份有限公司) against the Company**

Hubei Xiangyang Rural Commercial Bank Co., Ltd. (湖北襄陽農村商業銀行股份有限公司) (the “Applicant”) initiated an arbitration against the company and the custodian of the asset management plan in the Wuhan Arbitration Commission due to the dispute over the entrusted wealth management contract. The Applicant is the principal of the asset management plan managed by the company. Due to the dispute over the operation of the asset management plan, the Applicant requested the company to compensate the principal, expected loss of interest and management fees, totaling more than RMB76 million, and requested the custodian to assume supplementary responsibilities. On March 4, 2022, the company received the arbitration notice from the Wuhan Arbitration Commission. As of now, the case has not yet been arbitrated.

**2. The case of dispute over the asset management contract raised by Shandong Laizhou Rural Commercial Bank Co., Ltd. (山東萊州農村商業銀行股份有限公司) against the Company**

Shandong Laizhou Rural Commercial Bank Co., Ltd. (山東萊州農村商業銀行股份有限公司) (the “Applicant”) initiated an arbitration against the company in Shanghai International Economic and Trade Arbitration Commission due to the dispute over the asset management contract. The Applicant is the principal of the asset management plan managed by the company. Due to the dispute over the operation of the asset management plan, the Applicant requested the company to return the entrusted funds and to compensate for investment losses, management fees and custody fees, totaling more than RMB76 million. On March 15, 2022, the company received the arbitration notice. As of now, the case has not yet been arbitrated.

**3. The case of dispute over pledged securities repurchase agreement raised by the company against Kerui Tiancheng Investment Holdings Co., Ltd. (科瑞天誠投資控股有限公司) and Ningbo Kerui Jinding Investment Partnership (Limited Partnership) (寧波科瑞金鼎投資合夥企業(有限合夥))**

In March 2017, the company entered into the Business Agreement on Pledged Securities Repurchase of the Shares with Kerui Tiancheng Investment Holding Co., Ltd. (科瑞天誠投資控股有限公司) (“Kerui Tiancheng”), and subsequently entered into seven copies of the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Kerui Tiancheng injected funds to the company. Later, both parties extended the above-mentioned transaction contracts. Ningbo Kerui Jinding Investment Partnership (Limited Partnership) (寧波科瑞金鼎投資合夥企業(有限合夥)) (“Ningbo Jinding”) shall bear joint and several liabilities. In August 2020, the company entered into the Supplementary Agreement with Kerui Tiancheng, and both parties entered into the Tripartite Agreement on Pledge of Accounts Receivable with Ningbo Jinding and others. In January 2022, Kerui Tiancheng failed to increase the performance guarantee ratio or repurchase in advance as required by the company, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with Shanghai Financial Court, requesting Kerui Tiancheng to pay the company the outstanding principal of RMB1.8 billion and related interests, liquidated damages and interest overdue fines. Ningbo Jinding shall be jointly and severally liable for the above debts. In March 2022, the Shanghai Financial Court accepted the case. As of now, the case has not yet been judged.



**4. Series cases of the dispute over pledged securities repurchase agreement raised by the company (on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme as one of the series in the securities industry for support of the development of private enterprises) against Mingtai Huijin Capital Investment Co., Ltd. (明泰匯金資本投資有限公司)**

- (1) In December 2019, the company, on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme as one of the series in the securities industry for support of the development of private enterprises, entered into the Business Agreement on Pledged Securities Repurchase of the Shares with Mingtai Huijin Capital Investment Co., Ltd. (明泰匯金資本投資有限公司) (“Mingtai Huijin”), and subsequently entered into two copies of the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Mingtai Huijin injected funds to the Asset Management Scheme. In March 2021, due to the judicial freezing of the pledged shares, Mingtai Huijin failed to repurchase in advance as required by the company’s notice, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company, on behalf of the Asset Management Scheme, filed a lawsuit with the Shanghai Financial Court, requesting Mingtai Huijin to pay the outstanding principal of RMB430 million and related interests, liquidated damages and others.
- (2) In March 2017, the company entered into the Business Agreement on Pledged Securities Repurchase of the Shares with Mingtai Huijin, and subsequently entered into the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Mingtai Huijin injected funds to the company. In March 2021, due to the judicial freezing of the pledged shares, Mingtai Huijin failed to repurchase in advance as required by the company’s notice, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requesting Mingtai Huijin to pay the company the outstanding principal of RMB125 million and related interests, liquidated damages and others. In May 2022, the Shanghai Financial Court accepted the above cases.

As of now, the above cases have not yet been judged.

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

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

In December 2019, the company and Liu Xiangdai entered into the Contract on Margin Financing and Securities Lending. During Liu Xiangdai's financing for purchase of shares, the guarantee ratio of the credit account was lower than the close-out level and Liu Xiangdai did not take effective measures to raise and maintain the guarantee ratio. Later, the company conducted a forced liquidation. The financing principal of RMB107.6324 million owned to the company has not been repaid. After the demand repayment failed, in order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Xiangdai to perform the repayment obligations. In January 2021, the Shanghai Financial Court accepted the lawsuit. In October 2021, the Shanghai Financial Court made a first-instance judgment in support of the claims of the company. After the first-instance judgment came into effect, Liu Xiangdai failed to perform the payment obligation, and the company applied to the court for enforcement. In June 2022, the court issued a ruling. After conducting a property investigation to the greatest extent possible, it was found that Liu Xiang had no other property available for enforcement, and the court ruled to terminate the enforcement in accordance with the law, and the case was closed.

#### 2. The case of the dispute over the fund contract raised by Jolywood (中來光伏) and Hongsheng Asset Management (泓盛資產管理公司) against the company

In October 2019, the company entered into the Fund Contract in relation to Hongsheng Tenglong No. 4 Private Securities Investment Fund with Jolywood (Suzhou) Sunwatt Co., Ltd. (“Jolywood”) and Hongsheng Asset Management (Shenzhen) Co., Ltd. (“Hongsheng Assets”), pursuant to which, Jolywood was the fund trustor, Hongsheng Assets was the fund manager, and the company was the fund trustee. Jolywood believed that Hongsheng Assets failed to perform its trustee obligations in the principles of good faith and diligence; and that the company failed to fulfill the corresponding obligations of the custodian. Therefore, it applied to the Shanghai Arbitration Commission for arbitration, requiring (1) Hongsheng Assets to compensate the investment principal loss of RMB50 million and related interest losses; (2) the company, as the custodian, to assume joint and several liability. In January 2021, the Shanghai Arbitration Commission accepted the case. In July 2022, the Shanghai Arbitration Commission made a ruling that Hongsheng Assets shall bear part of the compensation liability to the applicant, and the company, as the custodian, shall not need to bear any compensation liability, and the case was closed.

**3. The case of the dispute over the contract between Shenyin & Wanguo Alternative Investment Co., Ltd., a subsidiary of the company, and Shanghai Worldunion Equity Investment Management Co., Ltd.**

In November 2015, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion Equity Investment Management Co., Ltd. ("Shanghai Worldunion"), etc. entered into the Partnership Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). In November 2016, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion entered into the Supplemental Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). Later, Shanghai Worldunion failed to perform the relevant obligations according to the agreement. In order to protect its legitimate rights and interests, Shenyin & Wanguo Alternative Investment applied to the Shanghai International Economic and Trade Arbitration Commission for arbitration, requiring Shanghai Worldunion to perform its acquisition obligations, pay the investment funds and the agreed repurchase interests in a total amount of RMB61.785 million. In April 2021, the Shanghai International Economic and Trade Arbitration Commission accepted the case. Shenyin & Wanguo Alternative Investment and Shanghai Worldunion reached a settlement on the disputed matters in this case and signed the Reconciliation Agreement in June 2022. In July 2022, the arbitral tribunal issued the award in accordance with the effective Reconciliation Agreement, ruling that Shanghai Worldunion will pay Shenyin & Wanguo Alternative Investment in installments to fulfill the repurchase obligation according to the payment method agreed in the Reconciliation Agreement.

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

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

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

- (1) In December 2019, the company, on behalf of Shenwan Hongyuan Julong No. 1 Collective Asset Management Scheme, and Anji Julong Enterprise Management Consulting Partnership (Limited Partnership) ("Anji Julong") entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Anji Julong was financed by the asset management scheme with an aggregate amount of RMB122.60 million. Liu Yongquan and Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability. Liu Changqing shall provide guarantee for the pledge. During the performance of the agreements, Anji Julong repaid part of the principal. Anji Julong failed to take measures to maintain the performance guarantee ratio and failed to conduct repurchase in advance in accordance with the company's requirements, constituting a breach of contract. In order to protect its legitimate rights and interests, the Company filed a lawsuit with the Shanghai Financial Court, requiring Anji Julong to pay the outstanding principal of RMB106.8250 million and the interests and liquidated damages, and Liu Yongquan, Zhang Nai and Liu Changqing to bear the corresponding guarantee responsibilities, etc. In July 2021, the Shanghai Financial Court accepted the case. In June 2022, the Shanghai Financial Court made a first-instance judgment in favour of the company's claim. As of now, the above judgment has not yet come into effect.
- (2) In December 2019, the company, on behalf of Shenwan Hongyuan Julong No. 1 Collective Asset Management Scheme, and Liu Yongquan entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Liu Yongquan was financed by the asset management scheme with an aggregate amount of RMB375.40 million. Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability. Anji Julong shall provide joint guarantee, and Liu Changqing shall provide for the pledge. During the performance of the agreements, Liu Yongquan failed to take measures to maintain the performance guarantee ratio and failed to conduct repurchase in advance in accordance with the company's requirements, constituting a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Yongquan and Zhang Nai to jointly pay the outstanding principal of RMB375.40 million and related interests and liquidated damages, and Anji Julong and Liu Changqing to bear the corresponding guarantee responsibilities, etc. In July 2021, the Shanghai Financial Court accepted the case. In June 2022, the Shanghai Financial Court made a first-instance judgment in favour of the company's claim. As of now, the above judgment has not yet come into effect.





## Section VI Significant Events (continued)

- (3) In April 2020, the company, on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme, and Liu Yongquan entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Liu Yongquan was financed by the asset management scheme with an aggregate amount of RMB158.2076 million. Zhang Nai, the spouse of Liu Yongquan, shall bear joint and several liability and provide guarantee for the pledge. Liu Changqing shall provide guarantee for the pledge. During the performance of the agreements, Liu Yongquan failed to take measures to maintain the performance guarantee ratio, failed to conduct repurchase in advance in accordance with the company's requirements, and failed to perform the repurchase obligation when the agreements expired. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Liu Yongquan and Zhang Nai to pay the outstanding principal of RMB158.2076 million and related interests and liquidated damages, and Liu Changqing to bear the corresponding guarantee responsibilities, etc. In July 2021, the Shanghai Financial Court accepted the case. In June 2022, the Shanghai Financial Court made a first-instance judgment in favour of the Company's claim. As of now, the above judgment has not yet come into effect.
- (4) In April 2020, the company, on behalf of Shenwan Hongyuan No. 15 Single Asset Management Scheme, and Zhou Suqin entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, stipulating that Zhou Suqin was financed by the asset management scheme with an aggregate amount of RMB160.7652 million. Liu Changqing, the spouse of Zhou Suqin, shall bear joint and several liability and provide guarantee for the pledge. Zhang Nai shall provide guarantee for the pledge. During the performance of the agreements, Zhou Suqin failed to take measures to maintain the performance guarantee ratio, failed to conduct repurchase in advance in accordance with the company's requirements, and failed to perform the repurchase obligation when the agreements expired. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zhou Suqin and Liu Changqing to pay the outstanding principal of RMB160.7652 million and related interests and liquidated damages, and Zhang Nai to bear the corresponding guarantee responsibilities, etc. In July 2021, the Shanghai Financial Court accepted the case. In June 2022, the Shanghai Financial Court made a first-instance judgment in favour of the company's claim. As of now, the above judgment has not yet come into effect.

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

- (1) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB83 million, Chen Seqin, as the spouse of Ke Zonggui, shall bear joint and several liability, and China Express Co., Ltd.\* (中經匯通有限責任公司) and Ma Meirong shall provide guarantee for the pledge. Ke Zonggui has failed to pay interest in accordance with the Agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court accepted the case. In October 2021, the Shanghai Financial Court made a first-instance judgment in favour of the company's claim. Ke Zonggui appealed to the Shanghai High People's Court later. As of now, the case has not yet been judged.
- (2) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB100 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and China Express Co., Ltd. and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid principal in an amount of RMB40 million to the company. Ke Zonggui has failed to pay interest in accordance with the agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court accepted the case. In October 2021, the company received the first-instance judgment in favour of the company's claims from the Shanghai Financial Court. Ke Zonggui appealed to the Shanghai High People's Court later. As of now, the case has not yet been judged.
- (3) In July 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB90 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid part of the principal. Subsequently, Ke Zonggui failed to pay interest in accordance with the Agreements, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai, requesting repayment of principal of RMB21.73 million and the corresponding interests, liquidated damages, etc. In August 2020, the People's Court of Xuhui District of Shanghai accepted the case. In August 2021, the People's Court of Xuhui District of Shanghai issued the first-instance judgment in favour of the company's claims, and Ke Zonggui appealed later. In June 2022, the Shanghai Financial Court made a second-instance judgment, dismissing the appeal and upholding the original judgment. So far, the company has applied to the court for enforcement.

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

In 2018, the company and CITIC Guoan Group Corporation (“CITIC Guoan”) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, CITIC Guoan was financed by the company. In October 2018, the performance guarantee ratio fell below the agreed minimum performance guarantee ratio and CITIC Guoan failed to fulfill relevant obligations according to the agreements, which constituted a breach of contract. In December 2019, the company filed a lawsuit with Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB450 million and the corresponding interests, liquidated damages, etc. Later, the case was handed over to the Third Intermediate People’s Court of Beijing for trial. In December 2021, the Third Intermediate People’s Court of Beijing issued a first-instance judgment in favour of the Company’s main claims. In January 2022, the Beijing No. 1 Intermediate Court ruled to accept the reorganization application of CITIC Guoan. As of now, the judgment in this case has come into effect, and the company is reporting its claims to the manager.

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

In March 2018, the company and CITIC Guoan Investment Co., Ltd. (“Guoan Investment”) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Guoan Investment was financed by the company and CITIC Guoan shall assume joint and several liability. In October 2018, the performance guarantee ratio fell below the agreed minimum performance guarantee ratio, Guoan Investment failed to fulfill relevant obligations according to agreements, and CITIC Guoan also failed to assume corresponding guarantee obligations, which constituted a breach of contract. In December 2019, the company filed a lawsuit with the Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB328.96 million and the corresponding interests, liquidated damages, etc. Later, the case was handed over to the Third Intermediate People’s Court of Beijing for trial. In December 2021, the Third Intermediate People’s Court of Beijing issued a first-instance judgment in favour of the company’s main claims. In January 2022, the First Intermediate People’s Court of Beijing ruled to accept the reorganization application of CITIC Guoan. In June 2022, Guoan Investment was ruled by the court to merge and reorganize with CITIC Guoan. As of now, the judgment in this case has come into effect, and the company is reporting its claims to the manager.



### IX. PENALTIES AND RECTIFICATIONS

During the Reporting Period, the Company was not filed for investigation in accordance with laws due to any suspected crimes, and the controlling shareholder, actual controller, directors, supervisors and senior management of the Company were not subject to compulsory measures in accordance with laws due to any suspected crimes. The Company or the controlling shareholder, actual controller, directors, supervisors and senior management of the Company were not subject to criminal penalties, or were investigated by the CSRC or were subject to administrative penalties by the CSRC for suspected violations of laws and regulations, or were subject to major administrative penalties by other competent authorities. The controlling shareholder, actual controller, directors, supervisors and senior management of the Company were not subject to retention measures taken by the discipline inspection and supervision organs due to suspected serious violations of disciplines or laws or duty crimes that affect their performance of their duties. The directors, supervisors and senior management of the Company were not subject to compulsory measures taken by other competent authorities due to suspected violations of laws and regulations that affect their performance of their duties.

During the Reporting Period, the Company or the controlling shareholder and actual controller of the Company were not subject to administrative supervision measures taken by the CSRC or disciplinary sanctions taken by the stock exchanges.

During the Reporting Period, Mr. Wu Changqi, an independent non-executive director of the Company, was publicly criticised by the Hong Kong Stock Exchange for relevant matters in the period when he served as an independent non-executive director of Beijing Media Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1000) ("Beijing Media") in relation to his breach of Rule 3.08(f) of the Hong Kong Listing Rules under his Declaration and Undertaking with regard to Directors given to the Hong Kong Stock Exchange in the form set out in Appendix 5H to the Hong Kong Listing Rules, for failing to ensure Beijing Media had maintained adequate and effective internal control in place. Mr. Wu Changqi has resigned as an independent non-executive director of Beijing Media on November 25, 2021, and has attended 24 hours of training on regulatory and legal topics (including compliance of the Hong Kong Listing Rules) as required by the Hong Kong Stock Exchange. For details, please refer to the relevant announcement disclosed by the Company at website of Cninfo at [www.cninfo.com.cn](http://www.cninfo.com.cn). and the website of HKExnews at [www.hkexnews.hk](http://www.hkexnews.hk) on February 14, 2022, and the regulatory announcement published by the Hong Kong Stock Exchange on the website of the Hong Kong Stock Exchange on February 10, 2022.

Save as disclosed above, other directors, supervisors and senior management of the Company were not subject to administrative supervision measures taken by the CSRC or disciplinary sanctions taken by the stock exchanges.

### X. THE CREDITWORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

During the Reporting Period, none of the Company, JIC (the controlling shareholder) or Central Huijin (the actual controller) failed to perform any effective legal instruments of a court or repay outstanding debts with relatively material amounts.



## Section VI Significant Events (continued)

### XI. MATERIAL RELATED PARTY TRANSACTIONS

#### (I) Related party transactions in the ordinary course of business of the Company during the Reporting Period

During the Reporting Period, the Company carried out ordinary related party transactions in strict accordance with the Resolution Regarding the Estimated Ordinary Related Party Transactions for 2022 as considered and approved at the 2021 annual general meeting. The implementation is as follows:

Unit: 0'000 Currency: RMB

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
Securities and financial services	China Jianyin Investment Ltd. and its subsidiaries	Income from provision of securities and financial services to the related party including securities brokerage, investment banking, asset management, agency sale and leasing trading units	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	1,259.75	0.3078
		Expenses incurred by acceptance of securities and financial services provided by the related party including fund management			0.00	-
	SAIC Finance Corporation Limited	Income from provision of securities and financial services to the related party including asset management and brokerage services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.90	0.0004
	SAIC-GMAC Automotive Finance Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	488.50	0.7057
	SAIC Motor Corporation Limited	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	6.51	0.0027

## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
	SAIC Motor Financial Holding Management Co., Ltd.	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.96	0.0004
	Sichuan Development Holding Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services, securities brokerage, consulting and training	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.00	—
	Bank of Shanghai Co., Ltd.	Income from securities and financial services including deposit interest, provision of asset management and agency sale to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	5,163.87	3.4591
		Expenses incurred by acceptance of securities and financial services provided by the related party including asset trusteeship, financial advisory and funds trusteeship			26.61	0.0414
	Shanghai Jiushi (Group) Co., Ltd.	Income from provision of securities and financial services to the related party including securities brokerage service	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	5.01	0.0021
	Xinjiang Kaidi Investment Co., Ltd.	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.00	—
	Xinjiang Financial Investment Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services, securities brokerage and agency securities pledge	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	94.20	0.1361

## Section VI Significant Events (continued)

Category of Related Party		Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
Transaction	Related Party				2022	(%)
	Fullgoal Fund Management Co., Ltd.	Income from provision of securities and financial services to the related party including agency sale and leasing trading units	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	7,983.80	12.1097
	Shanghai International Trust Co., Ltd.	Income from provision of securities and financial services to the related party including agency sale, consulting and investment banking services	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.00	–
	Other related parties of the Company except those listed above	Income or expenses in relation to mutual provision of securities and financial services with the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.00	–
Securities and financial products transactions	China Jiayin Investment Ltd. and its subsidiaries	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	121,040.33	0.0160
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			3,031.41	0.0034

## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
	Bank of Shanghai Co., Ltd.	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	766,769.08	0.0875
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			151,481.51	0.1676



## Section VI Significant Events (continued)

Category of Related Party			Pricing Principle of the Related Party		Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
Transaction	Related Party	Subject Matter of Related Party Transaction	Transaction	Estimated Cap and Explanation Thereon		
	SAIC Finance Corporation Limited	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	0.00	–
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			4,998.44	0.0064
	Fullgoal Fund Management Co., Ltd.	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	0.00	–

## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			0.00	–
	Shanghai International Trust Co., Ltd.	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	340,946.29	0.0450
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			74.64	0.0762

## Section VI Significant Events (continued)

Category of Related Party		Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
Transaction	Related Party					
	Xinjiang Financial Investment Co., Ltd.	Total cash outflow for payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	6,000	0.1708
	Other related parties of the Company except those listed above	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	0.00	—
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance or management of the related party			0.00	—

## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2022	Proportion in Similar Transactions (%)
Lease	China Jianyin Investment Ltd.	Expenses incurred by the property leasing from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	70.00	0.00	–
Comprehensive services	China Jianyin Investment Ltd.	Expenses incurred by acceptance of the services provided by the related party including maintenance of computer room	Determined after arm's length negotiations by both parties with reference to market prices	960.00	0.00	–

### (II) Related party transactions arising from acquisition or disposal of assets or equity interests

During the Reporting Period, the Company did not conduct any related party transaction in relation to acquisition or disposal of assets or equity interests.

### (III) Related party transactions in relation to joint external investment

During the Reporting Period, the Company did not conduct any related party transaction in relation to joint external investment.

### (IV) Amounts due to or from related parties

During the Reporting Period, the Company did not have any amount due to or from related parties.

### (V) Transactions with related finance companies

N/A.

### (VI) Transactions between finance companies controlled by the Company and related parties

N/A.

### (VII) Other material related party transactions

During the Reporting Period, the Company did not have other material related party transactions.



### XII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

#### (I) Material holding in custody, contracting or leasing

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

#### (II) Material guarantees

The Company had no unconsolidated guarantees. The guarantees of the Company and its subsidiaries are as follows:

##### 1. Guarantees of the Company:

On March 30, 2021, the Resolution Regarding the Provision of Guarantee for Hongyuan Hengli (Shanghai) Industrial Co., Ltd. was considered and approved at the 60th meeting of the fourth session of the Board of Directors of the Company, pursuant to which the Company was approved to provide guarantee for the external financing of Hongyuan Hengli in an amount of no more than RMB1 billion (including the bank facilities which have been in force but not expired). The above resolution was approved at the general meeting of the Company held on May 28, 2021. The abovementioned guarantee and authorization are deemed valid for the guarantees entered into within 24 months from the date of consideration and approval at the general meeting.

##### (1) Guarantees during the Reporting Period

On March 7, 2022, the Company entered into the Maximum Principal Guarantee Contract with China Construction Bank Corporation Shanghai Second Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, to provide joint liability guarantee of RMB100 million for Hongyuan Hengli.

##### (2) Effective guarantees as of the end of the Reporting Period

On September 23, 2021, the Company entered into relevant guarantee contracts with Bank of Communications Co., Ltd. Shanghai Putuo Sub-branch and Bank of China Limited Shanghai Xuhui Sub-branch, respectively, for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On October 29, 2021, the Company entered into relevant guarantee contract with China CITIC Bank Corporation Limited Shanghai Branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. On November 11, 2021, the Company entered into relevant guarantee contract with Bank of Shanghai Co., Ltd. Luwan Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB120 million. On December 17, 2021, the Company entered into relevant guarantee contract with Industrial Bank Co., Ltd. Shanghai Hongkou Sub-branch for the comprehensive credit granting business of Hongyuan Hengli, with the maximum amount of debt of RMB100 million. As of the end of the Reporting Period, the above guarantee contracts were still in effect.

### 2. Guarantees of Shenwan Hongyuan Securities, a subsidiary of the Company:

In order to meet the needs of business development, Shenwan Hongyuan Securities, a wholly-owned subsidiary of the Company, approved the issuance of bonds in a total amount of no more than US\$800 million (or foreign currency in an equivalent amount) with a maturity of no more than 5 years (including 5 years) by Shenwan Hongyuan International Finance Limited as the issuer, an overseas special purpose vehicle (the “SPV”) of its wholly-owned overseas subsidiary Shenwan Hongyuan (International) Holdings Limited (“International Group”), and approved to provide joint and several liability guarantee for the aforementioned issuance of bonds.

#### (1) *Guarantees during the Reporting Period*

On March 16, 2022, Shenwan Hongyuan Securities entered into relevant guarantee agreements with China Construction Bank (Asia) Corporation Limited in connection with the issuance of US\$300 million overseas bonds with a maturity of 3 years and a coupon rate of 2.625% by the abovementioned issuer.

#### (2) *Effective guarantees as of the end of the Reporting Period*

On July 14, 2021, Shenwan Hongyuan Securities entered into relevant guarantee agreements with China Construction Bank (Asia) Corporation Limited in connection with the issuance of US\$500 million overseas bonds with a maturity of 5 years and a coupon rate of 1.800% by the abovementioned issuer.

As of the end of the Reporting Period, the total actual guarantees of the Company and its controlled subsidiaries amounted to RMB5,790,077,400, accounting for 6.04% of the Company's net assets attributable to the parent company. The accumulated amount of overdue guarantees was RMBnil, the amount of guarantees involved in litigations was RMBnil, and the amount of losses that should be borne due to the loss in lawsuits in relation to guarantees was RMBnil.

For details of relevant guarantees, please refer to the relevant announcements disclosed by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on July 17, September 28, November 3, November 16 and December 22, 2021 and March 9 and March 19, 2022 and on the website of HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) on July 16, September 27, November 2, November 15 and December 21, 2021 and March 8 and March 18, 2022.



## Section VI Significant Events (continued)

### (III) Entrusted wealth management

During the Reporting Period, the Company did not have entrusted wealth management accumulated from previous periods or occurred during the Reporting Period.

### (IV) Material contracts in relation to daily operations

N/A.

### (V) Other material contracts

Pursuant to the requirements on connected transactions under Chapter 14A of the Hong Kong Listing Rules, on December 6, 2021, the Resolution on Renewal of the Securities and Financial Products, Transactions and Services Framework Agreement with China Jianyin Investment Ltd. was considered and approved at the fifth meeting of the fifth session of the Board of Directors of the Company and was submitted to the general meeting of the Company for consideration. On December 30, 2021, the relevant resolution was considered and approved at the 2021 second extraordinary general meeting of the Company. The Company and JIC renewed the Securities and Financial Products, Transactions and Services Framework Agreement for a term from January 1, 2022 to December 31, 2024, and set the annual caps for securities and financial products and transactions and securities and financial services for 2022 to 2024. For details of the renewal of framework agreement, please refer to the announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on December 7 and December 31, 2021 and on the website of HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) on December 6 and December 30, 2021.

## XIII. CHANGES IN THE QUALIFICATIONS FOR INDIVIDUAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, Shenwan Hongyuan Securities, a subsidiary of the Company, obtained the qualification of market maker of aluminum options of the Shanghai Futures Exchange, qualification of market maker of PTA futures of the Zhengzhou Commodity Exchange, qualification of main market maker of rapeseed meal and cotton futures of the Zhengzhou Commodity Exchange, qualification of general market maker of sugar futures of the Zhengzhou Commodity Exchange and qualification of self-operated clearing house for commodity exchange of the Shanghai Futures Exchange. Hongyuan Futures, a subsidiary of the Company, obtained the qualification of market maker of aluminum options and petroleum asphalt futures of the Shanghai Futures Exchange and qualification of market maker of PTA futures of the Zhengzhou Commodity Exchange.

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

No.	Date	Regulatory authority	Document name	Document No.
1	June 20, 2022	CSRC	Approval for Registration of Perpetual Subordinated Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2022] No. 1286

## XV. RISK CONTROL INDICATORS OF SHENWAN HONGYUAN SECURITIES, A SUBSIDIARY OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the main risk control indicators of Shenwan Hongyuan Securities with Net Capital and liquidity as the core were in compliance with regulatory requirements.

## XVI. RECEPTION OF RESEARCH AND INTERVIEW BY THE COMPANY DURING THE REPORTING PERIOD

Reception time	Reception location	Reception method	Type of reception object	Reception object	Main content discussed and information provided
April 13, 2022	–	Network	Individual, institution	Investors who participated in the Company's 2021 annual results presentation	Operations of the Company
April 15, 2022	–	Telephone communication	Institution	Institutional investors such as analysts of Changjiang Securities and China Life Aged-care, Topsperity Fund, Great Wall Securities, Yingda Securities, Zhongtian Securities, Jiuge Investment and Chaos Investment	Operations of the Company
June 24, 2022	–	Network	Individual, institution	Investors who participated in the 2022 online collective reception day for investors of listed companies in Xinjiang	Operations of the Company

Note: The record sheets of investor relations activities for the reception of the above investors by the Company have been disclosed on the website of the Shenzhen Stock Exchange ([www.szse.cn](http://www.szse.cn)) and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)).



### XVII. OTHER SIGNIFICANT EVENTS

#### **Implementation of the profit distribution plan for 2021**

The profit distribution plan of the Company for 2021 is as follows: based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2021, a cash dividend of RMB1.00 (tax inclusive) for every 10 Shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date.

For A shareholders, the Company completed the implementation of the 2021 profit distribution plan on August 5, 2022 with August 4, 2022 as the equity registration date and August 5, 2022 as the ex-dividend date. (For details, please refer to the Announcement on Implementation of the 2021 Profit Distribution Plan for A Shares of the Company published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on August 1, 2022).

For H shareholders, the Company distributed cash dividend for 2021 of RMB1.00 (tax inclusive) for every 10 Shares to the shareholders whose names appear on the register of members of the Company on June 30, 2022. The 2021 cash dividend was distributed on August 5, 2022. The 2021 cash dividend distributed was denominated and distributed in RMB and were paid to H shareholders in HK dollars. The actual amount distributed in HK dollars was calculated at the average benchmark exchange rate of RMB against HK dollars (i.e. RMB0.85103 = HK\$1.00) published by the People's Bank of China for the five working days before June 10, 2022 (being the date of the annual general meeting). Accordingly, the cash dividend per 10 H Shares was HK\$1.17505 (tax inclusive). (For details, please refer to the Poll Results of the 2021 Annual General Meeting and Payment of Cash Dividend disclosed by the Company on the website of HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) on June 10, 2022).

### XVIII. INDEX OF IMPORTANT INFORMATION DISCLOSED DURING THE REPORTING PERIOD

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

## Section VI Significant Events (continued)

No.	Announcements	Date of publication
1	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-01-04
2	Announcement on Progress of the Material Litigation Involving a Subsidiary	2022-01-04
3	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-01-04
4	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (19 ShenZheng 01 and 20 ShenZheng 01) of Shenwan Hongyuan Securities Co., Ltd.	2022-01-19
5	Announcement on the Results of Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022	2022-01-22
6	Announcement on the Results of the Issuance of the First Tranche of Short-term Financing Bonds by Shenwan Hongyuan Securities Co., Ltd. in 2022	2022-01-28
7	Announcement on the Listing of Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-01-28
8	Announcement on Repayment of Principal and Payment of Interest and Delisting of 17 ShenZheng 01 and the Results of Issuance of 22 Shenwanhongyuan CP002 of Shenwan Hongyuan Securities Co., Ltd.	2022-02-19
9	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (Second Tranche) (Type I) Issued in a Non-public Way by Shenwan Hongyuan Securities Co., Ltd. in 2020	2022-02-23
10	Announcement on the Results of Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022	2022-02-24
11	Credit Rating Report on the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-02
12	Prospectus on Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-02
13	Summary of the Prospectus on Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-02
14	Announcement on Issuance of Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-02
15	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2022-03-02
16	Announcement on the Listing of Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-03-03
17	Announcement on the Coupon Rate of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-04
18	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-04

## Section VI Significant Events (continued)

No.	Announcements	Date of publication
19	Announcement on Payment of Interests for 2022 for the Corporate Bonds (First Tranche) (Type I) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2022-03-04
20	Announcement on Payment of Interests for 2022 for the Corporate Bonds (First Tranche) (Type II) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2021	2022-03-04
21	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-04
22	Announcement on Repayment of Principal and Payment of Interest for 2022 and Delisting of Corporate Bonds (First Tranche) Issued in a Non-public Way by Shenwan Hongyuan Group Co., Ltd. in 2019	2022-03-05
23	Announcement on the Results of Issuance of Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-03-08
24	Announcement on Arbitration Involving a Subsidiary	2022-03-09
25	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-03-09
26	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-03-09
27	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2022-03-09
28	Announcement on the Listing of Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-03-11
29	Announcement on Proposed Issuance of Bonds by Shenwan Hongyuan Securities Co., Ltd.	2022-03-15
30	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (Second Tranche) (Type I) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Qualified Investors in 2019	2022-03-15
31	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-03-17
32	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-03-17
33	Announcement on Arbitration Involving a Subsidiary	2022-03-17
34	Announcement on Progress of Provision of Guarantees by Shenwan Hongyuan Securities Co., Ltd. to the Overseas Subsidiary for Issuance of Bonds	2022-03-19
35	Announcement on Litigation Involving a Subsidiary	2022-03-23
36	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-03-23
37	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-03-23



## Section VI Significant Events (continued)

No.	Announcements	Date of publication
38	Announcement on the Results of Public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022	2022-03-26
39	Announcement on the Results of the Issuance of the Third Tranche of Short-term Financing Bonds by Shenwan Hongyuan Securities Co., Ltd. in 2022	2022-03-30
40	2021 Social Responsibility Report	2022-03-31
41	Annual Special Audit Report on the Appropriation of Funds by Related Parties	2022-03-31
42	2021 Auditors' Report	2022-03-31
43	Internal Control Assurance Report	2022-03-31
44	2021 Work Report of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.	2022-03-31
45	2021 Work Report of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	2022-03-31
46	Announcement on Estimated Daily Related Party Transactions for 2022	2022-03-31
47	Independent Opinions of Independent Directors on External Guarantees and Other Matters	2022-03-31
48	Annual Work Report of Independent Directors	2022-03-31
49	2021 Annual Report	2022-03-31
50	Self-Assessment Report on Internal Control	2022-03-31
51	Announcement on Resolutions of the Seventh Meeting of the Fifth Session of the Board of Directors	2022-03-31
52	Announcement on Resolutions of the Sixth Meeting of the Fifth Session of the Board of Supervisors	2022-03-31
53	Summary of 2021 Annual Report	2022-03-31
54	Announcement on the Listing of Corporate Bonds (Third Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-04-01
55	Announcement on Convening 2021 Annual Results Presentation	2022-04-02
56	Announcement on Repayment of Principal and Payment of Interest for 2022 and Delisting of Corporate Bonds (Second Tranche) (Type I) Issued in a Non-public Way by Shenwan Hongyuan Group Co., Ltd. in 2019	2022-04-09
57	Prospectus on Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-20
58	Announcement on Issuance of Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-20
59	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2022-04-20
60	Summary of the Prospectus on Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-20
61	Credit Rating Report on the Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-20



## Section VI Significant Events (continued)

No.	Announcements	Date of publication
62	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-22
63	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (Second Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-22
64	Announcement on the Coupon Rate of the Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-25
65	Announcement on the Results of Issuance of Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022	2022-04-26
66	Announcement on the Results of the Issuance of the Fourth Tranche of Short-term Financing Bonds by Shenwan Hongyuan Securities Co., Ltd. in 2022	2022-04-26
67	Announcement on the Results of Public Issuance of Subordinated Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022	2022-04-29
68	Announcement on Repayment of Principal and Payment of Interest and Delisting of Short-term Corporate Bonds (Second Tranche) (Type I) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2021	2022-04-29
69	Independent Opinions of Independent Directors	2022-04-30
70	2022 First Quarterly Report	2022-04-30
71	Announcement on Resolutions of the Eighth Meeting of the Fifth Session of the Board of Directors	2022-04-30
72	Announcement on Re-appointment of Accounting Firms	2022-04-30
73	Announcement on the Listing of Corporate Bonds (Second Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-05-05
74	Announcement on the Listing of the Subordinated Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-05-11
75	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (Third Tranche) (Type I) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Qualified Investors in 2019	2022-05-11
76	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-05-12
77	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-05-12
78	Announcement on Litigation Involving a Subsidiary	2022-05-12

## Section VI Significant Events (continued)

No.	Announcements	Date of publication
79	Materials of 2021 Annual General Meeting of Shenwan Hongyuan Group Co., Ltd.	2022-05-20
80	Announcement on Convening the 2021 Annual General Meeting	2022-05-20
81	Announcement on the Results of Public Issuance of Corporate Bonds (Fourth Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022	2022-05-25
82	Ongoing Credit Rating Report on Shenwan Hongyuan Group Co., Ltd. and the Bonds (18 ShenHong 01 and 18 ShenHong 02) Issued Publicly by It	2022-05-30
83	Ongoing Credit Rating Report on the Public Issuance of Bonds by Shenwan Hongyuan Group Co., Ltd. in 2022	2022-05-30
84	Announcement on the Listing of Corporate Bonds (Fourth Tranche) Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2022 at the Shenzhen Stock Exchange	2022-05-31
85	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-06-10
86	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-06-10
87	Announcement on Progress of the Litigation Involving a Subsidiary	2022-06-10
88	Announcement on Resolutions of the 2021 Annual General Meeting	2022-06-11
89	Legal Opinion on the 2021 Annual General Meeting of Shenwan Hongyuan Group Co., Ltd.	2022-06-11
90	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on Major Issues of Shenwan Hongyuan Group Co., Ltd.	2022-06-22
91	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on Major Issues Regarding Bonds of Shenwan Hongyuan Group Co., Ltd.	2022-06-22
92	Announcement on Litigation Involving a Subsidiary	2022-06-22
93	Announcement on Participation in the Online Collective Reception Day for Investors of Listed Companies in Xinjiang in 2022	2022-06-22
94	Entrusted Management Report on the Non-public Issuance of Corporate Bonds (Third Tranche) by Shenwan Hongyuan Group Co., Ltd. in 2019 (2021)	2022-06-28
95	Entrusted Management Report on the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2018 (2021)	2022-06-28
96	Entrusted Management Report on the Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. (2021)	2022-06-28
97	Announcement on the Approval of the CSRC for the Registration of Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	2022-06-29

## Section VI Significant Events (continued)

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

No.	Announcements	Date of publication
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2021	2022-01-05
2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2022	2022-02-07
3	Announcement Made pursuant to the Rules 13.51B(2) and 13.51(2) of the Listing Rules	2022-02-14
4	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2022	2022-03-02
5	Date of Board Meeting	2022-03-16
6	Final Dividends for the Year ended December 31, 2021	2022-03-30
7	2021 Corporate Social Responsibility Report/Environmental, Social and Governance Report	2022-03-30
8	Annual Results Announcement for the Year ended December 31, 2021	2022-03-31
9	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2022	2022-04-01
10	2021 Annual Report	2022-04-19
11	Date of Board Meeting	2022-04-19
12	2022 First Quarterly Report	2022-04-29
13	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2022	2022-05-05
14	Final Dividends for the Year ended December 31, 2021 (Updated)	2022-05-19
15	Circular of the 2021 Annual General Meeting	2022-05-19
16	Form of Proxy of Holders of H Shares for Use at the Annual General Meeting to be Held on June 10, 2022	2022-05-19
17	Notice of the 2021 Annual General Meeting	2022-05-19
18	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2022	2022-06-01
19	Final Dividends for the Year ended December 31, 2021 (Updated)	2022-06-10
20	Poll Results of the 2021 Annual General Meeting and Payment of Cash Dividends	2022-06-10
21	2021 Corporate Annual Report	2022-06-16

## Section VI Significant Events (continued)

### XIX. SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

#### (I) Corporate Bonds of Shenwan Hongyuan Securities, a Subsidiary of the Company

##### 1. Basic information of corporate bonds

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and interest	Trading place
2017 Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (First Tranche) (Type II)	17 ShenZheng 02	136981	2017/2/17	2017/2/17	2024/2/17	50,000.00	4.50%		Shanghai Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Securities Co., Ltd. in 2018 (First Tranche) (Type I)	18 ShenZheng 03	112812	2018/12/10	2018/12/10	2023/12/10	150,000.00	4.08%	The interest of these bonds is calculated at simple interest on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (First Tranche) (Type II)	20 ShenZheng 06	149173	2020/7/27	2020/7/27	2023/7/27	410,000.00	3.49%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Second Tranche) (Type II)	20 ShenZheng 08	149230	2020/9/10	2020/9/10	2023/9/10	320,000.00	3.76%		Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Third Tranche) (Type II)	20 ShenZheng 10	149274	2020/10/26	2020/10/26	2023/10/26	570,000.00	3.68%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Fourth Tranche) (Type II)	20 ShenZheng 12	149299	2020/11/16	2020/11/16	2022/11/16	170,000.00	3.55%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type I)	21 ShenZheng 01	149425	2021/4/29	2021/4/29	2024/4/29	250,000.00	3.45%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type II)	21 ShenZheng 02	149431	2021/4/29	2021/4/29	2031/4/29	200,000.00	4.05%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng 03	149479	2021/5/24	2021/5/24	2026/5/24	260,000.00	3.63%		



## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'000)	Interest rate	Method of repayment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng 04	149490	2021/5/28	2021/5/28	2024/5/28	200,000.00	3.27%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng 05	149491	2021/5/28	2021/5/28	2031/5/28	250,000.00	4.00%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type I)	21 ShenZheng 06	149559	2021/7/21	2021/7/21	2024/7/21	200,000.00	3.13%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type II)	21 ShenZheng 07	149560	2021/7/21	2021/7/21	2031/7/21	300,000.00	3.77%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type I)	21 ShenZheng 08	149574	2021/7/28	2021/7/28	2024/7/28	280,000.00	3.04%	The interest of these bonds is calculated at simple interest on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type II)	21 ShenZheng 09	149575	2021/7/28	2021/7/28	2026/7/28	420,000.00	3.38%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type I)	21 ShenZheng 10	149614	2021/8/26	2021/8/26	2024/8/26	300,000.00	3.02%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type II)	21 ShenZheng 11	149615	2021/8/26	2021/8/26	2031/8/26	300,000.00	3.75%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type I)	21 ShenZheng 12	149626	2021/9/9	2021/9/9	2024/9/9	480,000.00	3.05%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type II)	21 ShenZheng 13	149627	2021/9/9	2021/9/9	2026/9/9	100,000.00	3.40%		

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type I)	21 ShenZheng 14	149595	2021/9/22	2021/9/22	2023/9/22	230,000.00	2.95%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type II)	21 ShenZheng 15	149640	2021/9/22	2021/9/22	2024/9/22	230,000.00	3.10%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type I)	22 ShenZheng 01	149789	2022/1/21	2022/1/21	2025/1/21	500,000.00	2.80%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type II)	22 ShenZheng 02	149790	2022/1/21	2022/1/21	2032/1/21	240,000.00	3.60%	The interest of these bonds is calculated at simple interest on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Second Tranche) (Type I)	22 ShenZheng 03	149809	2022/2/23	2022/2/23	2025/2/23	220,000.00	2.95%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type I)	22 ShenZheng 05	149852	2022/3/24	2022/3/24	2025/3/24	350,000.00	3.18%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type II)	22 ShenZheng 06	149853	2022/3/24	2022/3/24	2027/3/24	210,000.00	3.53%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Fourth Tranche) (Type I)	22 ShenZheng 07	112904	2022/5/23	2022/5/23	2025/5/23	180,000.00	2.78%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Fourth Tranche) (Type II)	22 ShenZheng 08	149252	2022/5/23	2022/5/23	2027/5/23	220,000.00	3.20%		

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'000)	Interest rate	Method of repayment of principal and interest	Trading place
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche) (Type II)	21 ShenZheng D3 Note	149681	2021/10/27	2021/10/27	2022/7/27	280,000.00	2.78%	The interest of these bonds is calculated at simple interest instead of compound interest. The principal and interests will be paid upon maturity. The interest will be paid together with the principal	
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng D4 Note	149735	2021/12/8	2021/12/8	2022/8/8	330,000.00	2.64%		
Short-term Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng D5	149736	2021/12/8	2021/12/8	2022/12/8	470,000.00	2.68%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche)	21 ShenZheng C1	149360	2021/1/21	2021/1/21	2024/1/21	300,000.00	3.93%	The interest of these bonds is calculated at simple interest on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	Shenzhen Stock Exchange
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng C2	149405	2021/3/11	2021/3/11	2024/3/11	380,000.00	3.94%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng C3	149761	2021/12/27	2021/12/27	2023/12/27	180,000.00	3.08%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng C4	149762	2021/12/27	2021/12/27	2024/12/27	120,000.00	3.20%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche)	22 ShenZheng C1	149904	2022/4/27	2022/4/27	2025/4/27	300,000.00	3.19%		

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and interest	Trading place
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (First Tranche)	21 ShenZheng Y1	149629	2021/6/24	2021/6/24	The issuer is entitled to redeem the current bonds on basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	200,000.00	4.10%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment.	Shenzhen Stock Exchange
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (Second Tranche)	21 ShenZheng Y2	149605	2021/8/19	2021/8/19	The issuer is entitled to redeem the current bonds on basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	330,000.00	3.70%		



## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and interest	Trading place
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (Third Tranche)	21 ShenZheng Y3	149700	2021/11/15	2021/11/15	The issuer is entitled to redeem the current bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	470,000.00	3.88%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment	Shenzhen Stock Exchange

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB0'000)	Interest rate	Method of repayment of principal and interest	Trading place
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche)	22 ShenZheng Y1	148005	2022/7/27	2022/7/27	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	500,000.00	3.45%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment	Shenzhen Stock Exchange
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Second Tranche)	22 ShenZheng Y2	148040	2022/8/25	2022/8/25	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	480,000.00	3.28%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment	Shenzhen Stock Exchange

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'000)	Interest rate	Method of repayment of principal and interest	Trading place
Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Securities Co., Ltd. In 2020 (First Tranche) (Type II)	20 ShenZheng 02	114653	2020/1/16	2020/1/16	2023/1/16	200,000.00	3.55%	The interest of these bonds is calculated at simple interest	
Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Securities Co., Ltd. In 2020 (Second Tranche) (Type II)	20 ShenZheng 04	114666	2020/2/21	2020/2/21	2023/2/21	300,000.00	3.20%	on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	
2020 Subordinated Bonds of Securities Company of Shenwan Hongyuan Securities Co., Ltd. (First Tranche) (Type II)	20 ShenZheng C2	115112	2020/4/23	2020/4/23	2023/4/23	600,000.00	3.18%	The interest of these bonds is calculated at simple interest on an annual basis instead of compound interest, and paid once a year. The principal will be repaid upon maturity. The interest of the last tranche will be paid together with the principal	Shenzhen Stock Exchange
2020 Subordinated Bonds of Securities Company of Shenwan Hongyuan Securities Co., Ltd. (Second Tranche)	20 ShenZheng C3	115114	2020/5/25	2020/5/25	2023/5/25	600,000.00	3.25%		

## Section VI Significant Events (continued)

Investor eligibility arrangement	<p>17 ShenZheng 02, 18 ShenZheng 03, 20 ShenZheng 06, 20 ShenZheng 08, 20 ShenZheng 10, 20 ShenZheng 12, 21 ShenZheng 01, 21 ShenZheng 02, 21 ShenZheng 03, 21 ShenZheng 04, 21 ShenZheng 05, 21 ShenZheng 06, 21 ShenZheng 07, 21 ShenZheng 08, 21 ShenZheng 09, 21 ShenZheng 10, 21 ShenZheng 11, 21 ShenZheng 12, 21 ShenZheng 13, 21 ShenZheng 14, 21 ShenZheng 15, 21 ShenZheng D3, 21 ShenZheng D4, 21 ShenZheng D5, 22 ShenZheng 01, 22 ShenZheng 02, 22 ShenZheng 03, 22 ShenZheng 05, 22 ShenZheng 06, 22 ShenZheng 07 and 22 ShenZheng 08 were issued to professional investors.</p> <p>20 Shenzheng 02, 20 Shenzheng 04, 20 Shenzheng C2, 20 Shenzheng C3, 21 ShenZheng C1, 21 ShenZheng C2, 21 ShenZheng C3, 21 ShenZheng C4, 22 ShenZheng C1, 21 ShenZheng Y1, 21 ShenZheng Y2, 21 ShenZheng Y3, 22 ShenZheng Y1 and 22 ShenZheng Y2 were issued to professional institutional investors.</p>
Applicable trading mechanism	<p>17 ShenZheng 02, 18 ShenZheng 03, 20 ShenZheng 06, 20 ShenZheng 08, 20 ShenZheng 10, 20 ShenZheng 12, 21 ShenZheng 01, 21 ShenZheng 02, 21 ShenZheng 03, 21 ShenZheng 04, 21 ShenZheng 05, 21 ShenZheng 06, 21 ShenZheng 07, 21 ShenZheng 08, 21 ShenZheng 09, 21 ShenZheng 10, 21 ShenZheng 11, 21 ShenZheng 12, 21 ShenZheng 13, 21 ShenZheng 14, 21 ShenZheng 15, 21 ShenZheng C1, 21 ShenZheng C2, 21 ShenZheng C3, 21 ShenZheng C4, 22 ShenZheng C1, 21 ShenZheng Y1, 21 ShenZheng Y2, 21 ShenZheng Y3, 21 ShenZheng D3, 21 ShenZheng D4, 21 ShenZheng D5, 22 ShenZheng 01, 22 ShenZheng 02, 22 ShenZheng 03, 22 ShenZheng 05, 22 ShenZheng 06, 22 ShenZheng 07, 22 ShenZheng 08, 22 ShenZheng Y1 and 22 ShenZheng Y2 were traded by 5 transaction methods including matching, one-click-order, price-enquiry, bidding or upon negotiation.</p> <p>20 ShenZheng 02, 20 ShenZheng 04, 20 ShenZheng C2 and 20 ShenZheng C3 were traded by 4 transaction methods including one-click-order, price-enquiry, bidding or upon negotiation.</p>
Whether there is risk of delisting (if any) and countermeasures therefor	N/A

Note: Repayment of principal and payment of interest were completed for 21 Shenzheng D3 and 21 Shenzheng D4 on July 27 and August 8, 2022, respectively, and such bonds were delisted.

During the Reporting Period, the corporate bonds issued by the issuer were not overdue.



## Section VI Significant Events (continued)

### 2. Triggering and implementation of issuer or investor option terms and investor protection terms

During the Reporting Period, there were no issuer or investor option terms and investor protection terms triggered by Shenwan Hongyuan Securities.

### 3. Adjustments to credit rating results during the Reporting Period

During the Reporting Period, there was no adjustment to credit rating results.

### 4. Guarantee, credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for corporate bonds

There was no guarantee for corporate bonds issued by Shenwan Hongyuan Securities. During the Reporting Period, there was no credit enhancement arrangement for the issued bonds of Shenwan Hongyuan Securities, and the repayment plan and other repayment guarantee measures were consistent with the relevant commitments in the prospectus without major changes. Shenwan Hongyuan Securities was able to implement the debt repayment plan and debt repayment guarantee measures in accordance with relevant agreements, to effectively safeguard the interests of bondholders. Shenwan Hongyuan Securities has set up special accounts for the issued bonds. The withdrawal of funds from the special accounts during the Reporting Period was consistent with the relevant commitments in the prospectus.

### 5. Other information on bonds

During the Reporting Period, Shenwan Hongyuan Securities did not have enterprise bonds, non-financial enterprise bond financing instruments, or convertible corporate bonds.

During the Reporting Period, Shenwan Hongyuan Securities did not record loss within the scope of consolidated statements exceeding 10% of the net assets as at the end of last year.

## (II) Related Regulatory Measures

### In April 2022, Shenwan Hongyuan Securities was ordered by the Shanghai Branch of the CSRC to increase the number of compliance inspection, and relevant persons were adopted regulatory interview and issued warning letter by the Shanghai Branch of the CSRC

On April 24, 2022, the Shanghai Branch of the CSRC issued the Decisions on Order to Increase the Number of Compliance Inspection to Shenwan Hongyuan Securities Co., Ltd., with the main contents as follows: when Shenwan Hongyuan Securities and Ant Wealth (Shanghai) Financial Information Services Co., Ltd. ("Ant Wealth") cooperated in carrying out the online investment advisory business, it failed to conduct appropriateness management independently, fully understand the information on investors, or obtain the address, occupation, financial status, investment experience, integrity records, etc. of customers, the operation of relevant information system was not under its control, and it failed to save local records of customer information, appropriateness management, relevant service records, etc. Relevant personnel assumed leadership or direct responsibility for the above issues.

For the aforementioned issues, Shenwan Hongyuan Securities has terminated the online investment advisory service agreement with all existing customers, contacted Ant Wealth to obtain and save the relevant data of all existing customers, terminated the cooperation with Ant Wealth in respect of online investment advisory business, and proactively cooperated with Ant Wealth in the work in relation to terminating cooperation.

## Section VII Changes in Shares and Shareholders

### I. CHANGES IN SHARES

#### (I) Table of Changes in Shares

Unit: Share

	Before the change		Increase or decrease (+,-) of this change					After the change	
	Number	Percentage	Issuance of new shares	Bonus shares	Capital reserve transferred to shares	Others	Sub-total	Number	Percentage
I. Shares subject to selling restrictions	437,244	0.0017%	0	0	0	0	0	437,244	0.0017%
1. State-owned shares	0	0.0000%	0	0	0	0	0	0	0.0000%
2. Shares held by									
state-owned legal entities	0	0.0000%	0	0	0	0	0	0	0.0000%
3. Other domestic shares	437,244	0.0017%	0	0	0	0	0	437,244	0.0017%
Including: shares held by domestic legal entities	0	0.0000%	0	0	0	0	0	0	0.0000%
Shares held by domestic natural persons	437,244	0.0017%	0	0	0	0	0	437,244	0.0017%
4. Shares held by foreign capital	0	0.0000%	0	0	0	0	0	0	0.0000%
Including: shares held by overseas legal entities	0	0.0000%	0	0	0	0	0	0	0.0000%
Shares held by overseas natural persons	0	0.0000%	0	0	0	0	0	0	0.0000%
II. Shares without selling restrictions	25,039,507,316	99.9983%	0	0	0	0	0	25,039,507,316	99.9983%
1. Renminbi-denominated ordinary shares	22,535,507,316	89.9983%	0	0	0	0	0	22,535,507,316	89.9983%
2. Domestic listed foreign shares	0	0.0000%	0	0	0	0	0	0	0.0000%
3. Overseas listed foreign shares	2,504,000,000	10.0000%	0	0	0	0	0	2,504,000,000	10.0000%
4. Others	0	0.0000%	0	0	0	0	0	0	0.0000%
III. Total numbers of shares	25,039,944,560	100.0000%	0	0	0	0	0	25,039,944,560	100.0000%

#### (II) Changes in Shares subject to Selling Restrictions

During the Reporting Period, there was no change in the Company's shares subject to selling restrictions.

### II. ISSUANCE AND LISTING OF SECURITIES

The Company had no issuance or listing of shares, convertible corporate bonds, separately traded convertible corporate bonds and other derivative securities during the Reporting Period.

For the issuance of corporate bonds by the Company, please refer to "Section VIII Profile of Bonds" of this report; for the issuance of bonds by subsidiaries of the Company, please refer to "XIX. Significant Matters of Subsidiaries of the Company" under "Section VI Significant Events" in this report.

## Section VII Changes in Shares and Shareholders (continued)

### III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

#### (I) Number of Shareholders and Their Shareholdings as of June 30, 2022

Unit: Share

<b>Total number of ordinary shareholders as of the end of the Reporting Period</b>	303,917 (including 303,852 A shareholders and 65 H shareholders)	<b>Total number of preferred shareholders whose voting rights were restored at the end of the Reporting Period (if any)</b>	Nil
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Shareholdings of the top ten ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of ordinary shares held at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of shares held subject to selling restrictions	Number of shares held not subject to selling restrictions	Pledged or frozen	
							Status	Number
China Jianyin Investment Ltd.	State-owned legal person	26.34	6,596,306,947	0	0	6,596,306,947	–	0
Central Huijin Investment Ltd.	State shares	20.05	5,020,606,527	0	0	5,020,606,527	–	0
HKSCC Nominees Limited	Overseas legal person	10.00	2,503,795,370	-4,800	0	2,503,795,370	N/A	N/A
Shanghai Jiushi (Group) Co., Ltd.	State-owned legal person	4.82	1,206,983,489	-5,826,900	0	1,206,983,489	–	0
Sichuan Development Holding Co., Ltd.	State-owned legal person	4.49	1,124,543,633	52,500,000	0	1,124,543,633	–	0
China Everbright Group Ltd.	State-owned legal person	3.99	999,000,000	0	0	999,000,000	Pledged	67,500,000
China Securities Finance Corporation Limited	Domestic general legal person	2.54	635,215,426	0	0	635,215,426	–	0
Xinjiang Financial Investment Co., Ltd.	State-owned legal person	1.84	460,642,216	0	0	460,642,216	Pledged	217,000,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.38	345,349,927	-1,966,963	0	345,349,927	–	0
Central Huijin Asset Management Ltd.	State-owned legal person	0.79	197,390,385	0	0	197,390,385	–	0
Strategic investors or general legal entities becoming the top ten holders of ordinary shares by placing of new shares				None				
Description on the related relationship or parties acting-in-concert arrangements among the shareholders above				Central Huijin Investment Ltd. holds the entire equity interest in China Jianyin Investment Ltd., and holds the entire equity interest in Central Huijin Asset Management Ltd. and 63.16% of equity interest in China Everbright Group Ltd.				
Description of the above-mentioned shareholders' delegated/entrusted voting rights and waiver of voting rights				None				
Special description for the existence of special repurchase account among the top 10 shareholders				None				

## Section VII Changes in Shares and Shareholders (continued)

Shareholdings of the top ten ordinary shareholders not subject to selling restrictions			
Name of shareholder	Number of ordinary shares not subject to selling restrictions at the end of the Reporting Period	Class of share	Number
		Class of share	
China Jianyin Investment Ltd.	6,596,306,947	RMB-denominated ordinary shares	6,596,306,947
Central Huijin Investment Ltd.	5,020,606,527	RMB-denominated ordinary shares	5,020,606,527
HKSCC Nominees Limited	2,503,795,370	Overseas listed foreign shares	2,503,795,370
Shanghai Jiushi (Group) Co., Ltd.	1,206,983,489	RMB-denominated ordinary shares	1,206,983,489
Sichuan Development Holding Co., Ltd.	1,124,543,633	RMB-denominated ordinary shares	1,124,543,633
China Everbright Group Ltd.	999,000,000	RMB-denominated ordinary shares	999,000,000
China Securities Finance Corporation Limited	635,215,426	RMB-denominated ordinary shares	635,215,426
Xinjiang Financial Investment Co., Ltd.	460,642,216	RMB-denominated ordinary shares	460,642,216
Hong Kong Securities Clearing Company Limited	345,349,927	RMB-denominated ordinary shares	345,349,927
Central Huijin Asset Management Ltd.	197,390,385	RMB-denominated ordinary shares	197,390,385
Description on the related relationship or parties acting-in-concert among the top ten ordinary shareholders not subject to selling restrictions and between the top ten ordinary shareholders not subject to selling restrictions and the top ten ordinary shareholders	Central Huijin Investment Ltd. holds the entire equity interest in China Jianyin Investment Ltd., and holds the entire equity interest in Central Huijin Asset Management Ltd. and holds 63.16% of equity interest in China Everbright Group Ltd.		
Description on any of the top ten ordinary shareholders participating in the margin financing and securities lending business	Due to engagement in the margin and securities refinancing business, the number of shares held by Shanghai Jiushi (Group) Co., Ltd., a shareholder of the Company at the end of the Reporting Period decreased by 5,826,900 shares from the end of December 2021. Due to the maturity of the contract regarding engagement in the margin and securities refinancing business, the number of shares held by Sichuan Development Holding Co., Ltd., a shareholder of the Company at the end of the Reporting Period increased by 52,500,000 shares from the end of December 2021.		

Notes: 1. Among the H shareholders of the Company, HKSCC Nominees Limited holds the H Shares on behalf of the non-registered shareholders;

2. In the above table, the shares held by HKSCC Nominees Limited are overseas listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares).



## Section VII Changes in Shares and Shareholders (continued)

### IV. CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Not applicable.

### V. CHANGES IN CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER AS OF THE END OF THE REPORTING PERIOD

As of the end of the Reporting Period, there were no change in controlling shareholder and actual controller of the Company.

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

As at June 30, 2022, none of the directors, supervisors or chief executives of the Company had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance which were required, to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance, or were recorded in the register required to be maintained by the Company under Section 352 of the Securities and Futures Ordinance, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

### VII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2022, to the best knowledge of the Company after having made all reasonable enquiries, the following persons (other than directors, supervisors or chief executives of the Company) have interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or were required to be recorded, in the register that is required to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Unit: Share

					Percentage of the total number of issued A Shares/H Shares of the Company (%)	Percentage of the total number of issued shares of the Company (%)	Long/short positions
Name of substantial shareholder	Class of share	Nature of Interest	Number of shares held (share) <sup>Note 3</sup>		<sup>Note 4</sup>		
1 Central Huijin Investment Ltd. <sup>Note 1</sup>	A Shares	Beneficial owner	5,020,606,527		20.05	22.28	Long positions
	A Shares	Interest in controlled corporations	7,792,697,332		31.12	34.58	Long positions
	H Shares	Interest in controlled corporations	756,472,000		3.02	30.21	Long positions
	H Shares	Interest in controlled corporations	64,193,600		0.26	2.56	Short positions
2 China Jiayin Investment Ltd.	A Shares	Beneficial owner	6,596,306,947		26.34	29.27	Long positions
3 Industrial and Commercial Bank of China Limited	H Shares	Beneficial owner	648,404,800		2.59	25.89	Long positions
4 Everbright PGIM Fund Management Co., Ltd. (on behalf of EPF — Huaxia Life SMA One) (代表光大保德信 — 華夏人壽1號單一資產管理計劃)	H Shares	Trustee	216,134,400		0.86	8.63	Long positions
5 Huaxia Life Insurance Co., Ltd. <sup>Note 2</sup>	H Shares	Beneficial owner	216,134,000		0.86	8.63	Long positions
6 China Life Insurance (Group) Company	H Shares	Beneficial owner	172,907,200		0.69	6.91	Long positions

## Section VII Changes in Shares and Shareholders (continued)

- Note 1: Central Huijin holds the entire equity interest in JIC, the entire equity interest in Central Huijin Asset Management Ltd., and 63.16% of equity interest in China Everbright Group Ltd. The total number of A Shares of the Company held by JIC, Central Huijin Asset Management Ltd. and China Everbright Group Ltd. is 7,792,697,332. Central Huijin indirectly held 756,472,000 H Shares of the Company through its controlled corporations including Industrial and Commercial Bank of China Limited, and China Reinsurance (Group) Corporation. In particular, Central Huijin held 648,404,800 shares through Industrial and Commercial Bank of China Limited and 108,067,200 shares through China Reinsurance (Group) Corporation.
- Note 2: Huaxia Life Insurance Co., Ltd. has engaged Everbright PGIM Fund Management Co., Ltd. (光大保德信基金管理有限公司), a qualified domestic institutional investor as approved by the relevant PRC regulatory authority, as the asset manager, in the name of EPF — HuaXia Life SMA One (光大保德信 — 華夏人壽1號單一資產管理計劃), to subscribe and hold the H Shares of the Company on behalf Huaxia Life Insurance Co., Ltd.
- Note 3: According to Part XV of the Securities and Futures Ordinance, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. If the shareholders have not filed disclosure of interests forms as required under the Securities and Futures Ordinance, the actual shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange as of the end of the Reporting Period. When the shareholdings of shareholders in the Company change, it is not necessary for such shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the actual shareholdings of substantial shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange as of the end of the Reporting Period.
- Note 4: As at June 30, 2022, the Company has issued a total of 22,535,944,560 A Shares and 2,504,000,000 H Shares, totaling 25,039,944,560 shares.

Save as disclosed above, as of June 30, 2022, the Company was not aware of any other person (other than directors, supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or which were recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance.

## VIII. SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the directors of the Company during the Reporting Period and as of the date of this report, no less than 10% of the Company's total issued shares were held by the public, which meets the requirements as set out in the waiver letter on the public float obtained by the Company upon listing. For details, please refer to the H Shares prospectus of the Company dated April 12, 2019 and the announcement dated May 20, 2019 in relation to stabilizing actions, end of stabilization period and lapse of over-allotment option.

## IX. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, there was no repurchase, sale or redemption by the Company and any of its subsidiaries of the Company's listed securities.

## Section VIII Profile of Bonds

### I. CORPORATE BONDS

#### (I) Basic Information of Corporate Bonds

##### 1. Public offering of corporate bonds in 2018

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Balance of bond (RMB'0,000)	Interest rate	Payment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Group Co., Ltd. in 2018 (First Tranche)(Type I)	18 ShenHong 01	112728	2018-07-13	2018-07-17	2023-07-17	3,250	July 17, 2018– July 16, 2021: 4.4%; July 17, 2021–July 16, 2023: 3.2%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Group Co., Ltd. in 2018 (First Tranche) (Type II)	18 ShenHong 02	112729	2018-07-13	2018-07-17	2023-07-17	650,000	4.80%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)	Targeted to qualified investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Traded by matching, one-click-order, price-enquiry, bidding or upon negotiation								
Whether there is risk of delisting (if any) and countermeasures therefor	None								

## Section VIII Profile of Bonds (continued)

### 2. Non-public offering of corporate bonds in 2019

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Balance of bond (RMB'0,000)	Interest rate (%)	Payment of principal and interest	Trading place
Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Group Co., Ltd. in 2019 (First Tranche) <sup>Note</sup>	19 ShenHong 01	114443	2019-03-06	2019-03-08	2022-03-08	100,000	4.18	Interest shall be calculated annually,	Shenzhen Stock Exchange
Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Group Co., Ltd. in 2019 (Second Tranche) (Type I) <sup>Note</sup>	19 ShenHong 02	114461	2019-04-09	2019-04-12	2022-04-12	320,000	4.27	while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Group Co., Ltd. in 2019 (Third Tranche)	19 ShenHong 04	114590	2019-10-23	2019-10-25	2024-10-25	580,000	3.94		Shenzhen Stock Exchange
Investor eligibility arrangement (if any)			Targeted to qualified investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.						
Applicable trading mechanism			Traded by one-click-order, price-enquiry, bidding or upon negotiation						
Whether there is risk of delisting (if any) and countermeasures therefor			None						

Note: Repayment of principal and payment of interest were completed for the Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Group Co., Ltd. in 2019 (First Tranche), Corporate Bonds Issued in a Non-Public Way by Shenwan Hongyuan Group Co., Ltd. in 2019 (Second Tranche) (Type I) and such bonds were delisted on March 8, 2022 and April 12, 2022, respectively.



## Section VIII Profile of Bonds (continued)

### 3. Public offering of corporate bonds in 2021

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Balance of bond (RMB'0,000)	Interest rate (%)	Payment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2021 (First Tranche) (Type I)	21 ShenHong 01	149393	2021-03-04	2021-03-08	2026-03-08	150,000	3.68		Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2021 (First Tranche) (Type II)	21 ShenHong 02	149394	2021-03-04	2021-03-08	2028-03-08	50,000	3.95	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2021 (Second Tranche) (Type II)	21 ShenHong 04	149553	2021-07-13	2021-07-15	2028-07-15	300,000	3.65	Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenHong 05	149578	2021-08-02	2021-08-04	2024-08-04	50,000	2.99		Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenHong 06	149579	2021-08-02	2021-08-04	2026-08-04	250,000	3.38		Shenzhen Stock Exchange
Investor eligibility arrangement (if any)	Targeted to professional investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司债券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Traded by matching, one-click-order, price-enquiry, bidding or upon negotiation								
Whether there is risk of delisting (if any) and countermeasures therefor	None								

## Section VIII Profile of Bonds (continued)

### 4. Public offering of corporate bonds in 2022

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Balance of bond (RMB'0,000)	Interest rate (%)	Payment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2022 (First Tranche) (Type I)	22 ShenHong 01	149825	2022-03-04	2022-03-08	2025-03-08	180,000	3.11	Interest shall be	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2022 (First Tranche) (Type II)	22 ShenHong 02	149826	2022-03-04	2022-03-08	2027-03-08	120,000	3.50	calculated annually, while the principal shall be fully repaid upon maturity.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2022 (Second Tranche) (Type I)	22 ShenHong 03	149898	2022-04-22	2022-04-26	2025-04-26	300,000	3.06	Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2022 (Second Tranche) (Type II)	22 ShenHong 04	149899	2022-04-22	2022-04-26	2027-04-26	100,000	3.45	period.	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2022 (Third Tranche) (Type II)	22 ShenHong 06	148054	2022-08-26	2022-08-30	2032-08-30	255,000	3.56		Shenzhen Stock Exchange
Investor eligibility arrangement (if any)			Targeted to professional investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司债券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.						
Applicable trading mechanism			Traded by matching, one-click-order, price-enquiry, bidding or upon negotiation						
Whether there is risk of delisting (if any) and countermeasures therefor			None						

During the Reporting Period, the corporate bonds were not overdue.



## Section VIII Profile of Bonds (continued)

### (II) Triggering and Implementation of Issuer or Investor Option Terms and Investor Protection Terms

#### 1. Issuer or investor option terms

During the Reporting Period, no issuer or investor option terms were triggered for the corporate bonds.

#### 2. Triggering and implementation of investor protection terms

During the Reporting Period, no investor protection terms were triggered for the corporate bonds.

### (III) Credit Rating Adjustment for Corporate Bonds

During the Reporting Period, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. continued to conduct ongoing credit rating on the corporate bonds issued publicly by the Company (“18 ShenHong 01” and “18 ShenHong 02”), and China Lianhe Credit Rating Co., Ltd. conducted ongoing rating on corporate bonds (“21 ShenHong 01”, “21 ShenHong 02”, “21 ShenHong 04”, “21 ShenHong 05”, “21 ShenHong 06”, “22 ShenHong 01” and “22 ShenHong 02”). There was no change in relevant credit rating level, rating outlook and credit rating results. The credit rating agencies maintained the AAA credit rating for the Company as an issuer, and the AAA credit rating for the corporate bonds “18 ShenHong 01”, “18 ShenHong 02”, “21 ShenHong 01”, “21 ShenHong 02”, “21 ShenHong 04”, “21 ShenHong 05”, “21 ShenHong 06”, “22 ShenHong 01” and “22 ShenHong 02” with a stable rating outlook. (For details, please refer to the announcements of the Company published on the Cninfo website (<http://www.cninfo.com.cn>) on May 30, 2022 and on the website of HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) on May 30, 2022).

### (IV) Implementation of and Changes in Guarantees, Debt Repayment Plan and Other Debt Repayment Guarantee Measures during the Reporting Period and Their Impact on the Interests of Bond Investors

#### 1. Public offering of corporate bonds in 2018

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2018 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the Rules for Meeting of Bondholders, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

The Company paid out of the special debt repayment account the interest payable for “18 ShenHong 01” and “18 ShenHong 02”. In July 2022, the Company paid out of the special debt repayment account the interest payable for “18 ShenHong 01” and “18 ShenHong 02” for the period from July 17, 2021 to July 16, 2022.



### 2. Non-public offering of corporate bonds in 2019

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2019 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the Rules for Meeting of Bondholders, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

The Company has set up a special debt repayment account and paid out of the special debt repayment account the interest and principal payable for “19 ShenHong 01”, “19 ShenHong 02” and “19 ShenHong 04”. In March 2022, the Company paid out of the special debt repayment account the interest payable and all principal for “19 ShenHong 01” for the period from March 8, 2021 to March 7, 2022. In April 2022, the Company paid out of the special debt repayment account the interest payable and all principal for “19 ShenHong 02” for the period from April 12, 2021 to April 11, 2022.

### 3. Public offering of corporate bonds in 2021

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2021 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the Rules for Meeting of Bondholders, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

The Company has set up a special debt repayment account and paid out of the special debt repayment account the interest and principal payable for “21 ShenHong 01”, “21 ShenHong 02”, “21 ShenHong 04”, “21 ShenHong 05” and “21 ShenHong 06”. In March 2022, the Company paid out of the special debt repayment account the interest payable for “21 ShenHong 01” and “21 ShenHong 02” for the period from March 8, 2021 to March 7, 2022. In July 2022, the Company paid out of the special debt repayment account the interest payable for “21 ShenHong 04” for the period from July 15, 2021 to July 14, 2022. In August 2022, the Company paid out of the special debt repayment account the interest payable for “21 ShenHong 05” and “21 ShenHong 06” for the period from August 4, 2021 to August 3, 2022.





## Section VIII Profile of Bonds (continued)

### 4. Public offering of corporate bonds in 2022

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2022 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the Rules for Meeting of Bondholders, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure. During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

No guarantee is provided for the corporate bonds issued by the Company.

## II. OTHER INFORMATION ON BONDS

During the Reporting Period, the Company did not have enterprise bonds, non-financial enterprise bond financing instruments, or convertible corporate bonds.

During the Reporting Period, the Company did not record loss within the scope of consolidated statements exceeding 10% of the net assets as at the end of last year.

For the bonds issued by Shenwan Hongyuan Securities, a subsidiary of the Company, please refer to “XIX. Significant Matters of Subsidiaries of the Company” under “Section VI Significant Events” in this report.

## Section VIII Profile of Bonds (continued)

### III. THE MAIN ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY FOR THE RECENT TWO YEARS AS OF THE END OF THE REPORTING PERIOD

Item	As of the end of the Reporting Period	As of the end of last year	Increase/decrease as compared with the end of last year
Current ratio	1.67	1.57	Increased by 0.10
Gearing ratio	78.75%	78.43%	Increased by 0.32 percentage point
Quick ratio	1.66	1.56	Increased by 0.10

Item	For the Reporting Period	For the same period of the previous year	Year-on-year change
Profit for the period after deducting non-recurring profit or loss (RMB'000)	3,483,732	4,555,277	-23.52%
Total debt to EBITDA ratio	0.04	0.06	Decreased by 0.02
Interest coverage ratio	1.88	2.20	-14.55%
Cash interest coverage ratio	7.25	-5.02	N/A
EBITDA interest coverage ratio	1.96	2.28	-14.04%
Loan repayment ratio	100%	100%	—
Interest repayment ratio	100%	100%	—

Note: Current ratio, gearing ratio and quick ratio exclude accounts payable to brokerage clients and proceeds from underwriting securities received on behalf of customers.



## Section IX Financial Statements

### Report on Review of Interim Financial Information

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

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

#### Introduction

We have reviewed the interim financial information set out on pages 135 to 232, which comprises the interim condensed consolidated statement of financial position of Shenwan Hongyuan Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

#### PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong, 30 August 2022

# Interim condensed consolidated income statement

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Revenue</b>			
Fee and commission income	5	5,395,546	5,134,700
Interest income	6	4,965,236	5,579,696
Net investment gains	7	4,381,243	4,635,058
<b>Total revenue</b>		<b>14,742,025</b>	15,349,454
Other income and gains	8	3,794,617	5,930,674
<b>Total revenue and other income</b>		<b>18,536,642</b>	21,280,128
Fee and commission expenses	9	1,064,547	931,197
Interest expenses	10	4,999,994	4,632,538
Staff costs	11	3,350,054	3,499,091
Depreciation and amortization expenses	12	360,576	330,367
Tax and surcharges		77,311	86,652
Other operating expenses	13	4,306,872	6,627,393
Credit impairment losses	14	684,361	226,077
Impairment reversal on other assets		(24,267)	(1,359)
<b>Total expenses</b>		<b>14,819,448</b>	16,331,956
<b>Operating profit</b>		<b>3,717,194</b>	4,948,172
Share of profit of associates and joint ventures		371,722	398,967
<b>Profit before income tax</b>		<b>4,088,916</b>	5,347,139
Income tax expense	15	456,342	780,732
<b>Profit for the period</b>		<b>3,632,574</b>	4,566,407
<b>Attributable to:</b>			
Shareholders of the Company		3,361,796	4,520,910
Non-controlling interests		270,778	45,497
<b>Total</b>		<b>3,632,574</b>	4,566,407
Basic and diluted earnings per share (in Renminbi per share)	16	0.13	0.18

The accompanying notes form an integral part of this interim financial information.



# Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>	<b>3,632,574</b>	4,566,407
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Equity investment at fair value through other comprehensive income		
– Net change in fair value	(281,605)	(456,871)
Income tax impact	66,829	114,218
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Financial assets at fair value through other comprehensive income		
– Net changes in fair value	(246,113)	2,399
– Reclassified to profit or loss	98,702	159,930
Share of other comprehensive income of associates and joint ventures	4,365	(697)
Exchange differences on translation of financial statements in foreign currencies	197,930	(31,234)
Income tax impact	28,368	(14,118)
<b>Total other comprehensive income for the period, net of tax</b>	<b>(131,524)</b>	(226,373)
<b>Total comprehensive income for the period</b>	<b>3,501,050</b>	4,340,034
<b>Attributable to:</b>		
Shareholders of the Company	3,215,087	4,308,657
Non-controlling interests	285,963	31,377
<b>Total</b>	<b>3,501,050</b>	4,340,034

The accompanying notes form an integral part of this interim financial information.

# Interim condensed consolidated statement of financial position

As at 30 June 2022

(In RMB thousands, unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Non-current assets</b>			
Property and equipment	17	1,316,971	1,353,552
Right-of-use assets	18	912,039	948,606
Investment properties		50,223	52,466
Other intangible assets	19	231,339	250,181
Interest in associates and joint ventures	20	4,562,330	4,512,058
Financial assets measured at amortized cost	21	3,672,756	3,045,522
Financial assets at fair value through other comprehensive income	22	4,071,593	6,429,530
Financial assets held under resale agreements	23	4,658,160	5,465,423
Financial assets at fair value through profit or loss	24	24,073,166	25,439,618
Refundable deposits	25	31,148,219	29,113,660
Deferred tax assets	26	2,674,864	2,570,403
Other non-current assets	27	102,612	106,700
<b>Total non-current assets</b>		<b>77,474,272</b>	<b>79,287,719</b>
<b>Current assets</b>			
Accounts receivable	28	7,900,779	4,093,737
Other receivables and prepayments	29	2,966,273	3,244,016
Margin accounts receivable	30	67,378,075	76,296,755
Financial assets measured at amortized cost	21	913,870	1,976,042
Financial assets held under resale agreements	23	24,803,304	19,932,761
Financial assets at fair value through profit or loss	24	243,970,273	247,136,841
Financial assets at fair value through other comprehensive income	22	39,551,038	33,319,677
Derivative financial assets	31	6,302,755	2,800,300
Clearing settlement funds	32	15,607,412	15,261,942
Cash held on behalf of brokerage clients	33	100,625,113	86,622,841
Cash and bank balances	34	37,464,799	31,038,836
<b>Total current assets</b>		<b>547,483,691</b>	<b>521,723,748</b>
<b>Total assets</b>		<b>624,957,963</b>	<b>601,011,467</b>

## Interim condensed consolidated statement of financial position (continued)

As at 30 June 2022

(In RMB thousands, unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Current liabilities</b>			
Loans and borrowings	36	3,089,108	3,229,798
Short-term debt instruments issued	37	36,032,626	29,586,843
Placements from other financial institutions	38	3,337,755	4,366,725
Accounts payable to brokerage clients	39	116,768,954	104,738,359
Employee benefits payable	40	2,445,564	2,388,044
Other payables and accruals	41	43,441,345	31,448,358
Contract liabilities		112,813	140,220
Current tax liabilities		228,378	851,040
Financial assets sold under repurchase agreements	42	130,220,011	137,977,520
Lease liabilities	43	392,458	305,436
Financial liabilities at fair value through profit or loss	44	4,959,070	5,873,514
Derivative financial liabilities	31	8,010,150	7,309,855
Long-term bonds due within one year	45	25,808,700	42,947,167
<b>Total current liabilities</b>		<b>374,846,932</b>	<b>371,162,879</b>
<b>Net current assets</b>		<b>172,636,759</b>	<b>150,560,869</b>
<b>Total assets less current liabilities</b>		<b>250,111,031</b>	<b>229,848,588</b>
<b>Non-current liabilities</b>			
Long-term bonds	45	136,090,737	117,539,557
Non-current employee benefits payable	40	4,229,706	3,838,905
Deferred tax liabilities	26	4,732	27,298
Lease liabilities	43	558,844	663,779
Financial liabilities at fair value through profit or loss	44	–	293,481
Other non-current liabilities		1,257,362	430,974
<b>Total non-current liabilities</b>		<b>142,141,381</b>	<b>122,793,994</b>
<b>Net assets</b>		<b>107,969,650</b>	<b>107,054,594</b>

## Interim condensed consolidated statement of financial position (continued)

As at 30 June 2022  
(In RMB thousands, unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Equity</b>			
Share capital	46	25,039,945	25,039,945
Reserves	47	38,737,532	38,823,922
Retained profits	48	32,155,624	31,358,141
Total equity attributable to shareholders of the Company		95,933,101	95,222,008
Non-controlling interests		12,036,549	11,832,586
<b>Total equity</b>		<b>107,969,650</b>	107,054,594

The accompanying notes form an integral part of this interim financial information.

Approved and authorised for issue by the board of directors on 30 August 2022.

**Liu Jian**

*Executive Director, Chairman*

**Huang Hao**

*Executive Director, General Manager*



# Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

	Attributable to shareholders of the Company										
	Reserves							Non-controlling interests			
	Share capital (Note 46)	Capital reserve (Note 47)	Surplus reserves (Note 47)	General reserves (Note 47)	Fair value reserve (Note 47)	Translation reserve (Note 47)	Retained profits (Note 48)	Subtotal	Other equity		
									Ordinary shareholders	instrument investors	Total equity
As at 1 January 2022	25,039,945	19,367,146	3,860,340	16,236,741	(442,800)	(197,505)	31,358,141	95,222,008	1,733,218	10,099,368	107,054,594
Profit for the period	-	-	-	-	-	-	3,361,796	3,361,796	(5,703)	276,481	3,632,574
Other comprehensive income	-	-	-	-	(319,678)	172,969	-	(146,709)	15,185	-	(131,524)
Total comprehensive income for the period	-	-	-	-	(319,678)	172,969	3,361,796	3,215,087	9,482	276,481	3,501,050
Appropriation to general reserve	-	-	-	33,913	-	-	(33,913)	-	-	-	-
Distribution to other equity instrument holders	-	-	-	-	-	-	-	-	-	(82,000)	(82,000)
Dividends approved in respect of the previous year	-	-	-	-	-	-	(2,503,994)	(2,503,994)	-	-	(2,503,994)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	26,406	-	(26,406)	-	-	-	-
As at 30 June 2022 (Unaudited)	25,039,945	19,367,146	3,860,340	16,270,654	(736,072)	(24,536)	32,155,624	95,933,101	1,742,700	10,293,849	107,969,650

## Interim condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests			
		Reserves							Other equity		
	Share capital	Capital	Surplus	General	Fair value	Translation	Retained		Ordinary	instrument	Total equity
	(Note 46)	reserve	reserves	reserves	reserve	reserve	profits	Subtotal	shareholders	investors	
	(Note 46)	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 47)	(Note 48)				
As at 1 January 2021	25,039,945	19,367,146	3,563,552	14,240,705	(822,287)	(108,425)	27,183,981	88,464,617	1,625,973	–	90,090,590
Profit for the period	–	–	–	–	–	–	4,520,910	4,520,910	45,497	–	4,566,407
Other comprehensive income	–	–	–	–	(194,554)	(17,699)	–	(212,253)	(14,120)	–	(226,373)
Total comprehensive income for the period	–	–	–	–	(194,554)	(17,699)	4,520,910	4,308,657	31,377	–	4,340,034
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	55,250	–	55,250
Capital reduction by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(5,708)	–	(5,708)
Issuance of perpetual debt	–	–	–	–	–	–	–	–	–	2,000,000	2,000,000
Appropriation to general reserve	–	–	–	31,026	–	–	(31,026)	–	–	–	–
Dividends in respect of the previous year	–	–	–	–	–	–	(2,503,994)	(2,503,994)	(12,862)	–	(2,516,856)
As at 30 June 2021 (Unaudited)	25,039,945	19,367,146	3,563,552	14,271,731	(1,016,841)	(126,124)	29,169,871	90,269,280	1,694,030	2,000,000	93,963,310

The accompanying notes form an integral part of this interim financial information.

# Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before income tax	4,088,916	5,347,139
Adjustments for:		
Interest expenses	3,067,494	4,632,538
Share of profit of associates and joint ventures	(371,722)	(398,967)
Depreciation and amortization expenses	360,576	330,367
Net provision for impairment losses	660,094	224,718
Gains on disposal of property and equipment and other intangible assets	1,614	(2,042)
Foreign exchange losses	21,641	29,706
Net investment gains and interest income from financial assets at fair value through other comprehensive income	(845,451)	(1,590,287)
Net investment gains and interest income from financial assets measured at amortized cost	(134,022)	(176,712)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(2,185,801)	(547,876)
Unrealised fair value changes of derivative financial instruments	(2,279,877)	564,814
Operating cash flows before movements in working capital	2,383,462	8,413,398
<b>Cash flows from operating activities:</b>		
Increase in refundable deposits	(2,034,559)	(3,368,970)
Decrease/(Increase) in margin accounts receivable	9,095,368	(5,473,169)
Decrease/(Increase) in accounts receivable, other receivables and prepayments	2,464,724	(1,365,453)
Decrease in financial assets held under resale agreements	1,217,459	4,132,720
Decrease/(Increase) in financial instruments at fair value through profit or loss	16,236,287	(42,334,892)
(Increase)/Decrease in cash held on behalf of brokerage clients	(14,002,271)	1,407,622
Increase in accounts payable to brokerage clients	10,449,920	604,124
Increase in other payables and accruals and other non-current liabilities	2,659,536	3,116,879
Decrease in employee benefits payable	(2,977,498)	(2,335,495)
(Decrease)/Increase in financial assets sold under repurchase agreements	(7,869,020)	13,662,302
Decrease in placements from other financial institutions	(1,026,775)	(550,410)
Cash generated from/(used in) operations	16,596,633	(24,091,344)
Income taxes paid	(1,004,947)	(1,149,791)
Interest paid for operating activities	(1,707,207)	(1,694,320)
Net cash generated from/(used in) operating activities	13,884,479	(26,935,455)

## Interim condensed consolidated statement of cash flows (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

		Six months ended 30 June	
	Note	2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property and equipment and other intangible assets		2,096	15,957
Dividends received from associates and joint ventures		41,151	200,506
Interest income and disposal gains from financial assets measured at amortized cost		108,272	219,097
Net investment gains and interest income from financial assets at fair value through other comprehensive income		710,252	2,087,434
Proceeds on disposal of financial assets measured at amortized cost		414,979	1,261,237
Purchases of property and equipment, other intangible assets and other non-current assets		(106,736)	(147,506)
Proceeds on (purchases)/disposal of associates and joint ventures		(104,187)	736,434
(Purchases)/Disposal of financial assets at fair value through other comprehensive income		(3,973,714)	28,476,243
(Increase)/Decrease in restricted bank deposits		(3,249,374)	2,119,731
Net cash (used in)/generated from investing activities		(6,157,261)	34,969,133
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of other equity instruments		–	2,000,000
Proceeds from issuance of long-term bonds		38,402,253	27,822,337
Proceeds from issuance of short-term debt instruments		29,278,671	26,472,471
Proceeds from loans and borrowings		2,500,159	7,750,925
Capital injection from non-controlling shareholders of subsidiaries		–	49,542
Long-term bonds repaid		(36,993,667)	(16,425,498)
Short-term debt instruments repaid		(23,120,901)	(37,832,798)
Loans and borrowings repaid		(2,644,882)	(4,346,431)
Loans, bonds and debt instruments interest paid		(2,752,168)	(2,828,841)
Dividends paid		(101,319)	(12,862)
Payment of lease liabilities		(191,630)	(169,777)
Net cash generated from financing activities		4,376,516	2,479,068
Net increase in cash and cash equivalents		12,103,734	10,512,746
Cash and cash equivalents at the beginning of the period		62,780,909	37,562,687
Effect of foreign exchange rate changes		(21,641)	(29,706)
Cash and cash equivalents at the end of the period	35	74,863,002	48,045,727

The accompanying notes form an integral part of this interim financial information.





# Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

## 1 General information

Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司) (the “Company”), formerly known as Shenyin Wanguo Securities Co., Ltd., had its origin in a merger of Shanghai Shenyin Securities Co., Ltd. and Shanghai Wanguo Securities Co., Ltd. in 1996 with the approval of the People’s Bank of China. On 16 January 2015, the Company changed its name to Shenwan Hongyuan Group Co., Ltd., when Shenyin Wanguo Securities Co., Ltd. and Hongyuan Securities Co., Ltd. merged through share issuance and swap as approved by the China Securities Regulatory Commission (“CSRC”) (CSRC Xu Ke [2014] No. 1279).

On 26 January 2015, the common shares issued by the Company were listed on the Shenzhen Stock Exchange. The stock name was “Shenwan Hongyuan” and the stock code was “000166”.

On 6 July 2016, on the basis of the total outstanding shares of 14,856,744,977 shares as at 31 December 2015, the Company distributed 3.50 shares per 10 shares as stock dividends to shareholders, thus increasing its registered capital by RMB5,199,860,741 and increasing its total outstanding shares to 20,056,605,718 shares as at 31 December 2016 and 31 December 2017.

As of 16 January 2018, the Company raised a total of RMB11,972,900,760 from the non-public offering of shares, of which paid-in capital was RMB2,479,338,842 and share premium totaled RMB9,493,561,918, thus increasing the accumulated total outstanding shares of the Company to 22,535,944,560 shares as at 31 December 2018.

As of 26 April 2019, the Company issued 2,504,000,000 H shares on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), thus increasing the accumulated total outstanding shares of the Company to 25,039,944,560 shares as at 30 June 2022.

The Company’s registered address moved to the Xinjiang Uygur Autonomous Region on 20 January 2015 and obtained a business license renewed by the Xinjiang Uygur Autonomous Region Administration for Industry and Commerce. The Company and its subsidiaries are principally engaged in securities brokerage, margin financing and securities lending, securities-backed lending, proprietary securities business, securities underwriting and sponsoring, securities asset management, fund management, stock option market making, futures brokerage, direct investment, innovative investment etc.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 2 Basis of accounting

These interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with “IAS 34 Interim Financial Reporting”. In addition, these condensed consolidated interim financial statements also comply with the disclosure requirements of the Listing Rules of the Stock Exchange of Hong Kong Limited, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The interim financial statements were authorised for issue by the Company’s board of directors on 30 August 2022.

### 3 Significant accounting policies

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies used in preparing the interim condensed consolidated financial statements are the same as those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

#### (1) Standards and amendments effective in 2022 adopted by the Group

For the six months period ended 30 June 2022, the Group has adopted the following International Financial Reporting Standards (“IFRSs”) and amendments issued by the International Accounting Standards Board (“IASB”).

##### **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments Interest Rate Benchmark Reform – Phase 2**

The IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 amendments provide a practical expedient to account for these changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 3 Significant accounting policies (continued)

#### (1) Standards and amendments effective in 2022 adopted by the Group (continued)

##### **Amendment to IFRS 16 'Leases' – COVID-19 related rent concessions Extension of the practical expedient**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. The Group has early adopted this amendment for the current interim period.

The adoption of the above standards and amendments does not have any significant impact on the operating results, comprehensive income and financial position of the Group for the six-month period ended 30 June 2022.

#### (2) Standards and amendments relevant to the Group that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 and Amendments	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

The adoption of the above standards and amendments is expected not to have material impact on the Group's consolidated financial statements.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 4 Taxation

According to the relevant PRC tax policies, the most significant categories of taxes to which the Group is currently subjected 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 and its subsidiaries except for Shenwan Hongyuan (International) Holdings Limited. 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%.

The income tax rate for Shenwan Hongyuan (International) Holdings Limited (a Hong Kong Company) is 16.5%.

#### (2) Value added tax

According to Notice on Clarifying VAT Policies for Financial Services, Real Estate Development, and Educational Ancillary Services (Cai Shui [2016] No.140), Supplementary Notice on Issues concerning VAT Policies for Asset Management Products (Cai Shui [2017] No.2) and Notice on Issues Relating to VAT on Fund Management Products (Cai Shui [2017] No.56) issued by the Ministry of Finance and State Administration of Taxation, effective from 1 January 2018, the simple tax computation method shall apply to VAT taxable acts arising in the course of operation of fund management products by managers of fund management products (hereinafter referred to as the “managers”), and VAT shall be payable in accordance with the 3% levy rate.

The Group’s related income is presented at value net of its respective VAT in the consolidated income statement.

(3) Urban maintenance and construction taxes and educational surcharges are charged in accordance with the provisions of the relevant tax laws and regulations. Urban maintenance and construction taxes rate ranges from 5% to 7%, and educational surcharges rate ranges from 3% to 5%.

(4) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 5 Fee and commission income

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Income from securities brokerage business	3,122,080	3,219,776
Income from futures brokerage business	788,788	573,917
Income from underwriting and sponsorship business	744,385	632,461
Income from asset management business	663,454	605,806
Income from financial advisory business	76,839	102,740
Total	5,395,546	5,134,700

### 6 Interest income

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest income from margin financing and securities lending	2,365,590	2,729,598
Interest income from financial institutions	1,492,833	1,173,921
Interest income from financial instruments at fair value through other comprehensive income	813,171	1,142,559
Interest income from financial assets measured at amortized cost	134,022	176,712
Interest income from other financial assets held under resale agreements	107,026	63,132
Interest income from securities-backed lending	52,594	293,774
Total	4,965,236	5,579,696

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 7 Net investment gains

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Dividend income and interest income from financial instruments at fair value through profit or loss	3,222,081	3,550,115
Dividend income from financial instruments at fair value through other comprehensive income	32,280	412,591
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	6,321	35,137
Net realised gains/(losses) from disposal of derivative financial instruments	875,146	(52,635)
Net realised losses from disposal of financial assets measured at amortized cost	(19,341)	–
Net realised (losses)/gains from disposal of financial instruments at fair value through profit or loss	(4,200,922)	706,788
Unrealised fair value changes of derivative financial instruments	2,279,877	(564,814)
Unrealised fair value changes of financial instruments at fair value through profit or loss	2,185,801	547,876
Total	4,381,243	4,635,058

### 8 Other income and gains

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Income from commodity trading business	3,487,316	5,838,287
Government grants <sup>(1)</sup>	162,653	21,760
Income from tax authorities for individual income tax withheld	72,020	23,867
Rental income <sup>(2)</sup>	11,197	8,781
Compensation received	1,731	5,876
Income from futures market-making	1,481	7,621
Income from disposal of property and equipment	892	2,042
Miscellaneous <sup>(3)</sup>	57,327	22,440
Total	3,794,617	5,930,674

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(2) Among the above other income and gains, rental income is recognized over time, and the others are recognized at a point in time.

(3) Miscellaneous comprise a number of items with small amounts and various natures arising from the Group's daily business operation.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 9 Fee and commission expenses

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Expenses for securities brokerage business	589,174	682,659
Expenses for futures brokerage business	467,029	226,066
Expenses for underwriting and sponsorship business	7,751	20,939
Expenses for asset management business	531	778
Expenses for financial advisory business	62	755
Total	1,064,547	931,197

### 10 Interest expenses

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest expenses for		
– Long-term bonds	2,617,969	2,269,261
– Financial assets sold under repurchase agreements	1,457,156	1,247,322
– Short-term debt instruments issued	404,676	467,238
– Accounts payable to brokerage clients	238,785	185,096
– Placements from other financial institutions	144,427	220,326
– Other structured entities' holders	59,622	118,318
– Loans and borrowings	24,958	61,886
– Lease liabilities	19,151	17,940
– Other	33,250	45,151
Total	4,999,994	4,632,538

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 11 Staff costs

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Salaries, bonuses and allowances	2,654,231	2,875,064
Contribution to pension schemes	195,096	158,912
Other social welfare	500,727	465,115
Total	3,350,054	3,499,091

The domestic employees of the Group in the PRC participate in social welfare plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on regular basis and paid to the labour and social welfare authorities. These social welfare plans are defined contribution plans and contributions to the plans are expensed as incurred.

The Group has provided full-time employees in Mainland China and certain countries or jurisdictions outside Mainland China with corresponding pension plans required by government or local labour laws, including basic pension plan in Mainland China, Mandatory Provident Fund in Hong Kong and other mandatory schemes in certain countries outside Mainland China. The Group has not forfeited any contributions under such pension plans. The Group has also established an enterprise annuity plan for its employees in Mainland China. According to the provisions of the enterprise annuity plan, when an employee resigns, part of the amounts of the Company's contributions shall be transferred back to the enterprise account based on such employee's actual serving period, and the amounts transferred back will not reduce the contribution levels of existing employees.

The Group has also established certain contribution plans (including the Mandatory Provident Fund Scheme in Hong Kong) for some of its employees outside Mainland China. According to the provisions of the contribution plans, forfeited contributions in respect of employees who had left the Group before their contributions fully vested are available for the Group to offset its future voluntary contributions. For the six-month periods ended 30 June 2022 and 30 June 2021, the Group has not utilised any such forfeited contributions to reduce the current level of contributions.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 12 Depreciation and amortization expenses

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Depreciation of right-of-use assets	191,132	167,348
Depreciation of property and equipment	87,811	79,181
Amortization of other intangible assets	62,457	48,185
Amortization of long-term deferred expenses	16,933	32,995
Depreciation of investment properties	2,243	2,658
Total	360,576	330,367

### 13 Other operating expenses

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Cost of commodity trading business	3,623,130	5,799,378
IT expenses	97,621	103,500
Funds and asset management plans distribution expenses	81,142	119,108
Administrative and office operating expenses	75,327	71,575
Stock exchanges management fees	72,783	72,861
Rental expenses and utilities	69,922	66,121
Investor protection funds and risk reserves for futures business	49,836	60,619
Consulting and professional services	49,694	70,332
Donation and sponsorship	35,406	33,571
Promotion and entertainment expenses	34,904	37,203
Business travel expenses	34,459	44,330
Postal and communication expenses	30,617	93,534
Foreign exchange losses	21,641	29,706
Compensation paid	13,595	1,247
Losses on disposal of property and equipment	2,506	1,839
Auditors' remuneration	1,406	6,483
Miscellaneous <sup>(1)</sup>	12,883	15,986
Total	4,306,872	6,627,393

(1) Miscellaneous comprise a number of items with small amounts and various natures arising from the Group's daily business operation.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 14 Credit impairment losses

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Provision for/(Reversal of) impairment losses against cash and bank balances	112	(640)
(Reversal of)/Provision for impairment losses against margin accounts receivable	(11,530)	77,563
Provision for impairment losses against accounts receivable	10,442	20,060
Provision/(Reversal of) for impairment losses against financial assets held under resale agreements	608,858	(105,936)
Provision for impairment losses against financial assets measured at amortized cost	24,656	13,651
Provision for impairment losses against financial assets at fair value through other comprehensive income	48,746	195,227
Provision for impairment losses against other receivables and prepayments	3,077	26,152
Total	684,361	226,077

### 15 Income tax expense

#### (1) Taxation in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Current tax		
– PRC income tax	285,749	832,416
– Hong Kong profits tax	107,584	7,846
Total	393,333	840,262
Adjustment in respect of prior years		
– PRC income tax	(11,049)	20,205
Deferred tax		
– Origination and reversal of temporary differences	74,058	(79,735)
Total	456,342	780,732

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 15 Income tax expense (continued)

#### (2) Reconciliation between income tax expense and accounting profit at applicable tax rate:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit before income tax	4,088,916	5,347,139
Notional tax calculated using the PRC statutory tax rate	1,022,229	1,336,785
Tax effect of non-deductible expenses	9,707	20,163
Tax effect of non-taxable income	(622,477)	(575,373)
Effect of different tax rates of subsidiaries	7,702	(5,137)
Adjustment for prior years	(11,049)	20,205
Deductible losses in deferred income tax not recognized in the current period	63,348	3,972
Others	(13,118)	(19,883)
Actual income tax expense	456,342	780,732

### 16 Basic and diluted earnings per share

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Weighted average number of ordinary shares (in thousands) (1)	25,039,945	25,039,945
Net profit attributable to equity shareholders of the Company (in RMB thousands)	3,361,796	4,520,910
Basic and diluted earnings per share attributable to equity shareholders of the Company (in RMB per share)	0.13	0.18

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the period.

#### (1) Weighted average number of ordinary shares (in thousands)

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Number of ordinary shares as at 1 January	25,039,945	25,039,945
Increase in weighted average number of ordinary shares	—	—
Weighted average number of ordinary shares	25,039,945	25,039,945

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 17 Property and equipment

(Unaudited)	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
<b>Cost</b>								
As at 1 January 2022	1,671,339	49,298	17,850	1,118,786	81,889	121,856	227,068	3,288,086
Additions	1,228	1,134	-	14,521	11,020	31	68,068	96,002
Transfer during the period	-	-	-	51,046	25	24	(51,095)	-
Disposals	-	(1,839)	(1,019)	(55,500)	(1,341)	-	(40,380)	(100,079)
As at 30 June 2022	1,672,567	48,593	16,831	1,128,853	91,593	121,911	203,661	3,284,009
<b>Accumulated depreciation</b>								
As at 1 January 2022	(848,188)	(42,002)	(15,545)	(858,606)	(68,158)	(84,647)	-	(1,917,146)
Charge for the period	(27,385)	(835)	(107)	(55,843)	(1,085)	(2,556)	-	(87,811)
Disposals	-	1,739	961	52,029	1,260	-	-	55,989
As at 30 June 2022	(875,573)	(41,098)	(14,691)	(862,420)	(67,983)	(87,203)	-	(1,948,968)
<b>Impairment</b>								
As at 1 January 2022	(17,388)	-	-	-	-	-	-	(17,388)
Increases	(682)	-	-	-	-	-	-	(682)
As at 30 June 2022	(18,070)	-	-	-	-	-	-	(18,070)
<b>Carrying amount</b>								
As at 30 June 2022	778,924	7,495	2,140	266,433	23,610	34,708	203,661	1,316,971



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 17 Property and equipment (continued)

(Audited)	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
<b>Cost</b>								
As at 1 January 2021	1,708,217	54,961	19,548	1,136,441	86,176	85,283	158,153	3,248,779
Additions	2,295	1,545	197	127,607	5,225	32,933	246,338	416,140
Transfer during the year	3,369	-	-	13,554	1,555	5,495	(23,973)	-
Disposals	(42,542)	(7,208)	(1,895)	(158,816)	(11,067)	(1,855)	(153,450)	(376,833)
As at 31 December 2021	1,671,339	49,298	17,850	1,118,786	81,889	121,856	227,068	3,288,086
<b>Accumulated depreciation</b>								
As at 1 January 2021	(811,857)	(46,858)	(16,696)	(909,358)	(73,500)	(77,068)	-	(1,935,337)
Charge for the year	(61,981)	(1,936)	(561)	(86,644)	(4,595)	(9,403)	-	(165,120)
Decreases	25,650	6,792	1,712	137,396	9,937	1,824	-	183,311
As at 31 December 2021	(848,188)	(42,002)	(15,545)	(858,606)	(68,158)	(84,647)	-	(1,917,146)
<b>Impairment</b>								
As at 1 January 2021	(18,153)	-	-	-	-	-	-	(18,153)
Decreases	765	-	-	-	-	-	-	765
As at 31 December 2021	(17,388)	-	-	-	-	-	-	(17,388)
<b>Carrying amount</b>								
As at 31 December 2021	805,763	7,296	2,305	260,180	13,731	37,209	227,068	1,353,552

As at 30 June 2022 and 31 December 2021, included in buildings, there is a carrying amount of RMB25,799 thousand and RMB26,784 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 18 Right-of-use assets

(Unaudited)	Right-of-use assets
<b>Cost</b>	
As at 1 January 2022	1,485,535
Increases	156,264
Decreases	(107,568)
As at 30 June 2022	1,534,231
<b>Accumulated depreciation</b>	
As at 1 January 2022	(536,929)
Charge for the period	(191,132)
Decreases	105,869
As at 30 June 2022	(622,192)
<b>Carrying amount</b>	
As at 30 June 2022	912,039
(Audited)	Right-of-use assets
<b>Cost</b>	
As at 1 January 2021	1,335,344
Increases	450,578
Decreases	(300,387)
As at 31 December 2021	1,485,535
<b>Accumulated depreciation</b>	
As at 1 January 2021	(470,662)
Charge for the year	(349,184)
Decreases	282,917
As at 31 December 2021	(536,929)
<b>Carrying amount</b>	
As at 31 December 2021	948,606

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 19 Other intangible assets

(Unaudited)	Software	Others <sup>(1)</sup>	Total
<b>Cost</b>			
As at 1 January 2022	808,634	333,314	1,141,948
Additions	43,601	14	43,615
Disposals	–	(2)	(2)
As at 30 June 2022	852,235	333,326	1,185,561
<b>Accumulated amortization</b>			
As at 1 January 2022	(577,568)	(313,523)	(891,091)
Charge for the period	(62,071)	(386)	(62,457)
Decreases	–	2	2
As at 30 June 2022	(639,639)	(313,907)	(953,546)
<b>Impairment</b>			
As at 1 January 2022	–	(676)	(676)
As at 30 June 2022	–	(676)	(676)
<b>Carrying amount</b>			
As at 30 June 2022	212,596	18,743	231,339
(Audited)	Software	Others <sup>(1)</sup>	Total
<b>Cost</b>			
As at 1 January 2021	648,041	331,964	980,005
Additions	160,593	1,408	162,001
Disposals	–	(58)	(58)
As at 31 December 2021	808,634	333,314	1,141,948
<b>Accumulated amortization</b>			
As at 1 January 2021	(479,279)	(312,147)	(791,426)
Charge for the year	(98,289)	(1,434)	(99,723)
Decreases	–	58	58
As at 31 December 2021	(577,568)	(313,523)	(891,091)
<b>Impairment</b>			
As at 1 January 2021	–	(676)	(676)
As at 31 December 2021	–	(676)	(676)
<b>Carrying amount</b>			
As at 31 December 2021	231,066	19,115	250,181

(1) The carrying amount of others includes trading seats rights, which have indefinite useful life and are not amortized.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 20 Interest in associates and joint ventures

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Share of net assets	4,740,615	4,690,343
Less: Provision for impairment losses	(178,285)	(178,285)
Total	4,562,330	4,512,058

The following list contains the particulars of associates and joint ventures, all of which are unlisted enterprises whose quoted market prices are not available:

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			30 June 2022	31 December 2021	
Fullgoal Fund Management Co., Ltd.* 富國基金管理有限公司	Shanghai	RMB520,000	27.775%	27.775%	Fund management
Beijing Urban Construction (Wuhu) Equity Investment management Co., Ltd.* 北京城建（蕪湖）股權投資管理有限公司	Wuhu, Anhui	RMB100,000	30.00%	30.00%	Investment management
Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd.* 新疆天山產業投資基金管理有限公司	Urumqi, Xinjiang	RMB50,000	30.00%	30.00%	Investment management
Horgos Tianshan No. 1 Industrial Investment Fund Limited Partnership* 霍爾果斯天山一號產業投資基金有限合夥企業	Horgos, Xinjiang	RMB1,510,000	33.11%	33.11%	Equity management
Xinjiang Financial Investment Asset Management Co., Ltd.* <sup>(1)</sup> 新疆金投資產管理股份有限公司 <sup>(1)</sup>	Urumqi, Xinjiang	RMB1,000,000	18.00%	18.00%	Asset management
Guizhou Advantage Industry Development Equity Investment Fund Partnership (Limited Partnership) 貴州優勢產業發展股權投資基金合夥企業（有限合夥）	Guiyang, Guizhou	RMB300,000	0.33%	0.33%	Equity management
Henan Guochuang Mixed Reform Fund Management Co., Ltd.* 河南省國創混改基金管理有限公司	Zhengzhou, Henan	RMB5,000	30.00%	30.00%	Investment management
Shenzhen Shenwan Jiaotou West Growth No. 1 Equity Investment Fund Partnership (Limited Partnership)* <sup>(1)</sup> 深圳申萬交投西部成長一號股權投資基金合夥企業（有限合夥） <sup>(1)</sup>	Shenzhen, Guangdong	RMB57,923	17.54%	17.54%	Equity management
Shanghai Shenwan & Hongyuan Jiashi Equity Investment Partnership (Limited partnership)* 上海申萬宏源嘉實股權投資合夥企業（有限合夥）	Shanghai	RMB100,000	31.00%	31.00%	Equity management
Xiamen Xiangyu Hongding Modern Logistics Partnership (Limited Partnership)* 廈門市象嶼泓鼎現代物流合夥企業（有限合夥）*	Xiamen, Fujian	RMB40,000	50.00%	50.00%	Equity management



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 20 Interest in associates and joint ventures (continued)

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			30 June 2022	31 December 2021	
Sichuan Shenwan & Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership)* <sup>(2)</sup> 四川申萬宏源長虹股權投資基金合夥企業（有限合夥） <sup>(2)</sup>	Mianyang, Sichuan	RMB310,000	51.61%	51.61%	Equity management
Sichuan Development Shenwan & Hongyuan Equity Investment Fund Partnership (Limited Partnership)* 四川發展申萬宏源股權投資基金合夥企業（有限合夥）*	Chengdu, Sichuan	RMB300,000	34.00%	34.00%	Equity management
Liaoning Guoxin Industrial Investment Fund Management Co., Ltd.* 遼寧國鑫產業投資基金管理有限公司*	Shenyang, Liaoning	RMB10,000	26.00%	26.00%	Investment management
Tongxiang Shenwan Hongding Growth No. 2 Equity Investment Fund Partnership (Limited Partnership)* <sup>(1)</sup> 桐鄉申萬泓鼎成長二號股權投資基金合夥企業（有限合夥） <sup>(1)</sup>	Jiaxing, Zhejiang	RMB380,000	13.16%	13.16%	Equity management
Zhuhai Shenhong Gejin Healthcare Investment Fund Partnership (Limited Partnership)* 珠海申宏格金醫療健康產業投資基金合夥企業（有限合夥）*	Zhuhai, Guangdong	RMB250,500	25.00%	25.00%	Equity management
Aerospace Equity Investment Fund I (Shanghai) Partnership (Limited Partnership) 宇航一期股權投資基金（上海）合夥企業（有限合夥）	Shanghai	RMB705,000	30.00%	30.00%	Equity management
Jinmao Investment Consulting (Shenzhen) Co., Ltd. 金茂投資諮詢（深圳）有限公司	Shenzhen, Guangdong	RMB13,517	50.00%	50.00%	Investment advisory
Nanjing Shenhong Zhongyu No.1 Equity Investment Partnership (Limited Partnership) 南京申宏中裕一號股權投資合夥企業（有限合夥）	Nanjing, Jiangsu	RMB700,000	25.04%	25.04%	Equity management
Gongqing City Shenhong Huichuang Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創物流產業股權投資合夥企業（有限合夥）	Jiujiang, Jiangxi	RMB41,000	37.51%	37.51%	Equity management
Chongqing Furong Equity Investment Fund Partnership (Limited Partnership) <sup>(1)</sup> 重慶市富榮股權投資基金合夥企業（有限合夥） <sup>(1)</sup>	Chongqing	RMB50,000	1.00%	1.00%	Equity management
Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) 申宏匯創發展（佛山）股權投資合夥企業（有限合夥）	Foshan, Guangdong	RMB80,000	31.00%	31.00%	Equity management
Hengxi (Jiaxing) Equity Investment Partnership (Limited Partnership) 恆禧（嘉興）股權投資合夥企業（有限合夥）	Jiaxing, Zhejiang	RMB2,050,000	20.44%	20.44%	Equity management
Hongyuan Equity Investment Management (Shandong) Co., Ltd. 泓源股權投資管理（山東）有限公司	Yantai, Shandong	RMB20,000	20.00%	20.00%	Investment management

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 20 Interest in associates and joint ventures (continued)

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			30 June 2022	31 December 2021	
Nanjing Rhode Huizhi Equity Investment Partnership (Limited Partnership) 南京洛德匯智股權投資合夥企業（有限合夥）	Nanjing, Jiangsu	RMB1,202,000	20.00%	20.00%	Equity management
Shanghai Eastern Airlines Shenhong Equity Investment Fund Management Co., Ltd. 上海東航申宏股權投資基金管理有限公司	Shanghai	RMB3,000	40.00%	40.00%	Equity management
Yibin State Assets Industry Investment Partnership (Limited Partnership) <sup>(1)</sup> 宜賓市國資產業投資合夥企業（有限合夥） <sup>(1)</sup>	Yibin, Sichuan	RMB2,020,000	1.00%	1.00%	Equity management
Jiaxing Hongchuang Jianye Investment Partnership (Limited Partnership) 嘉興宏創建業投資合夥企業（有限合夥）	Jiaxing, Zhejiang	RMB1,001,000	49.95%	49.95%	Equity investment
Hanya Huichuang No.1 (Shenzhen) Private Equity Investment Partnership (Limited Partnership) 韓亞匯創一號（深圳）私募股權投資基金合夥企業（有限合夥）	Shenzhen, Guangdong	RMB200,000	40.00%	40.00%	Equity investment
Gongqing City Shenhong Huichuang Second Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創二期物流產業股權投資合夥企業（有限合夥）	Jiujiang, Jiangxi	RMB132,560	0.01%	0.01%	Equity management

\* The English translation of the names is for reference only. The official names of these entities are in Chinese.

(1) The Group's shareholding of this investee is lower than 20%, however the Group has significant influence or joint control over this investee as a result of relevant arrangements stipulated in the Articles of Association, the Limited Partnership Agreement and other corporate governance documents.

(2) The Group's shareholding of this investee is higher than 50%, however the Group only has significant influence or joint control over this investee as a result of relevant arrangements stipulated in the Limited Partnership Agreement and other corporate governance documents.

All of the above associates and joint ventures are accounted for using equity method in the interim financial statements.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 20 Interest in associates and joint ventures (continued)

Summarised financial information of the Group's significant associates and joint ventures, and reconciliation to the carrying amounts at the end of the period/year, are disclosed below:

#### Fullgoal Fund Management Co., Ltd.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Gross amounts of the associate:</b>		
Assets	12,243,844	12,646,262
Liabilities	(5,456,875)	(5,597,222)
Net assets	6,786,969	7,049,040
The Group's effective interest	27.775%	27.775%
The Group's share of net assets of the associate	1,885,081	1,957,871
Other adjustments	–	(1,373)
Carrying amount	1,885,081	1,956,498

	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Revenue	3,772,562	3,998,339
Profit for the period/year	1,122,213	1,241,936
Other comprehensive income	15,716	(2,584)
Other adjustments	–	(1,413)
Total comprehensive income	1,137,929	1,237,939
Dividend received from the associate	–	200,536

As at 30 June 2022 and 31 December 2021, the Group's significant associates and joint ventures are all unlisted companies and there are no public market prices.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 20 Interest in associates and joint ventures (continued)

Aggregated information of associates and joint ventures that are not individually material:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Aggregate carrying amount of individually immaterial associates and joint ventures in the interim financial report	2,677,250	2,555,560
Aggregate amounts of the Group's share of those associates and joint ventures' profits	58,654	70,612
Aggregate amounts of the Group's share of other comprehensive income	–	–
Aggregate amounts of the Group's share of total comprehensive income	58,654	70,612

### 21 Financial assets measured at amortized cost

#### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Asset management products and others	3,987,804	3,587,711
Debt securities	288,148	–
Less: Provision for impairment losses	(603,196)	(542,189)
Total	3,672,756	3,045,522

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Asset management products and others	914,159	1,511,642
Debt securities	–	499,328
Less: Provision for impairment losses	(289)	(34,928)
Total	913,870	1,976,042



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

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

#### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Designated at FVOCI		
Equity securities not held for trading <sup>(1)</sup>	923,086	2,623,808
Debt securities	3,148,507	3,805,722
<b>Total</b>	<b>4,071,593</b>	<b>6,429,530</b>
Analysed as:		
Listed inside Hong Kong	748,557	111,198
Listed outside Hong Kong	247,312	2,629,757
Unlisted	3,075,724	3,688,575
<b>Total</b>	<b>4,071,593</b>	<b>6,429,530</b>

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Designated at FVOCI		
Equity securities not held for trading <sup>(1)</sup>	2,095,301	–
Debt securities	37,455,737	33,319,677
<b>Total</b>	<b>39,551,038</b>	<b>33,319,677</b>
Analysed as:		
Listed outside Hong Kong	14,230,247	10,083,977
Listed inside Hong Kong	369,026	138,247
Unlisted	24,951,765	23,097,453
<b>Total</b>	<b>39,551,038</b>	<b>33,319,677</b>

- (1) Financial assets at fair value through other comprehensive income has included securities lending. The collateral for securities lending is analysed in Note 30(2).

For the six months ended 30 June 2022, the Group disposed some of the equity instruments at fair value through other comprehensive income resulting from adjustment in its investment strategy. The accumulated net realized loss of the equity instrument disposed of were RMB26,405 thousand (For the six months ended 30 June 2021: None).

As at 30 June 2022, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB16,877,314 thousand for the purpose of repurchase agreement business detailed in Note 42(1) (As at 31 December 2021: RMB19,395,257 thousand).

As at 30 June 2022, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB6,691,771 thousand for the purpose of bond lending business (As at 31 December 2021: RMB3,821,391 thousand).

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 23 Financial assets held under resale agreements

#### (1) Analysed by collateral type:

##### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Equity securities	6,396,648	6,592,024
Less: Provision for impairment losses	(1,738,488)	(1,126,601)
Total	4,658,160	5,465,423

##### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt securities	23,936,489	18,060,697
Equity securities	869,419	1,877,697
Less: Provision for impairment losses	(2,604)	(5,633)
Total	24,803,304	19,932,761

#### (2) Analysed by market:

##### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Shanghai Stock Exchange	1,933,211	2,045,813
Shenzhen Stock Exchange	4,463,437	4,546,211
Less: Provision for impairment losses	(1,738,488)	(1,126,601)
Total	4,658,160	5,465,423

##### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Inter-bank market	1,858,418	6,552,190
Shanghai Stock Exchange	22,292,774	11,770,819
Shenzhen Stock Exchange	168,432	953,706
Singapore Stock Exchange	486,284	661,679
Less: Provision for impairment losses	(2,604)	(5,633)
Total	24,803,304	19,932,761

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

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

#### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Equity securities	1,029,920	1,035,706
Debt securities	396,434	71,557
Funds	292,955	544,978
Asset management products and others	22,353,857	23,787,377
<b>Total</b>	<b>24,073,166</b>	<b>25,439,618</b>
Analysed as:		
Listed outside Hong Kong	577,599	283,080
Unlisted	23,495,567	25,156,538
<b>Total</b>	<b>24,073,166</b>	<b>25,439,618</b>

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt securities	128,894,473	146,232,561
Funds	49,158,853	41,897,275
Asset management products and others	29,988,787	26,875,347
Equity securities	33,123,274	28,715,740
Hybrid instruments	2,804,886	3,415,918
<b>Total</b>	<b>243,970,273</b>	<b>247,136,841</b>
Analysed as:		
Listed outside Hong Kong	88,447,981	82,611,839
Listed in Hong Kong	6,389,417	4,537,969
Unlisted	149,132,875	159,987,033
<b>Total</b>	<b>243,970,273</b>	<b>247,136,841</b>

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 24 Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss has included securities lending. The collateral for securities lending is analysed in Note 30(2).

As at 30 June 2022, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB108,695,094 thousand for the purpose of repurchase agreement business detailed in Note 42 (As at 31 December 2021: RMB108,969,981 thousand).

As at 30 June 2022, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB3,166,560 thousand for the purpose of bond lending business (As at 31 December 2021: RMB7,756,397 thousand).

As at 30 June 2022, the equity securities in financial assets at fair value through profit or loss with lock-up periods held by the Group were RMB5,373,066 (As at 31 December 2021: RMB5,085,851 thousand).

### 25 Refundable deposits

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits with exchanges and other financial institutions:		
Trading deposit	26,411,389	20,738,545
Performance deposit	3,787,307	6,239,669
Refinancing margin	871,400	2,042,788
Credit deposit	78,123	92,658
Total	31,148,219	29,113,660



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 26 Deferred taxation

(1) The components of deferred tax assets/(liabilities) recognized in the condensed consolidated statement of financial position and the movements are as follows:

Deferred tax arising from:	Provision for impairment losses	Employee benefits payable	Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative Financial instruments	Changes in fair value of financial assets at fair value through other comprehensive income	Business combination	Others	Total
(Unaudited)								
As at 1 January 2022	704,929	1,037,731	(302,793)	188,467	262,879	464,164	187,728	2,543,105
Recognized in profit or loss	28,397	125,806	(425,390)	(552,394)	6,565	-	857,648	40,632
Recognized in reserves	-	-	-	-	95,197	-	-	95,197
Reclassified from other comprehensive income to retained profits	-	-	-	-	(8,802)	-	-	(8,802)
As at 30 June 2022	733,326	1,163,537	(728,183)	(363,927)	355,839	464,164	1,045,376	2,670,132
(Audited)								
As at 1 January 2021	628,759	842,451	(307,382)	51,460	346,448	464,164	178,844	2,204,744
Recognized in profit or loss	76,170	195,280	4,589	137,007	43,757	-	8,884	465,687
Recognized in reserves	-	-	-	-	14,991	-	-	14,991
Reclassified from other comprehensive income to retained profits	-	-	-	-	(142,317)	-	-	(142,317)
As at 31 December 2021	704,929	1,037,731	(302,793)	188,467	262,879	464,164	187,728	2,543,105

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 26 Deferred taxation (continued)

#### (2) Reconciliation to the condensed consolidated statement of financial position

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Net deferred tax assets recognized in the condensed consolidated statement of financial position	2,674,864	2,570,403
Net deferred tax liabilities recognized in the condensed consolidated statement of financial position	(4,732)	(27,298)
Total	2,670,132	2,543,105

#### (3) Recognized in other comprehensive income

(Unaudited)	As at 30 June 2022		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
– Net changes in fair value	(246,113)	43,079	(203,034)
– Reclassified to profit or loss	98,702	(14,711)	83,991
Share of other comprehensive income of associates	4,365	–	4,365
Exchange differences on translation of financial statements in foreign currencies	197,930	–	197,930
Equity investment at fair value through other comprehensive income			
– Net changes in fair value	(281,605)	66,829	(214,776)
Total	(226,721)	95,197	(131,524)

(Audited)	As at 31 December 2021		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
– Net changes in fair value	(88,856)	(13,145)	(102,001)
– Reclassified to profit or loss	379,497	(59,525)	319,972
Share of other comprehensive income of associates	(2,189)	–	(2,189)
Exchange differences on translation of financial statements in foreign currencies	(122,531)	–	(122,531)
Equity investment at fair value through other comprehensive income			
– Net changes in fair value	(350,590)	87,648	(262,942)
Total	(184,669)	14,978	(169,691)

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 26 Deferred taxation (continued)

#### (4) Deferred tax assets not recognized

As at 30 June 2022 and 31 December 2021, in accordance with the accounting policy, the Group has not recognized deferred tax assets in respect of cumulative tax losses, and provision for bad debts with timing difference amounting to RMB782,624 thousand and RMB472,043 thousand respectively, mainly as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

### 27 Other non-current assets

#### (1) Analysed by nature:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Long-term deferred expenses	77,613	87,046
Other <sup>(a)</sup>	24,999	19,654
Total	102,612	106,700

(a) As at 30 June 2022, the other non-current assets include goodwill amounted to RMB19,654 thousand, which is resulted from the acquisition of Hongyuan Futures Co., Ltd. and Shenyin & Wanguo Futures Company Limited.

#### (2) The movements of long-term deferred expenses are as below:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
At the beginning of the period/year	87,046	86,358
Additions	3,444	14,762
Transfer in from property and equipment	4,056	22,372
Amortization	(16,933)	(36,446)
At the end of the period/year	77,613	87,046

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 28 Accounts receivable

#### (1) Analysed by nature:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Accounts receivable of:		
– Settlement	6,127,115	2,840,755
– Asset management plans	1,488,759	1,520,015
– Fee and commission	765,958	336,700
– Overdue	151,488	16,921
Less: Provision for impairment losses	(632,541)	(620,654)
Total	7,900,779	4,093,737

#### (2) Analysed by ageing:

As at 30 June 2022 and 31 December 2021, the ageing analysis of accounts receivable, based on the trade date, is as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Within 1 year	6,953,291	3,195,393
1 to 2 years	81,912	647,391
2 to 3 years	694,830	212,347
Over 3 years	170,746	38,606
Total	7,900,779	4,093,737

For trade receivables result from transactions that are within the scope of IFRS 15, the Group applies the simplified approach for the recognition of expected credit losses. The Group applies the general approach for the recognition of expected credit losses of other receivables. As at 30 June 2022, except for the receivables from asset management business which are classified into stage 3, other receivables applies the general approach are classified into the stage 1 (as at 31 December 2021: stage 1).

#### (3) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 29 Other receivables and prepayments

#### Analysed by nature:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Inventory	1,508,435	2,164,581
Dividend receivable	388,850	–
Current tax assets	371,019	104,473
Overdue and impaired receivables	258,849	124,945
Prepayments <sup>(a)</sup>	230,581	122,106
VAT due from asset management plans	151,464	102,858
Receivables from bond issuers	118,781	299,726
Deposits	63,029	107,182
Interest receivables	38,052	49,962
Receivable from commodity business customers	20,889	53,125
Others <sup>(a)</sup>	126,043	422,614
Less: Provision for impairment losses	(309,719)	(307,556)
Total	2,966,273	3,244,016

(a) The balance of prepayments and others mainly represents receivables from sundry receivables and prepayments arising from the Group's daily business operation.

### 30 Margin accounts receivable

#### (1) Analysed by nature:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Individuals	59,401,449	66,151,638
Institutions	8,342,598	10,523,903
Less: Provision for impairment losses	(365,972)	(378,786)
Total	67,378,075	76,296,755

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 30 Margin accounts receivable (continued)

(2) The fair value of collaterals for margin financing and securities lending business is analysed as the followings:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Fair value of collaterals:		
– Stocks	205,557,977	256,954,345
– Cash	9,652,708	8,412,721
– Funds	7,907,565	8,793,434
– Bonds	358,225	224,322
Total	223,476,475	274,384,822

### 31 Derivative financial instruments

(Unaudited)	As at 30 June 2022		
	Nominal value	Fair value	
		Assets	Liabilities
Equity derivatives	233,604,144	5,385,463	(7,086,347)
Interest rate derivatives	300,020,082	623,873	(693,695)
Commodity derivatives	85,859,375	279,260	(228,213)
Credit derivatives	4,291,000	14,159	(1,895)
Total	623,774,601	6,302,755	(8,010,150)

(Audited)	As at 31 December 2021		
	Nominal value	Fair value	
		Assets	Liabilities
Equity derivatives	218,871,769	1,516,247	(6,346,266)
Interest rate derivatives	190,193,212	1,136,211	(823,572)
Commodity derivatives	67,891,949	144,970	(136,013)
Credit derivatives	820,000	2,872	(4,004)
Total	477,776,930	2,800,300	(7,309,855)

Under the daily mark-to-market and settlement arrangement, clearing settlement funds included the changes in fair value of treasury bond futures, interest rate swap, stock index futures, precious metal futures, AUTD and other commodity futures held by the Group, and were not reflected in the above derivative financial instruments. As at 30 June 2022, the fair value of those unexpired derivative financial instrument contracts was RMB892,350 thousand (31 December 2021: RMB648,176 thousand).

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 32 Clearing settlement funds

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	5,492,049	6,258,297
– Shanghai Gold Exchange	27,957	26,361
– Other institutions	10,087,406	8,977,284
Total	15,607,412	15,261,942

### 33 Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorized institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognized the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In Mainland China, the use of cash held on behalf of brokerage clients is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the use of cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

### 34 Cash and bank balances

#### Analysed by nature:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash on hand	72	39
Bank balances <sup>(1)</sup>	37,466,120	31,040,066
Less: Provision for impairment losses	(1,393)	(1,269)
Total	37,464,799	31,038,836

(1) Bank balances comprise time and demand deposits which bear interest at the prevailing market rates.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 35 Cash and cash equivalents

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash on hand	72	39
Bank balances	37,325,785	30,994,100
Clearing settlement funds	15,607,412	15,261,942
Bond investment within 3 months original maturity	378,848	235,313
Financial assets held under resale agreements within 3 months original maturity	23,931,298	18,041,701
Less: restricted bank deposits	(2,380,413)	(1,752,186)
Total	74,863,002	62,780,909

The restricted bank deposits include bank deposits with original maturity of more than three months held by the Group and risk reserve deposits.

### 36 Loans and borrowings

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Unsecured bank loans	3,089,108	3,229,798
Total	3,089,108	3,229,798

### 37 Short-term debt instruments issued

(Unaudited)	Book value as at 1 January 2022	Issuance	Redemption	Book value as at 30 June 2022
Short-term corporate bonds	20,978,668	10,358,606	(7,200,000)	24,137,274
Structured notes	8,508,012	18,554,135	(15,517,338)	11,544,809
Interest payables	100,163	365,930	(115,550)	350,543
Total	29,586,843	29,278,671	(22,832,888)	36,032,626

(Audited)	Book value as at 1 January 2021	Issuance	Redemption	Book value as at 31 December 2021
Short-term corporate bonds	24,076,940	47,501,728	(50,600,000)	20,978,668
Structured notes	16,159,700	27,767,256	(35,418,944)	8,508,012
Interest payables	268,429	630,343	(798,609)	100,163
Total	40,505,069	75,899,327	(86,817,553)	29,586,843



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 37 Short-term debt instruments issued (continued)

As at 30 June 2022 and 30 June 2021, there was no default in the principal, interest or redemption of the above short-term debt instruments.

For the six months ended 30 June 2022, the Group has issued 855 tranches of structured notes, and repaid 720 tranches of structured notes during the period. As at 30 June 2022, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.05%-6.80%.

For the six months ended 30 June 2021, the Group has issued 435 tranches of structured notes, and repaid 429 tranches of structured notes during the period. As at 31 December 2021, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.65%-6.80%.

### 38 Placements from other financial institutions

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Placements from banks	2,645,000	1,550,000
Other placements from other financial institutions	692,755	815,947
Placements from margin refinancing	—	2,000,778
Total	3,337,755	4,366,725

As at 30 June 2022, the interbank lending is unsecured and bears interest rates ranging from 1.89% to 2.70% per annum, with maturities of 7 days (As at 31 December 2021, the placements from banks are unsecured and bear interest rates ranging from 2.25% to 3.11% per annum, with maturities of 6-8 days).

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 39 Accounts payable to brokerage clients

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Clients' deposits for other brokerage trading	104,568,669	94,324,354
Clients' deposits for margin financing and securities lending	12,198,846	10,401,022
Interest payable	1,439	12,983
Total	116,768,954	104,738,359

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

### 40 Employee benefits payable

(Unaudited)	As at 1 January 2022	Accrued for the period	Payments made	As at 30 June 2022
Salaries, bonuses and allowance	5,840,552	2,654,231	(2,024,466)	6,470,317
Contribution to pension schemes	2,656	195,096	(194,372)	3,380
Other social welfare	383,741	500,727	(682,895)	201,573
Total	6,226,949	3,350,054	(2,901,733)	6,675,270

(Audited)	As at 1 January 2021	Accrued for the period	Payments made	As at 31 December 2021
Salaries, bonuses and allowance	4,936,568	6,725,768	(5,821,784)	5,840,552
Contribution to pension schemes	2,317	344,653	(344,314)	2,656
Other social welfare	239,736	1,171,086	(1,027,081)	383,741
Total	5,178,621	8,241,507	(7,193,179)	6,226,949

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 41 Other payables and accruals

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Deposits	26,527,801	14,851,437
Payables to interest holders of consolidated structured entities	11,337,378	10,798,293
Dividend payables	2,620,406	135,731
Fee and commission payable	699,407	741,595
Payables on behalf of staff	526,007	1,436,618
Settlement payables	469,824	1,578,231
Risk reserve for futures brokerage business	267,633	248,626
Business tax and other tax payables	182,258	65,066
Accrued expenses	166,711	89,630
Long-term payables	134,594	134,594
Distribution expenses payables	107,297	84,013
Trade payables	50,490	458,163
Interest and dividend received on behalf of brokerage clients	49,297	24,092
Payables to the securities and futures investor protection fund	39,854	54,428
Proceeds from underwriting securities received on behalf of customers	19,909	–
Interest payables	18,999	13,575
Account executive commission payables	7,834	9,944
Others <sup>(1)</sup>	215,646	724,322
<b>Total</b>	<b>43,441,345</b>	<b>31,448,358</b>

(1) The balance of others mainly represents sundry payables arising from the Group's daily business operation.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 42 Financial assets sold under repurchase agreements

#### (1) Analysed by collateral type:

##### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Debt securities	102,785,159	115,614,900
Fund	17,063,903	13,377,644
Others	10,370,949	8,984,976
Total	130,220,011	137,977,520

#### (2) Analysed by market:

##### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Stock exchanges	52,334,534	44,900,212
Inter-bank market	57,700,146	77,779,638
OTC market	10,370,949	8,984,976
Futures exchanges	9,814,382	6,312,694
Total	130,220,011	137,977,520

### 43 Lease liabilities

#### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Lease liabilities	558,844	663,779

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Lease liabilities	392,458	305,436



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 44 Financial liabilities at fair value through profit or loss

#### Non-current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Financial liabilities designated at fair value through profit or loss		
– Structured notes	–	293,481
<b>Total</b>	<b>–</b>	<b>293,481</b>

#### Current

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Financial liabilities held for trading		
– Debt securities	3,404,402	2,149,719
– Equities	–	41,473
– Gold	58,922	279,525
Financial liabilities designated at fair value through profit or loss		
– Structured notes	1,441,587	3,337,308
– Others	54,159	65,489
<b>Total</b>	<b>4,959,070</b>	<b>5,873,514</b>

### 45 Long-term bonds

#### As at 30 June 2022

Name	Par value Original currency	value date	Due date	Issue amount Original currency	Nominal interest rate
17 ShenZheng01 <sup>(1)</sup>	7,500,000	2017/02/17	2022/02/17	7,500,000	4.40%
17 ShenZheng02 <sup>(2)</sup>	500,000	2017/02/17	2024/02/17	500,000	4.50%
18 ShenHong01 <sup>(3)</sup>	500,000	2018/07/17	2023/07/17	500,000	3.20%
18 ShenHong02 <sup>(4)</sup>	6,500,000	2018/07/17	2023/07/17	6,500,000	4.80%
18 ShenZheng03 <sup>(5)</sup>	1,500,000	2018/12/10	2023/12/10	1,500,000	4.08%
19 ShenHong01 <sup>(6)</sup>	1,000,000	2019/03/08	2022/03/08	1,000,000	4.18%
19 ShenHong02 <sup>(7)</sup>	3,200,000	2019/04/12	2022/04/12	3,200,000	4.27%
19 ShenHong04 <sup>(8)</sup>	5,800,000	2019/10/25	2024/10/25	5,800,000	3.94%
19 ShenZheng01 <sup>(9)</sup>	2,200,000	2019/01/16	2022/01/16	2,200,000	3.55%
19 ShenZheng03 <sup>(10)</sup>	6,200,000	2019/03/11	2022/03/11	6,200,000	3.68%

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 30 June 2022 (continued)

Name	Par value Original currency	value date	Due date	Issue amount Original currency	Nominal interest rate
19 ShenZheng05 <sup>(11)</sup>	8,100,000	2019/05/09	2022/05/09	8,100,000	3.88%
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	6,000,000	2019/09/18	2022/09/18	5,996,156	3.43%
20 ShenZheng01 <sup>(13)</sup>	4,000,000	2020/01/16	2022/01/16	4,000,000	3.40%
20 ShenZheng02 <sup>(14)</sup>	2,000,000	2020/01/16	2023/01/16	2,000,000	3.55%
20 ShenZheng03 <sup>(15)</sup>	1,000,000	2020/02/21	2022/02/21	1,000,000	3.03%
20 ShenZheng04 <sup>(16)</sup>	3,000,000	2020/02/21	2023/02/21	3,000,000	3.20%
20 ShenZheng06 <sup>(17)</sup>	4,100,000	2020/07/27	2023/07/27	4,100,000	3.49%
20 ShenZheng08 <sup>(18)</sup>	3,200,000	2020/09/10	2023/09/10	3,200,000	3.76%
20 ShenZheng10 <sup>(19)</sup>	5,700,000	2020/10/26	2023/10/26	5,700,000	3.68%
20 ShenZheng12 <sup>(20)</sup>	1,700,000	2020/11/16	2022/11/16	1,700,000	3.55%
20 ShenZhengC2 <sup>(21)</sup>	6,000,000	2020/04/23	2023/04/23	6,000,000	3.18%
20 ShenZhengC3 <sup>(22)</sup>	6,000,000	2020/05/25	2023/05/25	6,000,000	3.25%
21 ShenHong01 <sup>(23)</sup>	1,500,000	2021/03/08	2026/03/08	1,500,000	3.68%
21 ShenHong02 <sup>(24)</sup>	500,000	2021/03/08	2028/03/08	500,000	3.95%
21 ShenHong04 <sup>(25)</sup>	3,000,000	2021/07/15	2028/07/15	3,000,000	3.65%
21 ShenHong05 <sup>(26)</sup>	500,000	2021/08/04	2024/08/04	500,000	2.99%
21 ShenHong06 <sup>(27)</sup>	2,500,000	2021/08/04	2026/08/04	2,500,000	3.38%
21 ShenZheng01 <sup>(28)</sup>	2,500,000	2021/04/29	2024/04/29	2,500,000	3.45%
21 ShenZheng02 <sup>(29)</sup>	2,000,000	2021/04/29	2031/04/29	2,000,000	4.05%
21 ShenZheng03 <sup>(30)</sup>	2,600,000	2021/05/24	2026/05/24	2,600,000	3.63%
21 ShenZheng04 <sup>(31)</sup>	2,000,000	2021/05/28	2024/05/28	2,000,000	3.27%
21 ShenZheng05 <sup>(32)</sup>	2,500,000	2021/05/28	2031/05/28	2,500,000	4.00%
21 ShenZheng06 <sup>(33)</sup>	2,000,000	2021/07/21	2024/07/21	2,000,000	3.13%
21 ShenZheng07 <sup>(34)</sup>	3,000,000	2021/07/21	2031/07/21	3,000,000	3.77%
21 ShenZheng08 <sup>(35)</sup>	2,800,000	2021/07/28	2024/07/28	2,800,000	3.04%
21 ShenZheng09 <sup>(36)</sup>	4,200,000	2021/07/28	2026/07/28	4,200,000	3.38%
21 ShenZheng10 <sup>(37)</sup>	3,000,000	2021/08/26	2024/08/26	3,000,000	3.02%
21 ShenZheng11 <sup>(38)</sup>	3,000,000	2021/08/26	2031/08/26	3,000,000	3.75%
21 ShenZheng12 <sup>(39)</sup>	4,800,000	2021/09/09	2024/09/09	4,800,000	3.05%
21 ShenZheng13 <sup>(40)</sup>	1,000,000	2021/09/09	2026/09/09	1,000,000	3.40%

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 30 June 2022 (continued)

Name	Par value Original currency	value date	Due date	Issue amount Original currency	Nominal interest rate
21 ShenZheng14 <sup>(41)</sup>	2,300,000	2021/09/22	2023/09/22	2,300,000	2.95%
21 ShenZheng15 <sup>(42)</sup>	2,300,000	2021/09/22	2024/09/22	2,300,000	3.10%
21 ShenZhengC1 <sup>(43)</sup>	3,000,000	2021/01/21	2024/01/21	3,000,000	3.93%
21 ShenZhengC2 <sup>(44)</sup>	3,800,000	2021/03/11	2024/03/11	3,800,000	3.94%
21 ShenZhengC3 <sup>(45)</sup>	1,800,000	2021/12/27	2023/12/27	1,800,000	3.08%
21 ShenZhengC4 <sup>(46)</sup>	1,200,000	2021/12/27	2024/12/27	1,200,000	3.20%
22 ShenHong01 <sup>(47)</sup>	1,800,000	2022/03/08	2025/03/08	1,800,000	3.11%
22 ShenHong02 <sup>(48)</sup>	1,200,000	2022/03/08	2027/03/08	1,200,000	3.50%
22 ShenHong03 <sup>(49)</sup>	3,000,000	2022/04/26	2025/04/26	3,000,000	3.06%
22 ShenHong04 <sup>(50)</sup>	1,000,000	2022/04/26	2027/04/26	1,000,000	3.45%
22 ShenZheng01 <sup>(51)</sup>	5,000,000	2022/01/21	2025/01/21	5,000,000	2.80%
22 ShenZheng02 <sup>(52)</sup>	2,400,000	2022/01/21	2032/01/21	2,400,000	3.60%
22 ShenZheng03 <sup>(53)</sup>	2,200,000	2022/02/23	2025/02/23	2,200,000	2.95%
22 ShenZheng05 <sup>(54)</sup>	3,500,000	2022/03/24	2025/03/24	3,500,000	3.18%
22 ShenZheng06 <sup>(55)</sup>	2,100,000	2022/03/24	2027/03/24	2,100,000	3.53%
22 ShenZheng07 <sup>(56)</sup>	1,800,000	2022/05/23	2025/05/23	1,800,000	2.78%
22 ShenZheng08 <sup>(57)</sup>	2,200,000	2022/05/23	2027/05/23	2,200,000	3.20%
22 ShenZhengC1 <sup>(58)</sup>	3,000,000	2022/04/27	2025/04/27	3,000,000	3.19%
21 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(59)</sup>	500,000	2021/07/14	2026/07/14	499,095	1.80%
22 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(60)</sup>	300,000	2022/03/16	2025/03/16	299,967	2.63%
Structured notes <sup>(61)</sup>	14,941,705	Note 45 <sup>(61)</sup>	Note 45 <sup>(61)</sup>	14,941,705	2.60%-3.60%

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 30 June 2022 (continued)

Name	Book value as at 1 January 2022	Increase	Amount of amortization	Decrease	Book value as at 30 June 2022
17 ShenZheng01 <sup>(1)</sup>	7,500,000	—	—	(7,500,000)	—
17 ShenZheng02 <sup>(2)</sup>	500,000	—	—	—	500,000
18 ShenHong01 <sup>(3)</sup>	32,501	—	—	—	32,501
18 ShenHong02 <sup>(4)</sup>	6,499,977	—	5	—	6,499,982
18 ShenZheng03 <sup>(5)</sup>	1,500,000	—	—	—	1,500,000
19 ShenHong01 <sup>(6)</sup>	999,985	—	—	(999,985)	—
19 ShenHong02 <sup>(7)</sup>	3,200,000	—	—	(3,200,000)	—
19 ShenHong04 <sup>(8)</sup>	5,800,000	—	—	—	5,800,000
19 ShenZheng01 <sup>(9)</sup>	2,200,000	—	—	(2,200,000)	—
19 ShenZheng03 <sup>(10)</sup>	6,200,000	—	—	(6,200,000)	—
19 ShenZheng05 <sup>(11)</sup>	8,100,000	—	—	(8,100,000)	—
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	5,998,992	—	702	—	5,999,694
20 ShenZheng01 <sup>(13)</sup>	3,999,961	—	—	(3,999,961)	—
20 ShenZheng02 <sup>(14)</sup>	1,999,673	—	156	—	1,999,829
20 ShenZheng03 <sup>(15)</sup>	1,000,000	—	—	(1,000,000)	—
20 ShenZheng04 <sup>(16)</sup>	3,000,000	—	—	—	3,000,000
20 ShenZheng06 <sup>(17)</sup>	4,100,000	—	—	—	4,100,000
20 ShenZheng08 <sup>(18)</sup>	3,192,345	—	2,246	—	3,194,591
20 ShenZheng10 <sup>(19)</sup>	5,685,349	—	3,999	—	5,689,348
20 ShenZheng12 <sup>(20)</sup>	1,696,846	—	1,790	—	1,698,636
20 ShenZhengC2 <sup>(21)</sup>	5,996,301	—	1,404	—	5,997,705
20 ShenZhengC3 <sup>(22)</sup>	5,998,027	—	701	—	5,998,728
21 ShenHong01 <sup>(23)</sup>	1,500,000	—	—	—	1,500,000
21 ShenHong02 <sup>(24)</sup>	500,000	—	—	—	500,000
21 ShenHong04 <sup>(25)</sup>	3,000,000	—	—	—	3,000,000
21 ShenHong05 <sup>(26)</sup>	500,000	—	—	—	500,000
21 ShenHong06 <sup>(27)</sup>	2,500,000	—	—	—	2,500,000
21 ShenZheng01 <sup>(28)</sup>	2,495,329	—	986	—	2,496,315
21 ShenZheng02 <sup>(29)</sup>	1,995,533	—	237	—	1,995,770
21 ShenZheng03 <sup>(30)</sup>	2,594,677	—	597	—	2,595,274
21 ShenZheng04 <sup>(31)</sup>	1,996,136	—	790	—	1,996,926
21 ShenZheng05 <sup>(32)</sup>	2,494,369	—	296	—	2,494,665
21 ShenZheng06 <sup>(33)</sup>	1,995,508	—	872	—	1,996,380
21 ShenZheng07 <sup>(34)</sup>	2,992,431	—	393	—	2,992,824
21 ShenZheng08 <sup>(35)</sup>	2,796,654	—	634	—	2,797,288



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 30 June 2022 (continued)

Name	Book value as at 1 January 2022	Increase	Amount of amortization	Decrease	Book value as at 30 June 2022
21 ShenZheng09 <sup>(36)</sup>	4,187,221	–	1,386	–	4,188,607
21 ShenZheng10 <sup>(37)</sup>	2,990,168	–	1,838	–	2,992,006
21 ShenZheng11 <sup>(38)</sup>	2,989,258	–	552	–	2,989,810
21 ShenZheng12 <sup>(39)</sup>	4,788,402	–	2,138	–	4,790,540
21 ShenZheng13 <sup>(40)</sup>	997,472	–	267	–	997,739
21 ShenZheng14 <sup>(41)</sup>	2,291,587	–	2,421	–	2,294,008
21 ShenZheng15 <sup>(42)</sup>	2,291,136	–	1,612	–	2,292,748
21 ShenZhengC1 <sup>(43)</sup>	2,991,277	–	2,105	–	2,993,382
21 ShenZhengC2 <sup>(44)</sup>	3,788,225	–	2,664	–	3,790,889
21 ShenZhengC3 <sup>(45)</sup>	1,792,411	–	1,895	–	1,794,306
21 ShenZhengC4 <sup>(46)</sup>	1,194,929	–	841	–	1,195,770
22 ShenHong01 <sup>(47)</sup>	–	1,800,000	–	–	1,800,000
22 ShenHong02 <sup>(48)</sup>	–	1,200,000	–	–	1,200,000
22 ShenHong03 <sup>(49)</sup>	–	3,000,000	–	–	3,000,000
22 ShenHong04 <sup>(50)</sup>	–	1,000,000	–	–	1,000,000
22 ShenZheng01 <sup>(51)</sup>	–	4,989,777	–	–	4,989,777
22 ShenZheng02 <sup>(52)</sup>	–	2,394,501	–	–	2,394,501
22 ShenZheng03 <sup>(53)</sup>	–	2,194,221	–	–	2,194,221
22 ShenZheng05 <sup>(54)</sup>	–	3,490,875	–	–	3,490,875
22 ShenZheng06 <sup>(55)</sup>	–	2,094,305	–	–	2,094,305
22 ShenZheng07 <sup>(56)</sup>	–	1,795,346	–	–	1,795,346
22 ShenZheng08 <sup>(57)</sup>	–	2,194,227	–	–	2,194,227
22 ShenZhengC1 <sup>(58)</sup>	–	2,987,985	–	–	2,987,985
21 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(59)</sup>	3,171,356	–	167,778	–	3,339,134
22 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(60)</sup>	–	2,005,881	–	–	2,005,881
Structured notes <sup>(61)</sup>	11,529,976	4,628,706	–	(1,220,091)	14,938,591
Interest payables	2,922,712	2,425,066	–	(2,569,445)	2,778,333
Total	160,486,724	38,200,890	201,305	(36,989,482)	161,899,437

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 31 December 2021

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
16 ShenHong01	2,020,800	2016/04/26	2021/04/26	5,000,000	3.70%
16 ShenHong03	5,500,000	2016/09/09	2021/09/09	5,500,000	3.20%
17 ShenZheng01 <sup>(1)</sup>	7,500,000	2017/02/17	2022/02/17	7,500,000	4.40%
17 ShenZheng02 <sup>(2)</sup>	500,000	2017/02/17	2024/02/17	500,000	4.50%
18 ShenHong01 <sup>(3)</sup>	500,000	2018/07/17	2023/07/17	500,000	3.20%
18 ShenHong02 <sup>(4)</sup>	6,500,000	2018/07/17	2023/07/17	6,500,000	4.80%
18 ShenZheng02	3,000,000	2018/11/19	2021/11/19	3,000,000	4.20%
18 ShenZheng03 <sup>(5)</sup>	1,500,000	2018/12/10	2023/12/10	1,500,000	4.08%
18 ShenZhengC2	4,600,000	2018/04/12	2023/04/12	4,600,000	5.35%
19 ShenHong01 <sup>(6)</sup>	1,000,000	2019/03/08	2022/03/08	1,000,000	4.18%
19 ShenHong02 <sup>(7)</sup>	3,200,000	2019/04/12	2022/04/12	3,200,000	4.27%
19 ShenHong04 <sup>(8)</sup>	5,800,000	2019/10/25	2024/10/25	5,800,000	3.94%
19 ShenZheng01 <sup>(9)</sup>	2,200,000	2019/01/16	2022/01/16	2,200,000	3.55%
19 ShenZheng03 <sup>(10)</sup>	6,200,000	2019/03/11	2022/03/11	6,200,000	3.68%
19 ShenZheng05 <sup>(11)</sup>	8,100,000	2019/05/09	2022/05/09	8,100,000	3.88%
19 ShenZheng07	1,000,000	2019/06/14	2021/06/14	1,000,000	3.90%
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	6,000,000	2019/09/18	2022/09/18	5,996,156	3.43%
20 ShenZheng01 <sup>(13)</sup>	4,000,000	2020/01/16	2022/01/16	4,000,000	3.40%
20 ShenZheng02 <sup>(14)</sup>	2,000,000	2020/01/16	2023/01/16	2,000,000	3.55%
20 ShenZheng03 <sup>(15)</sup>	1,000,000	2020/02/21	2022/02/21	1,000,000	3.03%
20 ShenZheng04 <sup>(16)</sup>	3,000,000	2020/02/21	2023/02/21	3,000,000	3.20%
20 ShenZheng06 <sup>(17)</sup>	4,100,000	2020/07/27	2023/07/27	4,100,000	3.49%
20 ShenZheng08 <sup>(18)</sup>	3,200,000	2020/09/10	2023/09/10	3,200,000	3.76%
20 ShenZheng09	2,200,000	2020/10/26	2021/11/05	2,200,000	3.16%
20 ShenZheng10 <sup>(19)</sup>	5,700,000	2020/10/26	2023/10/26	5,700,000	3.68%
20 ShenZheng12 <sup>(20)</sup>	1,700,000	2020/11/16	2022/11/16	1,700,000	3.55%
20 ShenZhengC2 <sup>(21)</sup>	6,000,000	2020/04/23	2023/04/23	6,000,000	3.18%
20 ShenZhengC3 <sup>(22)</sup>	6,000,000	2020/05/25	2023/05/25	6,000,000	3.25%
21 ShenHong01 <sup>(23)</sup>	1,500,000	2021/03/08	2026/03/08	1,500,000	3.68%
21 ShenHong02 <sup>(24)</sup>	500,000	2021/03/08	2028/03/08	500,000	3.95%
21 ShenHong04 <sup>(25)</sup>	3,000,000	2021/07/15	2028/07/15	3,000,000	3.65%
21 ShenHong05 <sup>(26)</sup>	500,000	2021/08/04	2024/08/04	500,000	2.99%
21 ShenHong06 <sup>(27)</sup>	2,500,000	2021/08/04	2026/08/04	2,500,000	3.38%
21 ShenZheng01 <sup>(28)</sup>	2,500,000	2021/04/29	2024/04/29	2,500,000	3.45%
21 ShenZheng02 <sup>(29)</sup>	2,000,000	2021/04/29	2031/04/29	2,000,000	4.05%
21 ShenZheng03 <sup>(30)</sup>	2,600,000	2021/05/24	2026/05/24	2,600,000	3.63%
21 ShenZheng04 <sup>(31)</sup>	2,000,000	2021/05/28	2024/05/28	2,000,000	3.27%

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

#### As at 31 December 2021 (continued)

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
21 ShenZheng05 <sup>(32)</sup>	2,500,000	2021/05/28	2031/05/28	2,500,000	4.00%
21 ShenZheng06 <sup>(33)</sup>	2,000,000	2021/07/21	2024/07/21	2,000,000	3.13%
21 ShenZheng07 <sup>(34)</sup>	3,000,000	2021/07/21	2031/07/21	3,000,000	3.77%
21 ShenZheng08 <sup>(35)</sup>	2,800,000	2021/07/28	2024/07/28	2,800,000	3.04%
21 ShenZheng09 <sup>(36)</sup>	4,200,000	2021/07/28	2026/07/28	4,200,000	3.38%
21 ShenZheng10 <sup>(37)</sup>	3,000,000	2021/08/26	2024/08/26	3,000,000	3.02%
21 ShenZheng11 <sup>(38)</sup>	3,000,000	2021/08/26	2031/08/26	3,000,000	3.75%
21 ShenZheng12 <sup>(39)</sup>	4,800,000	2021/09/09	2024/09/09	4,800,000	3.05%
21 ShenZheng13 <sup>(40)</sup>	1,000,000	2021/09/09	2026/09/09	1,000,000	3.40%
21 ShenZheng14 <sup>(41)</sup>	2,300,000	2021/09/22	2023/09/22	2,300,000	2.95%
21 ShenZheng15 <sup>(42)</sup>	2,300,000	2021/09/22	2024/09/22	2,300,000	3.10%
21 ShenZhengC1 <sup>(43)</sup>	3,000,000	2021/01/21	2024/01/21	3,000,000	3.93%
21 ShenZhengC2 <sup>(44)</sup>	3,800,000	2021/03/11	2024/03/11	3,800,000	3.94%
21 ShenZhengC3 <sup>(45)</sup>	1,800,000	2021/12/27	2023/12/27	1,800,000	3.08%
21 ShenZhengC4 <sup>(46)</sup>	1,200,000	2021/12/27	2024/12/27	1,200,000	3.20%
21 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(59)</sup>	500,000	2021/07/14	2026/07/14	499,095	1.80%
Structured notes <sup>(61)</sup>	11,386,179	Note 45 <sup>(61)</sup>	Note 45 <sup>(61)</sup>	10,517,834	3.25%-3.65%

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 31 December 2021 (continued)

Name	Book value as at 1 January 2021	Increase	Amount of amortization	Decrease	Book value as at 31 December 2021
16 ShenHong01	2,020,800	—	—	(2,020,800)	—
16 ShenHong03	5,500,000	—	—	(5,500,000)	—
17 ShenZheng01 <sup>(1)</sup>	7,500,000	—	—	—	7,500,000
17 ShenZheng02 <sup>(2)</sup>	500,000	—	—	—	500,000
18 ShenHong01 <sup>(3)</sup>	499,998	—	—	(467,497)	32,501
18 ShenHong02 <sup>(4)</sup>	6,499,969	—	8	—	6,499,977
18 ShenZheng02	3,000,000	—	—	(3,000,000)	—
18 ShenZheng03 <sup>(5)</sup>	1,500,000	—	—	—	1,500,000
18 ShenZhengC2	4,600,000	—	—	(4,600,000)	—
19 ShenHong01 <sup>(6)</sup>	999,968	—	17	—	999,985
19 ShenHong02 <sup>(7)</sup>	3,200,000	—	—	—	3,200,000
19 ShenHong04 <sup>(8)</sup>	5,800,000	—	—	—	5,800,000
19 ShenZheng01 <sup>(9)</sup>	2,200,000	—	—	—	2,200,000
19 ShenZheng03 <sup>(10)</sup>	6,200,000	—	—	—	6,200,000
19 ShenZheng05 <sup>(11)</sup>	8,100,000	—	—	—	8,100,000
19 ShenZheng07	1,000,000	—	—	(1,000,000)	—
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	5,997,576	—	1,416	—	5,998,992
20 ShenZheng01 <sup>(13)</sup>	3,999,019	—	942	—	3,999,961
20 ShenZheng02 <sup>(14)</sup>	1,999,359	—	314	—	1,999,673
20 ShenZheng03 <sup>(15)</sup>	1,000,000	—	—	—	1,000,000
20 ShenZheng04 <sup>(16)</sup>	3,000,000	—	—	—	3,000,000
20 ShenZheng06 <sup>(17)</sup>	4,100,000	—	—	—	4,100,000
20 ShenZheng08 <sup>(18)</sup>	3,187,817	—	4,528	—	3,192,345
20 ShenZheng09	2,194,886	—	—	(2,194,886)	—
20 ShenZheng10 <sup>(19)</sup>	5,677,283	—	8,066	—	5,685,349
20 ShenZheng12 <sup>(20)</sup>	1,693,238	—	3,608	—	1,696,846
20 ShenZhengC2 <sup>(21)</sup>	5,993,471	—	2,830	—	5,996,301
20 ShenZhengC3 <sup>(22)</sup>	5,996,612	—	1,415	—	5,998,027
21 ShenHong01 <sup>(23)</sup>	—	1,500,000	—	—	1,500,000
21 ShenHong02 <sup>(24)</sup>	—	500,000	—	—	500,000
21 ShenHong04 <sup>(25)</sup>	—	3,000,000	—	—	3,000,000
21 ShenHong05 <sup>(26)</sup>	—	500,000	—	—	500,000
21 ShenHong06 <sup>(27)</sup>	—	2,500,000	—	—	2,500,000
21 ShenZheng01 <sup>(28)</sup>	—	2,495,329	—	—	2,495,329
21 ShenZheng02 <sup>(29)</sup>	—	1,995,533	—	—	1,995,533
21 ShenZheng03 <sup>(30)</sup>	—	2,594,677	—	—	2,594,677



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 31 December 2021 (continued)

Name	Book value as at 1 January 2021	Increase	Amount of amortization	Decrease	Book value as at 31 December 2021
21 ShenZheng04 <sup>(31)</sup>	—	1,996,136	—	—	1,996,136
21 ShenZheng05 <sup>(32)</sup>	—	2,494,369	—	—	2,494,369
21 ShenZheng06 <sup>(33)</sup>	—	1,995,508	—	—	1,995,508
21 ShenZheng07 <sup>(34)</sup>	—	2,992,431	—	—	2,992,431
21 ShenZheng08 <sup>(35)</sup>	—	2,796,654	—	—	2,796,654
21 ShenZheng09 <sup>(36)</sup>	—	4,187,221	—	—	4,187,221
21 ShenZheng10 <sup>(37)</sup>	—	2,990,168	—	—	2,990,168
21 ShenZheng11 <sup>(38)</sup>	—	2,989,258	—	—	2,989,258
21 ShenZheng12 <sup>(39)</sup>	—	4,788,402	—	—	4,788,402
21 ShenZheng13 <sup>(40)</sup>	—	997,472	—	—	997,472
21 ShenZheng14 <sup>(41)</sup>	—	2,291,587	—	—	2,291,587
21 ShenZheng15 <sup>(42)</sup>	—	2,291,136	—	—	2,291,136
21 ShenZhengC1 <sup>(43)</sup>	—	2,991,277	—	—	2,991,277
21 ShenZhengC2 <sup>(44)</sup>	—	3,788,225	—	—	3,788,225
21 ShenZhengC3 <sup>(45)</sup>	—	1,792,411	—	—	1,792,411
21 ShenZhengC4 <sup>(46)</sup>	—	1,194,929	—	—	1,194,929
21 Shenwan Hongyuan International Finance Limited US dollar bond <sup>(59)</sup>	—	3,171,356	—	—	3,171,356
Structured notes <sup>(61)</sup>	11,862,549	25,450,004	—	(25,782,577)	11,529,976
Interest payables	2,345,410	4,682,190	—	(4,104,888)	2,922,712
<b>Total</b>	<b>118,167,955</b>	<b>90,966,273</b>	<b>23,144</b>	<b>(48,670,648)</b>	<b>160,486,724</b>

	<b>As at 30 June 2022 (Unaudited)</b>	<b>As at 31 December 2021 (Audited)</b>
Long-term bonds due within one year	<b>25,808,700</b>	42,947,167
Long-term bonds due after one year	<b>136,090,737</b>	117,539,557
<b>Total</b>	<b>161,899,437</b>	<b>160,486,724</b>

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 45 Long-term bonds (continued)

As approved by the Board and related regulatory authorities, the Group has issued the following bonds:

- (1) 5-year corporate bond amounting to RMB7.5 billion on 17 February 2017.
- (2) 7-year corporate bond amounting to RMB0.5 billion on 17 February 2017.
- (3) 5-year corporate bond amounting to RMB0.5 billion on 17 July 2018 with put option on 17 July 2021.
- (4) 5-year corporate bond amounting to RMB6.5 billion on 17 July 2018.
- (5) 5-year corporate bond amounting to RMB1.5 billion on 10 December 2018.
- (6) 3-year corporate bond amounting to RMB1.0 billion on 8 March 2019.
- (7) 3-year corporate bond amounting to RMB3.2 billion on 12 April 2019.
- (8) 5-year corporate bond amounting to RMB5.8 billion on 25 October 2019 with put option on 25 October 2022.
- (9) 3-year corporate bond amounting to RMB2.2 billion on 16 January 2019.
- (10) 3-year corporate bond amounting to RMB6.2 billion on 11 March 2019.
- (11) 3-year corporate bond amounting to RMB8.1 billion on 9 May 2019.
- (12) 3-year corporate bond amounting to RMB6.0 billion on 18 September 2019.
- (13) 2-year corporate bond amounting to RMB4.0 billion on 16 January 2020.
- (14) 3-year corporate bond amounting to RMB2.0 billion on 16 January 2020.
- (15) 2-year corporate bond amounting to RMB1.0 billion on 21 February 2020.
- (16) 3-year corporate bond amounting to RMB3.0 billion on 21 February 2020.
- (17) 3-year corporate bond amounting to RMB4.1 billion on 27 July 2020.
- (18) 3-year corporate bond amounting to RMB3.2 billion on 10 September 2020.
- (19) 3-year corporate bond amounting to RMB5.7 billion on 26 October 2020.
- (20) 2-year corporate bond amounting to RMB1.7 billion on 16 November 2020.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

- (21) 3-year subordinated bond amounting to RMB6.0 billion on 23 April 2020.
- (22) 3-year subordinated bond amounting to RMB6.0 billion on 25 May 2020.
- (23) 5-year corporate bond amounting to RMB1.5 billion on 8 March 2021 with put option on 8 March 2024.
- (24) 7-year corporate bond amounting to RMB0.5 billion on 8 March 2021 with put option on 8 March 2026.
- (25) 7-year corporate bond amounting to RMB3.0 billion on 15 July 2021.
- (26) 3-year corporate bond amounting to RMB0.5 billion on 4 August 2021.
- (27) 5-year corporate bond amounting to RMB2.5 billion on 4 August 2021.
- (28) 3-year corporate bond amounting to RMB2.5 billion on 29 April 2021.
- (29) 3-year corporate bond amounting to RMB2.0 billion on 29 April 2021.
- (30) 5-year corporate bond amounting to RMB2.6 billion on 24 May 2021.
- (31) 3-year corporate bond amounting to RMB2.0 billion on 28 May 2021.
- (32) 10-year corporate bond amounting to RMB2.5 billion on 28 May 2021.
- (33) 3-year corporate bond amounting to RMB2.0 billion on 21 July 2021.
- (34) 10-year corporate bond amounting to RMB3.0 billion on 21 July 2021.
- (35) 3-year corporate bond amounting to RMB2.8 billion on 28 July 2021.
- (36) 5-year corporate bond amounting to RMB4.2 billion on 28 July 2021.
- (37) 3-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (38) 10-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (39) 3-year corporate bond amounting to RMB4.8 billion on 9 September 2021.
- (40) 5-year corporate bond amounting to RMB1.0 billion on 9 September 2021.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 45 Long-term bonds (continued)

- (41) 2-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (42) 3-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (43) 3-year subordinated bond amounting to RMB3.0 billion on 21 January 2021
- (44) 3-year subordinated bond amounting to RMB3.8 billion on 11 March 2021.
- (45) 2-year subordinated bond amounting to RMB1.8 billion on 27 December 2021.
- (46) 3-year subordinated bond amounting to RMB1.2 billion on 27 December 2021.
- (47) 3-year corporate bond amounting to RMB1.8 billion on 8 March 2022.
- (48) 5-year corporate bond amounting to RMB1.2 billion on 8 March 2022.
- (49) 3-year corporate bond amounting to RMB3.0 billion on 26 April 2022.
- (50) 5-year corporate bond amounting to RMB1.0 billion on 26 April 2022.
- (51) 3-year corporate bond amounting to RMB5.0 billion on 21 January 2022.
- (52) 10-year corporate bond amounting to RMB2.4 billion on 21 January 2022.
- (53) 3-year corporate bond amounting to RMB2.2 billion on 23 February 2022.
- (54) 3-year corporate bond amounting to RMB3.5 billion on 24 March 2022.
- (55) 5-year corporate bond amounting to RMB2.1 billion on 24 March 2022.
- (56) 3-year corporate bond amounting to RMB1.8 billion on 23 May 2022.
- (57) 5-year corporate bond amounting to RMB2.2 billion on 23 May 2022.
- (58) 3-year subordinated bond amounting to RMB3.0 billion on 27 April 2022.
- (59) Shenwan Hongyuan International Finance Limited issued a 5-year corporate bond amounting to US\$0.5 billion on 14 July 2021, with the annual interest rate of 1.80%, the bond pays interest every six months, and is guaranteed unconditionally and irrevocably by Shenwan Hongyuan Securities Co., Ltd.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

- (60) Shenwan Hongyuan International Finance Limited issued a 3-year corporate bond amounting to US\$0.3 billion on 16 March 2022, with the annual interest rate of 2.63%, the bond pays interest every six months, and is guaranteed unconditionally and irrevocably by Shenwan Hongyuan Securities Co., Ltd.
- (61) For the six months ended 30 June 2022, the Group has issued 113 tranches of structured notes due over one year (For the six months ended 30 June 2021: 78). As at 30 June 2022 and 31 December 2021, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.60%-3.60% and 3.25%-3.65% respectively.

### 46 Share capital

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at 30 June 2022 (Unaudited) & 31 December 2021 (Audited)	
	Number of shares (Thousands)	Nominal value
Registered, issued and fully paid:		
A shares of RMB1 each	22,535,945	22,535,945
H shares of RMB1 each	2,504,000	2,504,000
Total	25,039,945	25,039,945

As at 30 June 2022 and 31 December 2021, the number of non-tradable restricted A shares of the Company was 437,244 and 437,244 respectively.

### 47 Reserves

#### (1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

#### (2) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate certain percentage of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before the capitalization.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 47 Reserves (continued)

#### (3) General reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates certain percentage of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates certain percentage from its annual net profit to the transaction risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

#### (4) Fair value reserve

The fair value reserve comprises:

- the cumulative net changes in the fair value of equity securities designated at FVOCI; and
- the cumulative net changes in fair values of debt securities at FVOCI until the assets are derecognized or impaired. This amount is reduced by the amount of loss allowance.

#### (5) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

### 48 Retained profits

As at 30 June 2022 and 31 December 2021, the consolidated retained profits attributable to the Company included an appropriation of RMB4,381 million and RMB4,381 million to surplus reserve made by the subsidiaries respectively, and RMB2,185 million and RMB2,185 million enjoyed by shareholders arising from the merger of Hongyuan Securities under common control.

Pursuant to the resolution of the general meeting of the shareholders dated 10 June 2022, the Company was approved to distribute cash dividends of RMB1.00 (tax inclusive) per 10 shares to shareholders based on the total outstanding shares of 25,039,945 thousand shares, with total dividends amounting to RMB2,503,994 thousand.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 49 Transferred financial assets

In the ordinary course of business, the Group transfers recognized financial assets to third parties or clients during some transactions, but retains the risks and rewards of the transferred financial assets. Therefore, the Group does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income to counterparties and has signed agreements to repurchase such assets. According to the agreements, the counterparties have the right to receive contractual cash flows during the term of the agreements and use such securities again as collateral, and is obliged to return such securities to the Group on the due date specified in the agreements. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of the income right of margin financing and securities lending to counterparties and has signed agreements to repurchase such assets. According to the repurchase agreements, the income right transferred to the counterparties by the Group includes any other income that the Group may obtain under the contract of margin financing and securities lending, and the counterparties shall return the income right to the Group after the end of the repurchase period. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

	As at 30 June 2022 (Unaudited)		As at 31 December 2021 (Audited)	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	–	–	1,088,694	1,001,909
Securities lending	1,665,006	–	2,614,148	–

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 50 Interests in structured entities

#### (1) Interests in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly asset management products. For those structured entities where the Group is involved as manager or as investor, the Group assesses the controlling power according to its accounting policies.

As at 30 June 2022 and 31 December 2021, the net assets of the consolidated asset management products are RMB24,266,006 thousand and RMB30,791,999 thousand respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB13,112,777 thousand and RMB19,888,388 thousand respectively.

Interests held by other investors in these consolidated structured entities were classified as net investment gains or interest expenses of the consolidated statement of profit or loss, financial liabilities at fair value through profit or loss, other payables and accruals or other non-current liabilities of the consolidated statement of financial position.

As at 30 June 2022 and 31 December 2021, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

#### (2) Structured entities sponsored by third party institutions which the Group does not consolidate but holds an interest in

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 30 June 2022 and 31 December 2021, which are listed as below:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Financial assets at fair value through fair value	94,829,768	89,336,268
Financial assets measured at amortized cost	4,189,636	4,556,683
Total	99,019,404	93,892,951

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 50 Interests in structured entities (continued)

#### (3) Structured entities sponsored by the Group which the Group does not consolidate

The types of structured entities sponsored by the Group which the Group does not consolidate but in which it holds an interest include funds and asset management products.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by the Group as at 30 June 2022 and 31 December 2021, which are listed as below:

(Unaudited)	As at 30 June 2022		Total
	Financial assets at fair value through profit or loss	Financial Assets measured at amortized cost	
Funds	1,218,111	–	1,218,111
Asset management products and others	766,648	–	766,648
Total	1,984,759	–	1,984,759

(Audited)	As at 31 December 2021		Total
	Financial assets at fair value through profit or loss	Financial Assets measured at amortized cost	
Funds	1,532,211	–	1,532,211
Asset management products and others	1,932,349	–	1,932,349
Total	3,464,560	–	3,464,560

For the six months ended 30 June 2022 and 2021, the Group recognized net income from asset management business of RMB662,923 thousand and RMB605,029 thousand, respectively.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 51 Contingencies

As at 30 June 2022, the Group was not involved in any material lawsuits, arbitration or administrative proceedings that if adversely determined, the Group expects would materially and adversely affect its financial position or results of operations.

### 52 Related party relationships and transactions

#### (1) Relationship of related parties

##### (a) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership. Share percentage in the Company:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
China Jiayin Investment Ltd.	26.34%	26.34%
Central Huijin Investment Ltd.	20.05%	20.05%

##### (b) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 20.

##### (c) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

#### (2) Related parties transactions and balances

##### (a) Transactions between the Group and major shareholders:

	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Transactions during the period:		
Fee and commission income	1,575	—
Net investment gains	796	3

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 52 Related party relationships and transactions (continued)

#### (2) Related parties transactions and balances (continued)

##### (b) Transactions between the Group with associates, joint ventures and other related parties:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Balances at the end of the period/year:		
Cash and bank balances	23,151,052	51,090,398
Financial assets sold under repurchase agreements	9,685,928	20,108,448
Financial assets at fair value through profit or loss	4,650,526	9,507,143
Derivative financial assets	121,805	117,984
Financial assets measured at amortized cost	133,375	191,035
Financial assets at fair value through other comprehensive income	981,087	323,864
Financial assets held under resale agreements	–	640,973
Accounts receivable	73,398	78,564
Right-of-use assets	21,631	17,129
Other receivables and prepayments	3,562	6,143
Loans and borrowings	–	670,621
Other payables and accruals	24,016	25,993
Derivative financial liabilities	55,845	62,872
Lease liabilities	22,401	18,042
Accounts payable to brokerage clients	166,893	1,072,198

	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Transactions during the period:		
Interest income	182,410	505,571
Net investment gains	379,958	424,700
Fee and commission income	201,119	128,558
Interest expenses	84,228	102,963
Fee and commission expenses	37,400	36,823
Other operating expenses	6,618	9,684
Other income and gains	5,446	4,575
Depreciation and amortization expense	5,328	3,145

For the six months ended 30 June 2022 and 30 June 2021, capital injection made by the Group into the associates and joint ventures are RMB104,285 thousand and RMB343,405 thousand, respectively.

For the six months ended 30 June 2022 and 30 June 2021, dividend received from associates and joint ventures are RMB41,151 thousand and RMB200,536 thousand, respectively.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 52 Related party relationships and transactions (continued)

#### (3) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as, is as follows:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits		
– Fees, salaries, allowances and bonuses	4,466	6,906
Post-employment benefits		
– Contributions to pension scheme	1,286	1,191
Total	5,752	8,097

Total remuneration is included in “staff costs” (see Note 11).

### 53 Segment reporting

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- Enterprise finance segment includes investment banking and principal investment services to the corporate clients: investment banking business primarily includes equity underwriting and sponsorship, debt underwriting and financial advisory services; principal investment business primarily includes the Group's equity investment in unlisted companies and debt investment primarily through various financial instruments;
- Personal finance segment primarily includes securities and futures brokerage, margin financing and securities lending, stock-backed lending, sales of financial products and investment advisory provided to individuals and non-professional institutional investors;
- Institutional services and trading segment primarily includes prime brokerage and research services for professional institutional clients, as well as equity and Fixed Income Currencies and Commodities (FICC) proprietary trading to provide sales, market-making, hedging and over-the counter derivatives services to institutional clients;
- Investment management segment primarily includes asset management, mutual fund management, private equity fund management services to clients.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 53 Segment reporting (continued)

#### Business segments

#### For the six months ended 30 June 2022 (Unaudited)

	Enterprise finance		Personal	Institutional	Investment	Segment
	Investment	Principal	finance	services	management	total
	banking	investment		and trading		
Fee and commission income	821,224	13,280	3,123,412	771,855	665,775	5,395,546
Interest income	8,514	238,375	3,367,804	1,254,304	96,239	4,965,236
Net investment gains	17,838	231,070	(60,438)	4,030,851	161,922	4,381,243
Other income and gains	2,668	167,176	104,313	3,516,927	3,533	3,794,617
Total revenue and other income	850,244	649,901	6,535,091	9,573,937	927,469	18,536,642
Segment expenses	499,046	797,657	5,252,655	7,742,321	527,769	14,819,448
Including: Interest expenses	1,929	589,959	1,164,427	3,114,779	128,900	4,999,994
Provision for/(Reversal of) impairment losses	3,754	(943)	597,328	51,232	8,723	660,094
Share of profit of associates and joint ventures	-	371,722	-	-	-	371,722
Profit before income tax	351,198	223,966	1,282,436	1,831,616	399,700	4,088,916
Other segment information:						
Depreciation and amortization expenses	21,937	13,004	230,644	81,823	13,168	360,576
Capital expenditure paid	2,440	51,772	39,946	8,655	3,923	106,736
As at 30 June 2022						
Segment assets	2,213,948	48,542,070	216,058,166	337,160,788	18,308,127	622,283,099
Deferred tax assets						2,674,864
Segment total assets						624,957,963
Segment liabilities	773,780	42,200,898	178,373,753	278,082,900	17,552,250	516,983,581
Deferred tax liabilities						4,732
Segment total liabilities						516,988,313

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 53 Segment reporting (continued)

#### Business segments (continued)

#### For the six months ended 30 June 2021 (Unaudited)

	Enterprise finance Investment banking	Principal investment	Personal finance	Institutional services and trading	Investment management	Segment total
Fee and commission income	710,443	14,121	2,917,952	880,160	612,024	5,134,700
Interest income	11,967	179,246	3,276,875	1,888,573	223,035	5,579,696
Net investment gains	33,278	537,706	149,500	3,872,441	42,133	4,635,058
Other income and gains	1,066	12,591	58,117	5,841,504	17,396	5,930,674
Total revenue and other income	756,754	743,664	6,402,444	12,482,678	894,588	21,280,128
Segment expenses	422,110	737,894	4,357,245	10,106,586	708,121	16,331,956
Including: Interest expenses	1,305	533,012	1,267,052	2,605,997	225,172	4,632,538
Provision for/(Reversal of) impairment losses	436	714	(14,544)	206,747	31,365	224,718
Share of profit of associates and joint ventures	–	398,967	–	–	–	398,967
Profit before income tax	334,644	404,737	2,045,199	2,376,092	186,467	5,347,139
Other segment information:						
Depreciation and amortization expenses	19,428	3,089	177,814	113,091	16,945	330,367
Capital expenditure paid	2,753	71,715	49,188	16,649	7,201	147,506
As at 31 December 2021						
Segment assets	3,266,222	39,078,753	173,192,125	357,756,803	25,147,161	598,441,064
Deferred tax assets						2,570,403
Segment total assets						601,011,467
Segment liabilities	650,560	32,070,863	143,663,716	294,674,489	22,869,947	493,929,575
Deferred tax liabilities						27,298
Segment total liabilities						493,956,873

The Group's non-current assets are mainly located in mainland China. The Group's revenue are substantially derived from its operations in mainland China.





## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 54 Fair value information

#### (1) Fair value of financial instruments

The Group adopts the following methods and assumptions when evaluating fair value:

- (a) Financial assets including cash and bank balances, cash held for brokerage clients, clearing settlement funds, financial assets held under resale agreements, and financial liabilities including placements from other financial institutions, short-term debt instruments issued, loans and borrowings under current liabilities and financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts approximate the fair values.
- (b) Financial assets and liabilities at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income are stated at fair value. For the financial instruments traded in active open markets, the Group uses market prices or markets rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.
- (c) The fair value of non-current debt investment at amortized cost and long-term bonds are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as credit risk and maturity, to estimate the fair value using pricing models or discounted cash flow.
- (d) Accounts receivable, other receivables and prepayments, margin accounts receivable, and accounts payable to brokerage clients are mainly within one year. Accordingly, the carrying amounts approximate the fair values.

#### (2) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

The table below analyses financial instruments, measured at fair value at 30 June 2022 and 31 December 2021, by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Unaudited)	As at 30 June 2022			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	41,884,205	86,485,099	921,603	129,290,907
– Equity securities	70,035,140	7,318,284	6,251,578	83,605,002
– Hybrid instruments	11,062	1,084,018	1,709,806	2,804,886
– Asset management products and others	295,827	46,842,062	5,204,755	52,342,644
Financial assets at fair value through other comprehensive income				
– Debt securities	5,261,949	34,931,681	410,614	40,604,244
– Equity securities	2,095,301	662,086	261,000	3,018,387
Derivative financial assets	324,788	768,208	5,209,759	6,302,755
<b>Total</b>	<b>119,908,272</b>	<b>178,091,438</b>	<b>19,969,115</b>	<b>317,968,825</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	(58,921)	(4,900,149)	–	(4,959,070)
Derivative financial liabilities	(287,415)	(453,131)	(7,269,604)	(8,010,150)
<b>Total</b>	<b>(346,336)</b>	<b>(5,353,280)</b>	<b>(7,269,604)</b>	<b>(12,969,220)</b>

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

	As at 31 December 2021			
(Audited)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	31,549,695	114,049,033	705,388	146,304,116
– Equity securities	60,123,823	5,981,408	6,066,107	72,171,338
– Hybrid instruments	–	1,432,895	1,983,023	3,415,918
– Asset management products and others	212,826	44,725,681	5,746,580	50,685,087
Financial assets at fair value through other comprehensive income				
– Debt securities	4,621,584	32,072,356	431,459	37,125,399
– Equity securities	2,362,808	–	261,000	2,623,808
Derivative financial assets	148,181	660,234	1,991,885	2,800,300
Total	99,018,917	198,921,607	17,185,442	315,125,966
Liabilities				
Financial liabilities at fair value through profit or loss	(320,998)	(5,845,997)	–	(6,166,995)
Derivative financial liabilities	(120,393)	(525,495)	(6,663,967)	(7,309,855)
Total	(441,391)	(6,371,492)	(6,663,967)	(13,476,850)

For the six months ended 30 June 2022 and for the year ended 31 December 2021, there was no significant transfer between Level 1 and Level 2.

For the six months ended 30 June 2022 and for the year ended 31 December 2021, there were transfers into and out of Level 3 due to the delisting of equity securities and the lifting of restricted stocks respectively. The Group's policy is to recognize transfer between levels of fair value hierarchy at the end of the period/year in which they occur.

#### (a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at 30 June 2022 and 31 December 2021. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily securities traded on exchanges and fund investments traded through exchanges or fund management companies.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

##### (b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

##### (c) Valuation methods for specific investments

As at 30 June 2022 and 31 December 2021, the Group's valuation methods for specific investments are as follows:

- (i) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at 30 June 2022 and 31 December 2021 within the bid-ask spread. If there is no quoted market price as at 30 June 2022 and 31 December 2021, valuation techniques are used to determine the fair value.
- (ii) For exchange-listed investment funds, fair value is determined based on the closing price within the bid-ask spread as at 30 June 2022 and 31 December 2021 or the most recent trading date. For unlisted open-end funds and asset management products, fair value is determined by quoted price which is based on the net asset value as at 30 June 2022 and 31 December 2021.
- (iii) For debt securities listed through exchanges, fair values are determined based on the closing price within the bid-ask spread of the debt securities as at 30 June 2022 and 31 December 2021.
- (iv) For debt securities traded through the inter-bank bond market and the OTC market, fair values are determined by valuation techniques.
- (v) For futures traded through exchanges, fair value is determined based on the closing price of the futures as at 30 June 2022 and 31 December 2021.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

##### (d) Financial instruments in Level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	For the six months ended 30 June 2022				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – debt instruments	Financial assets at fair value through other comprehensive income – equity instruments	Derivative financial assets	Derivative financial liabilities
(Unaudited)					
As at 1 January 2022	14,501,098	431,459	261,000	1,991,885	6,663,967
Gains or losses for the period	1,287,281	3,397	-	3,176,368	940,595
Changes in fair value recognized in other comprehensive income	-	(32,686)	-	-	-
Purchases	7,056,680	9,873	-	57,939	(615,112)
Sales and settlements	(5,018,017)	(1,429)	-	(16,433)	280,154
Transfer in	590,547	-	-	-	-
Transfer out	(4,329,847)	-	-	-	-
As at 30 June 2022	14,087,742	410,614	261,000	5,209,759	7,269,604
Realized gains or losses included in profit or loss for the period – investment gains	1,611,730	3,397	-	5,807	159,729
Unrealized gains or losses included in profit or loss for the period – gain or losses on the fair value change	(324,449)	-	-	3,170,561	(1,100,324)



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

##### (d) Financial instruments in Level 3 (continued)

(Audited)	For the year ended 31 December 2021				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – debt instruments	Financial assets at fair value through other comprehensive income – equity instruments	Derivative financial assets	Derivative financial liabilities
As at 1 January 2021	9,029,653	–	260,000	–	–
Gains or losses for the year	463,349	(5,456)	–	1,366,316	2,501,067
Changes in fair value recognized in other comprehensive income	–	(104,957)	–	–	–
Purchases	9,632,222	227,709	1,000	32,948	2,118,413
Sales and settlements	(5,769,864)	(1,154)	–	(1,027,230)	(67,530)
Transfer in	1,236,406	315,317	–	1,619,851	2,112,017
Transfer out	(90,668)	–	–	–	–
As at 31 December 2021	14,501,098	431,459	261,000	1,991,885	6,663,967
Realized gains or losses included in profit or loss for the year – investment gains	725,693	(5,456)	–	184,251	(67,321)
Unrealized gains or losses included in profit or loss for the year – gain or losses on the fair value change	(262,344)	–	–	1,182,065	(2,433,746)

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the related valuation techniques and inputs of the major financial instruments in Level 3.

Financial assets and liabilities	Fair value hierarchy	Key valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stock with disposal restriction within a specific period and hybrid instrument	Level 3	Option pricing model	Volatility	The higher the volatility, the greater the impact on the fair value
Asset management products, structured entities, and preferred shares	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Unlisted equity investment with limited marketability	Level 3	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs during the six months period ended 30 June 2022 and the year ended 31 December 2021.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management

The risks faced by the Group in its daily operation and management mainly include market risk, credit risk and liquidity risk.

The Group aims to strike an appropriate balance between the risks and benefits of its financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and assess the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The following information does not include all financial risk management information and disclosure required in the consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

There has been no significant change in the Group's risk management processes since 31 December 2021 or in any risk management policies.

#### Risk analysis and control

##### (1) Credit risk

Credit risk refers to the risk that the Group may face when its financiers, counterparties or bond issuers fail to perform the agreed financial obligations. The Group's credit risk exposures mainly exist in its personal finance, proprietary trading, and principal investment businesses.

The Group has mainly adopted the following measures to detect, report and manage credit risk:

- Established an internal rating system for credit risk, and conducted concentration risk management of the clients;
- Optimised risk assessment and analysis of clients and collateral, and reinforced continuous supervision. The Group has also been improving credit risk management system, and set up company-level negative lists of counterparties so as to collect and manage the list of clients with bad credit, and unified the management of negative information of clients;
- Set up strict entry criteria such as bond and issuer ratings for the proprietary trading business, and carried out pre-transaction review, post-transaction monitoring, and follow up on trading behaviours, credit ratings and types of securities, as well as scale and concentration of bonds;
- Enhanced measures and policies of derivatives trading, set up rating and entry criteria for its counterparties, and improved the risk limit indicators system and pre-transaction review standard; and
- Tightened the review and management of certain businesses, such as stock-backed lending and principal investment business, on the assessment of client, concentration control, and scale of the businesses, and closely monitor project status on a continual basis.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Measurement of expected credit loss**

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), and FVOCI is an area that requires the use of models and assumptions about the future economic conditions and credit behaviour of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Group has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For financial instruments under Stages 1 and Stage 2, including investments in financial assets measured at amortized cost (including margin accounts, stock-pledged repo), and FVOCI, the ECL is measured using the risk parameter modelling approach that incorporated key parameters, including Probability of Default ("PD"), Loss Given Default ("LGD"), 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.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios;
- Forecasts of the discounted cash flow of financial instruments under stage 3.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### **Measuring ECL – Inputs, assumptions and estimation techniques**

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For financing assets, ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the Group determines the PD by the appropriate external credit ratings.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on the issuer and type of securities
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Group's expectation of the likelihood of default and extent of loss on exposure. The Group uses historical loss rates and assesses their appropriateness. The Group determines LR of financing assets based on factors including: the coverage ratio of related loan to underlying collateral value, the volatility of such collateral's valuation and the realized value of collateral upon forced liquidation over the realization period.

##### **The criteria of Significant increase in credit risk (SICR)**

The Group evaluates financial instruments to identify whether a SICR has occurred since initial recognition at each financial statement date. An ECL allowance of financial assets is recognized according to the stage in which the assets are classified. This takes into account of what reasonable information, including forward looking information, is available to identify whether a SICR had arisen. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For financing assets, the Group sets differentiated collateral to loan ratios as triggering margin calls and force liquidation thresholds (force liquidation thresholds generally no less than 130%) against different exposures related to these transactions, based on the obligors' credit quality, operation situation, contract maturity date, the volatility and liquidity of related collateral securities, and related performance information.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### ***The criteria of Significant increase in credit risk (SICR) (continued)***

For securities financing business, the Group considers securities financing business to have experienced a SICR if collateral to loan ratios are lower than the force liquidation thresholds, which means collateral valuation has declined or the quality of the third-party collateral is significantly reduced. As at 30 June 2022 and 31 December 2021, over 90% of the securities financing balances of the Group were covered by collateral value of over the force liquidation thresholds of related loan or repo amounts.

For debt securities investments, the Group makes use of open market credit ratings. The Group considers debt securities investments to have experienced a SICR if the following scenarios occurs: the debt securities with an initial rating above AA level (inclusive) downgraded below AA (exclusive); the debt securities with an initial rating below AA level (exclusive) been downgraded; or the debt security is on the warning list. As at 30 June 2022 and 31 December 2021, all the debt securities investments of the Group have been rated as investment grade or above and there was no SICR.

Relevant financial assets are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements collateralized by debt securities.



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Definition of default and credit impairment**

The Group assesses whether a financial instrument has been credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes qualitative criteria, quantitative criteria and upper limit. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For securities financing business, forced liquidation of a client's position is triggered based on a predetermined threshold of loan to collateral ratio; whereby the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of debtor's financial difficulties;
- Concessions have been made by the Group relating to the debtor, issuer, borrower or counterparty's financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring, etc.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

###### **Forward-looking information**

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

The Group has performed historical data analysis and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. Key economic variables mainly include the growth rate of Domestic GDP, the fixed asset investment growth, Producer Price Index (PPI) and the growth rate of fixed assets investment index. The impact of these economic variables on the PD, LGD and EAD has been determined by performing historical statistical regression analysis to forecast the expected changes in these variables on default rates and on the components of ECL.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Forward-looking information (continued)**

For financing assets, based on the analysis of the characteristics of these products, the Group has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolios include Volatility of Shanghai Composite Index and Shenzhen Composite Index. The Group makes forward looking adjustments to the ECL of Financing Assets by analysing the impacts of these economic variables.

In addition to the base economic scenario, the Group's Expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

At 30 June 2022 and 31 December 2021, for all portfolios the Group concluded that three scenarios appropriately captured non-linearities of key economic variables. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The number of scenarios and their attributes are reassessed at each financial statement date.

The assessment of SICR is performed using the Lifetime PD under each of the base and other scenarios multiplied by the associated scenario weighting, as well as qualitative criteria, quantitative criteria and upper limit. The Group measures ECL as either a probability weighted 12-month ECL or a probability weighted lifetime ECL. These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

At 30 June 2022 and 31 December 2021, comprehensively considering of the current economic situation, the impact of COVID-19, and various supporting policies adopted by the government, the Group updated relevant economic indicators for forward-looking measurement based on the latest economic forecasts. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Sensitivity analysis**

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the measurement of ECLs, and the impact on ECL recognized is not significant.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned use in forward-looking measurement. When increasing the weighting applied to the optimistic scenario by 10% and a corresponding reduction of 10% weighting applied to the base scenario, or shifting 10% of the weighting from the base case scenario to the pessimistic scenario, the impact on ECL recognized is not significant.

Meanwhile, the Group also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 30 June 2022 and 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 to be recognized in financial statements is not significant.

###### **Collateral and other credit enhancements**

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantee. The Group determined the type and amount of collateral according to the credit risk evaluation of counterparties. The collateral under margin financing and reverse repurchase agreements is primarily stocks, debt securities, funds etc. The management would test the market value of collateral periodically, and send margin calls according to related agreements, also monitor the market value fluctuation of collaterals when reviewing the measurement of the loss allowance.

###### **Loss Ratio and impairment provision of securities financing business**

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Group sets differentiated collateral to loan ratios (generally no less than 140%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For financing assets exposures with collateral to loan ratios above the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- For financing assets exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days but no more than 90 days are considered to be with significant increase in credit risks and are classified under Stage 2.
- For financing assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are classified under Stage 3.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### **Loss Ratio and impairment provision of securities financing business (continued)**

Loss ratio applied by the Group on its Financing Assets under the 3 stages were as follows:

Stage 1: 0.2% to 0.5% according to the different collateral ratios;

Stage 2: No less than 0.5%;

Stage 3: Discounted cash flow on individual exposure.

##### **Credit risk exposure analysis**

The Group considered the credit risk of the Financing Assets was relatively low. As at 30 June 2022 and 31 December 2021, majority most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 30 June 2022 and 31 December 2021, most of the debt securities investments of the Group were rated at investment grade or above.

The maximum credit risk exposure on the balance sheet date, without taking into account any collateral and other credit enhancements, refers to the carrying value of the relevant financial assets after the deduction of impairment provisions. The Group's maximum credit risk exposure is disclosed as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Refundable deposits	31,148,219	29,113,660
Accounts receivable	7,900,779	4,093,737
Other financial assets	589,214	954,645
Margin accounts receivable	67,378,075	76,296,755
Financial assets held under resale agreements	29,461,464	25,398,184
Financial assets at fair value through profit or loss	134,831,950	152,418,406
Derivative financial assets	6,302,755	2,800,300
Financial assets measured at amortized cost	4,586,626	5,021,564
Financial assets at fair value through other comprehensive income	40,604,244	37,125,399
Clearing settlement funds	15,607,412	15,261,942
Cash held on behalf of brokerage clients	100,625,113	86,622,841
Bank balances	37,464,727	31,038,797
Total maximum credit risk exposure	476,500,578	466,146,230

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### **Credit risk exposure analysis (continued)**

The movements of loss allowance are mainly affected by:

- Increases are primarily attributable to new financial instruments recognized, changes in PD, LGD and expected cash flow recovery rate affected by market changes, the resulted movements amongst Stage 1, Stage 2 and Stage 3, and updates of parameters and assumptions in the ECL model;
- Reversals include the reversals caused by the redemption or disposal of financial assets, the impact of changes in model parameters and assumption;
- Transfers between stages due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding measurement basis changes between the 12-month (12M) or the Lifetime basis; and
- Foreign exchange and other movements include changes in foreign exchange translations for assets denominated in foreign currencies and other movements.

(Unaudited)	As at 1 January 2022	Increases	Reversals	Write-offs	Others	As at 30 June 2022
Provision for impairment losses on cash and bank balances	1,269	170	(58)	-	12	1,393
Provision for impairment losses on margin accounts receivable <sup>(a)</sup>	378,786	49,915	(61,445)	-	(1,284)	365,972
Provision for impairment losses on accounts receivable	620,654	10,442	-	-	1,445	632,541
Provision for impairment losses on financial assets held under resale agreements <sup>(b)</sup>	1,132,234	648,330	(39,472)	-	-	1,741,092
Provision for impairment losses on financial assets measured at amortized cost <sup>(c)</sup>	577,117	26,541	(1,885)	-	1,712	603,485
Provision for impairment losses on financial assets at fair value through other comprehensive income <sup>(d)</sup>	499,213	115,631	(66,885)	-	7,747	555,706
Provision for impairment losses on other receivables and prepayments	307,556	3,077	-	-	(914)	309,719
<b>Total</b>	<b>3,516,829</b>	<b>854,106</b>	<b>(169,745)</b>	<b>-</b>	<b>8,718</b>	<b>4,209,908</b>



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### Credit risk exposure analysis (continued)

(Audited)	As at 1 January 2021	Increases	Reversals	Write-offs	Others	As at 31 December 2021
Provision for impairment losses on cash and bank balances	3,699	166	(2,596)	–	–	1,269
Provision for impairment losses on margin accounts receivable <sup>(a)</sup>	340,239	170,675	(132,045)	–	(83)	378,786
Provision for impairment losses on accounts receivable	557,637	63,017	–	–	–	620,654
Provision for impairment losses on financial assets held under resale agreements <sup>(b)</sup>	988,979	278,006	(134,751)	–	–	1,132,234
Provision for impairment losses on financial assets measured at amortized cost <sup>(c)</sup>	539,661	51,081	(12,832)	–	(793)	577,117
Provision for impairment losses on financial assets at fair value through other comprehensive income <sup>(d)</sup>	289,448	276,000	(64,698)	–	(1,537)	499,213
Provision for impairment losses on other receivables and prepayments	279,311	29,948	–	–	(1,703)	307,556
<b>Total</b>	<b>2,998,974</b>	<b>868,893</b>	<b>(346,922)</b>	<b>–</b>	<b>(4,116)</b>	<b>3,516,829</b>

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (a) Margin accounts receivable

(Unaudited)	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
As at 1 January 2022	114,598	8,721	255,467	378,786
Increases	49,691	–	224	49,915
Reversals	(58,115)	(1,978)	(1,352)	(61,445)
Transfer:				
Stage 1 to stage 2	(4,222)	4,222	–	–
Stage 1 to stage 3	(356)	–	356	–
Stage 2 to stage 1	4,581	(4,581)	–	–
Stage 2 to stage 3	–	(128)	128	–
Foreign exchange and other movements	–	–	(1,284)	(1,284)
As at 30 June 2022	106,177	6,256	253,539	365,972

(Audited)	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
As at 1 January 2021	140,408	–	199,831	340,239
Increases	60,683	6,494	103,498	170,675
Reversals	(83,189)	(39)	(48,817)	(132,045)
Transfer:				
Stage 1 to stage 3	(1,332)	–	1,332	–
Stage 3 to stage 1	294	–	(294)	–
Stage 1 to stage 2	(2,266)	2,266	–	–
Foreign exchange and other movements	–	–	(83)	(83)
As at 31 December 2021	114,598	8,721	255,467	378,786

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
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### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (b) Financial assets held under resale agreements

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	5,634	2,265	1,124,335	1,132,234
Increases	–	–	648,330	648,330
Reversals	(2,605)	(615)	(36,252)	(39,472)
Transfer:				
Stage 2 to stage 3	–	(1,650)	1,650	–
Stage 1 to stage 2	(420)	420	–	–
As at 30 June 2022	2,609	420	1,738,063	1,741,092

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	47,177	7,845	933,957	988,979
Increases	601	–	277,405	278,006
Reversals	(33,264)	(5,562)	(95,925)	(134,751)
Transfer:				
Stage 1 to stage 3	(3,582)	–	3,582	–
Stage 2 to stage 3	–	(5,316)	5,316	–
Stage 1 to stage 2	(5,298)	5,298	–	–
As at 31 December 2021	5,634	2,265	1,124,335	1,132,234

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (c) Financial assets measured at amortized cost

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	6,560	–	570,557	577,117
Increases	363	51	26,127	26,541
Reversals	(1,885)	–	–	(1,885)
Transfer:				
Stage 1 to stage 2	(173)	173	–	–
Foreign exchange and other movements	163	–	1,549	1,712
As at 30 June 2022	5,028	224	598,233	603,485

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	19,210	–	520,451	539,661
Increases	1,445	–	49,636	51,081
Reversals	(12,669)	–	(163)	(12,832)
Transfer:				
Stage 1 to stage 3	(1,103)	–	1,103	–
Foreign exchange and other movements	(323)	–	(470)	(793)
As at 31 December 2021	6,560	–	570,557	577,117

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (d) Financial assets at fair value through other comprehensive income

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	71,726	84,863	342,624	499,213
Increases	22,717	4,653	88,261	115,631
Reversals	(36,202)	(30,621)	(62)	(66,885)
Transfer:				
Stage 1 to stage 2	(778)	778	–	–
Stage 1 to stage 3	(13,078)	–	13,078	–
Stage 2 to stage 1	6,037	(6,037)	–	–
Stage 2 to stage 3	–	(45,028)	45,028	–
Foreign exchange and other movements	822	318	6,607	7,747
As at 30 June 2022	51,244	8,926	495,536	555,706

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2021	56,053	23,818	209,577	289,448
Increases	61,189	81,518	133,293	276,000
Reversals	(48,549)	(16,149)	–	(64,698)
Transfer:				
Stage 1 to stage 2	(2,237)	2,237	–	–
Stage 1 to stage 3	(252)	–	252	–
Stage 2 to stage 1	6,133	(6,133)	–	–
Foreign exchange and other movements	(611)	(428)	(498)	(1,537)
As at 31 December 2021	71,726	84,863	342,624	499,213



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (e) Significant credit risk exposure

(Unaudited)	As at 30 June 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
Margin accounts receivable	66,600,958	777,117	–	67,378,075
Financial assets at fair value through other comprehensive income	38,122,929	2,200,971	280,344	40,604,244

(Audited)	As at 31 December 2021			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
Margin accounts receivable	75,170,212	1,126,544	–	76,296,756
Financial assets at fair value through other comprehensive income	32,763,419	4,076,498	285,482	37,125,399

##### (2) Liquidity risk

Liquidity risk is the risk that the Group may face if the Group fails to acquire sufficient funds in time with reasonable cost to repay its debts due, perform other payment obligations and satisfy capital requirements in normal business operations.

In managing its liquidity risks, the Group considers its short, medium and long-term funding needs and liquidity management requirements, and reinforces the management of both the total amount and the structure of high-quality liquid assets through continuously improving the management system of its liquidity reserve, so as to maintain a sufficient liquidity reserve. The Group maintains adequate cash and cash equivalents and continuously monitors and compares cash flow forecast and actual cash flows. The Group also adopts a risk indicator analysis method to manage its overall liquidity risk. Through the analysis of key risk indicators, such as liquidity coverage ratio, net stable funding ratio, liquidity gap, and asset and liability concentration, the Group assesses and measures its overall liquidity risk status.

## Notes to the interim condensed consolidated financial statements (continued)

*For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)*

### 55 Financial instruments risk management (continued)

#### **Risk analysis and control (continued)**

##### **(2) Liquidity risk (continued)**

For liquidity risks, the Group has primarily adopted the following measures:

- Formulated a comprehensive capital plan to maintain a sufficient liquidity reserve;
- Expanded the scope of cooperation of financial institutions, improved debt financing management capabilities and diversified liquidity management tools;
- Enhanced the dynamic monitoring of liquidity risk, maintained the tracking and assessment of information such as liquidity monitoring indicators, cash flow gap, liquidity reserve and its short-term financing capabilities;
- Carried out stress testing of liquidity risk, improved the ability to measure liquidity shock and put forward effective measures; and
- Improved the capability of reporting and dealing with liquidity risk contingencies through conducting emergency drills for liquidity risk to enhance the ability to respond to liquidity crisis.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (2) Liquidity risk (continued)

The following tables show the details of the Group's contractual cash flow from its undiscounted financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates as of 30 June) for the remainder of the contract as well as the earliest date the Group may be required to pay:

	30 June 2022 (Unaudited)						Total
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
<b>Financial liabilities</b>							
Loans and borrowings	-	326,731	411,371	2,393,318	-	-	3,131,420
Short-term debt instruments issued	-	4,830,326	6,341,200	25,134,276	-	-	36,305,802
Placements from other financial institutions	-	2,797,107	102,115	446,343	-	-	3,345,565
Accounts payable to brokerage clients	116,768,954	-	-	-	-	-	116,768,954
Other payables and accruals	42,580,735	39,854	63,536	-	-	-	42,684,125
Financial assets sold under repurchase agreements	-	114,317,791	2,192,048	14,012,627	-	-	130,522,466
Lease liabilities	-	40,109	57,607	327,867	562,828	26,227	1,014,638
Financial liabilities at fair value through profit or loss	-	4,959,070	-	-	-	-	4,959,070
Derivative financial liabilities	-	2,330,850	1,146,313	2,992,812	1,520,670	19,505	8,010,150
Long-term bonds	-	1,031,271	7,217,870	22,201,513	126,220,788	20,197,932	176,869,374
Other non-current liabilities	-	-	-	-	1,185,389	-	1,185,389
<b>Total</b>	<b>159,349,689</b>	<b>130,673,109</b>	<b>17,532,060</b>	<b>67,508,756</b>	<b>129,489,675</b>	<b>20,243,664</b>	<b>524,796,953</b>
Cash flows from derivative financial liabilities settled on a net basis:	-	2,330,850	1,146,313	2,992,812	1,520,670	19,505	8,010,150
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	-	-	-	-	-	-	-
Contractual amounts payable	-	-	-	-	-	-	-

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (2) Liquidity risk (continued)

	31 December 2021 (Audited)						Total
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
<b>Financial liabilities</b>							
Loans and borrowings	-	790,599	1,031,095	1,426,559	-	-	3,248,253
Short-term debt instruments issued	-	827,933	5,013,961	24,161,382	-	-	30,003,276
Placements from other financial institutions	-	1,551,054	2,186,240	654,895	-	-	4,392,189
Accounts payable to brokerage clients	104,738,359	-	-	-	-	-	104,738,359
Other payables and accruals	29,402,808	53,410	72,428	55,814	-	-	29,584,460
Financial assets sold under repurchase agreements	-	124,245,689	2,591,950	11,164,404	-	-	138,002,043
Lease liabilities	-	38,578	59,112	267,919	643,648	29,928	1,039,185
Financial liabilities at fair value through profit or loss	-	2,979,864	11,877	2,881,773	293,481	-	6,166,995
Derivative financial liabilities	-	1,761,789	1,307,332	2,778,922	1,390,858	70,955	7,309,856
Long-term bonds	-	6,629,746	16,809,943	23,711,481	110,397,131	15,987,543	173,535,844
Other non-current liabilities	-	-	-	-	321,427	-	321,427
<b>Total</b>	<b>134,141,167</b>	<b>138,878,662</b>	<b>29,083,938</b>	<b>67,103,149</b>	<b>113,046,545</b>	<b>16,088,426</b>	<b>498,341,887</b>
Cash flows from derivative financial liabilities settled on a net basis:	-	1,761,789	1,307,332	2,778,922	1,390,858	70,955	7,309,856
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	-	-	-	-	-	-	-
Contractual amounts payable	-	-	-	-	-	-	-



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (3) Market risk

###### (a) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Group's operation performance, financial position and cash flows. The Group's interest-bearing assets mainly include cash and bank balances, clearing settlement funds, margin accounts receivable, financial assets at fair value through profit or loss, financial assets held under resale agreements, refundable deposits and financial assets at fair value through other comprehensive income; interest-bearing liabilities mainly include loans and borrowings, short-term debt instruments issued, placements from other financial institutions, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, accounts payable to brokerage clients and long-term bonds.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group applies interest rate repricing exposure analysis and sensitivity analysis as the primary approach for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and possible changes in the interest rate on the net profits and shareholders' equity with all other variables held constant.

The following tables indicate the interest rate risk of the Group as at 30 June 2022. In the tables, financial assets and liabilities as at 30 June 2022 are presented by the expected next repricing date or maturity date, whichever is earlier:



# Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (a) Interest rate risk (continued)

	30 June 2022 (Unaudited)					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
<b>Financial assets</b>						
Financial assets measured at amortized cost	-	101,082	120,808	-	4,364,736	4,586,626
Financial assets at fair value through other comprehensive income	543,036	2,477,210	31,360,329	5,201,433	4,040,623	43,622,631
Financial assets held under resale agreements	24,595,290	199,400	-	-	4,666,774	29,461,464
Refundable deposits	27,562,714	-	-	-	3,585,505	31,148,219
Accounts receivable	-	-	-	-	7,900,779	7,900,779
Other receivables and prepayments	-	-	-	-	589,214	589,214
Margin accounts receivable	20,460,536	44,857,516	-	-	2,060,023	67,378,075
Financial assets at fair value through profit or loss	5,011,564	37,162,590	84,441,373	5,200,381	136,227,531	268,043,439
Derivative financial assets	-	-	-	-	6,302,755	6,302,755
Clearing settlement funds	15,607,412	-	-	-	-	15,607,412
Cash held on behalf of brokerage clients	96,004,533	4,588,127	-	-	32,453	100,625,113
Cash and bank balances	35,593,671	1,632,114	100,000	-	139,014	37,464,799
<b>Total</b>	<b>225,378,756</b>	<b>91,018,039</b>	<b>116,022,510</b>	<b>10,401,814</b>	<b>169,909,407</b>	<b>612,730,526</b>
<b>Financial liabilities</b>						
Loans and borrowings	(729,038)	(2,348,813)	-	-	(11,257)	(3,089,108)
Short-term debt instruments issued	(11,019,601)	(24,662,481)	-	-	(350,544)	(36,032,626)
Placements from other financial institutions	(2,889,757)	(433,484)	-	-	(14,514)	(3,337,755)
Accounts payable to brokerage clients	(116,767,515)	-	-	-	(1,439)	(116,768,954)
Other payables and accruals	(113,900)	-	-	-	(42,570,225)	(42,684,125)
Financial liabilities at fair value through profit or loss	(4,679,918)	-	-	-	(279,152)	(4,959,070)
Financial assets sold under repurchase agreements	(116,266,209)	(13,633,535)	-	-	(320,267)	(130,220,011)
Derivative financial liabilities	-	-	-	-	(8,010,150)	(8,010,150)
Long-term bonds	(6,265,346)	(19,204,146)	(116,587,182)	(17,064,430)	(2,778,333)	(161,899,437)
Lease liabilities	(88,422)	(304,036)	(533,606)	(25,238)	-	(951,302)
Other non-current liabilities	-	-	-	-	(1,185,389)	(1,185,389)
<b>Total</b>	<b>(258,819,706)</b>	<b>(60,586,495)</b>	<b>(117,120,788)</b>	<b>(17,089,668)</b>	<b>(55,521,270)</b>	<b>(509,137,927)</b>
<b>Net interest rate risk exposure</b>	<b>(33,440,950)</b>	<b>30,431,544</b>	<b>(1,098,278)</b>	<b>(6,687,854)</b>	<b>114,388,137</b>	<b>103,592,599</b>

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (a) Interest rate risk (continued)

	31 December 2021 (Audited)					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>						
Financial assets measured at amortized cost	203,907	225,204	–	–	4,592,453	5,021,564
Financial assets at fair value through other comprehensive income	669,171	2,760,558	26,463,585	6,586,324	3,269,569	39,749,207
Financial assets held under resale agreements	18,594,465	1,322,897	–	–	5,480,822	25,398,184
Refundable deposits	19,223,672	–	–	–	9,889,988	29,113,660
Accounts receivable	–	–	–	–	4,093,737	4,093,737
Other receivables and prepayments	–	–	–	–	954,645	954,645
Margin accounts receivable	24,410,060	49,888,574	–	–	1,998,121	76,296,755
Financial assets at fair value through profit or loss	4,839,196	44,323,080	92,349,534	8,515,973	122,548,676	272,576,459
Derivative financial assets	–	–	–	–	2,800,300	2,800,300
Clearing settlement funds	15,261,896	–	–	–	46	15,261,942
Cash held on behalf of brokerage clients	84,640,524	1,900,000	–	–	82,317	86,622,841
Cash and bank balances	29,707,281	1,065,867	100,000	–	165,688	31,038,836
<b>Total</b>	<b>197,550,172</b>	<b>101,486,180</b>	<b>118,913,119</b>	<b>15,102,297</b>	<b>155,876,362</b>	<b>588,928,130</b>
<b>Financial liabilities</b>						
Loans and borrowings	(1,814,446)	(1,407,928)	–	–	(7,424)	(3,229,798)
Short-term debt instruments issued	(5,830,167)	(23,656,512)	–	–	(100,164)	(29,586,843)
Placements from other financial institutions	(3,716,200)	(633,817)	–	–	(16,708)	(4,366,725)
Accounts payable to brokerage clients	(103,337,193)	–	–	–	(1,401,166)	(104,738,359)
Other payables and accruals	(134,594)	–	–	–	(29,449,866)	(29,584,460)
Financial liabilities at fair value through profit or loss	(6,093,115)	–	–	–	(73,880)	(6,166,995)
Financial assets sold under repurchase agreements	(125,266,711)	(12,448,483)	–	–	(262,326)	(137,977,520)
Derivative financial liabilities	–	–	–	–	(7,309,855)	(7,309,855)
Long-term bonds	(22,057,347)	(19,766,249)	(101,717,502)	(14,022,914)	(2,922,712)	(160,486,724)
Lease liabilities	(81,804)	(228,167)	(630,657)	(28,587)	–	(969,215)
Other non-current liabilities	–	–	–	–	(321,427)	(321,427)
<b>Total</b>	<b>(268,331,577)</b>	<b>(58,141,156)</b>	<b>(102,348,159)</b>	<b>(14,051,501)</b>	<b>(41,865,528)</b>	<b>(484,737,921)</b>
<b>Net interest rate risk exposure</b>	<b>(70,781,405)</b>	<b>43,345,024</b>	<b>16,564,960</b>	<b>1,050,796</b>	<b>114,010,834</b>	<b>104,190,209</b>

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (a) Interest rate risk (continued)

Sensitivity analysis

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's and the Company's profit after tax and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of profit after tax</b>		
Move in yield curve		
Up 25 basis points	(368,205)	(564,295)
Down 25 basis points	371,866	572,576

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of equity</b>		
Move in yield curve		
Up 25 basis points	(517,161)	(713,806)
Down 25 basis points	522,091	724,203

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-instruments held by the Group, the impact on the Group's profit after tax and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (3) Market risk (continued)

##### (b) Foreign currency rate risk

Foreign currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation and monitor of foreign exchange rates. The Group adopts sensitivity analysis to measure and monitor currency risk.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against the US dollar, HKD and other currencies at the end of the reporting period, under the assumption of the foreign exchange rate changes within the period from the end of the reporting period to next whole year, would have increased/ (decreased) the Group's equity and profit after tax by the amount shown below, whose effect is in RMB and translated using the spot rate at the end of the reporting period:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of profit after tax</b>		
Currency		
USD	47,057	(106,881)
HKD	(372,181)	602,244
Other currencies	(30,637)	21,619

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of equity</b>		
Currency		
USD	(261,107)	(106,881)
HKD	(421,838)	945,993
Other currencies	(30,637)	21,619

A 10% weakening of the RMB against the USD, HKD and other currencies at the end of the reporting period would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes translation differences arising from translation of foreign currency financial statements.

## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022  
(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (c) Other price risks

Other price risks refer to the risk that the fair value or future cash flows of any equity securities and funds held by the Group will be affected by changes in market price factors (other than interest rates and foreign exchange rates). The Group mainly invests in stocks listed on stock exchanges and funds and the maximum market price risk is determined by fair value of financial instruments held by the Group.

Assuming that the market price of the financial instruments mentioned above increases or decreases by 10%, with all other variables held constant, the effect of these balance sheet assets on the Group shareholders' equity and net profit is listed as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of profit after tax</b>		
Increase by 10%	6,179,348	5,362,014
Decrease by 10%	(6,179,348)	(5,362,014)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Sensitivity of equity</b>		
Increase by 10%	6,336,496	5,539,224
Decrease by 10%	(6,336,496)	(5,539,224)



## Notes to the interim condensed consolidated financial statements (continued)

For the six months ended 30 June 2022

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (4) Capital management

The Group's primary objectives when managing capital are to safeguard its continued operations, so that it can continue to provide returns for shareholders, by pricing products and services according to the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditure and risk level. Adjustments are made to the capital structure in light of changes in the factors mentioned above affecting the Group.

On 16 June 2016, the CSRC issued the Measures for the Administration of Risk Control Indicators of Securities Companies (2016 revision) and the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies, which came into effect on 1 October 2016 to revise the risk control indicators and criteria that securities companies must continue monitoring. Therefore, the Group is required to continuously meet the following key criteria for risk control indicators:

- (i) Risk Coverage Ratio (Net capital/Total risk capital reserves  $\times$  100%) shall be no less than 100%;
- (ii) Capital Leverage Ratio (Core net capital/Total balance sheet & off-balance sheet assets  $\times$  100%) shall be no less than 8%;
- (iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days  $\times$  100%) shall be no less than 100%;
- (iv) Net Stable Funding Ratio (Available amount of stable funding/Required amount of stable funding  $\times$  100%) shall be no less than 100%.

### 56 Events after the reporting date

#### (1) Profit distribution

As at 5 August 2022, the Group's 2021 A-share and H-share cash dividends have been distributed.

#### (2) Issuance of long-term bonds, short-term bonds and structured notes

From 1 July 2022 to the reporting date, the Group issued long-term bonds, short-term bonds and a number of structured notes, with coupon rates ranging from 1.89% to 6.80%. The issuance amount was approximately RMB24.81 billion in total.

#### (3) Repayment of long-term bonds, short-term bonds and structured notes

From 1 July 2022 to the reporting date, the Group repaid long-term bonds, short-term bonds and a number of structured notes, with coupon rates ranging from 1.10% to 6.80%. The repayment amount was approximately RMB15.64 billion in total.