
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shenwan Hongyuan Group Co., Ltd., you should at once hand this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

- (1) 2022 WORK REPORT OF THE BOARD OF DIRECTORS**
- (2) 2022 WORK REPORT OF THE BOARD OF SUPERVISORS**
- (3) 2022 ANNUAL FINANCIAL REPORT**
- (4) 2022 PROFIT DISTRIBUTION PLAN**
- (5) 2022 ANNUAL REPORT**
- (6) GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS
TO ISSUE ADDITIONAL A SHARES AND H SHARES**
- (7) ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2023**
- (8) AMENDMENTS TO THE PLAN ON AUTHORIZATION TO THE BOARD
BY THE GENERAL MEETING**
- (9) RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2023
AND
NOTICE OF THE 2022 ANNUAL GENERAL MEETING**

The 2022 annual general meeting of Shenwan Hongyuan Group Co., Ltd. will be held at 2:00 p.m. on Tuesday, June 20, 2023 at the Company's conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC. A notice of the AGM is set out on pages 12 to 14 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM carefully and to complete the proxy form dispatched on Wednesday, May 31, 2023 in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, by hand or by post no later than 24 hours before the time appointed for convening the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

May 31, 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the 2022 annual general meeting of the Company to be held at 2:00 p.m. on Tuesday, June 20, 2023 at the Company’s conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC
“A Share(s)”	domestic Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid up in RMB and is/are listed for trading on the Shenzhen Stock Exchange (Stock Code: 000166)
“A Shareholder(s)”	holder(s) of A Share(s)
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a company with limited liability incorporated in the PRC on December 16, 2003
“Company”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“Company Law”	Company Law of the People’s Republic of China (《中華人民共和國公司法》) (as amended, supplemented or otherwise modified from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are subscribed for in HKD and is/are listed for trading on the Hong Kong Stock Exchange (Stock Code: 6806)
“H Shareholder(s)”	holder(s) of H Share(s)

DEFINITIONS

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JIC”	China Jianyin Investment Ltd. (中國建銀投資有限責任公司), a company with limited liability incorporated in the PRC, which is a Substantial Shareholder of the Company
“Latest Practicable Date”	May 25, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (as amended, supplemented or otherwise modified from time to time)
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s) of the Company, including A Shareholders and H Shareholders
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Xinjiang Branch of CSRC”	Xinjiang Branch of China Securities Regulatory Commission
“%”	per cent

Unless otherwise specified, the financial data involved in this circular are under the Accounting Standards for Enterprises of China.

In this circular, there may be individual data as the sum of relevant data is different from the aggregate amount of the relevant data, which is caused by the rounding in calculation.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Liu Jian (Chairman)
Mr. Huang Hao

Non-executive Directors:

Mr. Ren Xiaotao
Mr. Zhang Yigang
Mr. Zhu Zhilong
Ms. Zhang Ying
Mr. Shao Yalou

Independent Non-executive Directors:

Ms. Yeung Siuman Shirley
Mr. Wu Changqi
Mr. Chen Hanwen
Mr. Zhao Lei

Registered Office:

Room 2001, 20/F
Dacheng International Building
358 South Beijing Road
Urumqi High-tech Zone
Xinjiang
PRC

Principal Place of Business in the PRC:

20/F, Dacheng International Building
358 South Beijing Road
Urumqi High-tech Zone
Xinjiang
PRC

No. 19, Taipingqiao Street
Xicheng District
Beijing, PRC

Principal Place of Business in Hong Kong:

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

May 31, 2023

To the H Shareholders

Dear Sir or Madam,

- (1) 2022 WORK REPORT OF THE BOARD OF DIRECTORS
- (2) 2022 WORK REPORT OF THE BOARD OF SUPERVISORS
- (3) 2022 ANNUAL FINANCIAL REPORT
- (4) 2022 PROFIT DISTRIBUTION PLAN
- (5) 2022 ANNUAL REPORT
- (6) GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS
TO ISSUE ADDITIONAL A SHARES AND H SHARES
- (7) ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2023
- (8) AMENDMENTS TO THE PLAN ON AUTHORIZATION TO THE BOARD
BY THE GENERAL MEETING
- (9) RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2023
AND
NOTICE OF THE 2022 ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for, against or abstain from voting on the resolutions to be proposed for consideration at the AGM.

The following ordinary resolutions and special resolutions (special resolution is marked by *) will be proposed at the AGM to approve:

- (1) the 2022 Work Report of the Board of Directors;
- (2) the 2022 Work Report of the Board of Supervisors;
- (3) the 2022 Annual Financial Report;
- (4) the 2022 Profit Distribution Plan;
- (5) the 2022 Annual Report;
- (6) * the Resolution regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares;
- (7) the Resolution regarding the Estimated Ordinary Related Party Transactions for 2023;
- (8) Amendments to the Plan on Authorization to the Board by the General Meeting; and
- (9) the Resolution regarding the Re-appointment of Auditors of the Company for 2023.

1. 2022 WORK REPORT OF THE BOARD OF DIRECTORS

An ordinary resolution will be proposed at the AGM to approve the 2022 Work Report of the Board of Directors.

The 2022 Work Report of the Board of Directors has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

Details of the 2022 Work Report of the Board of Directors are set out in Appendix I to this circular.

2. 2022 WORK REPORT OF THE BOARD OF SUPERVISORS

An ordinary resolution will be proposed at the AGM to approve the 2022 Work Report of the Board of Supervisors.

The 2022 Work Report of the Board of Supervisors has been considered and approved at the meeting of the Board of Supervisors held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

Details of the 2022 Work Report of the Board of Supervisors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

3. 2022 ANNUAL FINANCIAL REPORT

An ordinary resolution will be proposed at the AGM to approve the 2022 Annual Financial Report.

The 2022 Annual Financial Report has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

Details of the 2022 Annual Financial Report are set out in Appendix III to this circular.

4. 2022 PROFIT DISTRIBUTION PLAN

An ordinary resolution will be proposed at the AGM to approve the 2022 Profit Distribution Plan.

As audited and confirmed by PricewaterhouseCoopers Zhong Tian LLP, in 2022, the Company realised a consolidated net profit attributable to shareholders of the parent company of RMB2,789,067,875.31. The balance of the audited undistributed profit of the parent company of the Group at the beginning of 2022 was RMB2,942,567,445.61, plus the net profit of the parent company of the Group of RMB2,711,339,745.14 in 2022; after deducting the cash dividend of RMB2,503,994,456.00 in 2021; after deducting the statutory surplus reserve of RMB271,133,974.51 at 10% of the net profit realized in 2022 according to the requirements of the Company Law and the Articles of Association. The balance of profit available for distribution of the parent company of the Group at the end of 2022 was RMB2,878,778,760.24.

I. Distribution of Dividend in the Recent Three Years

Cash dividend (tax inclusive) of the Company for 2019-2021

Unit: RMB'0,000

<u>Year</u>	<u>Cash dividend</u>	<u>Annual distributable profit (consolidated)</u>
2019	200,319.56	433,034.10
2020	250,399.45	465,663.56
2021	250,399.45	710,554.52
Proportion of accumulated cash dividend for the recent three years in the annual average distributable profit		130.70%

According to the relevant provisions of the CSRC, the Xinjiang Branch of CSRC and the Shenzhen Stock Exchange, the Articles of Association and the Shareholder Return Plan for the Next Three Years (2021-2023), the Company may distribute dividends in cash, stock or by the combination of cash and stock and in any three consecutive years, the aggregate profits distributed by the Company in cash shall not be less than 30% of the average annual distributable profits for such three years.

The distribution of dividends of the Company in the recent three years is in line with the relevant regulatory requirements.

LETTER FROM THE BOARD

II. Specific Proposal on Profit Distribution for 2022

After giving comprehensive consideration to the requirements of the securities regulatory authorities and relevant regulations on cash dividends under the Articles of Association, in order to maintain the continuity of the cash dividend policy, the cash dividend plan will be implemented for 2022 based on the actual situation of the Company as well as industry practices as a response to certain Shareholders' request for cash dividend.

1. Based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2022, a cash dividend of RMB0.30 (tax inclusive) for every 10 shares will be distributed to all A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date, with a total amount of cash dividend of RMB751,198,336.80. The retained profits of the Company of RMB2,127,580,423.44 following the cash dividend distribution will be carried forward to the next year.
2. Cash dividend is denominated and declared in RMB and paid to A Shareholders in RMB and to H Shareholders in HKD. The actual distribution amount in HKD will be calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People's Bank of China five business days prior to the AGM of the Company.

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

The 2022 Profit Distribution Plan has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval. Upon approval at the AGM, it is expected that the Company will distribute cash dividends in accordance with the distribution plan within two months after the AGM.

The Company will make further notice on the record date and the book closure date for such dividend distribution, etc.

5. 2022 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to approve the 2022 Annual Report.

The 2022 Annual Report has been considered and approved at the Board meeting and the meeting of the Board of Supervisors held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

The 2022 Annual Report was dispatched to Shareholders on April 18, 2023, and has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.swwhygh.com).

LETTER FROM THE BOARD

6. RESOLUTION REGARDING THE GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE ADDITIONAL A SHARES AND H SHARES

A special resolution will be proposed at the AGM to approve the granting of general mandate (the “**General Mandate**”) to the Board of Directors to issue additional A Shares and H Shares.

In accordance with applicable PRC laws and regulations, rules of the place where the securities are listed and market practice, the Resolution on the General Mandate to the Board of Directors to Issue Additional A Shares and H Shares was considered and approved at the 2021 annual general meeting, and will expire at the end of the 2022 annual general meeting of the Company. Based on the review of the implementation of the general mandate, the Company intends to continue to apply to the AGM for the granting of a general mandate to the Board to issue additional A Shares and H Shares in accordance with the actual needs of the Company’s strategic development, so as to shorten the internal approval process for the issue of Shares and to seize market opportunities more flexibly, details of which are as follows:

I. Scope of authorization

The scope of authorization includes but not limited to:

1. To propose to the general meeting of the Company to grant the Board a general mandate during the Relevant Period (as defined below) to, by reference to market conditions and in accordance with needs of the Company, decide to allot, issue and deal with, either separately or concurrently, Shares not exceeding 20% of each of the number of RMB-dominated ordinary shares listed domestically (i.e. A Shares) and/or foreign shares listed overseas (i.e. H Shares) in issue of the Company as at the date of passing this resolution at the general meeting (including but not limited to ordinary shares, preferred shares, and securities convertible into shares), and decide to make or grant offers for sale, offers, agreements, right to exchange for or convert into shares or other rights as required or may be required to allot Shares;
2. To authorize the Board to formulate and implement detailed issuance plan when exercising the above general mandate, including but not limited to the class of new Shares to be issued, pricing mechanism and/or issuance/conversion/exercise price (including price range), form of issuance, number of shares to be issued, allottees and use of proceeds, and decide the time of issuance, period of issuance and whether to place Shares to the existing Shareholders;
3. To authorize the Board to engage the intermediaries related to the issuance, approve and sign all acts, deeds, documents and other related matters necessary, desirable, advisable or relevant for the issuance; approve and sign, on behalf of the Company, any agreements related to the issuance, including but not limited to placement agreement, underwriting agreement, and agreement for engagement of intermediaries;
4. To authorize the Board to approve and sign, on behalf of the Company, statutory documents related to the issuance for submission to regulatory authorities, carry out relevant approval procedures required by regulatory authorities and venues in which the Company is listed, and complete all necessary recording, registration and filing procedures with relevant government departments in Hong Kong and/or any other regions and jurisdictions (if applicable);
5. To authorize the Board to amend, as required by regulatory authorities within or outside China, relevant agreements and statutory documents;

LETTER FROM THE BOARD

6. To authorize the Board to approve an increase in the registered capital of the Company after the issuance of new Shares, make corresponding amendments to the Articles of Association relating to the total amount of share capital and equity structure, etc. and delegate the management of the Company to perform relevant procedures.

II. Term of authorization

Except that the Board may enter into or grant offers for sale, offers, agreements, right to exchange for or convert into shares or other rights during the Relevant Period (as defined below), which require or may require implementation or exercise at or after the end of the Relevant Period, the exercise of the above authorization shall be within the Relevant Period.

The “Relevant Period” means the period from the date when this resolution is passed by way of a special resolution at the general meeting of the Company until the earliest of the following three dates:

1. the conclusion of the 2023 annual general meeting of the Company;
2. the expiration of a period of twelve months following the passing of this resolution by way of a special resolution at the general meeting of the Company;
3. the date on which the authorization referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Company.

III. Powers under the authorization above may only be exercised by the Board in accordance with applicable PRC laws and regulations, listing rules of the jurisdictions on which the securities of the Company are listed and the Articles of Association, and subject to obtaining of all necessary approvals from the relevant government agencies and regulatory authorities within or outside PRC.

The above resolution has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

7. RESOLUTION REGARDING THE ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2023

An ordinary resolution will be proposed at the AGM to approve the Resolution Regarding the Estimated Ordinary Related Party Transactions for 2023.

The resolution has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval by way of separate sub-resolutions.

Details of the resolution are set out in Appendix IV to this circular.

LETTER FROM THE BOARD

8. RESOLUTION REGARDING THE AMENDMENTS TO THE PLAN ON AUTHORIZATION TO THE BOARD BY THE GENERAL MEETING

An ordinary resolution will be proposed at the AGM to approve the amendments to the Plan on Authorization to the Board by the General Meeting.

Based on the actual situation of the Company, the Company intends to further clarify the authority to establish various legal person institutions other than in a form of company, and accordingly amend the “Establishment of Institutions” in the Part II of the Plan on Authorization to the Board by the General Meeting of Shenwan Hongyuan Group Co., Ltd. (the “**Plan on Authorization to the Board by the General Meeting**”) (the “**Proposed Amendments to the Plan on Authorization to the Board by the General Meeting**”). For the details of the Proposed Amendments to the Plan on Authorization to the Board by the General Meeting, please refer to Appendix V to this circular.

The revised Plan on Authorization to the Board by the General Meeting shall take effect from the date of passing of this resolution at the AGM. Prior to this resolution is passed at the AGM, the existing Plan on Authorization to the Board by the General Meeting shall remain in force.

The above resolution has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

9. RESOLUTION REGARDING THE RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2023

An ordinary resolution will be proposed at the AGM to approve the re-appointment of auditors of the Company for 2023.

In accordance with the provisions of the audit business contract, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (collectively, “**PricewaterhouseCoopers**”) implemented works relating to the annual audit of the Company for 2022. Based on the overall annual audit performance of PricewaterhouseCoopers in 2022, and in order to maintain the continuity and stability of the audit of the Company’s annual reports, it is proposed to re-appoint PricewaterhouseCoopers as the auditors of the Company for 2023 to provide relevant domestic and international audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards.

The audit scope and content required for accountants in 2023 are basically the same as those in 2022. After consultation, the audit fee quoted by PricewaterhouseCoopers for 2023 is RMB5.98 million (including the fee for internal control, which is RMB568,000) which is consistent with the audit fee for 2022.

It is now proposed to approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company’s auditors for 2023, to be responsible for the provision of the relevant audit and review services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and to approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the Company’s auditor for internal control for 2023 with an audit fee for 2023 of RMB5.98 million, including the fee for internal control.

In case of increases or decreases of the audit fee due to the change of the audit scope and content, it will be proposed at the general meeting to authorize the Board of Directors to determine relevant audit fee.

The resolution has been considered and approved at the Board meeting held on March 30, 2023 and is now submitted to the AGM for consideration and approval.

LETTER FROM THE BOARD

THE AGM

The 2022 AGM of the Company will be held at 2:00 p.m. on Tuesday, June 20, 2023 at the Company's conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC. A notice of the AGM is set out on pages 12 to 14 of this circular.

The summary of the important dates for H Shareholders is as follows:

Last Registration Date: at or before 4:30 p.m. on Wednesday, June 14, 2023

Closure of Register for H Shares: Thursday, June 15, 2023 to Tuesday, June 20, 2023

Submission of Proxy Form: at or before 2:00 p.m. on Monday, June 19, 2023

In order to determine the H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Thursday, June 15, 2023 to Tuesday, June 20, 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order for H Shareholders to attend the AGM, the relevant share certificates, accompanied by all share transfer documents, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Wednesday, June 14, 2023. H Shareholders whose names appear on the H Share register of members of the Company on Thursday, June 15, 2023 shall be entitled to attend and vote at the AGM.

H Shareholders should return the proxy form, or the notarized power of attorney or other authorization documents to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by hand or by post, no later than 24 hours before the time appointed for convening the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

The record date for determination of the qualified A Shareholders to attend the AGM and the registration date for such meeting are on Tuesday, June 13, 2023 and on Wednesday, June 14, 2023, respectively. For details, please refer to the notice of the AGM dated Wednesday, May 31, 2023, published on the website of the Shenzhen Stock Exchange at www.szse.cn.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll. Therefore, the resolutions to be proposed at the AGM will be voted by poll. Results of the poll voting will be posted on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.swhygh.com upon the conclusion of the AGM.

The aforesaid resolutions 1 to 5 and resolutions 7 to 9 are ordinary resolutions to be passed by the affirmative votes representing over one half of the total number of Shares held by the Shareholders attending the AGM with voting rights; the resolution 6 is a special resolution to be passed by the affirmative votes representing over two thirds of the total number of Shares held by the Shareholders attending the AGM with voting rights.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction, any shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) on whether or not to approve such transaction at the shareholders' general meeting.

LETTER FROM THE BOARD

As far as the Directors are aware as at the Latest Practicable Date, the Shareholders who have a material interest in the resolution 7.1, i.e. JIC and Central Huijin, will abstain from voting on the resolution 7.1; the Shareholders who have a material interest in the resolution 7.2, i.e. Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd. and Xinjiang Financial Investment (Group) Co., Ltd. (formerly known as Xinjiang Financial Investment Co., Ltd.), will abstain from voting on the resolution 7.2. As at the Latest Practicable Date, JIC directly holds 6,596,306,947 Shares with voting rights of the Company (representing approximately 26.34% of the total issued share capital of the Company), Central Huijin directly holds 5,020,606,527 Shares with voting rights of the Company (representing approximately 20.05% of the total issued share capital of the Company), Shanghai Jiushi (Group) Co., Ltd. directly holds 1,211,263,389 Shares with voting rights of the Company (representing approximately 4.84% of the total issued share capital of the Company), Sichuan Development Holding Co., Ltd. directly holds 1,124,543,633 Shares with voting rights of the Company (representing approximately 4.49% of the total issued share capital of the Company), and Xinjiang Financial Investment (Group) Co., Ltd. (formerly known as Xinjiang Financial Investment Co., Ltd.) directly holds 460,642,216 Shares with voting rights of the Company (representing approximately 1.84% of the total issued share capital of the Company). Save as disclosed above, no Shareholder is considered to have a material interest in any of the resolution proposed at the AGM and has to abstain from voting at the AGM approving the resolution.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the above resolutions are in the best interests of the Company and its Shareholders as a whole. Therefore, the Board recommends you to vote in favor of the relevant resolutions set out in the notice of the AGM attached to this circular.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

NOTICE OF THE 2022 ANNUAL GENERAL MEETING



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)

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 annual general meeting (the “AGM”) of Shenwan Hongyuan Group Co., Ltd. (the “Company”) will be held at 2:00 p.m. on Tuesday, June 20, 2023 at the Company’s conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC to consider and, if thought fit, approve the following resolutions (special resolution is marked by *).

RESOLUTIONS

1. To consider and approve the 2022 work report of the Board of Directors
2. To consider and approve the 2022 work report of the Board of Supervisors
3. To consider and approve the 2022 annual financial report
4. To consider and approve the 2022 profit distribution plan
5. To consider and approve the 2022 annual report
6. * To consider and approve the resolution regarding the granting of general mandate to the Board of Directors to issue additional A Shares and H Shares
7. To consider and approve the resolution regarding the estimated ordinary related party transactions for 2023
 - 7.1 Ordinary related party transactions with China Jianyin Investment Ltd. and its subsidiaries
 - 7.2 Ordinary related party transactions with other related parties
8. To consider and approve the resolution regarding the amendments to the Plan on Authorization to the Board by the General Meeting
9. To consider and approve the resolution regarding the re-appointment of auditors of the Company for 2023

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

OTHER MATTER

10. To listen to the work report of independent Directors

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

Beijing, the PRC
May 31, 2023

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

Notes:

1. In order to determine the H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Thursday, June 15, 2023 to Tuesday, June 20, 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order for H Shareholders to attend the AGM, the relevant share certificates, accompanied by all share transfer documents, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Wednesday, June 14, 2023. H Shareholders whose names appear on the H Share register of members of the Company on Thursday, June 15, 2023 shall be entitled to attend and vote at the AGM.
2. Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf at the AGM. A proxy needs not be a Shareholder of the Company.

The proxy form shall be signed by the Shareholder or his/her/its attorney who has been authorized in writing or, in the case of a corporation as a Shareholder, must either be executed under its common seal or under the hand of its legal representative, director(s) or duly authorized attorney(s). In case of joint holders of the Shares, this form of proxy must be signed by the joint holder whose name stands first in the register of members of the Company.

H Shareholders are required to return the proxy form or the notarized power of attorney or any other authorization documents to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by hand or by post no later than 24 hours before the time appointed for convening the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

3. In case of joint shareholders and if more than one joint shareholder in person or by proxy attend the meeting, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted as the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand on the register of members of the Company in respect of the joint shareholding.
4. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all votes of shareholders at a general meeting must be taken by poll. Therefore, all resolutions to be proposed at the AGM will be voted by poll.

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

The aforesaid resolutions 1 to 5 and resolutions 7 to 9 are ordinary resolutions to be passed by the affirmative votes representing over one half of the total number of Shares held by the Shareholders attending the AGM with voting rights; the resolution 6 is a special resolution to be passed by the affirmative votes representing over two thirds of the total number of Shares held by the Shareholders attending the AGM with voting rights.

Pursuant to Rule 2.15 of the Listing Rules, where shareholders' approval is required with regard to a transaction, any shareholder that has a material interest in such transaction shall abstain from voting on the resolution(s) on whether or not to approve such transaction at the shareholders' general meeting.

As far as the Directors are aware as at the date of this notice, the Shareholders who have a material interest in the resolution 7.1, i.e. China Jianyin Investment Ltd. and Central Huijin Investment Ltd., will abstain from voting on the resolution 7.1; the Shareholders who have a material interest in the resolution 7.2, i.e. Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd. and Xinjiang Financial Investment (Group) Co., Ltd. (formerly known as Xinjiang Financial Investment Co., Ltd.), will abstain from voting on the resolution 7.2. Save as disclosed above, no Shareholder is considered to have a material interest in any of the resolution proposed at the AGM and has to abstain from voting at the AGM approving the resolution.

5. The contact details of the place of business of the Company are as follows:

Contact Address: 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC/No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC

Postal Code: 830011/100033

Contact Person: Zhu Li/Li Dan

Telephone No.: (+86) 9912301870/(+86) 1088085057

Facsimile No.: (+86) 9912301779/(+86) 1088085059

6. The AGM is expected to last for half a day. Shareholders or their proxies attending the AGM shall be responsible for their own travelling and accommodation expenses.

SHENWAN HONGYUAN GROUP CO., LTD.
2022 WORK REPORT OF THE BOARD OF DIRECTORS

The year 2022 is a rather important year in the history of the Party and the country, and also an extraordinary year in the capital market. In the face of multiple challenges such as the turbulence of the international situation and the intensifying downward economic pressure, China's capital market moved forward in the in-depth promotion of reform. The number of A-share listed companies has exceeded 5,000, the number of investors has exceeded 200 million, and the scale has leapt to the forefront of the world. The STAR Market has launched a market-making trading system, and incremental funds such as personal pensions have entered the market, which comprehensively enhanced the market resilience and vitality. In 2022, Shenwan Hongyuan adhered to the guidance of Xi Jinping Thoughts on Socialism with Chinese Characteristics in the New Era, comprehensively implemented the spirit of the 20th Party Congress and the major decisions and arrangements of the CPC Central Committee, and resolutely upheld the financial development pathway with Chinese characteristics. Shenwan Hongyuan proactively responded to the shock of factors unexpected, took the great political tasks of implementing inspection and rectification as an important opportunity, adhered to and strengthened the leadership of the Party, created a scientific, standardized and high efficient corporate governance environment, practiced new development concepts with its own stable operation, and served to build a new development pattern, supporting the health and steady development of the modern capital market with Chinese characteristics. The Company recorded consolidated revenue of RMB20.610 billion, net profit attributable to shareholders of the parent company of RMB2.789 billion, basic earnings per share of RMB0.11 per share and a weighted average return on equity of 2.93%.

I. MAIN WORK IN 2022

(I) Deeply implementation of major decisions and arrangements of the CPC Central Committee and fully served the national strategy on basis of fulfilling main responsibilities and businesses

Shenwan Hongyuan has firmly established a sense of main responsibility and business, accelerated the construction of a customer-centered comprehensive financial service system, and achieved significant results in providing financial services to real economy, and the implementation of measures to stabilize the overall economy has demonstrated its responsibility. **Independent support and improvement in service technology.** Taking the opportunity of the establishment of the Beijing Stock Exchange, the pilot registration system of the STAR Market and the ChiNext Board, the Company actively applied various innovation supporting tools of the capital market, increased medium and long-term financial support for advanced manufacturing industries and strategic emerging industries, helped global leading enterprises in mobile communications and other fields to finance, improved the compilation of the “specialization, refinement, specialization and novelty” indexes, and released the “STAR Market White Paper” for three consecutive years, and promoted the establishment and operation of specialization, refinement, specialization and novelty funds, the total number of enterprises listed on the Beijing Stock Exchange for which the Company served as the underwriter and the total number of enterprises which have passed the review of the Beijing Stock Exchange ranked first in the industry. **Serve green and low-carbon development.** The Company proactively played an important role as an intermediary in the green finance industry chain, made concerted efforts in “investment banking + investment + research”, increased innovation in green financing instruments, and supported leading enterprises in new energy and other fields to finance, the green bonds for which the Company as the leading underwriter amounted to RMB49.85 billion. The Company assisted in the issuance of the largest carbon neutrality CMBS product in China, and was selected as the “IFF Global Green Finance Award of the Year” of the third session of the International Finance Forum, and was rated CNI ESG Appraisal Level AA of the Shenzhen Stock Exchange, and SWS Research was elected as the vice chairman unit of China Green Carbon Foundation. **Serve regional coordinated development.** The Company accelerated the strengthening of important regions such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao, Southwest China, Xinjiang and Central China, increased regional layout and resource

investment, improved regional comprehensive financial service models, actively assisted local economic transformation and upgrading, and completed 360 bonds related to supporting major regional development strategies.

(II) Strengthening of the leadership of the Party in improving corporate governance, and promotion of integrated and high-quality development of the Company taking corporate governance as a starting point

Shenwan Hongyuan deeply practiced the major political principle of “two-consistency”, promoted the strengthening of the leadership of the Party in improving corporate governance, comprehensively strengthened the leadership of the Party, consolidated and improved the quality of Party building, and transformed the advantages of Party building of state-owned enterprises into competitive advantages, innovation advantages and development advantages of the Company. The Company improved the supporting system and operating mechanism of corporate governance, The Shareholders’ general meeting, the Board of Directors, the Board of Supervisors and senior management performed their respective duties, effectively checked and balanced and coordinated operation, and accelerated the construction of a governance system and internal control system with their own characteristics that are compatible with the requirements of modern economic system and high-quality development. The Company promoted the modern governance as a state-owned financial enterprise, took the opportunity of inspection and rectification, further strengthened the role of the Board of Directors in making strategies, making decisions and preventing risks, enriched the responsibilities of the Strategy and ESG Committee under the Board of Directors, and enriched the performance of strategic and risk management. The Company attached importance to investor relations, held a 2021 performance presentation meeting, participated in the online collective reception day for investors of listed companies in Xinjiang, maintained close communication with Shareholders, strengthened analyst coverage, optimized investor structure, strengthened feedback on capital market opinions, promoted corporate value management, and advanced the integrated and high-quality development of the Group and securities companies.

During the year, the Directors of the Company actively and properly fulfilled their responsibilities, timely and in-depth grasped business management trends, participated in strategic and operational meetings, reviewed internal reference materials such as the Directors and Supervisors Communication, conducted extensive research at the grassroots level 5 times, and conscientiously participated in 3 Shareholders’ general meetings, 10 Board meetings and 17 special committees of the Board of Directors during the year, made efficient and scientific decisions, and fully expressed their opinions and suggestions for decisions put forward at the meetings.

The year 2022 marks the closing year of the special action on corporate governance for listed companies. With the good practices in corporate governance, the Company was awarded the “Golden Round Table” award by the 17th session of the Board of Directors of Listed Companies, and was selected in the Best Practice Series of the China Association of Listed Companies, It has won many awards, such as the “Performance Evaluation Level 5A of the Secretary to the Board of Directors of Listed Companies”, the “Best Practice Case for Board Office of Listing Companies”, the “Best Practice Case for Rural Revitalization of Listing Companies”, and the “Classic Cases of M&A in Capital Market”, etc.

(III) Establishment and perfection of the strategic control closed-loop, and promotion of the Company’s acceleration of strategic focus layout guided by the strategies

The Board of Directors proactively played a strategic management role, promoted strategic promotion and implementation, pushed ahead the strategic decomposition and implementation, strengthened supervision and evaluation of strategic execution, strengthened and consolidated the development goals and tasks, and advanced the Company’s strategic key layout work. **Optimize and improve the capital layout.** Securities companies have completed the issuance of RMB9.8 billion of

perpetual subordinated bonds, replenished long-term funds and enhanced operational stability; The international group has completed the bond issuance of US\$300 million to provide financial support for cross-border business. **Promote organizational structure reform.** The Company promoted the teamwork of front office and centralized management of the middle and back offices. **Deepen professional and market-oriented reforms.** The Company improved the MD qualification system, promoted the application and implementation of assessment results, and optimized the assessment and incentive mechanism. **Adhere to the talent-driven approach.** The Company targetedly trained and developed a group of composite professionals in wealth management, investment and financing management, financial derivatives, financial technology, compliance risk management, and strengthened the engagement of young cadres and talents. **Continuously deepen the empowerment of financial technology.** The Company completed the exchange of legal entities, achieved large-scale transfer from one legal entity to another of customers at the back office with a scale of millions, increased budget investment in financial technology, improved the IT system of the Company's businesses, expanded the business IT team, strengthened the support for the Company's strategic development direction and exposure business operations, and rated "good" in information innovation pilot assessment in the securities and futures industry jointly organized by the CSRC and the MIIT. **Promote the construction of cultural brands.** The Company's cultural construction practice evaluation results have been upgraded to Class A of Type A. The "14th Five-Year Plan of Cultural Construction Sub-Strategy of Shenwan Hongyuan" and the "Honorary System Management Measures of Shenwan Hongyuan" have been issued, incorporating cultural construction into one of the core competitiveness of the Company's "four beams and eight pillars".

(IV) Active promotion of business management, and assistance in consolidating the Company's stable operating ability with business transformation as the driving force

The securities industry was facing fierce competition from internationalization, marketization and specialization. Shenwan Hongyuan actively adapted to the development requirements of the industry, steadily promoted the balanced development of light and heavy capital businesses, dedicated to optimize the asset quality and business structure, and achieved smooth and orderly business transformation. In 2022, under the guidance of high-quality development, the Company's business management withstood the huge test of market turbulence and achieved overall healthy operation. At the same time, it was approved with multiple innovative business qualifications and continuously optimized the comprehensive financial service model of "research + investment banking + investment", and the transformation trend became more stable and the development momentum was further strengthened.

The Group Company's positioning around the development of securities business has become clearer. The Group actively implemented the "investment + investment bank" strategy to drive the coordinated development of the investment bank businesses and trading businesses of securities company through investment.

The foundation for the development of the securities company's light capital business was continuously strengthened. The wealth management business made greater efforts to strengthen its underlying business, customers and assets. **Institutional sales and trading business** actively transformed from commission-based business to asset-side services. **The asset management business** rebounded from a decline in management scale and accelerated its transformation to active management by strengthening the construction of investment and research system. **The major investment bank business** stabilized in the top eight in terms of the equity and debt business, and was rated A with the first place in the total score in the evaluation of the quality of investment banking business by the Securities Association of China, and ranked No. 1 in the evaluation of the quality of practice of the brokerage firms by the Beijing Stock Exchange.

The heavy capital business of the securities company has maintained a steady development in general. The FICC business improved its various investment strategies mainly in bond products and maintained a stable comprehensive return rate on its own capital investment. The equity and derivatives business continued to consolidate its trading and pricing, asset allocation and product creation capabilities; the cross-border business and quantitative neutral investment achieved leapfrog development, maintained full coverage of the equity options market-making license, optimized its allocation strategy, increased the proportion of medium- to low-risk asset allocation, and continuously enhanced its market influence.

(V) Implemented the core listing regulatory requirements of information disclosure and strengthening internal control and standardized operation with information disclosure as a driving force

The Company organized the implementation of the relevant regulations and assessment requirements of the CSRC and the Shenzhen Stock Exchange, and received an A rating for information disclosure for seven consecutive years. The Company systematically strengthened information reporting and management, strictly controlled the access and quality of information reports, disclosed 4 regular reports and more than 400 interim reports throughout the year, and prevented the risk of non-disclosure of information. The Board carefully reviewed the Company's announcements and relevant information, examined the public information released by the Company in a timely manner, paid close attention to the reports and information about the Company, and supervised and managed the implementation of the Company's information disclosure management system. In 2022, the Company disclosed all material information in strict accordance with the requirements of information disclosure laws and regulations and in accordance with the principles of openness, fairness, timeliness, accuracy and completeness to ensure that investors were informed of the Company's material operations and decisions in a timely manner, and there were no material deficiencies in the implementation of the information disclosure management system.

The Company insisted on the result-oriented information disclosure, established an efficient mechanism for the transmission of information and coordinated regulation of the operation of its parent and subsidiaries, and strictly enforced the requirements for the regulation of listed company to all lines and subsidiaries, and strictly enforced the requirements for the regulation of related party (connected) transactions, the independence of listed company, the regulation of the conduct of major shareholders, internal control, and the deposit and management of funds raised. The Company promoted the optimization and improvement of basic systems and processes at the governance level, and strengthened the communication and reporting of regulators. The Company has intensified its efforts in investor services, utilized the resources of group company and securities company to actively carry out investor protection publicity activities, made efforts in basic work such as investor consultation, media inquiries, shareholders' meetings and profit distribution, and established a standing ledger of investor concerns and demands.

(VI) Continuously prevented and resolved financial risks, further improved the comprehensive risk management system with the opportunity of inspection and rectification

Finance is a matter of national economic and development security. As a state-owned financial institution, Shenwan Hongyuan always insists on carrying the political responsibility of preventing and resolving major risks. In accordance with the basic policy of "stabilize the overall situation, carry out coordination, implement categorized policies, and defuse risks through targeted efforts" established by the Central Committee of the Party, the Company implemented the decision and deployment of the Central Committee of the Party in preventing and resolving financial risks without compromise. **Actively performed its important role as the "gatekeeper" of the capital market.** The Company integrated compliance and sound operation into our customer service work, made continuous effort in building a barrier against fraud and counterfeiting in the capital market, used futures and over-the-counter derivative instruments to provide risk management tools and risk

mitigation tools for enterprises and various investors, and contributed to the development of regional industries and price and supply stability, safeguarded clients' assets and funds. **Further implemented the "1+N" comprehensive risk management requirements.** The Company solidly consolidated the risk management system at group level with high penetration "involving all staff in all aspects throughout the entire business process and with full coverage", continuously improved the risk identification, early warning and disposal mechanism; improved the negative list system; optimized the "risk appetite – risk tolerance – risk limit" indicator system; steadily and orderly promoted financial risk disposal; and continuously strengthened compliance management.

(VII) Practiced the original mission of a state-owned enterprise, promoted high-quality sustainable development with social responsibility as a driving force

The Company actively integrated social responsibility into its core value framework, given back to society in various ways, and made new positive contributions to the coordinated development of the economy and society. **Actively created value for customers.** By incorporating the "customer-centric" business philosophy into the whole process of business development, and through financial product innovation, investment platform construction, customer service channel and service experience optimization, and investor education, the Company provided customers with comprehensive financial services in a three-dimensional, professional and personalized manner to enhance customer satisfaction. **Helped employees to enhance their value.** The Company insisted on being people-oriented, treated human resources as the first resource for the development of the Company, actively broadened the space for career development of employees, created good working conditions and atmosphere for employees, and implemented responsibilities to employees. **Brought value to shareholders.** The Company has practically protected the legitimate rights and interests of shareholders, especially the minority shareholders, and has fulfilled its responsibilities to shareholders by continuously improving the corporate governance structure, strengthening the construction of internal control system, strictly fulfilling its information disclosure obligations, enhancing the management of investor relations and formulating the shareholders' return plan. **Contributed value to society.** The Company promoted the consolidation and effective convergence of poverty alleviation and the rural revitalization. Throughout the year, the Company invested RMB54.96 million in public welfare. The Company provided assistance in Huining County, Gansu Province, Jimunai County, Habaha County and Maigaiti County, Xinjiang, and was awarded the recommendation case of financial support by the Working Committee for Central Party and State Institutions, and designated as the demonstration practice base of support work in the securities industry. The "Huining Comprehensive Insurance against Returning Poverty" of the Company was selected as one of the first typical cases of rural revitalization by the National Rural Revitalization Bureau. **Strengthened ESG management and disclosure.** The Company has made efforts in optimizing its ESG rating. While fulfilling its social responsibilities, the Company has actively focused on issues such as green development, sustainable development and public interest, always implemented various national requirements on environmental protection and sustainable development; always paid taxes honestly and in accordance with the law, strictly prevented commercial bribery; always attached importance to improving corporate governance; strengthened its brand building, expanded its market influence and enhanced its reputation in the industry.

In 2022, Shenwan Hongyuan has continued to develop healthily in general by closely following the development position of state-owned financial enterprises, strengthening the leadership of the Party in improving corporate governance, promoting integrated strategic development by improving governance efficiency, and strengthening and improving the main business in serving the national strategy. Meanwhile, we are conscious of the fact that there are still some gaps and shortcomings in view of the new situation of supervision of listed companies, the new requirements of financial state-owned assets reform and the new strategic development objectives of the Company, such as the ability and effectiveness of serving the national strategy are pending to be further

improved, the effectiveness of business transformation is pending to be accelerated, the system and mechanism are pending to be continuously optimized, and the anti-period, anti-volatility and anti-risk capacity of operation is pending to be strengthened and consolidated.

II. KEY WORK ARRANGEMENTS FOR 2023

At present, the world, era and history is evolving in an unprecedented manner. The foundation for China's economic recovery is not yet solid, and the triple pressures of demand contraction, supply shock and weakening expectations are still significant. The problem of imbalance and inadequacy still exists. Besides, China's economy has strong resilience, great potential and abundant vitality, and the long-term positive fundamentals remain unchanged. There are significantly more positive factors driving the overall improvement of the economy, and there is a solid foundation and favorable conditions to support the stability of the macro economy. Standing on the new era and new journey, the securities industry has the new responsibility and mission to serve the high-quality development of the real economy, and also ushers in a period of significant strategic opportunities and broad space for its own development. It is necessary to better play the crucial role of capital intermediary, increase financial support for key areas such as technological innovation, small and micro enterprises and green development, effectively drive investment from the whole society, serve enterprises to improve quality and efficiency and residents' wealth management, and boost the overall improvement of economic operation with financial strength, so as to achieve effective improvement in quality and reasonable growth in quantity, and help to make a good start in building a modern socialist country in an all-round way.

2023 is the first year for the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China, and also a crucial year for the implementation of the Company's 14th Five Year Plan. In the face of a series of new tasks and requirements for financial reform, development and stability, the Company will be guided by Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era, and fully implement the spirit of the 20th National Congress of the Communist Party of China and the Central Economic Work Conference. The Company will adhere to the working principle of seeking progress while maintaining stability, closely focus on serving Chinese modernization and promoting high-quality development, and make efforts to deepen the integration of the Group and securities companies with high-quality development. The Company will promote the improvement of corporate governance by strengthening of Party leadership, enhancing strategic leadership, deepening institutional and mechanism reforms, intensifying business transformation and persistently enhancing the core competitiveness of the Company, so as to strive to achieve new breakthroughs in the Company's 14th Five Year Plan, and make a good start in promoting to build a modern socialist country in an all-round way with practical actions and excellent results. The focus will be placed on the following work:

(I) Adhering to the political and popular nature of financial work, striving to enhance the ability and effectiveness of serving national strategies, and fully supporting the overall improvement of economic operation

According to the report of the 20th National Congress of the Communist Party of China, the functions of the capital market should be perfected, and the proportion of direct financing should be increased. The Company will always bear in mind the political and popular nature of financial work, implement the spirit of the 20th National Congress of the Communist Party of China in all aspects of reform and development, make annual work arrangements in line with the deployment of the Central Economic Work Conference, and continue to carry out regular and long-term inspections and rectification. The Company will continue to improve the implementation mechanism of the package of policies to stabilize the economy, actively play the role of state-owned investment institutions and financial institutions, accurately support key areas and weak links of the economy and society, continue to help stabilize growth, employment and prices, improve market expectations and boost market confidence, and achieve effective breakthroughs in the strategic layout in supporting the overall improvement of economic operation. The Company will abide by the responsibilities as the "gatekeeper" of the capital market, actively serve the reform of the registration system, and make all

efforts in financial services in key areas such as rural revitalization, high-level opening up, national and regional major strategies and regional coordinated development, and green development. The Company will also organically integrate the national strategy with all businesses, innovate product models, expand business scale, improve development quality, and enhance service capabilities. Taking fulfilling its main responsibilities as an important foundation, the Company will strive to enhance the ability and effectiveness in serving the national strategy.

(II) Adhering to the unity of integrity and innovation, comprehensively deepening business transformation, and persistently consolidating stable operating capabilities

The Board of Directors of the Company will strengthen the tracking evaluation and dynamic optimization of strategic implementation, enhance forward-looking strategic research, pay close attention to the macro environment and industry development trend, adjust and optimize resource allocation in a timely manner, continue to tap the potential of traditional business areas, actively open up new competitive tracks, and constantly optimize the structure of customers, assets and liabilities, revenues, products, etc. **On the one hand, it will continue to increase strategic investment in light capital business**, comprehensively strengthen industry and market benchmarking, vigorously develop personal finance, corporate finance and institutional finance, optimize regional and team layout, improve system and mechanism construction, and accelerate the realization of the goal of optimizing transformation and achieving a leading position. **On the other hand, it will steadily develop heavy capital businesses**, improve the stable profitability of capital funds, deepen the transformation of profit models, form a more balanced and sustainable income structure, and promote stable, long-term, balanced and innovative development.

(III) Coordinating the current and long-term development, accelerating the pace of institutional and mechanism reform, and improving the development dynamic mechanism for a long time

The Board of Directors of the Company will keep in mind that development is the top priority, maintain determination and confidence in complex and severe situations, make every effort to break down deep institutional obstacles, promote reforms in key directions and areas, strengthen strategic support, and better stimulate the creativity and growth momentum of the Company. It will **continue to promote market-oriented reform**, strive to strengthen capacity building of headquarters around agile organizational structure and intensive management, stimulate the frontline role of subsidiaries and grassroots businesses, and enhance organizational resilience and management vitality. It will **insist on being talent-driven**, implement active and effective talent policies around strategic development needs, improve incentive and assessment mechanisms, cultivate and introduce professional, market-oriented and international talents, and build a highland for financial talents. It will **strengthen financial technology empowerment**, focus on financial technology to empower customer service, business innovation and management, accelerate digital transformation, promote the construction of corporate-level platforms, and further strengthen technology application capabilities. We will **deepen the support role of research**, enhance the research brand value of Shenwan Hongyuan, solidly promote research culture, consolidate research advantages, increase the research layout of strategic emerging industries, and empower the comprehensive financial service model of “research + investment + investment banking” with research.

(IV) Adhering to the double-wheel drive of corporate governance and information disclosure, deeply promoting integrated development, and persistently improving the quality of listed companies

The Board of Directors of the Company will use governance as a tool to promote excellent management and efficiency of the Company, and promote the integrated and high-quality development of the Company by improving governance efficiency based on the characteristics of two-tier structure. It will **continue to optimize corporate governance**, strengthen self-construction of

the Board, enhance the scientific decision-making ability of the Board, promote the establishment of a long-term corporate governance mechanism of self-regulation, self-improvement and self-improvement, and actively benchmark and develop optimal practices. It will **strengthen information disclosure management**, prepare and disclose regular and temporary reports with high quality in strict compliance with domestic and international information disclosure regulations, strengthen collaboration between group companies and securities companies, prevent information disclosure risks, and comprehensively improve the level of information disclosure. It will **improve investor relation management**, actively carry out investor communication activities, steadily increase the Company's attention, promote reasonable understanding of the Company's valuation in the market, and safeguard the legitimate rights and interests of Shareholders. It will **strengthen the supervision of standardized operation**, continuously improve the overall standard operation level of the Group, comprehensively grasp the requirements of domestic and international regulatory agencies for standardized operation of listed companies, and strictly follow the requirements of related party transaction management, regulation of the conduct of major shareholders, related party (connected) transactions and fundraising management. It will **continue to promote integrated development**, and continue to promote the integration of strategic management, organizational structure, authorization management, financial management, risk management, internal control, administrative office, domestic and overseas based on the three core elements of customer, business and resource allocation.

(V) Adhering to the joint management of business development and risk prevention, highlighting bottom line thinking and limit thinking, and relentlessly building a high-quality development defense

To keep compliant operation in mind is the insurmountable bottom line for the Company's survival and development. The Company will resolutely implement the requirements of the central government, proceed with prevention and control of financial risks successfully, and maintain the bottom line of avoiding systemic financial risks. It will promote the improvement of legal compliance system of the Group, properly handle the relationship between compliant operation and business development, and enhance the compliant operation capabilities in new environment. It will promote the concept of risk management throughout the entire business process, improve the risk control at group level with high penetration in all aspects throughout the entire business process and with full coverage, focus on important risk points and risk sources, strengthen source control, joint prevention and control, manage risks in key areas, and properly dispose and resolve risks. It will also strengthen the construction of internal control system, improve the inspection, evaluation and supervision functions of internal audit, and solidly carry out internal control, case prevention and safety production.

In 2023, the Board of Directors of the Company will closely focus on the development orientation of a state-owned financial enterprise with "faith and responsibility", adhere to integrity and innovation, diligently perform duties, continue to strengthen its own construction, continuously improve its scientific decision-making ability, optimize corporate governance, fulfill information disclosure obligations, and strengthen investor relationship management. It will promote strategic layout, support operation and management, and achieve new results in promoting high-quality development with the new atmosphere and new ideas, to help the Company achieve balance and progress in political, economic and social benefits, and persistently create value for customers, Shareholders and society.

SHENWAN HONGYUAN GROUP CO., LTD.
2022 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2022, adhering to the guidance of Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era, the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. (the “Company”) thoroughly implemented the spirit of the 19th National Congress of the Communist Party of China and all previous 19th plenary sessions, studied and understood the spirit of the 20th National Congress of the Communist Party of China and the important instructions of the Central Economic Work Conference in depth, earnestly implemented decisions and deployments of the Party Central Committee, the Party committee of China Investment Corporation and the Party committee of the Company and strictly abided by the Company Law, the Securities Law and the regulatory provisions for A share + H share listed companies. Focusing on the main line of work of “serving the Company’s long-term development strategy, serving the accomplishment of the Company’s annual operation and management goals, and promoting the maintenance and appreciation of state-owned assets”, and in accordance with the work policy of “true supervision, comprehensive coverage, coordination and cooperation, and professional improvement”, the Board of Supervisors continuously improved the standard of operation and supervision work, made continuous efforts to build a corporate governance supervision model for state-owned financial enterprises with the characteristics of Shenwan Hongyuan, so to escort the Company’s standardized, stable operation and high-quality development.

**PART I STANDARDIZATION OF OPERATION AND SUPERVISION OF
PERFORMANCE OF DUTIES BY THE BOARD OF SUPERVISORS IN 2022**

I. ROOTED IN THE SUPERVISION ON CORPORATE GOVERNANCE, BUILT A HIGH-QUALITY SUPERVISION PATTERN

The Board of Supervisors of the Company conscientiously implemented the “two-consistency” requirements, practically strengthened the leadership of the Party in the work of the Board of Supervisors, consciously incorporated the supervision on corporate governance into the overall work of the Party, continuously promoted the unification of the Party’s leadership and corporate governance, and continuously improved corporate governance mechanism with coordinated operation and effective checks and balances in each department and each responsibility.

In 2022, in accordance with the governance standards and standardized operation requirements of listed companies, the Board of Supervisors conducted in-depth research and consideration of major issues involving the interests of shareholders and the Company’s business development. A total of 4 meetings of the Board of Supervisors were held, at which 8 resolutions were considered and approved. The main contents of the meetings are as follows:

- (I) On March 30, 2022, the Company held the sixth meeting of the fifth session of the Board of Supervisors in a combination of on-site, video and communication, at which the 2021 Annual Financial Report of Shenwan Hongyuan Group Co., Ltd., the 2021 Profit Distribution Proposal of Shenwan Hongyuan Group Co., Ltd., the 2021 Internal Control Evaluation Report of Shenwan Hongyuan Group Co., Ltd., the 2021 Annual Report of Shenwan Hongyuan Group Co., Ltd. and the Summary Thereof (A shares), the 2021 Annual Report of Shenwan Hongyuan Group Co., Ltd. (H shares), the 2021 Annual Results Announcement of Shenwan Hongyuan Group Co., Ltd. (H shares), and the 2021 Work Report of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. were considered and approved;
- (II) On April 29, 2022, the Company held the seventh meeting of the fifth session of the Board of Supervisors in a combination of on-site, video and communication, at which the 2022 First Quarterly Report of Shenwan Hongyuan Group Co., Ltd. was considered and approved;

- (III) On August 30, 2022, the Company held the eighth meeting of the fifth session of the Board of Supervisors in a combination of on-site, video and communication, at which the 2022 Semi-annual Report of Shenwan Hongyuan Group Co., Ltd. and the Summary Thereof, the 2022 Interim Report of Shenwan Hongyuan Group Co., Ltd. and the 2022 Interim Results Announcement of Shenwan Hongyuan Group Co., Ltd. were considered and approved;
- (IV) On October 28, 2022, the Company held the ninth meeting of the fifth session of the Board of Supervisors by means of communication, at which the 2022 Third Quarterly Report of Shenwan Hongyuan Group Co., Ltd. was considered and approved;

The above contents and procedures of the meetings of the Board of Supervisors are in compliance with the Rules of Procedure of the Board of Supervisors of the Company and related regulations, and were promptly announced in strict accordance with the information disclosure system. Meanwhile, the members of the Board of Supervisors attended the general meetings in accordance with the regulations, and the Board of Supervisors made work report to the general meetings in accordance with the law and fully fulfilled all relevant obligations.

II. FOCUSED ON THE SUPERVISION OF THE BOARD OF SUPERVISORS, GAVE FULL PLAY TO THE ROLE OF HIGH-QUALITY SUPERVISION

In 2022, the Board of Supervisors of the Company focused on its main responsibilities and duties, urged the Company to transform the implementation of the “three new and one high” and service to the national strategy into the motivation for sustainable development, urged the Company to solve the problems of system and mechanism that restrict high-quality development, and promoted the Company to enhance its ability to serve the national strategy and its core competitiveness.

(I) Carried out special supervision with focus on serving the national strategy

Firstly, continuously supervised the implementation of the new development strategy of the Company. By reviewing relevant materials and paying attention to the formulation, discussion and modification of the sub-strategies, the Board of Supervisors supervised the decomposition and implementation of strategic objectives; focused on the optimization of the development of the Company’s core business and “investment + investment banking” model, the business structure and profit model; and promoted the Company to enhance its core competitiveness. By attending meetings of the Strategy Committee of the Board, the Board of Supervisors received reports on the strategic management of the Company, and paid attention to the implementation of the Company’s strategy, the construction of the strategy implementation guarantee mechanism and strategic adjustment. With focus on the development of the Company’s business, the Board of Supervisors put forward opinions and suggestions on the business model, strategic review, investment arrangement and financial support for the real economy. Through the investigation and research, the Board of Supervisors further understood and paid attention to the implementation of the Company’s strategy in the investment business.

Secondly, continuously supervised the Company’s service to the national strategy. Through reading and studying relevant materials, attending meetings and conducting research, the Board of Supervisors increased supervision on the implementation of the decisions and deployments of the Party Central Committee; dynamically tracked the effectiveness of the key work of serving the national strategy; focused on the establishment of a sound mechanism to serve the national strategy, the construction of a closed loop to serve the national strategy, and the implementation of objectives and tasks in key areas of the national strategy. The Board of Supervisors prepared the Supervisory Report on the Implementation of the Company’s Service to the National Strategy, promoted the Company to fulfill its political responsibility and value as a state-owned financial enterprise.

Thirdly, continuously supervised the inspection and rectification of the Company. The Board of Supervisors focused on the formulation of the rectification plan, the deployment of rectification work, the responsibility mechanism of the rectification, the establishment and effect of the long-term mechanism for implementing the rectification; paid continuous attention to the learning and communication of the spirit of rectification, the study and discussion of the decomposition of rectification tasks, the progress of the implementation of rectification measures, the development of special treatment and various investigation work; increased the supervision on relevant works, especially the supervision on solving institutional problems that constrain the Company's high quality development; paid attention to the "long-term implementation" of the rectification of the Company, and promoted the institutionalization, normalization and long-term effectiveness of the rectification and reform results.

(II) Strengthened financial supervision

Firstly, the Board of Supervisors monitored major financial matters; carefully examined the 2021 Annual Financial Report and the 2021 Profit Distribution Proposal of the Company; reviewed the Prospectus on Public Issuance of Corporate Bonds to Professional Investors in 2022 of the Company and issued a review opinion. By attending the meetings of the Board of Directors and the Executive Committee, the Board of Supervisors carried out continuous supervision on the decision making and implementation of major issues such as the Company's business plan, authorization plan and management of proceeds.

Secondly, the Board of Supervisors strengthened the supervision of the financial situation; paid attention to the impact of the industry development trend on the Company's operating results; dynamically tracked the financial information; strengthened the analysis and research on revenue, cost and profit; fully understood the Company's capital utilization and asset impairment; paid close attention to the main factors affecting the Company's operating results; regularly analyzed the changes in the Company's major assets and liabilities, financial income and expenditure indicators and industry comparisons; put forward relevant supervisory opinions and recommendations; and formed evaluation opinion of the Board of Supervisors on the Company's operating management report.

Thirdly, the Board of Supervisors strengthened its supervision on financial management; received reports on operations; considered the Company's periodic reports; reviewed the legal compliance of report preparation and audit procedures; paid attention to the construction of financial management system, accounting policies and accounting estimates; carried out continuous supervision on the establishment and improvement of financial management system, cost refinement management and centralized financial control; and made recommendations to strengthen communication and audit, and to improve target tracking and management.

Fourthly, the Board of Supervisors strengthened the communication with external auditors. The Supervisors attended the meetings of the Audit Committee of the Board as well as the meetings and communication sessions with the independent Directors and the certified public accountants for the annual audit; listened carefully to the work reports of the accounting firm; attached great importance to the problems identified by the auditors in the audit, review and agreed procedures of the financial reports; and paid continuous attention to the follow-up measures. Meanwhile, the Board of Supervisors paid attention to the audit quality of external auditors and made inquiries to external auditors on the consideration and approval of relevant resolutions.

(III) Deepening supervision of performance of duties

First, by attending general meetings, Board meetings, and meetings of the executive committee, etc., the Board of Supervisors promptly supervised the performance of duties and responsibilities of Directors and senior management, as well as the decision-making process to fully play their role in on-site supervision. In 2022, the Supervisors attended 3 general meetings, 10 Board meetings and 16 meetings of special committees of the Board of Directors, 1 audit communication meeting, the 2022 Party Building and Integrity Building Work Conference and 2022 Work Conference as well as the 2022 Interim Work Conference of the Company. In addition, the office of the Board of Supervisors also delegated representatives to attend the meetings of the executive committee of the Company.

Second, the Board of Supervisors actively supervised the implementation of the resolutions of general meetings and the Board, and focused on the decomposition, implementation, tracking and evaluation of the Company's strategic plan, the transformation and development of the Company's business under profound changes in the competitive landscape, the reform and improvement of the Company's integrated system and mechanism, and other major aspects that affect the high-quality development of the Company.

Third, the Board of Supervisors strengthened governance communication, regularly collected the performance materials of Directors and senior management, established performance materials, constantly improved the scientificity and objectivity of performance evaluation, and incorporated the key points of supervision such as implementing the decisions and deployment of the Party Central Committee, promoting the high-quality development of the Company, and strengthening risk prevention and control into the performance evaluation. It organized the 2021 annual performance evaluation, formed annual performance evaluation opinions of the Board of Supervisors on the Board, senior management and their members, and urged Directors and senior management to perform their duties diligently.

Fourth, the Board of Supervisors cooperated with the Party Committee of the Company to amend the implementation rules for the management of performance package and business expenditure, improve the supervision mechanism for performance package and business expenditure, and review the Report on the Performance Package and Business Expenditure Budget of the Management of Shenwan Hongyuan Group Co., Ltd. in 2022. It regards the supervision of the performance package of relevant Directors and senior management, business expenditure management system and budget as an important part of daily supervision, continuously pays attention to the performance package of Directors and senior management and business expenditure, to give full play to the supervisory and restraining role of the Board of Supervisors.

(IV) Strengthened internal control compliance and risk control supervision

First, the Board of Supervisors received the internal audit work report of the Company for 2021 and internal audit work plan of the Company for 2022, etc., considered and approved the internal control evaluation report of the Company for 2021, focused on the organization and implementation of internal control evaluation, defect identification and rectification, and made relevant recommendations and requests. Through regular information inspection and attendance at meetings, it continuously tracked the construction of the Company's internal control and compliance risk control system, provided supervision opinions timely, prompted attention to risk points, and guarded the bottom line of non-occurrence major risks.

Second, the Board of Supervisors continued to supervise important risks, focused on the improvement of specific business risk response mechanism and "defusing risks through targeted efforts", etc., reviewed relevant risk investigation reports, paid attention to various special

investigation of various risks, tracked various special risk rectification reports, strengthened overall risk management supervision and substantive risk supervision, supervised the implementation of the requirements of grouping and penetrating risk management, urged the Company to improve the negative list, strengthened risk investigation and rectification in key areas, and intensified the resolution and disposal of risk projects. Through the investigation, it further tracked the progress of the resolution and disposal of the Company's major risk projects and the progress of the Company's verification of and accountability for risk projects.

Third, the Board of Supervisors urged relevant departments to establish and improve the internal control and governance structure of the Company, and to conduct comprehensive supervision and evaluation of the implementation of relevant positions and all businesses. It strengthened supervision over the rectification of issues related to internal control, and promoted the improvement of the Group's internal control level.

(V) Supervised information disclosure

According to relevant regulatory requirements, the Board of Supervisors urged the Board, the management and their relevant personnel to pay attention to and disclose information in accordance with relevant regulations, to ensure that the information disclosed is true, accurate, complete, timely and fair. It continuously paid attention to the progress of information disclosure and the implementation of information disclosure management system, and evaluated the authenticity, accuracy and completeness of information disclosure.

III. FOCUSED ON THE PRINCIPLE OF COMPREHENSIVE COVERAGE AND CONSOLIDATING HIGH-QUALITY SUPERVISION MECHANISM

In 2022, the Board of Supervisors of the Company, in accordance with the requirements of the main line of supervision, continued to optimize the operating mechanism of the Board of Supervisors, improved relevant supporting arrangements, and constantly consolidated the high-quality supervision mechanism through a series of measures such as creating a closed loop of supervision, improving the supervision system, finding the supervision focus and giving play to the joint force of supervision, to provide basic guarantee for the performance of Supervisors.

(I) Created a closed-loop of supervision

First, at the beginning of the year, the Board of Supervisors, focusing on the main line of supervision, in accordance with the requirements of the regulatory authorities and Shareholders, and on the basis of the annual work deployment of the Party Committee of the Company, focus of the annual operation and management work, current situation of governance as well as extensive solicitation of opinions, formulated the key points of the annual work of the Board of Supervisors and defined the objectives of the annual supervision task.

Second, the Board of Supervisors organized the system working meeting of the Board of Supervisors of Shenwan Hongyuan, seriously studied and implemented the relevant requirements and important spirit of the superior units, thoroughly analyzed the situation, and systematically deployed the annual work of the Board of Supervisors around the annual work tasks of the Company, to ensure that the work priorities of the Board of Supervisors within the Company remained consistent.

Third, the Board of Supervisors tracked the progress of the work on a monthly basis according to the arrangement of its key work points, summarized the work of the Board of Supervisors at the end of the year, paid attention to the effectiveness of the Board of Supervisors in promoting the

implementation of major decisions and deployment of the central government and the performance of independent supervision responsibilities of the Board of Supervisors, and continued to improve the supervision capability.

(II) *Improved the supervision system*

First, strengthened the use of feedback on the results of supervision. The Board of Supervisors summarized the supervision results of the Board of Supervisors through supervision reports, supervision opinions and suggestions, and ensured that the feedback was properly implemented.

Second, optimized the normalized tracking, monitoring and supervision mechanism. The implementation of supervision opinions and work suggestions of the Board of Supervisors is promoted through a variety of means, such as systematic sorting, regular supervision and work contact letters, to enhance the effectiveness of supervision. In addition, the Board of Supervisors of the Company established relevant supervision accounts for key problems found in daily supervision and other work, strengthened closed-loop management and promoted rectification of problems.

(III) *Identified the focus of supervision*

First, improved the effectiveness of meetings of the Board of Supervisors. The Board of Supervisors improved the quality and effectiveness of meetings of the Board of Supervisors through various ways including careful preparation before the meeting, in-depth discussion during the meeting, following-up and implementation after the meeting, to lay a solid foundation for supervision.

Second, focused on conducting investigations and research. The Board of Supervisors, in combination with the annual operation and management priorities of the Company and the arrangement of the annual work priorities of the Board of Supervisors, carried out special investigation and research on investment business through various forms such as reading research materials and online communication, summarized and formed special research reports, and transformed the research results into a strong driving force for development.

(IV) *Exerted joint supervision efforts*

First, exerted the joint efforts of internal supervision. The Board of Supervisors actively participated in the construction of the “big supervision pattern” led by the discipline inspection commission of the Company, participated in the “big supervision” forum and joint meeting, exchanged and shared supervision clues of different lines, promoted the effective coordination of supervision lines, and improved the supervision efficiency.

Secondly, exerted the joint efforts of group supervision. In combination with the characteristics of the two-tier structure of the Company, the Board of Supervisors of the group company and the securities company strengthened coordination in the supervision system and working mechanism, communicated the progress of important work and key and difficult issues of supervision, and strengthened coordination and cooperation in daily supervision.

Third, explored the formation of supervisory synergy with independent Directors. The Board of Supervisors shall clarify the focus of supervision to avoid repeated supervision; explore the coordination and information sharing mechanism with independent Directors to enhance the effectiveness of corporate governance supervision.

Fourth, exerted the joint efforts of democratic supervision. The employee Supervisors were elected in a democratic way, to play a democratic supervision role on behalf of employees. The Board of Supervisors supervised major matters involving the vital interests of employee, and listened to relevant suggestions from grass-roots staff.

IV. BUILT A HIGH-QUALITY SUPERVISION TEAM AROUND THE GOAL OF PROFESSIONAL IMPROVEMENT

In 2022, the Board of Supervisors of the Company focused on strengthening its own construction, enhancing the vertical team building of the Board of Supervisor, constantly improving professional quality, summarizing practical experience, and promoting healthy development of the Company's operation and management from the perspective of corporate governance supervision.

(I) Implemented the requirements of new regulations

In 2022, the Board of Supervisors organized all Supervisors to systematically study and discuss the Work Manual for the Board of Supervisors of Listed Companies prepared by the China Association for Public Companies, timely followed up the new laws and regulations, regulatory concerns, regulatory cases and excellent cases in recent years, strengthened the awareness of the Board of Supervisors of the listed company to perform their duties in a standardized manner, further enhanced their ability to perform their duties, and consolidated the foundation for improving the quality of the listed company.

(II) Organized special performance training

The Board of Supervisors organized Supervisors to participate in training courses organized by the Xinjiang Branch of CSRC, China Association for Public Companies and other institutions to in-depth study the relevant contents of the special topics on the board of supervisors of the China Association for Public Companies, improve the Supervisors' ability to grasp macro policies, and practically improve the Supervisors' professional standards and ability to perform duties.

(III) Summarize the duty performance practices of the Board of Supervisors

Taking the opportunity of "Collection of Best Practice Cases of the Board of Supervisors of Listed Companies in 2022", we sorted out and summarized five dimensions of the Board of Supervisors of the Company, e.g. the basic information, content of duty performance, methods of duty performance, the application of supervision results and the innovative characteristics of duty performance, formed relevant application materials, and was finally awarded the "Best Practice of the Board of Supervisors of Listed Companies".

(IV) Establish peer communication platforms and channels

The Supervisors of the Company proactively participated in relevant activities organized by the Association of Public Companies, strengthened learning, exchange and mutual experience sharing with peers, and further improved the duty performance capability of the Board of Supervisors of the Company. In September 2022, the chairman of the Board of Supervisors of the Company, through "focusing on the main responsibilities and businesses, positioning the quasi function to promote the high-quality development of the Company", and shared the experience of the performance practice of the Board of Supervisors of Shenwan Hongyuan on relevant platforms of the Association of Public Companies.

PART II EVALUATION ON THE PERFORMANCE OF DUTIES BY SUPERVISORS

In 2022, all Supervisors strictly abided by laws and regulations, regulatory rules and the Articles of Association, performed their duties as Supervisors diligently, professionally and efficiently in accordance with the law. They performed supervisory responsibilities for the Board of Directors, the management and its members and the Company's operation and management, attended the meetings of the Board of Supervisors on time according to the corporate governance procedures and requirements, actively participated in the special committees of the Board of Supervisors, and earnestly participated in the consideration and voting of resolutions; and they attended the Shareholders' general meetings in accordance with the law, attended the Board meetings and other important operation and management meetings, at which they carefully listened to and reviewed relevant reports and expressed supervisory opinions and suggestions.

According to the work arrangement of the Board of Supervisors, each Supervisor earnestly carried out work, study, supervision and inspection, proactively studied and analyzed the Company's business information, tracked and analyzed the Company's strategies, finance, internal control, risk management, information disclosure and other work from the perspective of corporate governance, and put forward opinions and suggestions to the Board of Supervisors. Furthermore, each Supervisor proactively promoted the improvement of the working mechanism of the Board of Supervisors, participated in the construction of working systems of the Board of Supervisors, constantly improved their ability to supervise the performance of their duties, actively participated in training activities related to the duty performance, maintained good communication and cooperation with the Board of Directors, the management and other members of the Board of Supervisors, served the overall development of the Company, practically safeguarded Shareholders' rights and interests, and made positive contributions to the scientific, stable and healthy development of the Company.

PART III WORK PLAN FOR 2023

In 2023, the Board of Supervisors of the Company will, guided by Xi Jinping Thoughts on Socialism with Chinese Characteristics in the New Era, comprehensively implement the spirit of the 20th Party Congress and the Central Economic Work Conference, adhere to be practical and realistic, respect the rules, systematic concept, bottom-line mindset, persistently push ahead various work of the Board of Supervisors, enhance the objectives and issue-orientation, tightly uphold the supervision key points, refine work measures, innovate supervision methods, fulfill supervisory responsibilities in an earnestly, diligent and effective manner, and promote the high-quality development of the Company through high-quality supervision.

I. RESOLUTELY IMPLEMENT DECISIONS AND ARRANGEMENTS, AND CLOSELY GRASP THE SUPERVISION DIRECTION BASED ON THE TREND

The Board of Supervisors of the Company will continue to comprehensively implement the important decisions and arrangements of the CPC Central Committee, strive to promote the Company to integrate its own development into serving the real economy, serving the national strategy and serving the wealth management needs of residents, aim at the right entry point and focus of the work, continue to improve the operation and management ability, so as to achieve high-quality development.

Firstly, the Board of Supervisors of the Company will continue to pay attention to the Company's work in serving the real economy, serving the national strategy, implementing "six stabilities", "six guarantees", etc., promoting the Company to focus on its main responsibilities and businesses, implement the requirements of "three-new and one-high", fully serve the real economy and national strategy, and execute the Company's strategies.

Secondly, the Board of Supervisors of the Company will continue to pay attention to the work of the Company in promoting inspection and rectification, deepening transformation and reform, etc., urging the Company to promote high-quality development, improve quality and efficiency with the rectification results, and comprehensively improve the core competitiveness of light capital business, risk prevention and control ability of heavy capital business, and operation guarantee ability of middle and back offices.

Thirdly, the Board of Supervisors of the Company will continue to pay attention to the construction of the Company's comprehensive risk management system, urge the Company to firmly hold the safety bottom line of high-quality development, consolidate the risk management and control mechanism, continue to strengthen risk pre-research and prediction, carry out in-depth screening and inspection, focus on risk prevention and control in key fields, and properly resolve and disposal of risky projects.

Fourthly, the Board of Supervisors of the Company will continue to pay attention to the progress of internal coordination mechanism construction, group-based penetration management, improvement of incentive and constraint mechanisms, and promote the Company to further deepen the synergy of "research + investment + investment banking", so as to achieve the integrated and coordinated development of the Company.

II. COMPREHENSIVELY IMPLEMENT THE SUPERVISION RESPONSIBILITIES OF THE BOARD OF SUPERVISORS AND SOLIDLY CARRY OUT VARIOUS SUPERVISION WORK

The Board of Supervisors of the Company will pay close attention to the impact of the global political and economic situation, changes in the financial market environment and others on the Company's operation and development, proactively study and judge the new situations and tasks faced by the supervision work, and solidly carry out various supervision work such as duty performance supervision, financial supervision, risk and internal control supervision and information disclosure supervision.

Firstly, to strengthen supervision of duty performance and promote Directors and senior management to fulfill their responsibilities. By comprehensively utilizing methods such as attending meetings, listening to reports, reviewing resolutions and reviewing meeting minutes, the Board of Supervisors will strengthen the supervision of the duty performance of the Board, senior management and their members, and conduct a solid evaluation of their duty performance.

Secondly, to strengthen financial supervision and promote the stable operation of the Company. The Board of Supervisors will timely listen to the Company's financial reports, focus on the Company's accounting policies, cost and expense control, budget and final accounts, major financing, and earnestly study and put forward relevant opinions and suggestions. Also, the Board of Supervisors will earnestly listen to the issues raised by audit firms in conducting audits, reviewing and discussion procedures, and strengthen the supervision of audit firms.

Thirdly, to strengthen risk and internal control supervision, and promote the Company to continuously improve internal control. The Board of Supervisors will timely follow up and be aware of the Company's risks and internal control, continue to focus on key risk areas and weaknesses, urge the Company to strengthen daily risk monitoring and analysis, regularly organize risk screening, improve risk prevention and control mechanism, perfect the compliance management system and strengthen the resource allocation and role of the risk management department.

Fourthly, to strengthen information disclosure supervision and promote the Company to improve the information disclosure quality. The Board of Supervisors will implement the information disclosure requirements of listed companies, earnestly review the Company's periodic reports and provide written review opinions, maintain continuous attention to the disclosure of significant matters of the Company, and supervise the truthfulness, accuracy, completeness and timeliness of the Company's information disclosure.

III. CONTINUOUSLY OPTIMIZE THE WORKING MECHANISM OF THE BOARD OF SUPERVISORS AND REGULATE THE OPERATION OF THE BOARD OF SUPERVISORS

The Board of Supervisors of the Company will deeply create a work closed-loop of “research - deployment - implementation - conclusion”, strengthen coordinated guidance, continue to optimize the working mechanism, and play a good role in continuous supervision, refined supervision and effective supervision.

Firstly, to strengthen the organization and planning of supervision work. The Board of Supervisors will earnestly organize and hold the systematic work meeting of the Board of Supervisors, build a platform for the Board of Supervisors and Supervisors to perform their duties in the system, and promote the Company’s Board of Supervisors systematically and constantly summarize the results and rules of supervision work, and exchange supervision methods and experience.

Secondly, to improve the quality and efficiency of the meetings of the Board of Supervisors. The Board of Supervisors will clarify the arrangement and agenda of regular meetings annually, optimize the rules of proceedings and operational mechanisms of meetings, pay attention to communication with management and audit firms before the meeting, deepen understanding of resolutions, strengthen research and analysis of relevant content, timely express supervisory opinions and suggestions, and issue supervisory reminders.

Thirdly, to conduct in-depth investigation and research. The Board of Supervisors will develop a research plan based on the annual supervision focus, conduct in-depth investigation and research on major issues during the course of the Company’s business development, and put forward specific work suggestions.

Fourthly, to constantly participate in the construction of the supervision system. The Board of Supervisors will follow up the unified deployment of the party committee of the Company, implement key measures such as improving the leadership system for supervision, clarifying the supervision responsibility system, and perfecting the supervision consistency system. The Board of Supervisors will coordinate daily supervision, information inquiry, and collaborative review and investigation, and better transform the advantages of the supervision system into governance efficiency.

IV. CONSTANTLY IMPROVE THE SUPERVISION EFFICIENCY OF THE BOARD OF SUPERVISORS, AND EMPOWER THE COMPANY’S HIGH-QUALITY DEVELOPMENT

The Board of Supervisors of the Company will continue to improve the supervision closed-loop of “identification of issues, advice and procuring rectification”, focus on the overall development situation, anchor major issues, continue to exert the advantages of the Board of Supervisors in high-standard supervision and strong issue orientation, put forward more targeted and constructive opinions and suggestions, urge the Company to fundamentally solve the deep-seated problems that affect and restrict reform and development, as well as promote the systematic improvement of the supervision efficiency.

Firstly, to improve the supervision support system. The Board of Supervisors will adhere to digital empowerment supervision, improve the construction of supervision information platforms, optimize the submission of supervision information, and provide more comprehensive and timely support for Supervisors’ duty performance.

Secondly, to strengthen the construction of Supervisors’ duty performance ability. The Board of Supervisors will organize Supervisors to participate in various trainings organized by regulators and the Association of Public Companies, strengthen their learning of new policies and situations, and continuously improve their professional abilities.

Thirdly, to improve the transmission mechanism of supervisory opinions. The Board of Supervisors will provide timely feedback on supervision opinions and suggestions through supervision reports, research reports, meeting minutes and other means, and communicate and convey opinions effectively.

Fourthly, to improve the procurement and implementation mechanism of supervision opinions and suggestions. The Board of Supervisors will follow up and implement the supervision opinions based on the supervision account, and promote the effective transformation of the supervision results of the Board of Supervisors.

SHENWAN HONGYUAN GROUP CO., LTD.
2022 ANNUAL FINANCIAL REPORT

In 2022, due to the turbulence of international situation, increasing downward pressure on the economy, continuous interest rate hikes in the U.S. dollar and other factors, the stocks and bonds in the capital market fell together, and the trading and investment shrunk, which had a certain impact on the operating performance of the Company.

I. OVERALL FINANCIAL POSITION

As at December 31, 2022, the Company's total assets amounted to RMB613.117 billion, representing an increase of 2.01% from the beginning of the year; total liabilities amounted to RMB496.437 billion, representing an increase of 0.50% from the beginning of the year; the equity interests amounted to RMB116.680 billion, representing an increase of 8.99% from the beginning of the year; the equity interests attributable to shareholders of the parent company amounted to RMB95.045 billion, representing a decrease of 0.19% from the beginning of the year.

In 2022, the Company recorded operating income of RMB20.610 billion, representing a year-on-year decrease of 39.93%; net profit of RMB3.140 billion, representing a year-on-year decrease of 67.07%; net profit attributable to shareholders of the parent company of RMB2.789 billion, representing a year-on-year decrease of 70.32%; total comprehensive income of RMB2.733 billion, representing a year-on-year decrease of 70.82%; basic earnings of RMB0.11 per share, representing a year-on-year decrease of 71.05%; and the weighted average return on equity of 2.93%, representing a year-on-year decrease of 7.33 percentage points.

Unit: RMB'00 million

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Increase or decrease (%)</u>
Total assets	6,131.17	6,010.11	2.01
Total liabilities	4,964.37	4,939.56	0.50
Equity interests	1,166.80	1,070.55	8.99
Equity interests attributable to shareholders of the parent company	950.45	952.22	-0.19
<u>Item</u>	<u>2022</u>	<u>2021</u>	<u>Increase or decrease (%)</u>
Operating income	206.10	343.07	-39.93
Operating expenses	174.84	231.77	-24.56
Net profit	31.40	95.35	-67.07
Net profit attributable to shareholders of the parent company	27.89	93.98	-70.32
Other comprehensive income after tax, net	-4.07	-1.70	N/A
Total comprehensive income	27.33	93.65	-70.82
Basic earnings per share (RMB per share)	0.11	0.38	-71.05
Weighted average return on equity (%)	2.93	10.26	Decreased by 7.33 percentage points

II. ASSETS AND LIABILITIES

As at December 31, 2022, the Company's total assets amounted to RMB613.117 billion, and total liabilities amounted to RMB496.437 billion.

(I) Assets

1. *Financial assets*

The total balance of financial assets held by the Company at the end of the period was RMB339.677 billion, representing an increase of RMB22.330 billion or 7.04% as compared with the beginning of the year, mainly due to the increase in bond investment, equity investment and mutual fund investment.

2. *Margin accounts receivable*

The balance of margin accounts receivable held by the Company at the end of the period amounted to RMB61.300 billion, representing a decrease of RMB14.997 billion or 19.66% as compared with the beginning of the year, mainly due to the decrease in the financing needs of customers as a result of market fluctuations for the year.

3. *Clearing settlement funds*

The balance of clearing settlement funds held by the Company at the end of the period was RMB29.512 billion, representing an increase of RMB5.169 billion or 21.23% as compared with the beginning of the year, mainly due to the increase in the clearing settlement funds of futures trading carried out by the Company.

4. *Financial assets held under resale agreements*

The balance of the financial assets held under resale agreements of the Company at the end of the period amounted to RMB17.440 billion, representing a decrease of RMB7.958 billion or 31.33% as compared with the beginning of the year, of which the bond pledged repo business and the size of stock pledged repurchase business decreased as compared to the beginning of the year.

5. *Derivative financial assets*

The balance of derivative financial assets of the Company at the end of the period amounted to RMB8.197 billion, representing an increase of RMB5.397 billion or 192.73% as compared with the beginning of the year, mainly due to the impact of changes in fair value of equity derivatives.

(II) Liabilities

1. *Borrowings and debt financing instruments*

The total balance of borrowings and debt financing instruments of the Company at the end of the period amounted to RMB178.298 billion, representing a decrease of RMB19.372 billion or 9.80% as compared with the beginning of the year, mainly due to the Company's optimization of financing structure, adjustment to the issuance size of long- and short-term

bonds, and issuance of perpetual bonds for replenishment to a certain extent. As at the end of the period, there was no due and outstanding debt repayable, the solvency was relatively strong in overall and the liquidity risk was under control.

2. *Financial assets sold under repurchase agreements*

The balance of the financial assets sold under repurchase agreements of the Company at the end of the period amounted to RMB153.494 billion, representing an increase of RMB15.516 billion or 11.25% as compared with the beginning of the year, mainly due to the increase in the size of bond-pledged repurchase business.

3. *Payables*

The balance of payables of the Company at the end of the period amounted to RMB33.022 billion, representing an increase of RMB16.071 billion or 94.81% as compared with the beginning of the year, mainly due to the increase in payable performance deposits for derivative business.

III. FINANCIAL INCOME AND EXPENSES

(I) Operating Income

In 2022, the Company realized operating income of RMB20.610 billion, representing a year-on-year decrease of RMB13.697 billion or 39.93%.

1. The net fee and commission income amounted to RMB8.534 billion, representing a year-on-year decrease of RMB1.388 billion or 13.99%.

The income from securities trading agency services, sales of financial products, and trading units leasing was affected by the downward of activity of the capital market and the shrinking of market trading volume to a certain extent, and the net income from securities and futures brokerage businesses decrease by RMB1.328 billion or 20.31% year-on-year;

For the investment banking business of the Company, the Company actively promoted professionalism reform and continuously improved the comprehensively financial service ability, the leading underwriter business for stocks and bonds presented a good development momentum, the net fee income from investment banking business increased RMB88 million or 4.88% year-on-year;

The net fee income from asset under management and fund management businesses of the Company decreased by RMB128 million or 9.30% year-on-year, mainly due to the decrease in compensation of management affected by the decline of the security market.

2. The investment income and gains on changes in fair value totaled RMB5.827 billion, representing a year-on-year decrease of RMB5.309 billion or 47.67%, mainly due to the decrease in holding gains and gains on disposal of financial assets held for trading.
3. The net interest income amounted to RMB92 million, representing a year-on-year decrease of RMB913 million or 90.81%.

In particular, the interest income was RMB9.843 billion, representing a year-on-year decrease of RMB1.298 billion or 11.65%, mainly due to the decrease in interest income as a result of the decline in the scale of margin financing and securities lending business and stock pledge business.

Interest expenses amounted to RMB9.751 billion, representing a year-on-year decrease of RMB385 million or 3.80%, mainly due to the decrease in the scale of debt financing and the impact of the decrease in interest expenses on other financial liabilities resulting from the consolidation of structured entities.

(II) Operating Expenses

In 2022, the operating expenses of the Company amounted to RMB17.484 billion, representing a year-on-year decrease of RMB5.693 billion or 24.56%.

In particular, general and administrative expenses amounted to RMB10.141 billion, representing a year-on-year decrease of RMB588 million or 5.48%, mainly due to the effect of the decrease in the provision of labor expenses. Assets and credit impairment losses amounted to RMB1.438 billion, mainly due to the fact that the Company recognized the difference between the carrying amount and the estimated recoverable amount as a credit impairment loss for stock pledges and receivables for which credit risk has been incurred, after estimating the recoverable amount in accordance with the accounting policy accordingly. The Company has made adequate provision for impairment of various assets to objectively reflect the Company's credit risk profile.

(III) Other comprehensive income

In 2022, the Company's net other comprehensive income after tax was RMB-407 million, representing a year-on-year increase in loss of RMB237 million, mainly due to the decrease in the fair value of other debt investments as a result of the change in the fair value of bond investments held by the Company due to the impact of the equity and debt declines in the capital markets, and the increase in the translation difference on foreign currency statements due to the change in exchange rates.

IV. CASH FLOWS

In 2022, the net cash and cash equivalents of the Company increased by RMB1.196 billion, representing a decrease of RMB21.666 billion or 94.77%. The changes are mainly as follows: (1) the year-over-year increase in net cash flows from operating activities was mainly due to the decrease in net outflow of financial instruments held for trading, the increase in inflow of funds for repayment of financing, the decrease in net inflow of repurchase business, and the increase in outflow of deposits from customers; (2) the year-over-year decrease in net cash flows from investing activities was mainly due to the increase in cash paid for investment; (3) the year-over-year decrease in net cash flows from financing activities was mainly due to the decrease in the scale of bond issuance and the decrease in cash inflow from financing activities.

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2023**

In order to further strengthen the management of the Company's ordinary related party transactions and continuously improve the Company's standard operation level, according to the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, for the numerous daily related party transactions each year, the Company can reasonably estimate the amount of ordinary related-party transactions by categories for the year and fulfill review procedures and disclose in a timely manner. The Company should summarize and disclose the actual performance of ordinary related party transactions by type in the annual reports and interim reports.

According to the characteristics of securities and financial products and transactions, etc. including large trading amount, strong trading timeliness, and great possibilities to trigger consideration and disclosure procedures, in order to improve the business efficiency and promote the profit growth and long-term development, the Company has estimated the ordinary related party transactions for 2022, and the estimated and actual ordinary related party transactions in 2022 are as follows:

Unit: '0,000 Currency: RMB

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
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 marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,293.70	0.284
		Expenses incurred by acceptance of securities and financial services provided by the related party including fund management			-	-
	SAIC Finance Corporation Limited ^{Note 1}	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.9	0.000
	SAIC-GMAC Automotive Finance Co., Ltd. ^{Note 1}	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	488.50	0.313
	SAIC Motor Corporation Limited ^{Note 1}	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 market rates	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	6.51	0.002

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	SAIC Motor Financial Holding Management Co., Ltd. ^{Note 1}	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.96	0.000
	Sichuan Development Holding Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services, brokerage services, consulting and training	Determined after arm's length negotiations with reference to market prices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	-	-
	Bank of Shanghai Co., Ltd.	Income from securities and financial services including deposit interest, provision of asset Management to the related party, and agency sale	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	8,476.87	0.998
		Expenses incurred by securities and financial services provided by the related party including asset trusteeship, financial advisory and funds trusteeship			53.55	0.407
	Shanghai Jiushi (Group) Co., Ltd.	Income from provision of securities and financial services to the related party including securities brokerage	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	8.87	0.002
	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	-	-
	Xinjiang Financial Investment Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking, securities brokerage, securities pledged service as an agency	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	94.20	0.060
	Fullgoal Fund Management Co., Ltd.	Income from provision of securities and financial services to the related party including agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	17,401.60	3.080
	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	-	-

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
Securities and financial products and transactions	China Jiayin Investment Ltd. and its subsidiaries	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and Financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	218,990.67	0.015
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			9,331.41	0.006
	Bank of Shanghai Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	3,384,368.48	0.201
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			302,967.43	0.191

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	SAIC Finance Corporation Limited ^{Note 1}	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	-	-
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			4,998.44	0.004
	Fullgoal Fund Management Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	1,056.01	0.001
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			-	-

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	Shanghai International Trust Co., Ltd. Note 1	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	0.023
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			74.62	0.040
	Other related parties of the Company except those listed above	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	-	-
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			6,000.00 ^{Note 2}	0.262
Lease ^{Note 3}	China Jianyin Investment Ltd.	Expenses incurred by the lease of property 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 rentals	960.00	919.40	3.892

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2023**

- Notes:*
1. During the reporting period, SAIC Finance Corporation Limited, SAIC-GMAC Automotive Finance Co., Ltd., SAIC Motor Corporation Limited, SAIC Motor Financial Holding Management Co., Ltd. and Shanghai International Trust Co., Ltd. were removed from the list of related parties of the Company, the actual amount was the data as of the end of remove from the list.
 2. “Other related parties of the Company except those listed above” in the estimate of ordinary related party transactions in 2022 include the securities and financial products trading business occurred with the relate party Xinjiang Financial Investment Co., Ltd.
 3. During the reporting period, the property leasing expenses occurred with Xinjiang Financial Investment Co., Ltd. amounted to RMB317,800, which was not included in the estimate of ordinary related party transactions in 2022 due to that the leasing amount did not meet the standards for timely disclosure and consideration.

In 2023, based on the actual business development of the Company, the Company will continue to estimate the ordinary related party transactions in 2023 in accordance with relevant provisions of the Shenzhen Stock Exchange. In 2023, the ordinary related party transactions mainly involve businesses including securities and financial services, securities and financial products and transactions, housing rental, and comprehensive service businesses. Details are as follows:

I. Basic Information on the Estimated Ordinary Related Party Transactions in 2023

(I) Overview of Ordinary Related Party Transactions

The ordinary related party transactions between the Company and its subsidiaries and related parties are mainly related to securities and financial products and transactions, securities and financial products and services, housing rental, and comprehensive services.

(II) Category and Amount of Estimated Ordinary Related Party Transactions

1. *Ordinary related party transactions with China Jiayin Investment Ltd. and its subsidiaries*

Unit: '0,000 Currency: RMB

Category of related party transaction	Subject matter of related party transaction	Pricing principles of related party transaction	Contracted amount or estimated amount	Actual Amount in 2022
Securities and financial services	Income from provision of securities and financial services to the related party including securities brokerage, investment banking, asset management, agency sale, leasing marketing unit and investment advisory services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,293.70
	Expenses incurred by acceptance of securities and financial services provided by the related party including fund management			0.00

Category of related party transaction	Subject matter of related party transaction	Pricing principles of related party transaction	Contracted amount or estimated amount	Actual Amount in 2022
Securities and financial products and transactions	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and Financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	218,990.67
	Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			9,331.41
Lease	Expenses incurred by the lease of house from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	720.00 ^{Note}	0.00 ^{Note}
Comprehensive services	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 rentals	1,050.00	919.40

Note: The Company has entered into a house lease contract with a subsidiary of China Jianyin Investment Ltd. with a lease term of 2 years, and the total lease amount was RMB9.1176 million. Relevant information has been disclosed in the Announcement on Estimated Ordinary Related Party Transactions for 2021 (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 on March 31, 2021). The year 2022 falls within the execution period of the aforementioned lease contract; therefore, the housing lease expenses for 2022 have not been repeatedly disclosed.

The current estimated housing lease expense of RMB7.20 million for 2023 with a subsidiary of China Jianyin Investment Ltd. was calculated based on a one-year period, and the estimated amount will be increased proportionally if it exceeds one year.

2. Ordinary related party transactions with other related parties

Unit: '0,000 Currency: RMB

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contracted amount or estimated amount	Actual Amount in 2022
Securities and financial services	Bank of Shanghai Co., Ltd.	Income from securities and financial services including deposit interest, provision of asset management to the related party, agency sale and securities brokerage	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	8,476.87
		Expenses incurred by acceptance of securities and financial services provided by the related party including asset trusteeship, financial advisory and funds depository			53.55
	Shanghai Jiushi (Group) Co., Ltd.	Income from provision of securities and financial services to the related party including securities brokerage	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	8.87
	Xinjiang Financial Investment Co., Ltd. ^{Note}	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	94.20
	Fullgoal Fund Management Co., Ltd.	Income from provision of securities and financial services to the related party including securities brokerage, agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	17,401.60
	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 market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	-

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contracted amount or estimated amount	Actual Amount in 2022
Securities and financial product and transactions	Bank of Shanghai Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	3,384,368.48
		Total cash outflow for payment of interests on borrowings, repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			302,967.43
	Fullgoal Fund Management Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	1,056.01
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and from financial products including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			-

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contracted amount or estimated amount	Actual Amount in 2022	
	Xinjiang Financial Investment Co., Ltd. ^{Note}	Total cash inflow from transactions in securities and financial products including bonds trading, derivative trading 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 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	-	
		Total cash outflow from transactions in securities and financial products including bonds trading, derivative trading and subscription of financial products under non-public issuance of the Company by the related party			6,000.00	
	Shanghai Jiushi (Group) Co., Ltd.	Total cash inflow from repurchase trading, bonds trading, derivative 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 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	-	
		Total cash outflow from the payment of interest on repurchase transactions, and bonds trading, derivative trading with the related party and subscription of financial products under non-public issuance of the Company by the related party			-	
	Other related parties of the Company except those listed above	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading 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 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	-	
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			-	
	Lease	Xinjiang Financial Investment Co., Ltd. ^{Note}	Expenses incurred by the lease of house from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	50.00	31.78

Note: In April 2023, Xinjiang Financial Investment Co., Ltd was renamed as "Xinjiang Financial Investment (Group) Co., Ltd."

Other than the abovementioned estimated related party transactions, the Company may be exempted from performing relevant obligations in accordance with the provisions of Article 13 of the Management Policy of Related Party Transactions of the Company for the following related party transactions with the related parties:

- (I) either party subscribes for the publicly offered shares, company bonds or corporate bonds, convertible company bonds or other types of derivatives of another party in cash;
- (II) either party, as a member of the underwriting syndicate (other than the lead underwriter), underwrites the publicly offered shares, company bonds or corporate bonds, convertible company bonds or other types of derivatives issued by another party;
- (III) either party receives dividend, bonus or reward in accordance with the resolutions passed at a general meeting of another party;
- (IV) Purchase or sales of uniformly offered (to more than ten targets, including no more than two related parties of the Company) marketable securities or products with no special terms (e.g. collective wealth management products, trust products, funds, etc.);
- (V) Other circumstances as recognized by the places where the shares of the Company are listed.

When the Company conducts a related party transaction with a related party due to public bidding, public auction, etc., the Company may apply to the Shenzhen Stock Exchange for exemption from performing related obligations for the related party transaction.

II. Main Contents of the Related Party Transactions

(I) Pricing Policy of the Related Party Transactions

1. Securities and financial services

Securities and financial services transactions include various securities and financial services permitted by the regulatory authorities mutually provided by the Company and its subsidiaries and related parties, including but not limited to: securities brokerage business, futures brokerage business, fund outsourcing, leasing marketing unit, agency sale of financial products, investment banking business, asset management services, deposit services, advisory and consulting services, futures margin deposit, etc. The pricing of the aforementioned securities and financial services is determined after arm's length negotiations with reference to market prices, industry practices, deposit and loan interest rates approved and released by the People's Bank of China.

2. Securities and financial products and transactions

Securities and financial products and transactions, include various securities and financial products and transactions permitted by the regulatory authorities, including but not limited to: repurchase transaction; bonds trading; subscription of financial products issued or managed by related parties; subscription of financial products issued or managed by the Company and its subsidiaries by related parties; interbank lending; derivatives trading, etc. The prices or rates of the above securities and financial products and transactions are generally

transparent and standardized in the market. The prices or rates of such transactions shall be determined after arm's length negotiations between the parties with reference to the then applicable market prices or market rates.

3. *House leasing*

The house leasing business mainly includes the mutual lease of house from the other party for business operation purpose between the Company and its subsidiaries and related parties. The rental shall be determined through negotiation by both parties with reference to the market rentals in accordance with the principles of fairness and reasonableness.

4. *Comprehensive services*

Comprehensive services mainly include services including computer room maintenance, system connection, and other services provided by related parties to the Company and its subsidiaries. The pricing of the above services shall be determined after arm's length negotiations with reference to market prices, industry practices, and cost plus.

(II) *Execution of Agreements in relation to Related Party Transactions*

Within the expected scope of the annual ordinary related party transactions, when the related party transactions actually occur, the Company will otherwise enter into relevant agreements. If the related party transaction exceeds the expected scope, the Company will perform the corresponding approval procedures and information disclosure obligations in accordance with the relevant system in a timely manner.

III. Purpose of the Related Party Transactions and Effects thereof on the Company

1. The related party transactions between the Company and the abovementioned related parties will help the Company's business development and increase profit opportunities.
2. The relevant related-party transactions are fair, and the pricing thereof is determined with reference to market prices or cost plus, without prejudice to the interests of the Company and its shareholders;
3. The relevant related-party transactions do not affect the Company's independence, and the principal businesses of the Company do not rely on the related parties due to the abovementioned related party transactions.

According to relevant provisions, in consideration of the abovementioned related party transactions, the shareholders who are interested in these related party transactions shall abstain from voting on the related matters in the resolution. Central Huijin Investment Ltd. and China Jiayin Investment Ltd. abstained from voting on the ordinary related party transaction with China Jiayin Investment Ltd. and its subsidiaries (resolution 7.1), Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd. and Xinjiang Financial Investment (Group) Co., Ltd. (formerly known as Xinjiang Financial Investment Co., Ltd.) abstained from voting on the ordinary related party transaction with other related parties (resolution 7.2).

**APPENDIX V COMPARATIVE TABLE OF THE AMENDMENTS TO THE PLAN ON
AUTHORIZATION TO THE BOARD BY THE GENERAL MEETING**

**COMPARATIVE TABLE OF THE AMENDMENTS TO THE PLAN ON
AUTHORIZATION TO THE BOARD BY THE GENERAL MEETING OF
SHENWAN HONGYUAN GROUP CO., LTD.**

Existing Article	Revised Article	Reason
Part II Authorizations for Management Matters	Part II Authorizations for Management Matters	
<p>1. Organizational setup</p> <p>To decide on the establishment, mergers and acquisitions as well as deregistration of subsidiaries at all levels by the Company within or outside China. The authorization on the <u>establishment, mergers and acquisitions, deregistration of, or the increase or decrease in registered capital for, first-level subsidiaries</u> shall not be delegated.</p>	<p>1. Organizational setup</p> <p>To decide on the establishment, mergers and acquisitions as well as deregistration of subsidiaries at all levels <u>and other legal person institutions</u> by the Company within or outside China. The authorization on the <u>establishment of first-level legal person institutions</u> shall not be delegated.</p>	<p>The original plan on authorization did not specify the relevant authorities for the establishment of various legal person institutions other than in the form of company. After the amendments, the authorization has become clearer, and relevant expressions have been streamlined.</p>