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(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 6806)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board of directors (the “**Board**”) of Shenwan Hongyuan Group Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2023. This interim results announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the information to accompany preliminary announcement of interim results.

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

The 2023 interim report will be dispatched to the H shareholders of the Company and published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company in due course.

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

Beijing, the PRC  
August 30, 2023

*As at the date of this announcement, 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.*



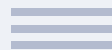
1. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content contained in this interim report, and that there are no misstatements, misleading representations or material omission in the contents contained herein, and severally and jointly bear full legal responsibilities thereof.
2. This interim report was considered and approved at the 19th meeting of the fifth session of the Board. 11 directors shall participate in the poll of the meeting and the actual number of directors participated was 11. No directors, supervisors, or senior management declares the inability to warrant or disagreement with the truthfulness, accuracy, and completeness of the content herein.
3. Mr. Huang Hao, the legal representative, an executive director and the general manager of the Company, Ms. Ren Quansheng, the chief financial officer of the Company, and Ms. Zhang Yan, the general manager of the planning and finance department of the Company, have declared that they warrant the truthfulness, accuracy, and completeness of the financial statements in this interim report.
4. The interim condensed consolidated financial statements for 2023 prepared by the Group in accordance with the International Financial Reporting Standards are unaudited; PricewaterhouseCoopers has reviewed the interim financial information and issued the review report in accordance with International Standard on Review Engagements 2410.
5. The forward-looking statements in this interim report, including future plans and development strategies do not constitute substantive commitments of the Company to investors. Investors should be aware of the investment risks.
6. The Company has described details of the possibly existing risks including market risk, credit risk, liquidity risk, operational risk, policy risk, legal and compliance risk, risk of innovative businesses, reputational risk and exchange rate risk in this interim report. Investors are advised to read the “Management Discussion and Analysis” as set out in section III of this interim report carefully and pay special attention to the above-mentioned risk factors.
7. The Company did not plan to distribute cash dividend, issue bonus share, or convert any capital reserve into share capital for the first half of 2023.
8. This interim report of the Company is prepared in both Chinese and English. In the event of any discrepancy, the Chinese version should prevail.
9. The Company did not have any preferred shares during the Reporting Period.



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# Section I Important Notice, Contents and Definitions



## DOCUMENTS AVAILABLE FOR INSPECTION

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

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

### DEFINITIONS

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

<b>Term</b>	<b>Definition</b>
“Company” or “Shenwan Hongyuan Group”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司)
“Group”	the Company and its subsidiaries
“general meeting”	the general meeting of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“controlling shareholder” or “JIC”	China Jianyin Investment Ltd. (中國建銀投資有限責任公司)
“actual controller” or “Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Beijing Stock Exchange”	Beijing Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shenwan Hongyuan Securities”	Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司)
“Hongyuan Huifu”	Hongyuan Huifu Capital Co., Ltd. (宏源匯富創業投資有限公司)
“Hongyuan Huizhi”	Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司)
“Hongyuan Futures”	Hongyuan Futures Co., Ltd. (宏源期貨有限公司)
“Shenwan Hongyuan Financing Services”	Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司)

<b>Term</b>	<b>Definition</b>
“Shenyin & Wanguo Alternative Investment”	Shenyin & Wanguo Alternative Investment Co., Ltd. (申銀萬國創新證券投資有限公司)
“Shenwan Futures”	Shenwan Futures Co., Ltd. (申銀萬國期貨有限公司)
“Shenyin & Wanguo Investment”	Shenyin & Wanguo Investment Co., Ltd. (申銀萬國投資有限公司)
“SWS Research”	SWS Research Co., Ltd. (上海申銀萬國證券研究所有限公司)
“SWS MU”	SWS MU Fund Management Co., Ltd. (申萬菱信基金管理有限公司)
“Fullgoal Fund”	Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司)
“SWHY International”	Shenwan Hongyuan (International) Holdings Limited (申萬宏源(國際)集團有限公司)
“A Share(s)”	domestic ordinary shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“H Share(s)”	overseas listed foreign ordinary shares of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars
“ETF”	exchange-traded fund(s)
“FICC”	fixed income, currencies and commodities
“CMBS”	commercial mortgage-backed securities
“IPO”	initial public offering
“ABS”	asset-backed securities
“PE”	private equity investment
“margin financing and securities lending”	provision of collateral by investors to securities firms who are qualified for conducting margin financing and securities lending business to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“ChiNext Board”	the growth enterprise board launched by the Shenzhen Stock Exchange

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

<b>Term</b>	<b>Definition</b>
“Net Capital”	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognized or approved by the CSRC
“STAR Market”	the Sci-Tech Innovation Board launched by the Shanghai Stock Exchange
“stock-backed lending”	a transaction in which a securities firm provides financing to qualified clients who pledge their stocks as collateral
“structured notes”	marketable securities issued by securities firms with the payment of principal and return linked to specific underlying assets
“VaR”	value at risk
“PB System”	prime brokerage system
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“SSE Composite Index”	the composite stock price index of the Shanghai Stock Exchange
“SZSE Component Index”	the component stock price index of the Shenzhen Stock Exchange
“WIND”	Wind Information Co., Ltd. (萬得信息技術股份有限公司), a service provider of financial data, information and software in Mainland China
“CHOICE”	a data platform which provides professional financial data service to financial institutions
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules

<b>Term</b>	<b>Definition</b>
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“US dollar” or “USD”	United States dollars, the lawful currency of the United States
“%”	percent
“Reporting Period”	the six months from January 1, 2023 to June 30, 2023

In the 2023 interim report, any discrepancies between the last digit of total shown and the last digit of the sum of the amounts listed are due to rounding.



## Section II Company Profile and Key Financial Indicators

### I. COMPANY PROFILE

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

### II. CONTACT PERSONS AND CONTACT METHODS

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

### III. OTHER INFORMATION

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

**Registered office of the Company** Room 2001, 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC

**Postal code of the registered office of the Company** 830011

**Office address of the Company** 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC;

No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC

**Postal code of the office address of the Company** 830011;  
100033

**Principal place of business in Hong Kong** 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

**Company website** [www.swhygh.com](http://www.swhygh.com)

**Email address of the Company** [swhy@swhysc.com](mailto:swhy@swhysc.com)

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

**Newspapers designated for disclosure of the Company's A Share information** China Securities Journal, Securities Times, Shanghai Securities News

**Website of stock exchange for disclosure of the A Share interim report of the Company** Shenzhen Stock Exchange: [www.szse.cn](http://www.szse.cn)

**Name and website of media for disclosure of the A Share interim report of the Company** Cninfo website: [www.cninfo.com.cn](http://www.cninfo.com.cn)

**Website of stock exchange for disclosure of the H Share interim report of the Company** HKExnews: [www.hkexnews.hk](http://www.hkexnews.hk)

**Location for inspection of interim report of the Company** the office of the Board of the Company, 20/F, Dacheng International Building, 358 South Beijing Road, Urumqi High-tech Zone, Xinjiang, the PRC

**(III) Other Relevant Information**

**Share Registrars**

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

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

**Legal Advisors**

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

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

**Auditors**

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

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

#### IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: Thousand Yuan Currency: RMB

Items	January to June 2023	January to June 2022	Increase/decrease as compared with the corresponding period of last year (%)
Total revenue and other income	17,450,595	18,536,642	-5.86
Profit before income tax	4,974,027	4,088,916	21.65
Profit for the period attributable to shareholders of the Company	3,747,734	3,361,796	11.48
Net cash generated from operating activities	52,339,095	13,884,479	276.96
Basic earnings per share (in RMB per share)	0.15	0.13	15.38
Weighted average return on equity (%)	3.85	3.47	Increased by 0.38 percentage point

Items	June 30, 2023	December 31, 2022	Increase/decrease as compared with the end of last year (%)
Total assets	638,776,833	613,117,025	4.19
Total liabilities	515,948,585	496,437,332	3.93
Total equity attributable to shareholders of the Company	98,942,236	95,044,944	4.10
Share capital	25,039,945	25,039,945	-
Equity per share attributable to shareholders of the Company (in RMB per share)	3.95	3.80	3.95
Gearing ratio (%) <sup>Note</sup>	77.10	77.25	Decreased by 0.15 percentage point

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

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

In terms of profit for the period and profit for the period attributable to the shareholders of the Company for January to June 2023 and January to June 2022, and total equity and total equity attributable to shareholders of the Company as of June 30, 2023 and December 31, 2022, there's no difference between the data set out in the financial statements disclosed by the Company prepared in accordance with International Financial Reporting Standards and that prepared in accordance with China Accounting Standards for Business Enterprises.

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

Unit: Thousand Yuan Currency: RMB

Items	As of the end of the Reporting Period	As of the end of last year	Increase/decrease as compared with the end of last year
Core net capital	<b>59,265,028</b>	55,160,968	7.44%
Supplementary net capital	<b>26,320,000</b>	25,900,000	1.62%
Net capital	<b>85,585,028</b>	81,060,968	5.58%
Net assets	<b>112,898,809</b>	107,442,414	5.08%
Total risk capital reserves	<b>32,274,186</b>	31,504,007	2.44%
Total on-balance sheet & off-balance sheet assets	<b>556,430,314</b>	520,295,446	6.95%
Risk coverage ratio	<b>265.18%</b>	257.30%	Increased by 7.88 percentage points
Capital leverage ratio	<b>10.92%</b>	10.89%	Increased by 0.03 percentage point
Liquidity coverage ratio	<b>169.26%</b>	212.12%	Decreased by 42.86 percentage points
Net stable funding ratio	<b>128.77%</b>	136.74%	Decreased by 7.97 percentage points
Net capital/net assets	<b>75.81%</b>	75.45%	Increased by 0.36 percentage point
Net capital/liabilities	<b>24.68%</b>	24.02%	Increased by 0.66 percentage point
Net assets/liabilities	<b>32.56%</b>	31.84%	Increased by 0.72 percentage point
Equity securities and derivatives held/Net capital	<b>38.49%</b>	49.13%	Decreased by 10.64 percentage points
Non-equity securities and derivatives held/Net capital	<b>337.28%</b>	334.51%	Increased by 2.77 percentage points

VII. REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed and confirmed the Company's Report on Review of Interim Financial Statements disclosed in accordance with International Financial Reporting Standards for the six months ended June 30, 2023, and has no objection against matters including the accounting policies and practice adopted by the Company.

# Section III Management Discussion and Analysis

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

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

#### 1. Systematic reform of the capital market safeguarded market stability and promoted stable and high-quality development of the industry

During the Reporting Period, the construction of the modern capital market system with Chinese characteristics continued to be strengthened, which has promoted the systematic reform of the capital market and driven the long-term improvement of the capital market. The CSRC issued relevant rules and regulations for the full implementation of the registration system for share issuance, and the stock exchanges, NEEQ Company, CSDC, China Securities Finance and the Securities Association of China issued and implemented supporting rules and regulations simultaneously, which marked that the registration system reform will enter the full implementation stage; new regulations on margin and securities refinancing were released to further improve the basic trading system of the capital market, optimize the margin and securities refinancing mechanism, and facilitate the balance between long and short positions in the market; the Regulations on the Supervision and Administration of Private Equity Funds were released to improve basic laws and regulations for the supervision of private equity funds, and promote the high-quality development of the industry into a new stage; the Measures for the Supervision and Administration of Derivatives Transactions were issued to implement the Futures and Derivatives Law, promote the healthy development of the derivatives market, and support the business innovation of securities and futures operating institutions. Upon implementation of the comprehensive registration system, the capital market entered into a new phase of reform and innovative development. With the implementation of numerous policies and measures, China's capital market will continue to expand, and the market ecology will be gradually improved, which will promote the healthy and sustainable development of the securities industry.

#### 2. Stronger demand for wealth management from residents promoted the transformation of professionalism and differentiation of securities companies

Benefited from the huge opportunities brought by China's rapid development of multi-level capital market, China's securities industry has achieved considerable development, and has shown the characteristics of improving industry concentration, and attaching equal importance to both asset-heavy and asset-light businesses. With stronger demand for wealth management from residents, securities companies continued to reform to meet diverse needs of residents. The industry became more centralized due to that the large-scale securities companies have strong capital strength, comprehensive business structure, leading innovation capability and comprehensive risk control; and small and medium-sized securities companies have continued to seek for differentiated development, a coexistence layout of mega-sized securities companies and differentiation of boutique securities companies will be formed in the future to jointly serve the multi-level capital market.

**3. Intensifying investment in information technology, and empowerment of digital technology transformation on the high-quality development of securities companies**

The financial industry has great potential in the digital transformation. The securities industry has shown a rapid growth momentum in the investment of financial technology funds and human resources. The Securities Association of China issued the Three-Year Improvement Plan for Network and Information Security of Securities Companies, which promotes the enhancement of network and information security awareness among industry practitioners, the improvement of technology governance capabilities, the strengthening of the ability to control the information system architecture, and continuous increase in investment in technology funds and talent cultivation. By strengthening the construction of the financial technology platform, the securities companies conducted intelligent investment consulting, intelligent trading and intelligent operation, etc., thereby comprehensively improving the business efficiency, reducing operation costs, and enhancing risk management level.

**4. The legal system construction in the capital market continued to deepen, and the “zero tolerance” entered a new stage**

In 2023, the capital market maintained the trend of “zero tolerance” and “strict supervision”. During the Reporting Period, the CSRC attached great importance to capital market regulation, continued to strengthen the monitoring and supervision of market trading behaviors, conducted tracking and analysis on new trading methods such as quantitative trading, resolutely punished insider trading, market manipulation and other illegal acts, and earnestly maintained a benign and healthy market order and ecology. By strengthening system establishment, intensifying supervision, and further setting up the cultural concept of the securities industry with “compliance, integrity, professionalism and stability” as the core, it will continue to promote the high-quality development of the securities industry.

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

The Company has witnessed the development of the securities industry of the PRC, experienced multiple market cycles and established a longstanding, comprehensive and high-quality leading position in the securities industry of China. The Company fully exerts the dual structure advantages of “investment holding group + securities subsidiaries”, upholds steady operation and strict risk control, and with the focus on the needs of customers of corporate finance, personal finance, institutional services and trading as well as investment management, etc., the Company constantly enriches the securities business fields, optimizes the asset allocation structure, accelerates the business coordination, continues to improve the sustainable investment model, and strives to create a closed loop of comprehensive financial services.

## II. PRINCIPAL BUSINESS ENGAGED BY THE COMPANY

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

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

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

#### 1. Enterprise finance

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

#### 2. Personal finance

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



**3. Institutional services and trading**

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

**4. Investment management**

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

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

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

Prize winner	Issuing authority	Award
Shenwan Hongyuan Group	New Fortune	The 6th New Fortune Best IR of Hong Kong Listed Companies (A+H Shares) Award
Shenwan Hongyuan Group	Panorama Network	"Outstanding IR Enterprise" "Best New Media Operation Award"
Shenwan Hongyuan Group	Directors & Boards magazine	18th "Gold Round Table Award" for Boards of Chinese Listed Companies – "Outstanding Contribution in Corporate Governance" Award
Shenwan Hongyuan Group	Directors & Boards magazine	The 18th "Gold Round Table Award" for Boards of Chinese Listed Companies and the 4th "Excellent Assistant to Board Secretary" – "Most Innovative Board Secretary" Award
Shenwan Hongyuan Securities	Shanghai Stock Exchange	Outstanding Individual Award of Outstanding Participating Institution in Credit Protection Tool Business
Shenwan Hongyuan Securities	Shanghai Stock Exchange	Interest Rate Bond Market Making Elite
Shenwan Hongyuan Securities	Shanghai Stock Exchange	Scientific and Technological Innovation Bond Investment Progress Elite
Shenwan Hongyuan Securities	Shanghai Stock Exchange	Outstanding Corporate Bond Underwriter
Shenwan Hongyuan Securities	Shanghai Stock Exchange	Outstanding Underwriter in Serving National Strategy
Shenwan Hongyuan Securities	Shanghai Stock Exchange	"Top Ten ETF Sellers" in 2022

Prize winner	Issuing authority	Award
Shenwan Hongyuan Securities	Shenzhen Stock Exchange	2022 Outstanding REITs Liquidity Service Provider
Shenwan Hongyuan Securities	Shenzhen Stock Exchange	Excellent Dealer
Shenwan Hongyuan Securities	Shenzhen Stock Exchange	2022 Group Award of Outstanding Intermediary for Fixed Income Innovative Products
Shenwan Hongyuan Securities	Shenzhen Stock Exchange	2022 Individual Award of Outstanding Intermediary for Fixed Income Innovative Products
Shenwan Hongyuan Securities	Shenzhen Stock Exchange	Market Making Contribution Award for New Options
Shenwan Hongyuan Securities	National Interbank Funding Center	2022 Outstanding Interbank Local Currency Market Trader
Shenwan Hongyuan Securities	China Financial Futures Exchange	2022 Bronze Award for Outstanding Market Maker in Treasury Bonds
Shenwan Hongyuan Securities	China Financial Futures Exchange	2022 Outstanding Trading Team Award of Treasury Bond Futures (Proprietary)
Shenwan Hongyuan Securities	China Financial Futures Exchange	2022 Outstanding Dealer of Treasury Bond Futures
Shenwan Hongyuan Securities	China Financial Futures Exchange	2022 Silver Prize for Outstanding Stock Index and Options Market Maker
Shenwan Hongyuan Securities	China Financial Futures Exchange	2022 Outstanding Contribution Award of Stock Index and Options Market Maker for New Options Listing
Shenwan Hongyuan Securities	Shanghai Gold Exchange	Excellent Dealer of the Year
Shenwan Hongyuan Securities	Shanghai Gold Exchange	2022 Outstanding Special Member

## Section III Management Discussion and Analysis (continued)

Prize winner	Issuing authority	Award
Shenwan Hongyuan Securities	Securities Association of China/PBC School of Finance, Tsinghua University	Outstanding Essay for Essay Campaign
Shenwan Hongyuan Securities	China Foreign Exchange Trade System	2022 Annual Market Influence Award – Active Dealer
Shenwan Hongyuan Securities	China Foreign Exchange Trade System	2022 Market Innovation Award – Bond Underwriter Award
Shenwan Hongyuan Securities	China Foreign Exchange Trade System	2022 Market Innovation Award – iDeal Award
Shenwan Hongyuan Securities	China Foreign Exchange Trade System	2022 Outstanding Interbank Local Currency Market Business Executive
Shenwan Hongyuan Securities	China Foreign Exchange Trade System	2022 Interbank Local Currency Market Innovation Star
Shenwan Hongyuan Securities	Shanghai Federation of Trade Unions	2023 “Shanghai Worker Pioneer”
Shenwan Hongyuan Securities	New Fortune	Best Investment Banking Elite Team – Corporate Bond Project
Shenwan Hongyuan Securities	New Fortune	Best Investment Advisor Team Award
Shenwan Hongyuan Securities	New Fortune	Best Investment Advisor Award
Shenwan Hongyuan Securities	New Fortune	Best Stock Investment Return Award
Shenwan Hongyuan Securities	New Fortune	Best Mutual Fund Allocation Award
Shenwan Hongyuan Securities	New Fortune	Stock Investment New-comer Award
Shenwan Hongyuan Securities	New Fortune	Mutual Fund Allocation New-comer Award
Shenwan Hongyuan Securities	Shanghai Financial Servicing Real Economy Fair	Outstanding Performance Award in Bailing Out Businesses in Difficulty of the Shanghai Finance Industry (Corporate Bond)
Shenwan Hongyuan Securities	Dalian Commodity Exchange	2022 “Excellent Market Maker” (No. 2 Soybean Futures)
Shenwan Hongyuan Securities	Dalian Commodity Exchange	2022 “Outstanding Market Maker” (Corn Futures)
Shenwan Hongyuan Securities	Dalian Commodity Exchange	2022 “Advanced Market Maker” (Soybean Meal Futures, Liquefied Petroleum Gas Options)

Prize winner	Issuing authority	Award
Shenwan Hongyuan Securities	Zhengzhou Commodity Exchange	Outstanding Option Market Maker Award of Zhengzhou Commodity Exchange
Shenwan Hongyuan Securities	The 8th Science and Technology Awards Regarding Securities and Futures jointly organized by China Futures Association, Securities Association of China and Asset Management Association of China	Excellence Award
Shenwan Hongyuan Securities	Securities Times, Brokerage China (券商中國)	2023 Institutional Broker Junding Award of China Securities Industry
Shenwan Hongyuan Securities	The First Xinjiang Financial Technology Innovation Competition co-hosted by the Urumqi Central Sub-branch of the People's Bank of China and the Regional Local Financial Supervision Authority of the Autonomous Region	Third Prize in "Business Innovation Application"
Shenwan Hongyuan Securities	The First Leasing Industry Investment and Financing Summit Forum (2023) and Shanghai Financial Leasing Industry 2022 Innovative Financing Award – Jinqian Award Presentation Ceremony (Shanghai Financial Leasing Industry Association)	2022 Leasing Industry Investment and Financing Industry Financial Service Institution Award

## Section III Management Discussion and Analysis (continued)

Prize winner	Issuing authority	Award
Shenwan Hongyuan Securities	The First Leasing Industry Investment and Financing Summit Forum (2023) and Shanghai Financial Leasing Industry 2022 Innovative Financing Award – Jinqian Award Presentation Ceremony (Shanghai Financial Leasing Industry Association)	2022 Best Financing Innovation Award of Stock Exchange (Triumph Technology ABS)
Shenwan Hongyuan Securities	“2023 Annual Summit of Chinese Financial Institutions” held by Securities Times	2023 Junding Award for Asset Management Quantitative Team of China Securities Industry – Shenwan Hongyuan Securities Asset Management Quantification and Derivatives Investment Department
Shenwan Hongyuan Securities	“2023 Annual Summit of Chinese Financial Institutions” held by Securities Times	2023 Junding Award for Asset Management Equity Team of China Securities Industry – Shenwan Hongyuan Securities Asset Management Equity and Diversified Investment Department
Shenwan Hongyuan Securities	“2023 Annual Summit of Chinese Financial Institutions” held by Securities Times	2023 Junding Award for Public Equity Products of China Securities Industry – Shenwan Hongyuan Securities Asset Management – Shenwan Hongyuan Hongli Growth
Shenyin & Wanguo Investment	Shanghai Private Equity Association	“The Best FoF of the Year” Award of 2022 in “PEAS 2022 Equity Investment List”
Shenyin & Wanguo Investment	Securities Times	“Outstanding PE Institution of the Year” Award of 2023 China Venture Capital Golden Eagle Awards
Shenyin & Wanguo Investment	Shanghai Biopharmaceutics Industry Association	2022 Most Active Financial Service Institution in China’s Biomedical Industry of “2023 China Biomedical Science and Technology Innovation Value List”
SWS Research	Shanghai Financial Youth League Working Committee, Shanghai Financial Youth Federation	Third Prize of Shanghai Youth Financial Business Innovation Competition

<b>Prize winner</b>	<b>Issuing authority</b>	<b>Award</b>
SWS Research	Securities Association of China	Outstanding Key Topic Report of Securities Association of China
Shenwan Futures	China Rural Credit Cooperative Newspaper (中國農村信用合作報)	Futures Innovative Model Unit Case for Supporting Rural Revitalization
Shenwan Futures	Information Technology Application Innovation Alliance of Securities and Fund Industry	2022 Outstanding Member Award Outstanding Award
Shenwan Futures	People's Government of Maigaiti County	Active participation in the implementation of cotton and red dates "Insurance + Futures" in Maigaiti in 2022
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Member
Shenwan Futures	Zhengzhou Commodity Exchange	Institutional Service Outstanding Member
Shenwan Futures	Zhengzhou Commodity Exchange	Option Market Service Award
Shenwan Futures	Zhengzhou Commodity Exchange	Agricultural Industry Service Award
Shenwan Futures	Zhengzhou Commodity Exchange	Chemical Industry Service Award
Shenwan Futures	Zhengzhou Commodity Exchange	Photovoltaic Building Materials Industry Service Award
Shenwan Futures	Zhengzhou Commodity Exchange	Metallurgical Industry Service Award
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Risk Management Company
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Industry Service Sales Department (Agricultural Industry Service Award)
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Industry Service Sales Department (Chemical Industry Service Award)
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Industry Service Sales Department (Photovoltaic Building Materials Industry Service Award)
Shenwan Futures	Zhengzhou Commodity Exchange	Outstanding Industry Service Sales Department (Metallurgical Industry Service Award)

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

<b>Prize winner</b>	<b>Issuing authority</b>	<b>Award</b>
Shenwan Futures	Zhengzhou Commodity Exchange	“Agricultural Insurance Without Worries (農險無憂)” Pilot Project Outstanding Project Award
Shenwan Futures	China Financial Futures Exchange	Outstanding Member Platinum Award
Shenwan Futures	China Financial Futures Exchange	Risk Management Service Award (Stock Index Futures)
Shenwan Futures	China Financial Futures Exchange	Risk Management Service Award (Stock Index Options)
Shenwan Futures	China Financial Futures Exchange	Technical Management Award
Shenwan Futures	China Financial Futures Exchange	Marketing Publicity Award
Shenwan Futures	China Financial Futures Exchange	Institutional Service Award
Shenwan Futures	China Financial Futures Exchange	Treasury Bond Futures Market Maker Outstanding Service Member Award
Shenwan Futures	China Financial Futures Exchange	Stock Index Options Market Maker Outstanding Service Member Award
Shenwan Futures	Dalian Commodity Exchange	Outstanding Member Gold Award
Shenwan Futures	Dalian Commodity Exchange	Outstanding Institutional Service Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Macro Analyst Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Ferrous Metals Analyst Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Energy and Chemical Analyst Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Analyst Newcomer Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Crude Oil Analyst Award
Shenwan Futures	Shanghai Futures Exchange	Outstanding Member Gold Award
Shenwan Futures	Shanghai Futures Exchange	Market Progress Award

<b>Prize winner</b>	<b>Issuing authority</b>	<b>Award</b>
Shenwan Futures	Shanghai Futures Exchange	Steel Industry Service Award
Shenwan Futures	Shanghai Futures Exchange	Nonferrous Industry Service Award
Shenwan Futures	Shanghai Futures Exchange	Energy and Chemical Industry Service Award
Shenwan Futures	Shanghai Futures Exchange	Option Market Service Award
Shenwan Futures	Capital Market Public Pro Bono Alliance	The Second China Capital Markets Pro Bono Forum Rural Revitalization Advanced Individual
Shenwan Futures	Pystandard	2023 Third China Asset Management & Wealth Management Industry “Golden Award” – Futures Company with Superior Asset Management Capabilities
Hongyuan Futures	China Financial Futures Exchange	Outstanding Member Platinum Award
Hongyuan Futures	China Financial Futures Exchange	Risk Management Service Award (Treasury Bond Futures)
Hongyuan Futures	Zhengzhou Commodity Exchange	Outstanding Member
Hongyuan Futures	Zhengzhou Commodity Exchange	Option Market Service Award
Hongyuan Futures	Zhengzhou Commodity Exchange	Agricultural Product Service Award
Hongyuan Futures	Zhengzhou Commodity Exchange	Outstanding Agricultural Industry Service Sales Department – Hongyuan Futures Urumqi Sales Department
Hongyuan Futures	Shanghai Futures Exchange	Outstanding Member Award
Hongyuan Futures	Shanghai Futures Exchange	Precious Metals Industry Service Award
Hongyuan Futures	Shanghai Futures Exchange	Option Market Service Award
Hongyuan Futures	Shanghai Futures Exchange	Diamond Award for Market Making Business
Hongyuan Futures	Shanghai Futures Exchange	First Prize of Natural Rubber “Insurance + Futures” Pilot Project
Hongyuan Futures	Shanghai Futures Exchange	First Prize of “Improving Futures Operation Quality”



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

<b>Prize winner</b>	<b>Issuing authority</b>	<b>Award</b>
Hongyuan Futures	Shanghai Futures Exchange	Option Customer Development Excellence Award
Hongyuan Futures	Shanghai Futures Exchange	Futures Model Unit for Supporting Rural Revitalization
Hongyuan Futures	Dalian Commodity Exchange	2022 Outstanding Member Award
Hongyuan Futures	Research Association of Ideological and Political Work of China Financial Institutions	2021-2022 Advanced Unit for National Financial System Culture Construction
Hongyuan Futures	China Rural Credit Cooperative Newspaper (中國農村信用合作報)	2022 Outstanding Sales Department for Options Promotion of “Improving the Operation Quality of Option Market” – Hongyuan Futures Shenyang Branch
Hongyuan Futures	Securities Times	2023 Junding Award for China Futures Company Leaders – Wang Huadong, the Secretary of the Party Committee and Chairman of Hongyuan Futures
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best A Share Equity Underwriter
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best A Share IPO Underwriter
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best A Share Refinancing Underwriter
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best STAR Market Equity Underwriter
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best Beijing Stock Exchange Equity Underwriter
Shenwan Hongyuan Financing Services	WIND	2022 WIND Best Investment Bank – Best NEEQ Lead Securities Company
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Local Investment Bank (8th)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Practicing ESG Investment Bank (5th)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Equity Underwriting Investment Bank (8th)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Refinancing Investment Bank (8th)

Prize winner	Issuing authority	Award
Shenwan Hongyuan Financing Services	New Fortune (16th)	Most Creative Project – Listing on Main Board of The Stock Exchange of Hong Kong Limited by Way of Introduction of Domestically Listed Foreign Shares of Huaxin Cement Co., Ltd. (華新水泥股份有限公司)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Investment Banking Elite Team (IPO Project) – 2022 Main Board IPO of Xinjiang Lixin Energy Co., Ltd. (新疆立新能源股份有限公司)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Investment Banking Elite Team (IPO Project) – 2022 Beijing Stock Exchange IPO of Shenzhen Yunli Wuli Technology Holdings Co., Ltd. (深圳雲里物里科技股份有限公司)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Investment Banking Elite Team (Refinancing Project) – 2022 Non-public Offering by TCL Technology Group Co., Ltd. (TCL科技集團股份有限公司)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Investment Banking Elite Team (Convertible Bonds Project) – 2022 Public Issuance of Convertible Corporate Bonds Project of Xinjiang Tianye Co., Ltd. (新疆天業股份有限公司)
Shenwan Hongyuan Financing Services	New Fortune (16th)	Best Investment Banking Elite Team (Corporate Bonds Project) – 2022 Public Issuance of Corporate Bonds (First Tranche) by Wuhan Metro Group Co., Ltd. (武漢地鐵集團有限公司) to Professional Investors
Shenwan Hongyuan Financing Services	New Fortune (16th)	New Fortune Best Sponsor Representative
Shenwan Hongyuan Financing Services	Securities Times	2023 Comprehensive Investment Bank Junding Award of China Securities Industry
Shenwan Hongyuan Financing Services	Securities Times	2023 Overseas Investment Bank Junding Award of China Securities Industry
Shenwan Hongyuan Financing Services	Securities Times	2023 Investment Banker Junding Award of China Securities Industry
Shenwan Hongyuan Financing Services	Securities Times	2023 Gold Medal Sponsor Representative Junding Award of China Securities Industry
Shenwan Hongyuan International	Hong Kong Stock Exchange	Top Market Participants in 2022

### III. ANALYSIS ON CORE COMPETITIVENESS

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

#### (I) Leading Comprehensive Strength

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

#### (II) Comprehensive Business Layout

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

#### (III) Favorable Regional Advantage

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

#### (IV) Effective Risk Management

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

**(V) Well-established Talent Mechanism**

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

**IV. PRINCIPAL BUSINESS ANALYSIS**

In the first half of 2023, the Company insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of the 20th Party Congress, seriously implemented the major decisions and deployments of the CPC Central Committee and State Council, insisted on the development position of state-owned financial enterprises, fully implemented the “three major tasks” of finance, served the needs of the national strategy, the development needs of the people and the needs of the real economy, and made the provision of professional and efficient intermediary services for the real economy, the capital market and the general public the top priority of the Company's development. In the first half of the year, in the face of sustained domestic macroeconomic recovery and continuous introduction of a series of stable growth policies, the Company insisted on the general keynote of “seeking progress in a stable manner”, adhered to our main responsibilities, optimized our business layout, reformed our system mechanism, seized development opportunities, prevented development risks, and promoted our business development to integrate into the overall situation of high-quality development of economy and capital market in China. The Company insisted on customer-centric approach and strived to enhance the competitiveness of asset-light businesses; optimized asset allocation efficiency, enhanced the stable return capability of asset-heavy businesses, and achieved resilient development, so as to fully achieve steady development of business.

**(I) General Condition**

In the first half of 2023, the Group realized total revenue and other income of RMB17,451 million, representing a year-on-year decrease of 5.86%; profit before income tax of RMB4,974 million, representing a year-on-year increase of 21.65%; profit for the period attributable to shareholders of the Company of RMB3,748 million, representing a year-on-year increase of 11.48%; basic earnings per share of RMB0.15, representing a year-on-year increase of 15.38%; and a weighted average return on equity of 3.85%, representing a year-on-year increase of 0.38 percentage point. As at June 30, 2023, the total assets of the Group amounted to RMB638,777 million, representing an increase of 4.19% as compared to the beginning of the year, and the total equity attributable to shareholders of the Company amounted to RMB98,942 million, representing an increase of 4.10% as compared to the beginning of the year.

**(II) Principal Business Analysis**

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

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

Unit: Thousand Yuan Currency: RMB

Segment	Total revenue and other income	Total expenses	Profit margin before income tax (%) <sup>Note</sup>	Change	Change	Change in
				in total revenue and other income as compared to the corresponding period of last year (%)	in total expenses as compared to the corresponding period of last year (%)	profit margin before income tax as compared to the corresponding period of last year (percentage point)
Enterprise finance	2,539,778	1,688,550	40.89	69.30	30.22	10.16
Including: Investment banking	1,134,624	830,249	26.83	33.45	66.37	-14.48
Principal investment	1,405,154	858,301	50.15	116.21	7.60	28.23
Personal finance	5,625,180	3,935,435	30.04	-13.92	-25.08	10.42
Institutional services and trading	8,535,104	6,493,040	23.93	-10.85	-16.14	4.80
Investment management	750,533	676,282	9.89	-19.08	28.14	-33.21
Total	17,450,595	12,793,307	28.00	-5.86	-13.67	6.38

Note: Profit margin before income tax = Profit before income tax / (Total revenue and other income + Shares of profit of associates and joint ventures) \* 100%

## 1. Enterprise finance business

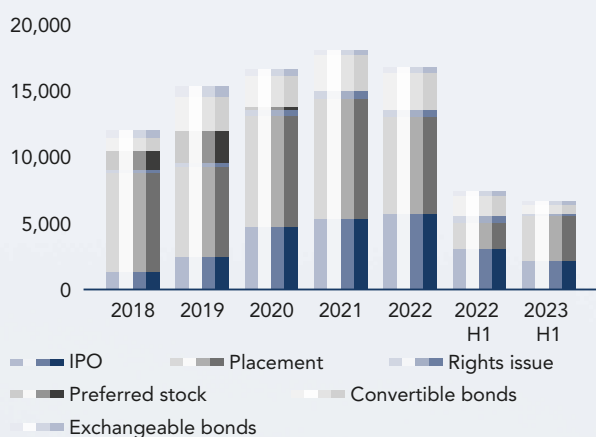
Targeting enterprise clients, our enterprise finance business consists of investment banking business and principal investment business. The investment banking business includes equity financing, debt financing and financial advisory, while the principal investment business includes equity investment, debt investment and other investment. During the Reporting Period, the enterprise finance business of the Company recorded total revenue and other income of RMB2,540 million, among which: the investment banking business segment recorded total revenue and other income of RMB1,135 million, and the principal investment business segment recorded total revenue and other income of RMB1,405 million.

### (1) Investment banking business

#### Market environment:

#### Statistics of Domestic Share Issuance

Unit: RMB'00 million

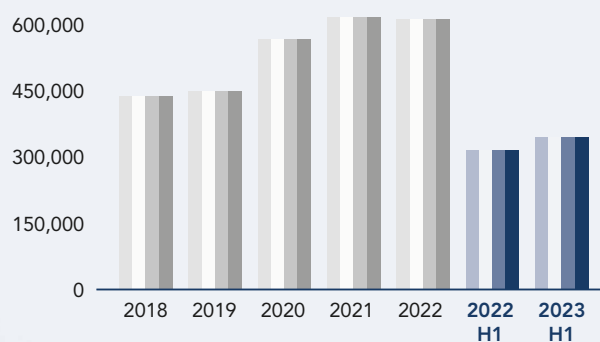


Notes:

1. Source: WIND;
2. Based on the data on the listing date

#### Statistics of Domestic Bond Issuance

Unit: RMB'00 million



Notes:

1. Source: WIND;
2. Based on the data on the issuance date

a. Equity financing

In the domestic market, with the full implementation of the equity issuance registration system reform in the first half of 2023 and continuous promotion of various policies to stabilize economic growth, the overall pace of equity business in the entire market was stable. Both the number of IPOs and the number of refinancing projects increased, but the equity financing size decreased. During the Reporting Period, a total of 173 A-share IPOs were listed, a year-on-year increase of 1.17%, and the amount of initial public offering reached RMB209.677 billion, decreased by 32.78% year-on-year. The number of A-share refinancing projects was 234, a year-on-year increase of 9.86%, and the proceeds amounted to RMB453.048 billion, a year-on-year increase of 6.39%. In particular, the scale of private placement reached RMB351.941 billion, a year-on-year increase of 82.42%; the total issuance scale of convertible bonds reached RMB72.851 billion, a year-on-year decrease of 54.05%. (WIND, based on the data on listing date, 2023)

As for the overseas market, affected by the market environment, in the first half of 2023, the amount of equity financing in the Hong Kong market was HKD74.390 billion, a year-on-year decrease of 35.33%. In particular, the amount of IPO financing was HKD17.778 billion, a year-on-year decrease of 9.91%. (Hong Kong Stock Exchange, 2023)

b. Debt financing

In the domestic market, in the first half of 2023, the bond issuance market showed an overall pattern of “cold before and warm after”, and the overall size of credit bond issuance increased by 2% compared to the first half of 2022. In particular, from January to February, bond issuance encountered a downturn due to the impact of redemptions of wealth management subsidiaries of commercial bank; from March to April, the bond issuance market rebounded significantly; from May to June, the market operated smoothly.

In the overseas market, there was a sharp adjustment in the Chinese-funded USD bonds market due to the Fed’s record rate hike cycle and other factors. The number of Chinese-funded USD bonds in 2023 was 350, with a total issue size of USD46.342 billion, a year-on-year decrease of 34%. (Bloomberg, 2023)

c. Financial advisory

In the first half of 2023, due to the impact of economic environment, the mergers and acquisitions market in China recovered slowly. In the first half of 2023, the mergers and acquisitions market in China (including cross-border mergers and acquisitions transactions related to Chinese enterprises) announced 3,808 mergers and acquisitions, with a scale of approximately RMB771.0 billion, a year-on-year decrease of approximately 25.8%. (WIND, 2023)

### Operating measures and results:

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

The Company insisted on implementing national strategies and serving the real economy as the core; effectively brought its professional advantages into play; strengthened strategic guidance; practically identified its responsibilities and missions; and focused on its main responsibilities and businesses. The Company also expanded and deployed strategic national projects and special business varieties; supported the development of enterprises featured by “specialization, refinement, specialization and novelty”, strategic emerging industries and frontier technology enterprises; assisted in the transformation and upgrading of enterprises in the key links and core points in the advanced manufacturing industries and industry chains, and continued to enhance its financial service capabilities for major national development strategies. The Company insisted on the organic unification of economic responsibility and social responsibility, did a good job of “six stabilizations” and “six guarantees”, practiced the concept of financial inclusion, and continued to expand the service coverage. The Company actively played its role as a bridge between the capital market and the real economy, and continued to cultivate a business ecology that follows national strategies. The specific measures are as follows.

### Serving national strategies

### Specific measures

#### Serving technology for self-reliance and self-improvement

#### Implemented national technological self-reliance and self-improvement and supported science and technology innovation finance

Equity financing: during the Reporting Period, the Company supported a number of high-tech enterprises including Sichuan Huafeng Technology Co., Ltd. (四川華豐科技股份有限公司) (688629.SH) and Anji Microelectronics Technology (Shanghai) Co., Ltd. (安集微電子科技(上海)股份有限公司) (688019.SH) to conduct equity financing activities. Since the introduction of the STAR Market, the Company supported 13 enterprises listing on the STAR Market. In addition, the Company utilized overseas capital market resources to support science and innovation finance, and completed two Swiss GDR projects, namely Zhejiang Hangke Technology Co., Ltd. (浙江杭可科技股份有限公司) (“Hangke Technology”) and Zhejiang Zhongkong Technology Co., Ltd. (浙江中控技術股份有限公司), which were listed on the STAR Market. Among them, Hangke Technology is the first GDR project on the STAR Market, which is an important milestone case for science and technology innovation enterprises to actively integrate into the international capital market, enhance the allocation of global capital factor resources, and promote the development of internationalization strategy.



**Serving national strategies**

**Specific measures**

Debt financing: the Company grasped tightly the hot spot business, and issued 14 “innovation and entrepreneurship corporate bonds” with issuance size of RMB21.390 billion, contributing professional force to implement national strategies of innovation-driven development in science and technology.

**Serving green finance**

**Implemented the national carbon peak and carbon neutrality strategy and supported green finance**

Equity financing: the Company actively became a practitioner, contributor and promoter of the concept of green finance, and successfully supported Guangdong Mingyang Electric Co., Ltd. (廣東明陽電氣股份有限公司) (301291.SZ), a green environmental protection and new energy enterprise, and Fujian Nanwang Environmental Protection Technology Co., Ltd. (福建南王環保科技股份有限公司) (301355.SZ), a resource recycling enterprise, to list on the ChiNext Board; and supported Zhejiang Tianhong Lithium Battery Co., Ltd. (浙江天宏鋰電股份有限公司) (873152.BJ), a lithium-ion battery research and development enterprise, to list on the Beijing Stock Exchange.

Debt financing: during the Reporting Period, the Company successively completed the issuance of 14 bonds of various types, such as China Construction Bank green financial bonds, SPD Bank green financial bonds, Industrial Bank green financial bonds, Hengfeng Bank green financial bonds, China Railway Investment Group carbon neutral green science and technology innovation corporate bonds, Wuhan Optics Valley Traffic carbon neutral green corporate bonds and Xinjiang Zhongtai Chemical sustainable linked corporate bonds.

### Serving national strategies

### Specific measures

#### Serving industry optimization and upgrading

#### Implemented national requirements for supplementing, strengthening and stabilizing the supply chain, and supported supply chain finance

Equity financing: the Company completed the refinancing project of Anji Microelectronics Technology (Shanghai) Co., Ltd. (安集微電子科技(上海)股份有限公司) (688019.SH), and the proceeds effectively improved the stability of its products and comprehensive competitiveness, which would be helpful to support and ensure the security and stability of the domestic integrated circuit industrial chain and supply chain. The Company completed the ChiNext Board IPO project of Fujian Nanwang Environmental Protection Technology Co., Ltd. (福建南王環保科技股份有限公司) (301355.SZ), promoting the development of green environmental protection industry, and providing strong support for the supply chain and industrial chain in the field of “big consumption” with stable operation.

Debt financing: during the Reporting Period, the Company completed the issuance of 5 bonds related to supporting strategies for construction of modern industrial system, with a total issuance size of RMB5.0 billion.

#### Serving the “Belt and Road Initiative”

#### Focused on exploring innovative financing models to support the construction of “Belt and Road Initiative” with financial water, and providing high-quality financial services for the construction of “Belt and Road Initiative”

Debt financing: during the Reporting Period, the Company issued 26 bonds related to the “Belt and Road Initiative” with a total issuance size of RMB69.890 billion.

Serving national strategies	Specific measures
Serving the inclusive finance	<p data-bbox="794 444 1449 551"><b>Actively implemented inclusive finance, and provided comprehensive services to small, medium and micro-sized enterprises</b></p> <p data-bbox="794 595 1449 993">Equity financing: the Company continued to increase support for small and medium-sized enterprises. Since the establishment of the NEEQ, the Company has provided NEEQ listing services for over 800 enterprises, ranking first in the industry; since the opening of the Beijing Stock Exchange, the Company has completed a total of 19 IPO projects on the Beijing Stock Exchange, ranking second in the industry. The Company applied for a waiver of the annual fee for continuous supervision for 76 small and medium-sized enterprises with operational difficulties, with a total waiver of RMB5.493 million.</p> <p data-bbox="794 1043 1449 1181">Debt financing: during the Reporting Period, the Company completed the issuance of 4 inclusive financial bonds of Bank of Beijing, Bank of Guizhou and Bank of Hunan, etc., with a total issuance size of RMB34.0 billion.</p>
Supporting major regional strategies	<p data-bbox="794 1231 1449 1295"><b>Implemented the regional development strategy of China to support regional finance</b></p> <p data-bbox="794 1345 1449 1593">Equity financing: the Company supported major regional development strategies of China, implemented the plans on the “Northeastern Revitalisation”, the “Guangdong–Hong Kong–Macao Greater Bay Area”, the “Beijing-Tianjin-Hebei Coordinated Development” and the “Yangtze River Delta Integration”. The Company raised RMB7.726 billion through equity financing for key regions.</p> <p data-bbox="794 1642 1449 1776">Debt financing: during the Reporting Period, the Company completed the issuance of 285 bonds related to supporting major regional development strategies, with a total issuance size of RMB706.923 billion.</p>

**Serving national  
strategies****Specific measures****Serving rural revitalization****Implemented the national rural revitalization strategy to support rural development**

The Company strived to support the development of the seed industry, agricultural science and technology and equipment industry, assisted in the construction of regional infrastructure and rural characteristic industries, consolidated and expanded the achievements of poverty alleviation, and enhanced the endogenous driving force of development of poverty alleviation areas.

Debt financing: during the Reporting Period, the Company issued 5 bonds to serve rural revitalization, with a total issuance size of RMB25.5 billion, and strengthened the mission and original intention of the Company as the state-owned financial enterprise with “faith and responsibility”.

## a. Equity financing

In terms of domestic equity financing, during the Reporting Period, the Company’s total underwriting scale was RMB13.110 billion for 19 enterprises, ranking the sixth in the industry in terms of underwriting number, with a rapid increase in the ranking in the industry. In particular, the underwriting scale of refinancing was RMB6.165 billion for 9 enterprises, ranking the eleventh in the industry in terms of underwriting scale and seventh in terms of underwriting number; the underwriting scale for IPOs was RMB6.945 billion for 10 enterprises, ranking the ninth in the industry in terms of underwriting scale and fifth in terms of underwriting number. In particular, the underwriting scale for IPOs on the ChiNext Board was RMB4.320 billion for 3 enterprises, ranking the fourth in the industry in terms of both underwriting scale and number. (WIND, based on the data on listing date, 2023)

## Section III Management Discussion and Analysis (continued)

Item	First half of 2023		First half of 2022	
	Underwriting number	Underwriting scale (RMB'00 million)	Underwriting number	Underwriting scale (RMB'00 million)
IPO	10	69.45	5	35.96
Refinancing				
Private placement	8	56.50	6	29.84
Rights issue	-	-	1	62.04
Convertible bonds	1	5.15	1	2.50
<b>Total</b>	<b>19</b>	<b>131.10</b>	<b>13</b>	<b>130.34</b>

In addition, the Company proactively promoted the strategy of “specialization, refinement, specialization, novelty” and vigorously developed inclusive financial business, to fully promote the development of small and medium-sized enterprises. In the first half of 2023, the Company completed a total of 28 NEEQ listings and private placements, ranking the second in the industry, and conducted equity financing in a total amount of RMB700 million for listed enterprises. As of the end of the Reporting Period, it provided continuous supervision for 588 NEEQ-listed enterprises, ranking the second in the industry, including 180 enterprises at the innovative level, ranking the second in the industry; it accumulatively recommended 840 enterprises for listing, provided 902 private placements for listed enterprises, and conducted equity financing in a total amount of RMB36.714 billion for listed enterprises, all ranking the first in the industry (CHOICE, based on the data on the listing date). The Company accumulatively served as the underwriter for 19 enterprises listed on the Beijing Stock Exchange, and raised proceeds in a total amount of RMB3.688 billion, all ranking the second in the industry. (WIND, based on the data on the listing date, 2023).

NEEQ	Continuous supervision for 588 NEEQ-listed enterprises		Continuous supervision for 180 enterprises at the innovative level	Ranking the second
	Number of enterprises accumulatively recommended for listing	Times of provision of private placements for listed enterprises	Total amount of equity financing for listed enterprises	Ranking the first
	840	902	RMB36.714 billion	

Beijing Stock Exchange	Cumulative underwriting of 19 enterprises		Accumulatively raised proceeds of RMB3.688 billion
	Industry ranking: second		Industry ranking: second

In terms of overseas equity financing business, the Company proactively exerted domestic and overseas linkage advantages, steadily promoted its cross-border business and overseas presence, the sponsored and underwritten project reserve has been gradually increased and the project turnover was gradually sped up. During the Reporting Period, the Company participated in 3 IPO projects as an underwriter and 2 GDR projects. In particular, the Company assisted Hangke Technology, a lithium-ion battery equipment enterprise in the PRC, in issuance of GDRs and listed on the SWX Swiss Exchange, which is the first GDR project on the STAR Market.

b. Debt financing

In terms of domestic bond financing business, under the overall layout of “cold before and warm after” in the bond issuance market, the Company’s ranking in the industry maintained stable in its bond financing business, and its market influence was further improved. During the Reporting Period, the Company issued a total of 277 corporate bonds (corporate bonds + financial bonds + enterprise bonds + debt financing instruments of non-financial enterprises), ranking the sixth in the industry in terms of the number of bonds underwritten, up by 5 places compared to the corresponding period of 2022; the lead underwriting scale was RMB128.099 billion, ranking the seventh in the industry in terms of lead underwriting scale, up by 1 place compared to the corresponding period of 2022. (WIND, based on the data on the issuance date, 2023)

Type of bond	First half of 2023				First half of 2022			
	Amount of lead underwriting (RMB'00 million)	Ranking in terms of the amount of lead underwriting	Number of lead underwriting	Ranking in terms of the number of lead underwriting	Amount of lead underwriting (RMB'00 million)	Ranking in terms of the amount of lead underwriting	Number of lead underwriting	Ranking in terms of the number of lead underwriting
Corporate bonds (based on the data from the Association)	732.58	10	195	7	601.89	8	112	8
Financial bonds (WIND)	554.51	9	67	5	476.27	7	40	7
Non-financial enterprise debt financing instruments (WIND)	161.36	12	44	12	59.96	14	27	11
Credit ABS (WIND)	25.39	7	8	13	42.12	6	9	7

### RANKING OF THE COMPANY'S DEBT FINANCING SINCE 2018



Note: Based on the data of corporate bonds, financial bonds, enterprise bonds and non-financial enterprise debt financing instruments

In addition, the Company actively implemented the requirements of serving national strategies, adhered to our main responsibilities, expanded and designated projects for serving national strategies and featured business types. During the Reporting Period, most of proceeds from bond issuance was applied in key areas such as technology and innovation, dual-carbon development, inclusive finance, rural revitalization and the Belt and Road.

In terms of overseas debt financing business, the Company focused on overseas bond projects of large-scale enterprises, comprehensive state-owned enterprises and other quality enterprises, and continued to intensify its project development and cross-border business synergy. The Company completed 50 overseas bond projects during the Reporting Period. In particular, the Company assisted Chongqing Fuling Industrial Development Co., Ltd. Group in issuance of Mingzhu bonds in an amount of RMB1.6 billion, which was the largest in scale of single pure credit FTA bonds in the central and western China; and assisted AVIC International Leasing Co., Ltd. in successful issuance of the first green FTA offshore bonds of state-owned financial leasing company in the PRC.

c. Financial advisory

In terms of domestic financial advisory, during the Reporting Period, the Company proactively promoted the financial advisory business, and disclosed 5 financial advisory projects for the first time, ranking the fifth in the industry in terms of number of projects, including 2 financial advisory projects and 3 independent financial advisory projects.

In terms of overseas financial advisory, during the Reporting Period, the Company actively participated in financial advisory projects related to mergers and acquisitions, with 7 additional financial advisory projects.

**Outlook for the second half of 2023:**

In the second half of 2023, the Company will continue to firmly establish the “customer-centric” service tenet. Adhering to the business philosophy of “simple finance, achieving dreams”, the Company, with extensive capital market experience, will continue to build resource integration capabilities to comprehensively consolidate comprehensive capabilities in terms of capital, pricing, sales, collaboration, risk control, technology, etc., to provide customers with life-cycle comprehensive financial services, seize the opportunities brought by the interconnection of domestic and foreign markets and promote its internationalization and domestic and foreign integration strategy, and build a large investment banking ecosystem of the entire industry chain. It will proactively respond to national policies, serve national strategies, help the development of the real economy, and give full play to the role of a state-owned financial enterprise.

(2) *Principal investment business*

**Market environment:**

As the domestic economic development entered a new layout, the growth of traditional investment was declining. However, there was substantial investment business opportunities in the fields including the construction of a modern industrial system, the supplemental chain of weak industries, the extension chain of advantageous industries, the upgrading chain of traditional industries and the development chain of emerging industries. With the in-depth reform of registration system of STAR Market and ChiNext Board, it would also provide a smooth listing channel for the above fields serving the national strategies. Development opportunities for the principal investment business of securities firms was incubating and of increasing importance.



### **Operating measures and results:**

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

In the first half of 2023, regarding the principal investment business, the Company proactively served the national sci-tech self-reliance and self-strengthening strategies, green development strategies and major regional strategies, focused on the emerging industry system and future leading industries to carry out forward-looking layout, and proactively integrated into the new development pattern. The Company continued to deeply develop the “three-innovation and four-newness”, “bottleneck” fields of industrial chain in line with national strategic development direction and other equity investment business with scientific innovation feature, and constantly improved the market competitiveness of the principal investment business. While actively serving the national strategy, the Company’s principal investment business adhered to the concept of coordinated development, proactively promoted the linkage effect of “investment + investment bank”, and improved the profit contribution of the investment business.

Hongyuan Huizhi continued to optimize infrastructure investment and other business modes, proactively layout urban renewal, warehousing and logistics, industrial park and other fields, participated in the first batch of four public offering REITs expansion investment of RMB210 million to help build modern infrastructure system; the Company effectively served the policies of stabilizing the real estate segment and guarantee of property delivery, made additional investment of RMB640 million; and the Company enriched and improved the business system of green finance and inclusive finance, and continuously strengthened the investment support for small, medium and micro-sized enterprises.

Shenyin & Wanguo Alternative Investment additionally invested in 4 projects with additional investment scale of RMB102 million, including 1 strategic placement project on the STAR Market. Of the existing equity investment projects, 1 project realized the initial public offering on the STAR Market. The performance of integrated financial services was increasingly significant.

### **Outlook for the second half of 2023:**

In the second half of 2023, the Company will proactively integrate into the new development paradigm, focus on the investment opportunities of strategic emerging industries, adhere to the comprehensive financial service system featuring “investment + investment bank”, strengthen research guidance, deepen the investment opportunities of the industrial chain, seek progress while maintain stability, and constantly improve the profit contribution and stability of the investment business.

## 2. Personal Finance Business

The personal finance business of the Company mainly covers securities brokerage, futures brokerage, margin financing and securities lending, stock-backed lending and sales of financial products. During the Reporting Period, the personal finance business segment of the Company recorded total revenue and other income of RMB5,625 million.

### (1) Securities brokerage business

#### Market environment:

In the first half of 2023, the capital market showed mixed performances, with the SSE Composite Index increased by 3.65%, SZSE Component Index increased by 0.10% but ChiNext Price Index dropped by 5.61%. The market trading declined compared to the same period last year, the turnover for the first half of the year in Shanghai and Shenzhen markets amounted to RMB111.24 trillion, a decrease of 2.60% year-on-year. (WIND, 2023) During the Reporting Period, with the continuous growth of residents' demand for wealth management, securities companies continuously optimized customer channels, deeply tapped into customers' needs, implemented customer service by level, and continuously transformed to the customer-centered wealth management business model; the Company proactively improved asset allocation and value-added ability, built buyer investment advisory brand, formed the core competitiveness of wealth management business; and the digital transformation of wealth management business was accelerating, the integration of artificial intelligence, blockchain, big data and other information technologies with the securities industry has been developing, financial technology has gradually become a new engine to promote the transformation and upgrading of wealth management of securities companies.

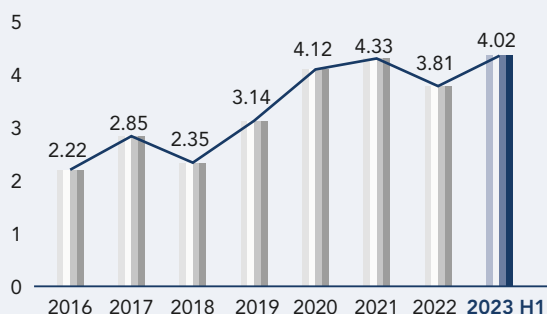
#### Operating measures and results:

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

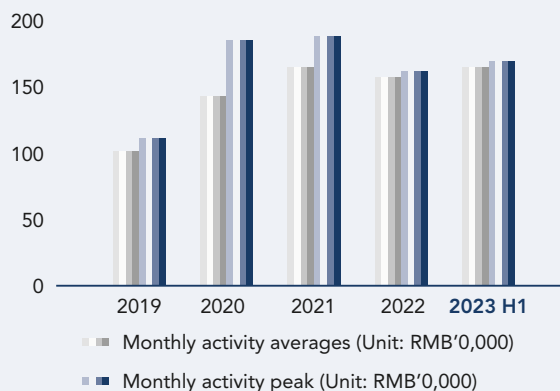
During the Reporting Period, regarding the securities brokerage business, the Company adhered to the principle of “progressing while maintaining, refining while progressing”, focused on agency, stabilized the foundation, intensified the customer acquisition and investment, deeply cultivated financial technology empowerment, especially branch empowerment, constantly improved the comprehensive service ability of investment consulting, and comprehensively organized and carried out featured marketing. By taking the digital transformation as an opportunity, the Company strengthened the intelligent application, actively transformed into the buyer investment advisory, continuously integrated and improved the marketing service system, and promoted the high-quality development of brokerage business. As at the end of the Reporting Period, client's securities under the custody amounted to RMB4.02 trillion, ranking top in the industry; the net income from our agency trading business amounted to RMB1.516 billion; and the number of customers increased by 9.50% compared to the same period last year, of which the number of new customers increased by 45.60% compared to the same period last year, the channel empowerment ability has been enhanced and the number of newly opened accounts increased significantly. The Company provided ESOP equity incentive service for a total of 30 listed companies with over 7,500 participants.

### Market value of client's securities under the custody

Unit: RMB trillion



### Average monthly activity of customers on mobile trading client side



Note: Users who have activated once or more during the month are considered as active users for the month

Besides, the Company further increased its financial technology-empowerment efforts in its securities brokerage business, further promoted the construction of the system and platform, steadily operated the Big Winner APP, and dedicated to achieve the needs of customers and business development, and satisfied the business development. The newly introduced Shencai Youdao APP, a new generation of mobile terminal, has entered the stage of verification, integrating cloud services, artificial intelligence, big data and other financial technology, to build an all-round multi-layer wealth management service system covering stocks, bonds and wealth management, thereby understanding market changes and customers' needs in a rapid manner, and providing investors broader, higher quality, more convenient, more efficient digital inclusive financial services, so as to achieve refined matching between professional investment advisory ability and customer service.

#### Outlook for the second half of 2023:

In the second half of 2023, the Company will follow the trend of large wealth management in the industry, continue to promote the transform to a wealth management model with focus on asset allocation and value-added, investment advisory services and financial technology, build core competitiveness in high-quality customer services, and establish a balanced and sustainable wealth management business model. The Company will continue to strengthen the construction of online and offline channels, enhance customer experience and service efficiency, strengthen financial technology empowerment, and continuously enhance the accessibility and convenience of financial services; comprehensively improve the asset allocation capability of investment advisors, optimize service quality, continue to promote the construction of a buy-side investment advisory model with customer service as the center, asset allocation as the core and win-win situation for multiple parties. The Company will also take multiple measures to promote the Company's wealth management transformation to go deeper and more practical; and build a distinctive wealth management brand of Shenwan Hongyuan.

(2) *Futures brokerage business*

**Market environment:**

In the first half of 2023, the domestic economy was turnaround and consumption was recovering, but the driving force of economic growth was still pending for consolidating. The prevailing international political and economic environment was becoming more complex, the risk points of economic operation were increasing, and the asset price fluctuations would further increase. In the first half of 2023, the cumulative volume of the futures market was 3.951 billion lots, up by 29.71% year-on-year; the cumulative turnover was RMB262.13 trillion, up by 1.80% year-on-year, and the activity of the futures market was stable generally. (China Futures Association, 2023)

**Operating measures and results:**

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

In the first half of 2023, Shenwan Futures focused on “consolidating foundation, overcoming difficulties, forging ahead with enterprise and fortitude, and striving for excellence”, deeply promoted the development of business system of “one base and two wings”, strengthened customer base, improved business scale and income as the key objectives, improved the service capability for the industries, institutions and high net worth customers in key regions, and accelerated and advance the improvement of key indicator and implementation of important work. During the Reporting Period, Shenwan Futures flexibly applied futures, options and other financial derivatives to actively serve the national strategy. It continued to expand the business scope and scale of the market makers serving the futures market function and the national commodity pricing option strategies. During the Reporting Period, it obtained 2 qualifications of futures market-making business and 1 qualification of special futures market maker; and it continuously deepened the “insurance + futures” model of serving the national strategies of rural revitalization and “Sannong”. During the Reporting Period, it successively conducted 29 “insurance + futures” projects and OTC options, covering live pigs, apples, cotton and other agricultural products, contributing to the income guarantee of insured farmers and the revitalization of local agricultural products and industry.

Hongyuan Futures actively adapted to changes in market environment, continuously consolidated the foundation of brokerage business, further strengthened the development of key customers and high-quality customers, optimized the layout of branch offices in key regions, strengthened the construction of online and offline channels, and achieved an average daily customer equity of RMB13.772 billion, representing a year-on-year increase of 2.00%. The equity ratio of its legal person customers reached 65%. It optimized and improved the risk management business model, improved the variety of futures and current business in food, energy and chemical industries, and enhanced the means of serving the real economy and business added value. It actively expanded the market-making business, and the number of market-making products increased to 15.

**Outlook for the second half of 2023:**

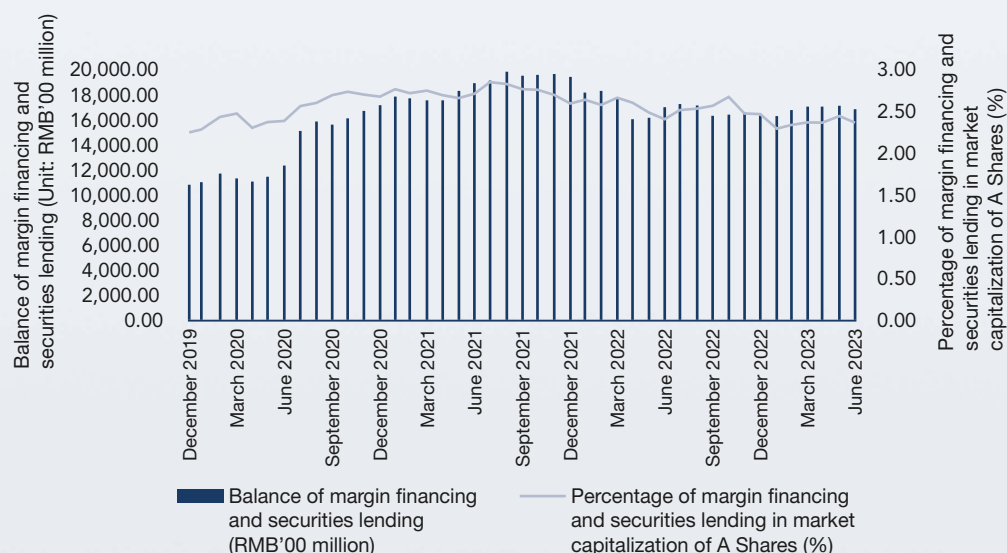
In the second half of 2023, regarding the futures brokerage business, the Company will continue to implement the development concept of “vigorously developing capital-light business, developing high-quality capital-heavy business”, highlight the function of “one base and two wings” business system with brokerage business as a base and risk management business and wealth management business as two wings, continuously consolidate the basic foundation of brokerage business centering on target customer base, commit to improving core wealth management capability, build a diversified derivatives service system, actively explore the new model of integrated financial business, promote the change of customer, business and revenue structure, enhance the business competitiveness and brand influence, and build us into a first-class futures and derivatives service provider.

(3) *Margin financing and securities lending business*

**Market environment:**

In the first half of 2023, A share market showed a momentum of rising at the beginning and then experienced continuously fluctuation adjustment, and the margin financing and securities lending demand in the market also showed a trend of rising at the beginning and then shrinking. As of the end of June 2023, the market balance of margin financing and securities lending business was RMB1,588.498 billion, an increase of 3.12% from the end of the previous year. (WIND, 2023)

**Margin financing and securities lending market condition**



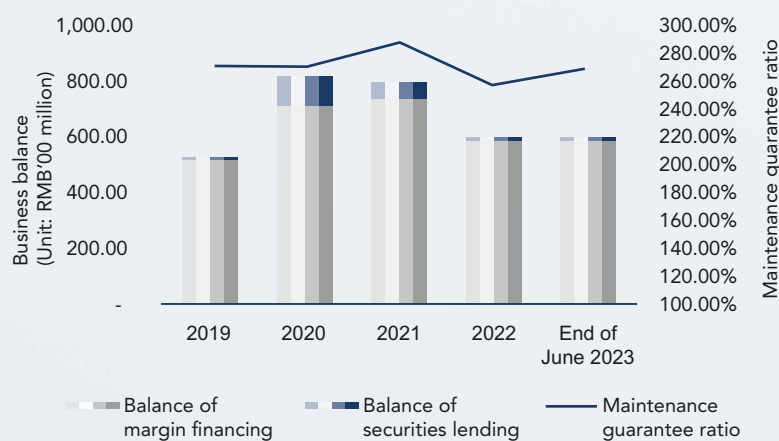
### Operating measures and results:

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

During the Reporting Period, the Company consistently focused on customers' needs, continued to enrich business strategies, optimized and improved the risk control mechanism, made every effort in optimizing the pricing mechanism, comprehensively promoted corporate customers and institutional customer services, sped up the transformation of the institutional margin financing and securities lending business, accelerated the functional iteration of the "Securities Trading 1.0" system, and further improved the comprehensive service ability. As of the end of the Reporting Period, the balance of the Company's margin financing and securities lending business reached RMB59.291 billion. Of which, the balance of margin financing business was RMB57.961 billion and the balance of securities lending business was RMB1.330 billion (based on the data of securities company' regulatory reporting). The average maintenance guarantee ratio of existing debt customers of the Company's margin financing and securities lending business was 266.49%.

With the official implementation of the registration-based IPO rules across all markets, the Company completed the comprehensive market systematic transformation of margin refinancing and securities refinancing in a timely manner, and promoted the launch and designation of securities source of the real-time securities system and function. In February 2023, Shenwan Hongyuan Securities and Shenwan Hongyuan Securities (Western) obtained the first batch of qualifications of margin financing and securities lending business of the Beijing Stock Exchange.

### Implementation overview of margin financing and securities lending of the Company



**Outlook for the second half of 2023:**

In the second half of 2023, the Company will continue to take customer needs as the guidance, improve the professional customer service ability, security sourcing ability, financial innovation ability, diversify strategic types of margin financing and securities lending business, and continue to optimize the construction of customer service system. The Company will emphasize the science and technology empowerment, and actively promote the iterative optimization of the “Securities Trading” system. The Company will further improve the risk identification and dynamic management of the underlying securities, and usher the high-quality development of margin financing and securities lending business.

(4) *Stock-backed lending business*

**Market environment:**

Since 2023, the overall market size of the stock-backed lending business reduced while maintaining stable, and the scale of stock pledge by the controlling shareholders and substantial shareholders of listed companies has further decreased. The overall risk in the stock-backed lending market has been further reduced. During the Reporting Period, in the face of the stabilizing market environment, market participants paid more attention to the risk prevention of stock pledge and generally adopted the strategy of “reducing scale and adjusting structure” to proactively adjust the positioning of stock-backed lending business.

**Operating measures and results:**

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

During the Reporting Period, in respect of the stock-backed lending business, the Company followed the business idea of “high quality, small-sized scale and dispersal”, further strengthened project risk management and achieved high-quality development of stock-backed business. As of the end of the Reporting Period, the stock-backed lending business funded with the self-owned funds of the Company has a balance of RMB2.844 billion, representing a decrease of approximately 38.87% from the beginning of the period. Additionally, the Company adhered to returning our stock-backed business to its origin of serving the real economy, provided a green channel for qualified financing projects serving national strategies as well as the micro, small and medium-sized financing projects.

**Outlook for the second half of 2023:**

As a large securities company, the Company was equipped with sufficient capital, complete business types and strong risk management capabilities. In the future, the Company will continue to take high-quality development as the direction, use the stock-backed business as an important tool to serve customers, strive to provide all-round comprehensive financial services to customers, and will serve the national strategy and the real economy in earnest.



(5) *Sales of financial products business*

**Market environment:**

In recent years, with the increasing improvement of the multi-layer capital market and the orderly expansion of investment varieties, residents' demand for professional asset allocation has been increasing, and the sales and allocation ability of financial products has become an important criterion to measure the quality of wealth management business. In the first half of 2023, affected by the market condition and style differentiation, the filing scale of funds continued a downturn trend, and declined compared to the same period in 2022, and the transformation of wealth management institutions continued to develop vertically.

**Operating measures and results:**

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

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

In the first half of 2023, the Company fully implemented the concept of great wealth management, adhered to the mission of “finance for the people”, and continued to promote the improvement of its own product performance, the improvement of product systems, the strong empowerment of product sales, and the prevention of compliance risks. By improving the scientific product research and evaluation system and the customer grading service system, we continued to provide customers with professional and multi-level product services. Combined with the changes in the wealth management market, the Company intensified the layout of securities structured products in advance. During the Reporting Period, the sales of securities structured products increased by more than 8 times year-on-year. Besides, the Company proactively implemented the national strategy and supported rural revitalization, and launched a series of products of the first “Rural Revitalization Public Welfare Donation Type” of principal-guaranteed structured notes, and donated part of the income to support the project of “Public Welfare Care Package of Rural Revitalization Dream (鄉村振興圓夢公益愛心包裹)”.

During the Reporting Period, the financial products sold by the Company amounted to RMB245.397 billion in total, including: self-developed financial products of RMB221.292 billion, and agent sales of financial products developed by third parties of RMB24.105 billion.



**Outlook for the second half of 2023:**

In the second half of 2023, the Company will continue to give full play to the advantages of full license business, establish a deep collaboration mechanism around the three aspects, e.g. customers, products and investment and research, focus on strengthening the productization of advantageous business resources and on enhancing the competitiveness of its own products, and continuously enrich product reserves and supply; the Company will also strengthen the building of product research capabilities, give full play to the resource endowment of branch regions, increase the searching and screening for potential managers and high-quality products, and increase the introduction of voucher products; strengthen the building of asset allocation capabilities, and enhance the output capabilities of comprehensive wealth management solutions; in addition, the Company will comprehensively optimize the customer service system. With the personal pension business and automatic fund investment plan as the focus, the Company will continue to enhance customer experience and sense of gain, continue to create value for customers, further achieve high-quality and sustainable development of product sales business, and achieve the expansion of existing product scale.

**3. Institutional Services and Trading Business**

The institutional services and trading business include prime brokerage services, research and consultation, FICC sales and trading, equity sales and trading business as well as derivatives business. During the Reporting Period, the Company's institutional services and trading business segment recorded total revenue and other income of RMB8,535 million.

(1) *Prime brokerage business*

**Market environment:**

With the reform of registration-based IPO rules across all markets, issuance, trading mechanism and other basic functions of the capital market continues to improve, the full implementation of new asset management rules and enriching of on-the-exchange and OTC derivatives provide professional institutional investors with more trading strategies and risk hedging means, the institutionalization and productization trend is increasingly strengthened, and the institutional trading capital intermediary business driven by securities companies and customer needs increased significantly.

**Operating measures and results:**

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

In the first half of 2023, regarding the institutional business, the Company continued to improve the institutional customer service system, actively expanded the customer coverage, and accelerated the transformation from commission-based business to asset-side service. Aiming at improving the offline investment and research services, the Company continued to improve the comprehensive trading service ability of public offering, banking, insurance, private equity and other institutional customers, and built the full business chain of institutional business.

During the Reporting Period, the Company recorded revenue of RMB406 million from trading units leasing.

As for the PB System, the Company continued to strengthen personalized services for key institutional customers such as bank wealth management subsidiaries. As of the end of the Reporting Period, there were 1,405 customers with a total scale of approximately RMB262.959 billion. The “SWHYMatrix” high-speed trading platform continued to improve its functions and optimize its performance, and can provide institutional customers with rich functions and algorithms of trading terminal system. As of the end of the Reporting Period, the product scale of the “SWHYMatrix” high-speed trading platform of the Company reached RMB21.508 billion.

In terms of fund administration services, the Company focused on building a personalized service system for managers in three aspects: marketing service, financial technology and operational support, and providing full-cycle services for product custody and operation.

As of the end of the Reporting Period, the Company newly added 218 private equity fund products under custody, and ranked the tenth among brokerage custodians in terms of the number of new private equity funds under custody, further enhancing our industry position and brand awareness. With the increase in the number of products under our service and the expansion of scale, the further enrichment of the types of products and clients under our service, and the ability to carry out custodial business and comprehensive services competing for the first place, the Company has steadily improved its market recognition.

#### **Outlook for the second half of 2023:**

In the second half of 2023, the rate reform of mutual funds will be officially launched, the Company will follow the trend of institutionalization in the market, implement business transformation and development, focus on its platform-driven role, take advantage of its full license, and increase its layout and investment, conduct in-depth research on customer needs, improve the professional and intelligent service level of the institutional business, further develop new customer markets, expand customer coverage, promote efficient and high-quality development of institutional business, and strive to build a more competitive institutional ecosystem.

(2) *Research and consultant business*

**Operating measures and results:**

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

During the Reporting Period, SWS Research took serving the national strategy as its top priority, and firmly grasped the market trends and hotspots: firstly, integrated resources for serving the national strategy: ① it implemented the deployment of “carbon peak and carbon neutrality”, held Xinjiang Energy Development and Belt and Road Capital Forum to support Xinjiang in promoting green and low-carbon development; and it continued to promote the afforestation and project implementation of Huining ecological carbon credits rural revitalization project, to support the green and low-carbon development. ② It served the national strategies of “specialization, refinement, specialization and novelty”, continuously followed up the service for “specialization, refinement, specialization and novelty” enterprises, and proactively provided market macroeconomic interpretation and policy interpretation training. ③ It supported the key strategic emerging industries, undertook the Aerospace Satellite Industry Chain High-end Forum of Shenwan Hongyuan in 2023, held the first AI strategy conference in the market, to seize the development and investment opportunities of the new generation of artificial intelligence. ④ It served the national regional development strategy, undertook a series of activities of entrepreneurs entering the Yangtze River Delta G60 Sci-tech Innovation Corridor, to boost the integration of the Yangtze River Delta G60 Sci-tech Innovation Corridor; it launched the joint research of Shenwan Hongyuan on Zhejiang province with Zhejiang Financial Association, conducted research on Sichuan high-end industrial investment and Wuhan Guanggu Capital Forum with securities branch; it successfully organized over 30 bond issuers in Xinjiang Region to the Shanghai Stock Exchange and investors’ meetings with the Xinjiang Securities Regulatory Commission (新疆金融監管局) and the Xinjiang Financial Supervisory Authority (新疆證監局), to help Xinjiang enterprises in active connection with the capital market. Secondly, it exerted the effect of think tanks and promoted high-quality development of the society. Taking advantage of the research strength in the field of big financial industry, it expressed opinions and recommendations for the local financial development. Thirdly, the research results closely followed up market hotspots, diversified and three-dimensional marketing improved brand influence, the White Paper of 2023 AIGC Big Model of Shenwan Hongyuan, the first big model white paper in the secondary market, and the White Paper of New Power System of Shenwan Hongyuan were released, and it organized researches on a series of Experience of Homecomings” for sixth consecutive years, which obtained extensive attention in the industry and society.

**Outlook for the second half of 2023:**

In the second half of 2023, the Company will continue to focus on research, actively support the development of business lines internally, maintain the influence of seller research externally, focus on the current key tasks, and continue to enhance decision-making influence and industry influence.

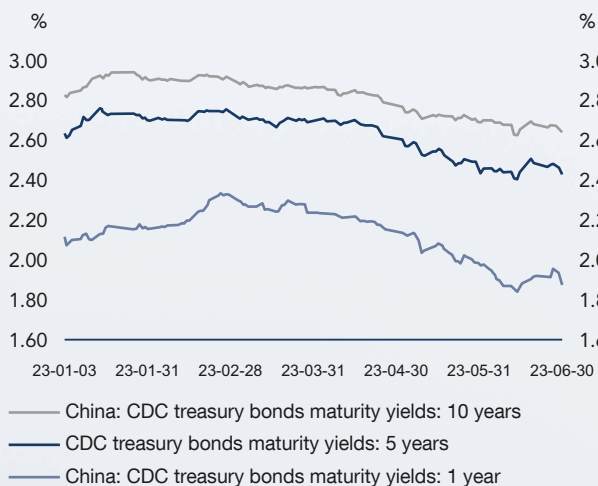
(3) *Proprietary trading*

① FICC sales and trading business

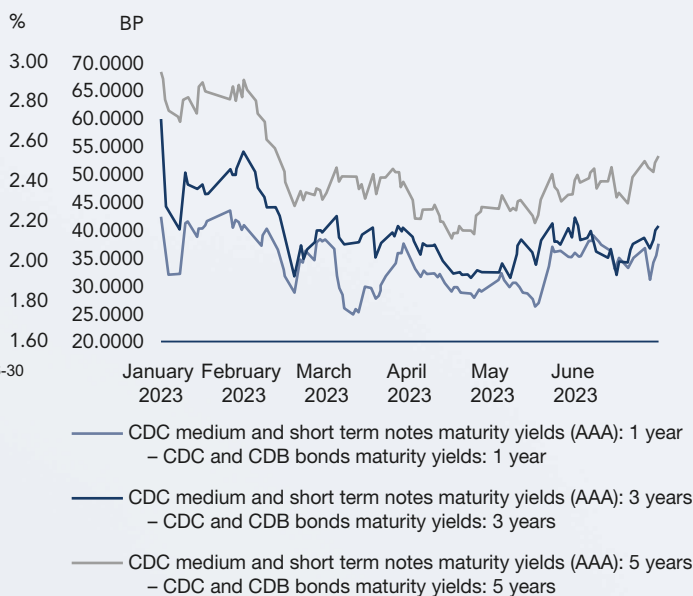
**Market environment:**

In the first half of 2023, the economic recovery experienced a trend of “becoming sluggish from strong, structural differentiation”. In the context of the recovery of economic fundamentals under expectation, policy orientation maintained unchanged, tight financing loosening and the lack of structural assets, interest rates of bonds fluctuated downward in overall, 10-year treasury bond yields once declined from 2.93% to approximately 2.60%. With the gradual stabilization of wealth management scale, the institutional allocation forces returned and credit spreads also reduced to a low level.

**CDC treasury bonds maturity yields**



**Credit bond spreads trend (based on CDB bonds)**



**Operating measures and results:**

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

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

During the Reporting Period, the Company always upheld the work tone of seeking progress while maintaining stability, steadily carried out fixed income investment, adhered to risk control and structure adjustment, continuously promoted the steady business development, and achieved positive results in various businesses. In terms of trading strategy, the Company flexibly grasped the portfolio trading opportunities, strictly managed credit risks, continuously optimized asset allocation, strengthened the refined management of positions, and optimized the quantitative model of fixed income. The Company actively promoted the “lightweighting” strategic transformation represented by cross trade, consolidated investment research and professional services, steadily conducted investment advisory business, broadened cross trade scale, developed benchmarking products; continued to expand market-making business scale, enriched market-making varieties; the Company sped up the R&D of subjects and strategic type of arbitrage strategies, and continued to improve the ability of comprehensive financial service customers. The Company proactively promoted business innovation, and further strengthened the Company’s comprehensive financial service capabilities. During the Reporting Period, the Company obtained the first batch of qualification for participation in bond market-making on the Shanghai and Shenzhen Stock Exchanges. By proactively fulfilling the obligations as a market-maker, the Company helped improve the bond market functions of the exchanges and improved the pricing efficiency; and the Company has obtained the qualification of proprietary trading business of carbon emission rights, accelerated the business layout of carbon emission rights, and practiced the concept of green development.

In addition, the Company fulfilled its social responsibility as a central enterprise, implemented the policies of finance serves real economy, and firmly served the national strategy. During the Reporting Period, the Company focused on the main responsibility and main businesses, and increased financial support in key fields. The investment balance for serving national science and technology self-improvement, regional coordinated development, higher opening-up and other fields increased steadily, and the investment balance for SMEs increased significantly; the Company helped enterprises in the industry chain effectively manage the commodity price risk through conducting OTC options and other financial derivatives; the Company set up credit protection tools to provide credit enhancement support for bond financing of private enterprises, with its scale ranking the second in the industry according to the statistics of the Securities Association of China. The Company constantly innovated financial indexes and investment trading, conducted the TRS trading of CDC-linked – Shenwan Hongyuan ESG green credit bonds selective index, OTC options trading of CDB-linked carbon neutrality green financial bonds, Shanghai Clearing House carbon neutrality bond index, combining derivatives with green finance, continuously broadened the investment trading channels of carbon neutrality, ESG verities.

In terms of bond sales and trading, the Company has given full play to the advantages of customer resources, seized market opportunities, and continuously intensified its support to serve the national strategies, assist the real economy, and serve the micro-, small and medium-sized enterprises. By virtue of the professional sales advantages of local government bonds, green bonds and special varieties of bonds sales, the Company assisted local governments in reducing financial pressure, alleviated the problems of financing difficulties and high financing costs of the micro-, small and medium-sized enterprises, and effectively supported the construction of inclusive financial system. During the Reporting Period, the Company's inter-bank sales business scale and the local debt sales scale ranked among the top in the market.

### Outlook for the second half of 2023

In the second half of 2023, the FICC business of the Company will continue to implement the “three profit curves” strategy idea, the Company will consolidate the first profit curve based on multi-strategy bonds, consolidate the investment research in fixed income, continue to improve the profitability of the self-operation capacity of fixed-income business; accelerate the layout of the second profit curve including client trading and investment advisory business, build benchmark products, continue to expand integrated financial services; and insist on exploring the third profit curve of multi-asset and multi-strategy and achieve major asset class allocation of the portfolio, to achieve excellent investment business results. In terms of bond sales business, the Company will continue to adhere to the orientation of customer demand and develop in a coordinated way, to transform into the “three major growth poles” represented by traditional sales, comprehensive financial services and cross trade business, and empower the “fixed-income industry chain” in an all-round way.

② Equity sales and trading business

**Market environment:**

In the first half of 2023, with the full resumption of normalized operation of the economy and society, the domestic economy has gradually stabilized and improved, the quality of development has steadily improved, and consumption has significantly boosted economic growth. However, the profitability of industrial enterprises was declining, the willingness to expand production was not strong, the real estate market was weak, and the pace of economic recovery has slowed down. The market has experienced a change from “strong reality and weak expectation” to “weak reality and weak expectation”, and the corresponding broad-based indexes generally showed a trend of “up and down”. As at the end of the Reporting Period, the SSE 50 Index and CSI300 Index fell by 5.43% and 0.75%, respectively.

**Operating measures and results:**

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

In the first half of 2023, the equity sales and trading business of the Company accelerated its business transformation, the profitability of portfolio continued to enhance and the stability of core assets was further optimized. Focusing on the reform line of transforming portfolio assets to “non-directional, low volatility and absolute return”, the Company continued to seek for the “light-weighting” and “digital” construction, strengthened the results of non-directional reform, consolidated the “quality-based allocation and efficiency-based supply”, promoted the reform of “allocation optimization and quality improvement” by continuously internal structural adjustment of portfolios, constantly improved the Sharpe ratio of strategies and realized the quality and efficiency enhancement of portfolios. During the Reporting Period, the Company newly obtained the qualification as one of the first batch of market makers of stocks listed on the Beijing Stock Exchange, further enriching our market making business chain.

**Outlook for the second half of 2023:**

In the second half of 2023, the equity sales and trading business of the Company will continue to deepen the reform of “quality-based allocation and efficiency-based supply”, deepen the “light-weighting” and “digital” construction, optimized the compliance and risk control operation and management mechanism through the empowerment by the buyer’s investment research system, to create a three-dimensional securities investment and trading system. Through dynamic optimization and adjustment mechanism of asset portfolios, and relying on the three cornerstone business models of quantitative hedging, enterprise finance and equity market-making,, the Company continued to push the reconstruction of the “three cornerstone business models” to a deeper level.



## ③ Derivatives business

**Market environment:**

In the first half of 2023, there still existed the uncertainty of the global macroeconomic environment. Affected by the expected volatility of overseas interest rate hikes, the global capital market and commodity market were volatile, the volatility of key indexes and commodities has decreased compared to 2022, and the discount rate of stock index futures has converged to a certain extent. Affected by the market environment, the existing OTC derivatives in the industry has fluctuated, but maintained stable in general. The cross-border business has maintained a good development momentum, and the business scale continued to improve, repeatedly reaching new highs. With reference to the size of overseas developed capital markets and the scale of derivatives, the domestic derivatives business still has huge development potential. In the first half of the year, in order to earnestly implement the Futures and Derivatives Law of the People's Republic of China and promote the healthy development of the derivatives market, the CSRC drafted the Supervision and Administration Measures for Derivatives Trading (Draft), the derivatives regulatory system will be further improved in the future, which will better promote derivatives service the real economy while regulating the derivatives trading, and prevent and resolve the market risk.

**Operating measures and results:**

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

In the first half of 2023, the OTC derivatives business of the Company maintained competitive advantages. Under the market volatility, the Company actively adjusted its strategies, overcame multiple challenges, and achieved a significant growth in the scale of new business of OTC options and income swaps, and firmly ranked at the forefront of the industry. In terms of the OTC options business, by virtue of investment and research empowerment and financial technology empowerment, the Company formed a continuous iterative hedging model framework, improved the efficiency of hedging transactions, reduced the hedging cost, continuously provided customers with high-quality and differentiated product innovation and design, and further expanded the scale of the OTC options business; The DeltaOne business has developed steadily, and has built up a bond pool with nearly 2,300 stocks to meet the securities lending demands of customers; the cross-border business maintained a rapid growth, and the scale increased by more than three times year-on-year. In terms of on-the-exchange market-making, the Company additionally obtained a number of business qualifications in the first half of the year, and the number of market-making licenses remained in the first echelon in the industry. The Company continued to comprehensively optimize the market-making system and strategic iteration with its profitability steadily improving. In terms of quantitative businesses, the Company continued to implement major asset allocation strategies to customers in the form of derivatives relying on its strong quantitative strategy research and development capabilities, and cooperated with a number of financial institutions to complete the development of customized indexes.



Based on the professional advantages of derivatives pricing and trading, the Company adhered to realizing its own high-quality development in serving the real economy. The Company promoted the effective connection between financial product innovation and design and rural revitalization, issued structured notes of “rural revitalization public welfare donation”; implemented the swine “insurance + futures” project to provide risk guarantee tools for swine breeders; and the Company designed cross-border hedging instruments to provide effective hedge instruments for cross-border procurement needs of manufacturing enterprises, and support enterprises to avoid cost fluctuations and risk management.

During the Reporting Period, the Company obtained a number of important new business qualifications for derivative business:

Type	Exchange	Market-making product	Time
<b>Equity</b>	Shanghai Stock Exchange	STAR 50ETF options	Obtained qualification of main market maker in June 2023
<b>Commodity</b>	Shanghai Futures Exchange	Copper options	Obtained qualification of main market maker in May 2023
		Fuel oil futures	Obtained qualification of main market maker in May 2023
		Aluminum oxide futures	Obtained qualification of main market maker in June 2023
	Zhengzhou Commodity Exchange	Rapeseed futures	Obtained qualification of main market maker in February 2023
	Dalian Commodity Exchange	Corn options	Obtained qualification of main market maker in April 2023
		Soybean meal options	Obtained qualification of main market maker in April 2023
		Polyvinyl chloride options	Obtained qualification of main market maker in April 2023
		Ethylene glycol options	Obtained qualification of main market maker in April 2023
		Styrene options	Obtained qualification of main market maker in April 2023
		Iron ore options	Obtained qualification of main market maker in June 2023
Palm oil options		Obtained qualification of main market maker in June 2023	
		Soya-bean oil options	Obtained qualification of main market maker in June 2023

**Outlook for the second half of 2023:**

In the second half of 2023, the Company will always adhere to the finance serving the real economy, serving the overall development and reform of the country and the financial sector, prevent and resolve financial risks, and make positive contributions to the economic development by focusing on strengthening the derivatives business advantages. The Company will continue to enhance its core competitiveness in products, pricing and trading, and strive to build an integrated platform for on-the-exchange and OTC derivatives trading and product creation and design. The Company will continue to use derivatives to provide effective risk management, wealth management and asset allocation tools to the market, and to provide differentiated, one-stop comprehensive financial service solutions to institutions and professional investors. The Company will, in light of the market environment in the second half of this year, further improve and enrich the product system, continue to promote the research and development of product innovation structure, meet the diversified allocation and transaction needs of customers, and further expand the scale and profitability of cross-border businesses. In terms of on-the-exchange businesses, the Company will continue to optimize the full link performance of the market-making system and obtain market-making qualifications of more varieties. In terms of quantitative business, the Company will continue to enrich the research and development of strategic index, expand the scale of index productization, and form the brand effect of self-developed characteristic index. The Company will further strengthen the construction of talent team in derivatives business, strive to play the leading advantages of derivatives business, and coordinate the development of the Company's comprehensive business.

#### 4. Investment Management Business

The investment management business of the Company consists of asset management, mutual fund management and private equity fund management. During the Reporting Period, the Company's investment management business segment recorded total revenue and other income of RMB751 million.

(1) *Asset management business*

**Market environment:**

Since 2023, the development of the asset management industry has faced a number of challenges due to factors such as tightening of regulatory rules, shock in the equity market, volatility in the fixed income market and shrinking of the scale of bank wealth management. In the post-asset management era, the new asset management regulations was amended again after five years of implementation. The Measures for the Administration of the Privately Offered Asset Management Business of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理業務管理辦法》) and its accompanying regulatory document, the Provisions on the Administration of Operation of Privately Offered Asset Management Plans of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理計劃運作管理規定》) have been formally implemented, further promoting the formation of an industry ecosystem of professional and steady and standardized development. The asset management industry is showing the development trend of public offering, activation, standardization and entitlement, and brokerage capital management has formed a differentiated development path, with obvious industry Matthew effect, deepening of internal and external division and collaboration, and increasingly fierce competition in the industry.

### Operating measures and results:

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

In the first half of 2023, the Company's asset management business continued to promote the enhancement of its active management capability and professionalization reform, and to build up systematic investment and research capability, specialized product capability and all-round pipeline capability. Insisting on proactive transformation and restructuring, as at June 30, 2023, the Company's asset management scale was RMB242.150 billion, of which RMB207.108 billion was under active management (including specialized asset management business), accounting for 85.53% of the management scale, which was improved steadily. The construction of the buyer's investment and research system continued to progress steadily, and the standard of product investment management and investment performance were stable and sustainable. The specialized product spectrum has been continuously improved, and the number of new pooled products in the first half of the year ranked the sixth in the brokerage asset management industry. Derivatives products continued to be issued, and the effectiveness of derivatives in empowering "fixed income+" was remarkable. The Company actively expanded the scale of inclusive financial products such as large pool participatory products. The scale of the Company's large pool participatory transformation products amounted to RMB18.859 billion, representing an increase of 8.48% as compared with that at the end of 2022, and the scale of the products continued to rise. The Company accelerated the channel deployment, and deepened the development on the basis of full coverage of all major state-owned joint-stock banks, wealth management subsidiaries and core internet channels. Guided by actively practicing and serving the national strategy, the ABS business gave full play to its professional advantages in asset securitization, and innovatively launched various types of green asset securitization business, and helped SMEs to efficiently raise funds. The Company ranked the twelfth in the market in terms of the number of ABS underwriting units during the Reporting Period. Furthermore, during the Reporting Period, the Company actively promoted Shenwan Hongyuan Securities Asset Management Co., Ltd. to obtain business license related work.

Name of business type	Scale of asset management (RMB'00 million)	
	June 30, 2023	December 31, 2022
Collective asset management business	772.62	1,051.73
Single asset management business	1,212.03	1,445.97
Specific asset management business	436.85	382.50
Total	2,421.50	2,880.20

Note: Data is derived from regulatory sheet

#### Typical ABS cases

##### Green Finance

During the Reporting Period, the “Jinmao Shenwan – Shanghai Jinmao Building – Xin Yue Green Asset Support Special Project (Carbon Neutral) (金茂申萬 – 上海金茂大廈 – 鑫悅綠色資產支持專項計劃(碳中和))” was established, which is the largest shelf carbon neutral CMBS in China, the first flexible maturity shelf CMBS in China, and the first single building shelf CMBS of a central enterprise, which is an important demonstration in the industry. The “Jinmao Shenwan – Shanghai Jinmao Building Phase 1 Green Asset Support Special Program (Carbon Neutral) (金茂申萬-上海金茂大廈第1期綠色資產支持專項計劃(碳中和))” was established, which was included in the annual real estate typical cases by SSE.

##### Inclusive Finance

During the Reporting Period, the “Haitong Unitrust Small and Micro No. 22 Asset Support Special Project (Technology and Innovation) (海通恒信小微22號資產支持專項計劃(科技創新))” was established, with over 80% of the funds raised serving clients in the technology and innovation sector.

**Outlook for the second half of 2023:**

In the second half of 2023, with the establishment of the asset management subsidiary as an opportunity, the Company's asset management business will adhere to the positioning of "all-asset" and "multi-strategy" operation, return to the origins of the asset management business, consolidate and improve the investment and research system, enhance the proactive management capability; further enrich the product system, expand and optimize the sales network, comprehensively deepen the construction of financial technology, improve all systems of the asset management subsidiary, strictly control the bottom line of risk, consolidate the foundation of the business, and proactively implement the national strategies, so as to promote the high-quality development of the asset management business.

*(2) Mutual fund management business***Market environment:**

In recent years, along with the rapid growth of social net wealth, the domestic mutual fund industry has been developing rapidly, and has become a very important institutional investor in the capital market, playing an active role in increasing the proportion of direct financing, promoting the reform and development of the capital market, serving residents' demand for wealth management, and servicing the real economy and the country's major strategies. As at the end of the Reporting Period, there were approximately 10,980 mutual fund products under the management of all 153 mutual fund management organizations, with a total net value of over RMB27.69 trillion (China Securities and Fund Association, 2023), making mutual funds an important tool for preserving and increasing the value of residents' wealth. Based on the newly issued mutual funds during the Reporting Period, the mutual fund management business showed a trend of passivity in equity and cephalization in index.

**Operating measures and results:**

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

During the Reporting Period, the Company's wealth management business actively practiced the concept of inclusive finance, continued to expand its service coverage, and built up its core competitiveness in high-quality customer services by focusing on asset allocation and value-addedness, investment advisory services and financial technology. During the Reporting Period, the Company's fund investment advisory business followed the trend of large-scale wealth management and actively promoted the transformation from "sell-side product sales" to "buy-side asset allocation". As at the end of the Reporting Period, the mutual fund investment advisory business launched a total of 10 portfolio strategies in 5 major categories, with the per capita entrusted assets of stock customers reaching RMB57,700, the cumulative re-investment rate reaching more than 75%, and the proportion of profitable clients in some of the medium- and low-risk portfolios accounting for nearly 90%.

During the Reporting Period, we actively implemented the mission of developing the third pillar of the nation's aging industry, fulfilled the responsibility of aging financial education, visited listed companies and universities for exchanges, and promoted the personal pension system to the public through local radio stations to cultivate the public's awareness of aging investment, served the national strategy of population aging, and fulfilled the responsibility and mission of the mutual fund industry in a practical manner.

Relying on the continuous construction and improvement of the key assumption platform integrating research, investment and risk control, SWS MU has effectively played the role of the "ski pole" of comprehensive risk management, and achieved a steady improvement in its medium to long-term investment performance. In terms of digitalization strategy, with the empowerment of KAP (Key Assumption Platform), it enhanced its ability in large asset allocation and portfolio construction, and its medium- and long-term investment results continued to be among the best in the industry. In terms of product layout, during the Reporting Period, SWS MU issued a total of 10 mutual funds and 7 special account products, and steadily promoted the layout of the "Better Life" and "New Wealth Management" series of products, striving to provide investors with better financial alternatives and wealth management products as soon as possible. In addition, SWS MU has given full play to its asset pricing function and financial inclusion attributes. On one hand, it actively matched residents' savings with high-quality targets in line with the national strategies of "strengthening the country with science and technology" and "specializing in specialties and new technologies" in the course of active management, and on the other hand, it practically served the financial inclusion. As of the end of the Reporting Period, its products have allocated a total of over RMB14.0 billion to the stocks and bonds of micro, small and medium-sized enterprises.

Adhering to the concept of high-quality development, Fullgoal Fund maintained a good momentum of development in its various businesses, and the overall management scale of its mutual and non-mutual funds grew as compared to the end of the previous year. As of June 30, 2023, the total asset management scale exceeded RMB1.43 trillion. The asset management scale of non-monetary mutual funds has remained at the forefront of the industry. The investment performance of the three core businesses of equity, quantitative and fixed income in the mutual fund business was good and ranked top among large companies. In respect of non-mutual fund business, various types of pension business maintained rapid development, with the number of portfolios under management and the scale of management hitting new heights.

### Outlook for the second half of 2023:

In the second half of 2023, the Company will further focus on its main responsibilities and businesses, proactively lay out the investment advisory business of mutual fund, enhance customer experience with buy-side investment advisory as the mainstay, and proactively explore the mode of business cooperation with banks, third party platforms and other pipelines. We will continue to enhance the professionalization of our investment advisory services, and provide diversified and integrated solutions to our clients to meet their various wealth management needs by focusing on asset allocation, investment advisory services and financial technology. Secondly, we will enhance our awareness of “customer-centered” wealth management transformation and pay attention to long-term “companion” services for customers. Through continuous and comprehensive customer service, we will enhance the professionalism of our business and the quality of our services, build a more comprehensive and sophisticated customer service system, improve the investment experience of our customers, and realize the concept of “growing together with our customers’ assets”. SWS MU will further focus on its main responsibilities and businesses, and continue to use the implementation of the digitalization strategy as a means to promote the shaping of its core competitiveness and differentiated features, as well as the prevention, control and disposal of various types of risks in a prudent manner. Meanwhile, it will focus on the innovation of buy-side investment advisory business models, continue to give full play to our advantages in financial technology, and actively build a “one-click investment advisory” business characterized by “configuration, selection and balancing”. Fullgoal Fundwill continue to collaborate in the development of various mutual and non-mutual funds businesses, and continue to strengthen the capacity building of various businesses in order to enhance customer experience.

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

#### Market environment:

In recent years, due to the rapid development of emerging industries which promoted the rise of private equity industry, coupled with continued support of policies for steady development of the private equity industry, the formation of benign circle ecology of “fundraising, investment, management and withdrawal” was accelerated. During the Reporting Period, the fundraising, investment and withdrawal were all affected by the complex international situation and the market fluctuations.



**Operating measures and results:**

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

The Company has improved its integrated financial service model, strengthened its industry and regional focus, deepened its business cooperation with key industrial organizations, increased its project development efforts, continued to deploy high-quality assets, effectively served its strategic clients, increased the size of its funds, proactively supported technological self-improvement and industrial upgrading, solidly promoted the transformation of its private equity business, and comprehensively enhanced its investment management capabilities along the entire chain.

Hongyuan Huifu strengthened its core competitiveness, promoted the development of business of FOF fund, industry merger and acquisition fund, and infrastructure investment fund, increased the fund management scale by RMB1.1 billion, and actively reserved high-quality equity projects; optimized post-investment management and empowerment, strengthened the synergy with the securities business, and proactively promoted the entry of invested enterprises into the capital market, and completed the IPO issuance of one project on the STAR Market; and strengthened its support for micro, small and medium-sized enterprises by capitalizing on its investment strengths, with support amount reached RMB2.818 billion.

Shenyin & Wanguo Investment has established a full range of equity investment funds, including PE investment funds, industrial investment funds, FOF funds, local government funds, merger and acquisition funds, private placement funds and mezzanine funds, to provide small or medium size enterprises with better equity and debt investment and financing services in a more flexible manner. During the Reporting Period, Shenyin & Wanguo Investment fully utilized the Company's private equity fund management platform, focused on four major investment areas of smart manufacturing, TMT, medical and healthcare, and new energy and new materials. With "growth" as the logic of investment, Shenyin & Wanguo Investment adopted "PE+" business models such as PE+ industry group and PE+ government investment platform to empower industry groups and government investment platforms to expand their scale, build ecosystems, and position themselves in emerging industries, as well as to enhance their integration capabilities in the industry, so as to achieve better financial returns for our clients.

**Outlook for the second half of 2023:**

In the second half of 2023, the Company will continue to actively respond to the national strategy, continue to promote the establishment of funds of specialization, refinement, specialization and novelty, actively establish regional funds, enrich the product lines of the funds, continuously strengthen the construction of investment capacity and the synergy of "research + investment + investment banking", further sort out the core logic of regional and industry investment, and do a good job in fund raising and operation and maintenance, fund investment, as well as post-investment and withdraw management in a high-quality manner.

## V. ANALYSIS OF FINANCIAL STATEMENTS

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

#### 1. Composition of revenue

Unit: Thousand Yuan Currency: RMB

Item	January to June of 2023	January to June of 2022	Change in amount	Change in percentage (%)
Fee and commission income	<b>4,413,419</b>	5,395,546	-982,127	-18.20
Interest income	<b>4,800,579</b>	4,965,236	-164,657	-3.32
Net investment gains	<b>6,012,431</b>	4,381,243	1,631,188	37.23
Other income and gains	<b>2,224,166</b>	3,794,617	-1,570,451	-41.39
<b>Total revenue and other income</b>	<b>17,450,595</b>	<b>18,536,642</b>	<b>-1,086,047</b>	<b>-5.86</b>

From January to June of 2023, the Group achieved total revenue and other income of RMB17,451 million, representing a year-on-year decrease of RMB1,086 million or 5.86%, which included:

- (1) Fee and commission income of RMB4,413 million, representing a year-on-year decrease of RMB982 million or 18.20%, mainly due to the year-on-year decrease in income from securities brokerage business and futures brokerage business;
- (2) Interest income of RMB4,801 million, representing a year-on-year decrease of RMB165 million or 3.32%, mainly due to the year-on-year decrease in interest income from margin financing and securities lending, as well as the year-on-year increase in interest income from financial instruments at fair value through other comprehensive income;
- (3) Net investment gains of RMB6,012 million, representing a year-on-year increase of RMB1,631 million or 37.23%, mainly due to the year-on-year increase in net realized gains on sales of financial instruments at fair value through profit or loss, as well as the year-on-year increase in net realized losses and unrealized losses on changes in fair value of derivative financial instruments;
- (4) Other income and gains of RMB2,224 million, representing a year-on-year decrease of RMB1,570 million or 41.39%, mainly due to a year-on-year decrease in income from commodity trading business.

## 2. Composition of expenses

Unit: Thousand Yuan    Currency: RMB

Item	January to June of 2023	January to June of 2022	Change in amount	Change in percentage (%)
Fee and commission expenses	<b>605,895</b>	1,064,547	-458,652	-43.08
Interest expenses	<b>4,892,020</b>	4,999,994	-107,974	-2.16
Staff costs	<b>3,867,711</b>	3,350,054	517,657	15.45
Depreciation and amortization expenses	<b>412,722</b>	360,576	52,146	14.46
Tax and surcharges	<b>72,199</b>	77,311	-5,112	-6.61
Other operating expenses	<b>2,863,397</b>	4,306,872	-1,443,475	-33.52
Credit impairment losses	<b>25,649</b>	684,361	-658,712	-96.25
Provision for/(reversal of) impairment against other assets	<b>53,714</b>	-24,267	77,981	N/A
<b>Total expenses</b>	<b>12,793,307</b>	<b>14,819,448</b>	<b>-2,026,141</b>	<b>-13.67</b>

From January to June of 2023, the Group had total expenses of RMB12,793 million, representing a year-on-year decrease of RMB2,026 million or 13.67%, mainly attributable to the impact of other operating expenses, credit impairment losses and fee and commission expenses, which included:

- (1) Other operating expenses of RMB2,863 million, representing a year-on-year decrease of RMB1,443 million or 33.52%, mainly due to a year-on-year decrease in the cost of commodity sales;
- (2) Credit impairment losses of RMB26 million, representing a year-on-year decrease of RMB659 million or 96.25%, mainly due to the reversal of impairment losses on financial assets held under resale agreements and the provision for impairment losses on accounts receivable;
- (3) Fee and commission expenses of RMB606 million, representing a year-on-year decrease of RMB459 million or 43.08%, mainly due to the year-on-year decrease in expenses for futures brokerage business and securities brokerage business;
- (4) Other expenses mainly included interest expenses, staff costs, depreciation and amortization expenses, tax and surcharges, provision for impairment against other assets.

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

As of June 30, 2023, the Group's cash and cash equivalents amounted to RMB56,637 million, representing a decrease of RMB18,226 million as compared with RMB74,863 million as at June 30, 2022. The change in cash and cash equivalents from January to June 2023 amounted to a net cash outflow of RMB1,596 million, representing an increase of RMB13,700 million in cash outflow as compared with a net cash inflow of RMB12,104 million for the same period of 2022. Among them, net cash inflow from operating activities from January to June 2023 amounted to RMB52,339 million, representing an increase in inflow of RMB38,455 million as compared with the net cash inflow of RMB13,884 million for the same period of 2022, mainly due to the increase in cash inflow from the sale of financial instruments at fair value through profit or loss, the increase in cash inflow from the decrease in cash held on behalf of brokerage clients and the increase in cash inflow from financial assets sold under repurchase agreements; net cash outflow for investing activities from January to June 2023 amounted to RMB47,316 million, representing an increase in outflow of RMB41,159 million as compared with the net cash outflow of RMB6,157 million for the same period of 2022, mainly due to the increase in cash outflow for the purchase of financial assets at fair value through other comprehensive income; net cash outflow for financing activities from January to June 2023 amounted to RMB6,619 million, representing an increase in outflow of RMB10,996 million as compared with net cash inflow of RMB4,377 million for the same period of 2022, mainly due to a decrease in cash inflow obtained from the issuance of long-term bonds, an increase in cash paid for the repayment of short-term debt instruments, and a decrease in cash paid for the repayment of long-term bonds.

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

Unit: Thousand Yuan Currency: RMB

Item	June 30, 2023		December 31, 2022		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Non-current assets</b>						
Property and equipment	1,477,083	0.23	1,402,629	0.23	74,454	5.31
Right-of-use assets	963,498	0.15	899,563	0.15	63,935	7.11
Investment properties	45,737	0.01	47,980	0.01	-2,243	-4.67
Other intangible assets	311,794	0.05	291,293	0.05	20,501	7.04
Interest in associates and joint ventures	3,821,296	0.60	4,108,398	0.67	-287,102	-6.99
Financial assets measured at amortized cost	2,176,319	0.34	3,616,601	0.59	-1,440,282	-39.82
Financial assets held under resale agreements	2,368,300	0.37	3,916,685	0.64	-1,548,385	-39.53
Financial assets at fair value through profit or loss	12,063,694	1.89	14,589,206	2.38	-2,525,512	-17.31
Financial assets at fair value through other comprehensive income	14,217,063	2.23	4,204,258	0.69	10,012,805	238.16
Refundable deposits	28,012,374	4.39	26,517,378	4.33	1,494,996	5.64
Deferred tax assets	2,712,137	0.42	3,461,424	0.56	-749,287	-21.65
Other non-current assets	494,764	0.08	461,500	0.06	33,264	7.21
<b>Total non-current assets</b>	<b>68,664,059</b>	<b>10.76</b>	<b>63,516,915</b>	<b>10.36</b>	<b>5,147,144</b>	<b>8.10</b>

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

Item	June 30, 2023		December 31, 2022		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Current assets</b>						
Accounts receivable	6,777,224	1.06	5,248,559	0.86	1,528,665	29.13
Other receivables and prepayments	2,098,811	0.32	1,333,576	0.21	765,235	57.38
Margin accounts receivable	61,206,394	9.58	61,299,617	10.00	-93,223	-0.15
Financial assets measured at amortized cost	1,486,595	0.23	500,768	0.08	985,827	196.86
Financial assets held under resale agreements	6,514,716	1.02	13,523,679	2.21	-7,008,963	-51.83
Financial assets at fair value through profit or loss	247,054,940	38.68	264,429,834	43.13	-17,374,894	-6.57
Financial assets at fair value through other comprehensive income	92,284,426	14.45	52,336,319	8.54	39,948,107	76.33
Derivative financial assets	8,094,617	1.27	8,197,282	1.34	-102,665	-1.25
Clearing settlement funds	17,214,151	2.69	21,106,241	3.44	-3,892,090	-18.44
Cash held on behalf of brokerage clients	89,504,095	14.01	89,528,669	14.60	-24,574	-0.03
Cash and bank balances	37,876,805	5.93	32,095,566	5.23	5,781,239	18.01
<b>Total current assets</b>	<b>570,112,774</b>	<b>89.24</b>	<b>549,600,110</b>	<b>89.64</b>	<b>20,512,664</b>	<b>3.73</b>
<b>Total assets</b>	<b>638,776,833</b>	<b>100.00</b>	<b>613,117,025</b>	<b>100.00</b>	<b>25,659,808</b>	<b>4.19</b>
<b>Current liabilities</b>						
Loans and borrowings	1,780,974	0.35	1,719,395	0.35	61,579	3.58
Short-term debt instruments issued	17,927,068	3.47	22,052,001	4.44	-4,124,933	-18.71
Placements from other financial institutions	1,038,682	0.20	3,462,411	0.70	-2,423,729	-70.00
Accounts payable to brokerage clients	102,429,488	19.85	100,310,770	20.21	2,118,718	2.11
Employee benefits payable	2,117,741	0.41	2,030,490	0.41	87,251	4.30
Other payables and accruals	58,014,022	11.24	46,401,024	9.35	11,612,998	25.03
Contract liabilities	49,251	0.01	37,785	0.01	11,466	30.35
Current tax liabilities	85,688	0.02	132,484	0.03	-46,796	-35.32
Financial assets sold under repurchase agreements	159,477,888	30.91	153,494,134	30.92	5,983,754	3.90
Lease liabilities	438,114	0.08	370,363	0.07	67,751	18.29
Financial liabilities at fair value through profit or loss	12,773,892	2.48	5,500,999	1.11	7,272,893	132.21
Derivative financial liabilities	5,153,144	1.00	4,749,684	0.96	403,460	8.49
Long-term bonds due within one year	40,937,721	7.93	44,451,669	8.93	-3,513,948	-7.91
<b>Total current liabilities</b>	<b>402,223,673</b>	<b>77.95</b>	<b>384,713,209</b>	<b>77.49</b>	<b>17,510,464</b>	<b>4.55</b>

Item	June 30, 2023		December 31, 2022		Increase/Decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
<b>Non-current liabilities</b>						
Long-term bonds	108,667,080	21.06	106,612,891	21.48	2,054,189	1.93
Non-current employee benefits payable	3,866,972	0.75	3,953,295	0.80	-86,323	-2.18
Deferred tax liabilities	31,927	0.01	5,387	0.00	26,540	492.67
Lease liabilities	558,977	0.11	555,643	0.11	3,334	0.60
Other non-current liabilities	599,956	0.12	596,907	0.12	3,049	0.51
<b>Total non-current liabilities</b>	<b>113,724,912</b>	<b>22.05</b>	<b>111,724,123</b>	<b>22.51</b>	<b>2,000,789</b>	<b>1.79</b>
<b>Total liabilities</b>	<b>515,948,585</b>	<b>100.00</b>	<b>496,437,332</b>	<b>100.00</b>	<b>19,511,253</b>	<b>3.93</b>
Share capital	25,039,945	20.39	25,039,945	21.46	-	-
Reserves	40,818,981	33.23	39,855,701	34.16	963,280	2.42
Retained profits	33,083,310	26.93	30,149,298	25.84	2,934,012	9.73
<b>Total equity attributable to shareholders of the Company</b>	<b>98,942,236</b>	<b>80.55</b>	<b>95,044,944</b>	<b>81.46</b>	<b>3,897,292</b>	<b>4.10</b>
Non-controlling interests	23,886,012	19.45	21,634,749	18.54	2,251,263	10.41
<b>Total equity</b>	<b>122,828,248</b>	<b>100.00</b>	<b>116,679,693</b>	<b>100.00</b>	<b>6,148,555</b>	<b>5.27</b>

- As of June 30, 2023, the Group had total non-current assets of RMB68,664 million, representing an increase of RMB5,147 million from the beginning of the year, mainly due to an increase in financial assets at fair value through other comprehensive income of RMB10,013 million from the beginning of the year, a decrease in financial assets at fair value through profit or loss of RMB2,526 million from the beginning of the year, a decrease in financial assets held under resale agreements of RMB1,548 million from the beginning of the year and a decrease in financial assets measured at amortized cost of RMB1,440 million from the beginning of the year. As of June 30, 2023, the Group had total non-current liabilities of RMB113,725 million, representing an increase of RMB2,001 million from the beginning of the year, mainly due to an increase in long-term bonds of RMB2,054 million from the beginning of the year.

2. As of June 30, 2023, the Group had total current assets of RMB570,113 million, representing an increase of RMB20,513 million from the beginning of the year, mainly due to an increase of RMB39,948 million in financial assets at fair value through other comprehensive income from the beginning of the year, and a decrease in financial assets at fair value through profit or loss of RMB17,375 million from the beginning of the year. As of June 30, 2023, the Group had total current liabilities of RMB402,224 million, representing an increase of RMB17,510 million from the beginning of the year, mainly due to an increase in other payables and accruals of RMB11,613 million from the beginning of the year, an increase in financial liabilities at fair value through profit or loss of RMB7,273 million from the beginning of the year, an increase in financial assets sold under repurchase agreements of RMB5,984 million from the beginning of the year, and a decrease in short-term debt instruments issued of RMB4,125 million from the beginning of the year.

**3. Financing channels and structure of long- and short-term liabilities of the Company**

(1) *Financing channels of the Company*

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

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

Unit: Thousand Yuan    Currency: RMB

Item	June 30, 2023	December 31, 2022
Long-term bonds (including long-term bonds due within one year)	<b>149,604,801</b>	151,064,560
Short-term debt instruments issued	<b>17,927,068</b>	22,052,001
Loans and borrowings	<b>1,780,974</b>	1,719,395
Placements from other financial institutions	<b>1,038,682</b>	3,462,411
<b>Total</b>	<b>170,351,525</b>	178,298,367

In the above liabilities, RMB108,667 million had a financing period of more than one year while RMB61,684 million less than one year, accounting for 63.79% and 36.21% of the aforesaid debt, respectively. In addition to borrowings and debt financing instruments, the Company also raised funds through on-the-exchange and OTC repurchases. At the end of the Reporting Period, the balance of financial assets sold under repurchase agreements was RMB159,478 million, and the financing terms were all less than one year. As of the end of the Reporting Period, the Company had no outstanding debts overdue and had sound overall solvency, and its liquidity risks were controllable.



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

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

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

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

(5) *Material contingent liabilities*

As of June 30, 2023, the Company did not have any material contingent liabilities.

#### 4. Key assets overseas

Unit: Thousand Dollar Currency: HK\$

Details of the assets	Formed reason	Assets scale	Location	Operating model	Control measures to ensure asset security	Assets overseas as a percentage of the Company's net assets		Whether there is significant impairment risk
						Revenue	3.82%	
Shenwan Hongyuan (International) Holdings Limited	Investment	27,243,499	Hong Kong	Wholly-owned subsidiary	The safety of assets is ensured through the systems such as the Implementation Rules for the Management of Overseas Subsidiaries	566,008	3.82%	No



**(IV) Changes in the Scope of Consolidation of Financial Statements**

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

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

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

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

For assets with restricted ownership or use rights, please refer to Notes "17, 23, 24 and 35" to the interim condensed consolidated financial statements.

**VI. ANALYSIS OF INVESTMENTS**

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

Unit: Thousand Yuan Currency: RMB

Investment amount at the end of the Reporting Period	Investment amount at the end of the corresponding period of last year	Change (%)
3,821,296	4,108,398	-6.99

**(II) Material Equity Investments**

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

**(III) Material Non-equity Investments**

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

**(IV) Investments in Financial Assets**  
**1. Investments in securities**

Unit: Thousand Yuan Currency: RMB

Security type	Security code	Security abbreviation	Initial Accounting investment measurement cost model	Beginning book value	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Current purchase amount	Current sales amount	Profit and loss during the Reporting Period	Closing book value	Accounting item	Sources of Funds
Asset management scheme	113938	Baoying Jinyuanbao No. 10 Collective Asset Management Scheme	14,309,989 Fair value	11,719,970	441,391	-	2,500,000	-	441,391	14,661,361	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113914	Rongtong Fund	9,601,201 Fair value	7,054,902	274,242	-	2,500,000	-	274,242	9,829,144	Financial assets at fair value through profit or loss	Self-owned funds
Asset management scheme	113936	Shenwan Hongyuan Securities No. 1 Collective Asset Management Scheme	3,398,300 Fair value	2,902,136	72,904	-	550,000	-	554,924	3,525,039	Financial assets at fair value through profit or loss	Self-owned funds
Shares	300750	Baoying Jinyuanbao No. 9 Collective Asset Management Scheme	3,117,252 Fair value	3,513,950	249,589	-	3,703,612	4,402,917	220,637	3,064,234	Financial assets at fair value through profit or loss	Self-owned funds
Bonds	2128013	21 Bank of Communications Small and Micro Bonds	2,310,000 Fair value	-	-	1,200	2,492,380	147,846	1,829	2,347,333	Financial assets at fair value through profit or loss	Self-owned funds
Bonds	2128015	21 Agricultural Bank of China Small and Micro Bonds	1,890,000 Fair value	-	-	1,117	1,918,121	-	574	1,919,279	Financial assets at fair value through other comprehensive income	Self-owned funds
Bonds	2120107	21 Zhesang Bank Perpetual Bonds	1,760,242 Fair value	-	-	15,445	3,203,731	1,445,509	64,740	1,775,687	Financial assets at fair value through other comprehensive income	Self-owned funds

Security type	Security code	Security abbreviation	Initial Accounting investment measurement cost model	Beginning book value	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Current purchase amount	Current sales amount	Profit and loss during the Reporting Period	Closing book value	Accounting item	Sources of Funds
Bonds	2028003	20 Ping An Bank Perpetual Bond 01	1,784,595 Fair value	-	-	-18,704	3,537,161	1,753,518	45,198	1,765,891	Financial assets at fair value through other comprehensive income	Self-owned funds
Asset management scheme	119386	Caitong Securities Asset Management Zhixuan FOF No. 3 Single Asset Management Scheme	1,448,100 Fair value	1,582,713	23,432	-	30,000	-	23,432	1,636,144	Financial assets at fair value through profit or loss	Self-owned funds
Bonds	1920076	19 Huishang Bank Perpetual Bond	1,529,205 Fair value	692,977	6,622	46,004	2,928,828	2,034,586	53,117	1,576,032	Financial assets at fair value through other comprehensive income	Self-owned funds
Other securities investments held at the end of the period			328,794,576	312,210,338	2,041,907	1,029,637	1,548,864,127	1,536,146,259	7,995,379	327,182,893	-	-
Total			369,943,460	339,676,986	3,110,087	1,074,699	1,572,227,960	1,545,928,635	9,675,463	369,283,037	-	-

Notes:

1. This table includes domestic and overseas financial assets measured at fair value and amortized cost held during the Reporting Period, such as equities, funds, bonds and trust products.
2. This table is sorted by the ratio of the book value at the end of the period to the total securities investment of the Company at the end of the period and contains the top ten securities held by the Company at the end of the period.
3. Other securities investments refer to investments in other securities other than the top ten securities.
4. Gains and losses during the Reporting Period include net investment income, interest income and credit impairment losses on the securities held by the Company during the Reporting Period.

## 2. Investments in derivatives

N/A

## VII. USE OF PROCEEDS

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

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

Unit: Ten thousand Yuan Currency: RMB

Year of fund raising	Way of fund raising	Total proceeds	Total proceeds used in the current period	Total proceeds used cumulatively	Total proceeds with changed use during the Reporting Period	Total proceeds with changed use cumulatively	Proportion of total proceeds with changed use cumulatively	Total Use and unused proceeds	destination of unused proceeds	Proceeds that have been idle for more than two years
2018	Public issuance of corporate bonds to qualified investors	700,000.00	-	700,000.00	-	-	-	-	N/A	-
2021	Public issuance of corporate bonds to professional investors	800,000.00	-	800,000.00	-	-	-	-	N/A	-
2022	Public issuance of corporate bonds to professional investors	955,000.00	-	955,000.00	-	-	-	-	N/A	-
2023	Public issuance of corporate bonds to professional investors	500,000.00	-	-	-	-	-	500,000.00	After deducting issuance expenses, all proceeds are used to repay debts due	-
Total	-	2,955,000.00	-	2,455,000.00	-	-	-	500,000.00	-	-
Description of the overall use of proceeds										
The Company used the proceeds in strict accordance with the use specified in the prospectus, and the unused proceeds are deposited in the special account for proceeds.										

(III) Commitment for proceeds

N/A

(IV) Changes of proceeds

N/A

## VIII. MATERIAL ASSETS AND EQUITY INTERESTS DISPOSAL

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

## IX. ANALYSIS OF MAJOR SUBSIDIARIES AND INVESTEEES

### (I) Major Subsidiaries

Unit: Thousand Yuan Currency: RMB

Name of company	Type of company	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Shenwan Hongyuan Securities Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting service, margin financing and securities lending, agency sale of financial products, securities assets management, securities underwriting and sponsoring and securities proprietary business	53,500,000	594,486,962	120,130,864	4,137,008
Shenwan Hongyuan Industrial Investment Management Company Limited	Wholly-owned subsidiary	Investment, assets management and investment consulting service. (For the special projects subject to approval according to law, they can be carried out only after approval from relevant departments)	200,000	221,402	221,191	1,087
Hongyuan Huizhi Investment Co., Ltd.	Wholly-owned subsidiary	Investment, assets management, investment management, corporate management consulting service and investment consulting service	2,000,000	4,585,744	2,175,508	27,163
Hongyuan Futures Co., Ltd.	Wholly-owned subsidiary	Commodity futures brokerage, financial futures brokerage and futures investment consulting service	1,000,000	16,457,341	1,504,846	-48,158
Hongyuan Huifu Capital Co., Ltd.	Wholly-owned subsidiary	Entrepreneurship investment, entrepreneurship investment consulting service, provision of entrepreneurial management service for startup enterprises and participation in setting up entrepreneurial investment enterprises and entrepreneurial investment management advisory institutions	500,000	555,546	484,343	-11,824

Name of company	Type of company	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Shenwan Hongyuan Securities (Western) Co., Ltd.	Wholly-owned subsidiary	Securities brokerage, securities investment consulting, margin financing and securities lending, agency sales of financial products, agency sales of securities investment funds, provision of intermediate introduction business for futures companies (The above businesses are limited to Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai and Tibet), securities proprietary business (for securities brokerage clients in Xinjiang, Gansu, Shaanxi, Ningxia, Qinghai and Tibet only). (For the projects subject to approval according to law, they can be carried out only after approval from relevant departments)	5,700,000	18,145,228	8,183,674	365,525
Shenyin & Wanguo Alternative Investment Co., Ltd.	Wholly-owned subsidiary	Conducting investment activities with self-owned funds	2,500,000	2,923,555	2,892,720	147,020
Shenwan Futures Co., Ltd.	Controlling subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consulting service, assets management and fund sales	1,441,588	37,604,176	3,969,441	81,238
Shenwan Hongyuan Financing Services Co., Ltd.	Wholly-owned subsidiary	Securities underwriting (excluding bond types other than convertible bonds) and sponsoring, financial advisory in relation to securities transactions and securities investment activities	1,000,000	2,174,981	1,572,998	76,786

## Section III Management Discussion and Analysis (continued)

Name of company	Type of company	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
SWS MU Fund Management Co., Ltd.	Controlling subsidiary	Fund management business, initiation and establishment of funds and other businesses approved by the CSRC (including sales of funds initiated and established by itself)	150,000	1,625,962	1,294,673	51,883
SWS Research Co., Ltd.	Controlling subsidiary	Investment consulting business	20,000	278,823	89,823	10,696
Shenyin & Wanguo Investment Co., Ltd.	Wholly-owned subsidiary	Private equity fund	1,000,000	1,273,188	1,079,605	1,627
Shenwan Hongyuan (International) Holdings Limited	Wholly-owned subsidiary	Investment holdings	HK\$4,070,920 thousand	HK\$27,243,499 thousand	HK\$5,088,991 thousand	HK\$-42,034 thousand

Note: The above data of subsidiaries is unaudited.

### (II) Major Investee

Unit: Thousand Yuan Currency: RMB

Name of company	Type of company	Principal businesses	Registered capital	Total assets	Total equity	Profit for the period
Fullgoal Fund Management Co., Ltd.	Joint venture	Publicly offered securities investment fund management, fund sales, specific customer assets management	520,000	13,623,841	7,781,343	1,065,400

### (III) Acquisition and Disposal of Subsidiaries, Branch Companies and Securities Branches during the Reporting Period

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

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

#### 2. Acquisition and disposal of subsidiaries and branch companies by subsidiaries of the Company during the Reporting Period

(1) During the Reporting Period, Hongyuan Huifu completed the liquidation and deregistration of Chengdu Shenhong Eying Equity Investment Fund Management Co., Ltd. (成都申宏峨影股權投資基金管理有限公司).

(2) During the reporting period, Hongyuan Futures established Hongyuan Futures Co., Ltd. Guangdong Branch, Hongyuan Futures Co., Ltd. Shanghai Branch, Hongyuan Futures Co., Ltd. Tianjin Branch and Hongyuan Futures Co., Ltd. Zhejiang Branch, of which 2 were newly established and 2 were turned over in business offices.

(3) Acquisition and disposal of subsidiaries, branch companies and securities branches by Shenwan Hongyuan Securities during the Reporting Period

During the Reporting Period, Shenwan Hongyuan Securities did not approve the establishment of any new securities branches or branch companies. Preparatory work for the establishment of new securities branches in Ma'anshan City, Anhui Province and Jinjiang City, Fujian Province was in progress.

During the Reporting Period, Shenwan Hongyuan Securities did not formally close any of its securities branches or branch companies. Hohhot Ruyihe Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd. was approved for closure, and the closure of Hangzhou Xixi Road Securities Branch of Shenwan Hongyuan Securities Co., Ltd. was in progress.

During the Reporting Period, Tongxiang Shenyin Wanguo Golden Phoenix Investment Management Co., Ltd. (桐鄉市申銀萬國金鳳凰投資管理有限公司), a subsidiary of Shenyin & Wanguo Investment (which is a subsidiary of Shenwan Hongyuan Securities), completed its deregistration.



## X. STRUCTURED ENTITIES UNDER CONTROL OF THE COMPANY

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

As at June 30, 2023, the consolidated structured entities of the Company included asset management schemes issued and managed by the Group and trust schemes the Group invested in issued by third parties. The book value of net assets of the abovementioned consolidated structured entities is RMB23,500 million.

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

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

### (I) Market Risk

The market risk exposure of the Company is mainly concentrated in the proprietary investment business, assets management business with self-owned funds and other businesses. During the Reporting Period, all investment businesses withstood the test of market downturn generally. At the end of the Reporting Period, the VaR (95% for one day) of the proprietary investment business of Shenwan Hongyuan Securities was RMB211 million.

At present, the global economy is in the doldrums and the growth momentum is weakening. China is facing the triple pressure of insufficient endogenous energy, continuous pressure on exports and weakening expectations. Various uncertainties have increased and market risk management is facing greater challenges. The countermeasures taken by the Company include but are not limited to: 1. paying close attention to the trend of economic and financial evolution, strengthening macro and industry forward-looking research and judgment, intensifying the research on the risk characteristics and future change trends of large-scale assets, and making timely and proactive responses, in view of the volatility of the equity, fixed income and commodity markets during the year; 2. strictly implementing the risk tolerance requirements and risk limit indicators of proprietary investments, assets management with self-owned funds and other businesses; 3. optimizing a quantitative risk indicator assessment system, including risk measurement indicators such as VaR, beta, volatility, Greek letters, interest rate basis point value, duration and investment concentration, and utilizing a combination of various methods or tools such as stress test and sensitivity analysis for measurement and assessment; 4. standardizing the whole-process management mechanism of models, strengthening model validation and model risk assessment, and using methods including VaR and stress testing to analyze and assess market risks and regularly test the effectiveness of the model; 5. conducting dynamic monitoring and graded pre-warning of risk control indicators, measuring and monitoring market risk limit-related indicators on a daily basis, conducting a comprehensive assessment of the Company's overall market risk, and taking effective countermeasures on a timely basis; and 6. prior to the launch of major investment projects, strictly carrying out the project feasibility analysis, and having the risk control department issue risk assessment reports independently.

**(II) Credit Risk**

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

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

### (III) Liquidity Risk

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

Currently, affected by the continuous interest rate increase of major economies such as Europe and the United States as well as local geopolitical conflicts, the global and domestic capital markets have become more volatile. There is greater uncertainty over domestic macro policies and funding. Accordingly, the volatility of the use of funds in business lines also increased, and the liquidity risk management of the Company was faced with challenges. The countermeasures taken by the Company include but are not limited to: 1. dynamically tracking changes in overseas monetary policies, conducting in-depth studies on the impact of tightening monetary policies in major overseas economies on liquidity in the domestic market, making comprehensive capital planning, and continuously optimizing the structure of high-quality current assets to ensure the Company's business capital needs and debt repayment; 2. on the basis of keeping existing financing channels unblocked, exploring new financing models, expanding new financing channels, and continuously improving the Company's debt financing management capabilities; 3. strengthening the dynamic monitoring of liquidity risk status, continuously tracking and evaluating the information including liquidity regulatory indicators, cash flow gap and liquidity reserve, and carrying out liquidity risk pre-warning work; 4. optimizing the liquidity risk measurement model, improving the capabilities to predict changes in cash flow from operations and analyze gaps; 5. conducting stress test of liquidity risk on a regular basis to assess liquidity pressure in the event of substantial expansion of business scale and extreme market changes, strengthening the stress assessment on liquidity risk of the OTC derivatives business, and preparing response plans for liquidity impact in advance; 6. assessing the Company's capabilities to handle liquidity risk emergency, continuously improving liquidity emergency plan and improving Company's capabilities to respond to liquidity crisis by conducting liquidity risk emergency drills which incorporate scenarios including possible reputational risks; and 7. effectively monitoring liquidity risks of subsidiaries to strengthen liquidity risk management of subsidiaries.

#### **(IV) Operational Risk**

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

With the constant enrichment of business types, the continuous expansion of business scale, the increase in the number of practitioners, the widespread use of information systems, the overall tightening of supervision, etc., the operational risks faced by the Company have also increased, which has brought challenges to the operational risk management. The countermeasures taken by the Company include but are not limited to: 1. constantly improving the operational risk management mechanism and further strengthening operational risk management requirements; 2. strengthening the foresight of operational risk management and carrying out in-depth operational risk assessment, incorporating typical external risk events and supervisory key concerns as key risk points in the relevant unit's operational risk self-assessment table, so as to check whether corresponding risk prevention and control measures have been formulated, and to identify and control potential risks in advance, based on case studies; 3. continuously improving the front-end control functions of the business system, sorting out and analyzing the frequent and easy-to-occur points of operational errors in various business segments, and implementing systematic control over important segments to reduce the number of manual operations; 4. strengthening the risk assessment, functional verification and daily monitoring of the information system, formulating information system security emergency plans and carrying out emergency drills; and 5. continuing to conduct publicity of typical risk cases and business training, intensifying assessment on staff errors, and constantly improving their business capabilities and risk management awareness.

### (V) Policy Risk

The Company's overall operations and development of businesses are greatly affected by policies. On the one hand, changes in national macroeconomic policies and interest rate policies will affect the trend of the securities market, which will lead a direct and important influences on the operations and business development of securities companies; on the other hand, the pace of reform and liberalization of the capital market, with the full registration system as the core, has continued to deepen; regulatory authorities have published a series of regulatory policies to continuously improve the capital market management rules and to enhance the functions of the capital market, emphasize the standardized development of business, and put forward higher requirements for securities companies to improve professional service capabilities and risk management level. The countermeasures taken by the Company include but are not limited to: 1. taking the spirit of the 20th Party Congress as a guide, insisting on serving the overall national strategy, resolutely implementing relevant requirements of "six stabilizations" and "six guarantees", helping stabilize economic growth, and actively implementing the original intention and mission of financial enterprises to serve the real economy; 2. strengthening the research and analysis of the macroeconomic situation and industry dynamics, taking proactive measures to adjust risk control policies and business strategies in due course, and effectively preventing various risks that may arise during the implementation of policies; 3. paying close attention to dynamics and trends of regulatory policies, strengthening communication with regulatory authorities, analyzing and interpreting regulatory policies related to main businesses, and conducting special training to improve the policy acumen of employees; and 4. strictly implementing the relevant regulations, improving the institutional improvement and system construction of relevant businesses, and strengthening risk management and control, to ensure the healthy development of businesses.

## (VI) Legal Compliance Risk

During the Reporting Period, the legislature, the judiciary, the People's Bank of China, the regulatory system of the SFC and self-regulatory organizations such as exchanges and securities associations, issued a number of laws and regulations, judicial policy documents, regulatory requirements and industry self-regulatory rules, to comprehensively strengthen the primary responsibility of the operation and management of securities firms; the SFC system has continued to maintain its high-handedness, intensified the supervision and inspection of securities firms, and continued to expand the coverage of supervisory inspection, and insisted on penetrating supervision and full-chain accountability. The SFC system continued to maintain a high-pressure stance, intensified its supervision and inspection of securities firms, continuously expanded the coverage of regulatory inspections, and insisted on penetrating supervision and chain-wide accountability. Meanwhile, the People's Bank of China has stepped up anti-money laundering penalties on brokerage firms, and cases in which brokerage firms have been judicially ordered to bear compensation liabilities have continued to emerge, thus continuing to put pressure on the prevention and control of legal compliance risks. The countermeasures taken by the Company include but are not limited to: 1. continuously strengthening the compliance culture construction, enhancing legal compliance training and publicizing typical cases; 2. implementing the new regulations and continuously improving the Company's system; 3. continuously strengthening compliance review of key businesses and areas, cooperating with regulatory inspections and enhancing compliance self-inspection; 4. making every effort to resolve risky events such as letters and visits, complaints and disputes, and doing a good job in responding to major cases and disposing of risky projects; 5. implementing anti-money laundering and other regulatory requirements, continuously optimizing the anti-money laundering mechanism, improving and perfecting the money laundering risk assessment mechanism, and cooperating with anti-money laundering on-site inspections and subsequent rectification work; 6. continuously strengthening the legal compliance management system, and enhancing compliance management of employees' practice behavior, clean practice, information segregation and conflict of interest; 7. strengthening the building of compliance personnel, improving the compliance assessment mechanism and optimizing the accountability mechanism; 8. strengthening regulatory communication, grasping the regulatory situation, understanding the spirit of regulatory meetings and implementing regulatory policy requirements; and 9. strengthening communication with peers to understand industry dynamics and learn from the compliance management experience of peers.

### **(VII) Risk of Innovative Businesses**

With the goal of serving the national strategy and the real economy, the Company actively and steadily develops business innovation. At present, the financial industry and the Company's innovative business structure and product types became increasingly complex and risks of innovative businesses further emerged. Therefore, corresponding risk control mechanisms and standards need to be strengthened. The countermeasures taken by the Company include but are not limited to: 1. the Company and its major subsidiaries have set up relevant professional committees to be responsible for the verification of the Company's innovative businesses, to coordinate the development of cross-departmental and cross-line innovative business, and to strengthen the gate-keeping of innovative business; 2. revising and improving corresponding rules of innovative businesses, and strengthening the reserve of innovative business talents, to ensure steady development of innovative businesses on the basis of systems, talents and other supporting measures in place; 3. enhancing the management of new businesses, new models and new products of subsidiaries, to included them in the Company's hierarchical review and decision-making system. Based on the first-level evaluation by subsidiaries, the Company's risk management department would conduct a second-level evaluation and review, and enhancing the evaluation of new business proposals and actively supporting business development on the premise of ensuring risk control.; 4. adding the risk monitoring and pre-warning of innovative businesses to the daily risk management work, and dynamically adjusting the control threshold based on business operation situation; 5. strengthening the construction of innovative business system, and continuously improving various system functions such as business management and risk monitoring, to give full play to the support and guarantee role of the information technology for businesses; and 6. a retrospective evaluation mechanism has been established for innovative businesses, to conduct tracking retrospective evaluation on the development goals, operations, risk return as well as effectiveness of risk management and control measures of innovative businesses, then incorporate it into the annual risk management performance assessment, to continuously improve the risk management and control measures of innovative businesses and promote the steady development of innovative businesses.

### **(VIII) Reputation Risk**

During the Reporting Period, the Company did not experience any significant reputational risk events. We have maintained a stable and favorable operating environment. The external environment facing reputation risk management has become more complex, and the countermeasures taken by the Company include but are not limited to: 1. incorporating reputation risk management into the comprehensive risk management system and establishing a reputation risk management framework with clear responsibilities, division of responsibilities and management requirements; 2. following the principle of prevention-oriented management, the coordination mechanism for reputation risk reporting, identification and assessment mechanism and emergency response mechanism have been clearly defined; 3. through effective monitoring of public opinion and the implementation of categorization and hierarchical management of public opinion, the Company is able to proactively identify and resolve reputational risks in its daily operation and management, and actively and steadily respond to various types of reputational risk events.

### (IX) Exchange Rate Risk

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

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

In 2023, the concepts of marketization, professionalization, internationalization and rule of law brought about by the reform of registration-based IPO rules across all markets will drive systemic changes in the capital market. The capital market will be further enriched in terms of investment targets, product types and trading strategies, and the capacity of the capital market to provide investment and financing services will be significantly enhanced. The Company will continue to implement the major decisions and deployments of the CPC Central Committee. Under the leadership of the Party Committee and the Board of Directors of the Company, the Company will strengthen the leadership of party building, implement strategies, deepen reform and transformation, and improve risk prevention and control. The Company will take the reform of the registration-based IPO rules across all markets as an opportunity to actively promote business transformation, enhance the competitiveness of its capital-light business, steadily develop its capital-heavy business, and deepen its integrated financial service model of “research + investment + investment banking”, based on its mission of providing financial services to the real economy, so as to closely integrate its main responsibilities with its main business, fully implement the new development concept, support and boost the development of the real economy, and effectively enhance the quality and effectiveness of its services to the national strategy.



## Section IV Corporate Governance

### I. CORPORATE GOVERNANCE

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

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

## II. ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETINGS HELD BY THE COMPANY DURING THE REPORTING PERIOD

Session of meeting	Convening date	Investor participation ratio	Titles of resolutions of the meeting	Status of resolutions	Disclosure date and disclosure index
2022 annual general meeting	June 20, 2023	63.14%	<ol style="list-style-type: none"> <li>The Resolution Regarding Consideration of the 2022 Work Report of the Board of Directors of the Company</li> <li>The Resolution Regarding Consideration of the 2022 Work Report of the Board of Supervisors of the Company</li> <li>The Resolution Regarding Consideration of the 2022 Annual Financial Report of the Company</li> <li>The Resolution Regarding the 2022 Profit Distribution Plan of the Company</li> <li>The Resolution Regarding Consideration of the 2022 Annual Report of the Company</li> <li>The Resolution Regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares of the Company</li> <li>The Resolutions Regarding the Estimated Ordinary Related Party Transactions for 2023 (voted item by item)</li> <li>The Resolutions Regarding the Amendments to the Plan on Authorization to the Board by the General Meeting of Shenwan Hongyuan Group Co., Ltd.</li> <li>The Resolution Regarding the Re-appointment of Auditors of the Company for 2023</li> </ol>	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	<p>For details of the resolutions considered at the meeting, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on June 21, 2023 and the website of HKExnews at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> on June 20, 2023</p>

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

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

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

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

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

As of the disclosure date of this report, the fifth session of the Board of Supervisors of the Company comprises 5 supervisors:

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

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

### IV. COMPOSITION OF EXECUTIVE COMMITTEE OF THE COMPANY

As of the disclosure date of this report, members of the executive committee: Mr. Liu Jian (Chairman), Mr. Huang Hao (vice chairman), Ms. Ren Quansheng and Mr. Liu Yue

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

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

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

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

### 1. Directors

#### *Executive Directors*

Mr. Liu Jian (劉健) currently serves as an executive director, the chairman of the Board of Directors and the chairman of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Liu worked at the Non-Banking Financial Institutions Administration Division of the People's Bank of China from August 1997 to June 1998; he successively served as the chief section member, deputy director and director of China Securities Regulatory Commission from June 1998 to April 2007; he served as the director of the General Department of Central Huijin Investment Ltd. from April 2007 to September 2007; the deputy director, director and secretary to the board of directors and secretary of the Party Committee of China Investment Corporation from September 2007 to September 2013; and the inspector and section chief of the Ministry of Finance from September 2013 to January 2020; he served as the secretary of the Party Committee of Bank of China Investment Limited from January 2020 to July 2022; the executive president and executive director of Bank of China Group Investment Limited from April 2020 to May 2021, the chairman and executive president of Bank of China Group Investment Limited from May 2021 to July 2022; the chairman of the board of supervisors of Beijing-Shanghai High-speed Railway Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601816) from July 2021 to August 2022; he has served as the secretary of the Party Committee of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. since July 2022; the executive director and chairman of Shenwan Hongyuan Group Co., Ltd. since August 2022; the executive director and chairman of Shenwan Hongyuan Securities Co., Ltd. since September 2022; the chairman of the Executive Committee of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. since December 2022; and the general manager (acting) of Shenwan Hongyuan Securities Co., Ltd. since August 2023. Mr. Liu obtained a bachelor's degree in economics from Jilin University in July 1994 majoring in international economics, a master's degree in economics from the Graduate School of the People's Bank of China in July 1997 majoring in international finance, and a doctorate degree in economics from the Graduate School of the People's Bank of China in June 2004 majoring in monetary banking. Mr. Liu Jian is a certified public accountant.

### *Independent Non-executive Directors*

Mr. Chen Hanwen (陳漢文) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Chen Hanwen served as a teaching assistant, lecturer and associate professor in the Accounting Department of Xiamen University from August 1990 to November 1999; a professor in the Accounting Department of the School of Management of Xiamen University from December 1999 to May 2015 (during which he served as a doctoral tutor of the Accounting Department of the School of Management of Xiamen University February 2001 to May 2015 and the director of the Accounting Department, the deputy dean of the School of Management, the deputy dean of the Graduate School and the secretary general of the Academic Committee of Xiamen University from April 2004 to April 2015); he served as a professor and doctoral tutor of the Accounting Department of the School of International Business of the University of International Business and Economics from May 2015 to November 2021 (during which he served as a distinguished professor of Huiyuan of the University of International Business and Economics from May 2017 to November 2021 and a first-level professor at the International Business School of the University of International Business and Economics from January 2018 to November 2021). He has served as an instructor of doctorate students of the University of International Business and Economics since May 2015; and a professor of Nanjing Audit University since November 2021; he served as an independent director of Xiamen International Bank Co., Ltd. from May 2013 to December 2021; he served as an independent director of Dalian Wanda Commercial Management Group Co., Ltd. from May 2017 to July 2023; an independent director of Shanghai Fuiou Payment Service Co., Ltd. since May 2017; an independent director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd. (837344.OC) since November 2018; an external supervisor of Bank of Communications Co., Ltd. (601328.SH, 03328.HK) since June 2019; an independent director of China Shenhua Energy Co., Ltd. (601088.SH, 01088.HK) since May 2020; and an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021. Mr. Chen Hanwen graduated from the Accounting Department of School of Economics of Xiamen University in July 1990 with a bachelor's degree in auditing and from the Accounting Department of School of Economics of Xiamen University in August 1997 with a doctorate degree in economics.

Mr. Zhao Lei (趙磊) currently serves as an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Zhao Lei was a lecturer and associate professor at the School of Civil and Commercial Law of Southwest University of Political Science and Law from July 2005 to February 2012; a post-doctoral researcher at the postdoctoral research station of the University of International Business and Economics (postdoctoral in International Commercial Law) from October 2007 to June 2010; the assistant to the president of the Second Civil Division of the First Intermediate People’s Court of Chongqing Municipality from May 2009 to December 2009; a researcher (postdoctoral in finance) at Tehua Postdoctoral Programme from October 2011 to September 2013; and an editor and the head of the law subject of the Social Sciences in China Press from March 2012 to November 2016. He has been an executive member of the China Law Journal Research Association since August 2015; an executive member of the China Securities Law Research Association since May 2016; a part-time researcher of Wuhan University Institute of International Law, a national high-end think tank, since November 2016; an associate researcher and researcher (professor) at the Commercial Law Office in the Institute of Law of the Chinese Academy of Social Sciences since December 2016; an doctoral tutor of students in Civil and Commercial Law at Southwest University of Political Science and Law since September 2019; an executive member of the China Commercial Law Research Association, an external professor of Lanzhou University, and concurrently an expert member of the Commercial Trial Professional Committee of the China Trial Theory Research Association and an expert member of the Financial Trial Professional Committee since October 2019; and an executive member of the China Bank Law Research Association since November 2020. He also served as an independent director of Haohan Data Technology Co., Ltd. (833175.OC) from September 2016 to June 2020, and has been an independent director of Nanning Department Store Co. Ltd. (600712.SH) since April 2018, an independent director of Shanghai Haohai Biological Technology Co., Ltd. (688366.SH, 06826.HK) since June 2020, an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. since May 2021, and an independent director of Triangle Tyre Co., Ltd (601163.SH) since June 2023. Mr. Zhao Lei graduated from the Law Department of Hebei University with a bachelor’s degree in July 1999; graduated from Hebei Normal University with a master’s degree in economic law in July 2004; and graduated from the Southwest University of Political Science and Law with a doctorate degree in civil and commercial law in July 2007.

### 2. Supervisors

Mr. Fang Rongyi (方榮義) currently serves as a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Fang Rongyi served as the deputy director of the information center of the research institute of Beijing Yonyou Financial Technology Co., Ltd. from November 1990 to August 1992; he studied in the Accounting Department of Xiamen University for a doctorate degree from September 1992 to September 1995 and was an associate professor at the Business Administration Education Center of Xiamen University from November 1995 to March 1997. From March 1997 to January 2003, he successively served as an employee, assistant investigator (deputy director general level), and deputy director general of the accounting department of the Shenzhen Central Branch of the People's Bank of China; he served as the director general of the Non-Bank Financial Institution Supervision Division of the Shenzhen Central Sub-branch of the People's Bank of China from January 2003 to October 2003; the director general of the Financial Accounting Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2003 to October 2006; and the director general of the State-owned Bank Supervision Division of the Shenzhen Supervision Bureau of the China Banking Regulatory Commission from October 2006 to September 2007; he was the proposed chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from September 2007 to March 2008; the chief financial officer of Shenyin & Wanguo Securities Co., Ltd. from March 2008 to December 2014 (during which he concurrently served as the general manager of planning and accounting management headquarters from June 2011 to November 2011); from December 2014 to July 2015, he served as the deputy general manager and chief financial officer of Shenwan Hongyuan Securities Co., Ltd.; he has concurrently served as the vice chairman of Fullgoal Fund Management Co., Ltd. since December 2014, and a supervisor of E-Capital Transfer Co., Ltd. since December 2014; he served as the deputy general manager, chief financial officer, and secretary to the board of directors of Shenwan Hongyuan Securities Co., Ltd. from July 2015 to December 2017; from December 2017 to January 2021, he served as the deputy general manager, chief financial officer, secretary to the board of directors, and chief risk officer of Shenwan Hongyuan Securities Co., Ltd.; he has concurrently served as the deputy director of the Financial Accounting Professional Committee of the Securities Association of China since May 2018, and a part-time/visiting professor of East China University of Political Science and Law since May 2018; he served as the deputy general manager, a member of the executive committee, chief financial officer, and secretary to the board of directors of Shenwan Hongyuan Securities Co., Ltd. from January 2021 to September 2021; he has been a supervisor and the chairman of the board of supervisors of Shenwan Hongyuan Securities Co., Ltd. since September 2021; a supervisor and the chairman of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. since October 2021; he served as the deputy director of the professional committee of the board of supervisors of China Association for Public Companies from November 2021 to May 2023; he has concurrently served as the director of the professional committee of the board of supervisors of China Association for Public Companies since May 2023, he served as the chairman of Shanghai Shenwan Hongyuan Public Welfare Foundation (in preparation) from December 2021 to July 2022; the chairman of Shanghai Shenwan Hongyuan Public Welfare Foundation since July 2022; and he has concurrently served as the chairman of the labour union of Shenwan Hongyuan Securities Co., Ltd. since April 2023. Mr. Fang Rongyi obtained a bachelor's degree in economics from Xiamen University in July 1987; a master's degree in economics from Xiamen University in July 1990; and a doctorate degree in economics from Xiamen University in September 1995.

Ms. Chen Yan (陳燕) currently serves as a supervisor of Shenwan Hongyuan Group Co., Ltd. Her main work experience includes: Ms. Chen Yan served as an employee of the Beijing Branch of the People's Insurance Company of China from August 1997 to February 2000; the editorial assistant and editor of the Economic Daily News Group from February 2000 to October 2007; the deputy director of the Corporate News Editorial Office, the assistant to the director of the chief editor office, and the director (deputy senior editor) of the chief editor office of the Economic Daily from October 2007 to March 2012; the senior manager of the Comprehensive Management Department/Banking Institutions Department II of Central Huijin Investment Ltd. from March 2012 to July 2017 (during which she temporarily served in Beijing Branch of China Construction Bank); and head of the Equity Management Division of Policy Financial Institutions of the Comprehensive Management Department/Banking Institutions Department II of Central Huijin Investment Ltd. from July 2017 to January 2020; She served as the head of the Policy Research Division of the Comprehensive Management Department of Central Huijin Investment Ltd. from January 2020 to October 2022. Ms. Chen Yan has been a supervisor of Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. since May 2021; the general manager of the Comprehensive Management Department of Central Huijin Investment Ltd. since October 2022; and the director of China Export & Credit Insurance Corporation since April 2023. Mr. Chen Yan obtained a bachelor's degree in economics from the Central University of Finance and Economics majoring in international finance in July 1997; and obtained a master's degree in economics from Peking University majoring in finance in July 2004.



## Section IV Corporate Governance (continued)

Mr. Jiang Yang (姜楊) currently serves as a supervisor of Shenwan Hongyuan Group Co., Ltd. His main work experience includes: Mr. Jiang Yang was an employee of the retail service management headquarters of Hongyuan Securities Co., Ltd. from July 2001 to June 2010 (during which, he was temporarily transferred to the Financial Work Office of Xinjiang Uyghur Autonomous Region from October 2008 to June 2010). He served as the office director of Xinjiang Financial Investment Co., Ltd. from July 2010 to March 2013; the manager of the investment management department of Xinjiang Financial Investment Co., Ltd. from March 2013 to February 2014; an employee director of Xinjiang Kaidi Investment Co., Ltd. from June 2013 to March 2020; and the general manager assistant of Xinjiang Financial Investment Co., Ltd. and Xinjiang Kaidi Investment Co., Ltd. from February 2014 to November 2016. He has been a supervisor of Shenwan Hongyuan Securities Co., Ltd. since January 2015; a director of Xinjiang Exchange Market Investment and Construction Group Co., Ltd. since April 2015; and a director of Xinjiang Tianshan Wool Textile Co., Ltd. since August 2016; he served as the chairman of Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd. from September 2016 to October 2018; and the investment director of Xinjiang Kaidi Investment Co., Ltd. from November 2016 to March 2018; he has been a director of Xinjiang Tianshan Taifu Equity Investment Fund Management Co., Ltd. since December 2017; he served as a director of Xinjiang Microfinance Refinance Co., Ltd. from March 2018 to December 2021; the executive deputy general manager of Xinjiang Microfinance Refinance Co., Ltd. from March 2018 to June 2019; the general manager of Xinjiang Microfinance Refinance Co., Ltd. from June 2019 to April 2021; he has been the deputy general manager of Xinjiang Financial Investment (Group) Co., Ltd. (formerly known as Xinjiang Financial Investment Co., Ltd.) since December 2019; a director and the deputy general manager of Xinjiang Kaidi Investment Co., Ltd. since March 2020; he served as a director of Xinjiang Kaidi Mineral Investment Co., Ltd. from March 2020 to March 2023; he has served as the chairman and general manager of Xinjiang Kaidi Mineral Investment Co., Ltd. since March 2023; a supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021; an executive director and general manager of Xinjiang Kaidi Venture Capital Investment Co., Ltd. since March 2023; a director of Xinjiang Kaidi Real Estate Development Co., Ltd. since April 2023; and a director of Xinjiang Agricultural Products Marketing Service Management Co., Ltd. since July 2023. Mr. Jiang Yang obtained a bachelor's degree in economics from Xinjiang University of Finance and Economics majoring in banking and currency in July 2001; and obtained an Executive Master of Business Administration from Xinjiang University of Finance and Economics in December 2014.

Ms. Zhou Jie (周潔) currently serves as an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd. Her main work experience includes: Ms. Zhou Jie served as a teacher of the teaching and research division of Xinjiang Finance School from June 1994 to October 1996; the deputy manager and department secretary of the general division of the trading department of Hong Shan Securities of Hongyuan Trust from October 1996 to November 2000; the assistant to the director of the Office of General Manager of Hong Yuan Securities Co., Ltd. from November 2000 to September 2004. From September 2004 to November 2005, she served as the deputy general manager of the general management headquarter of the Office of General Manager as well as the director of the Office of General Manager in Xinjiang of Hong Yuan Securities Co., Ltd.; and the deputy director of the Office of General Manager of Hong Yuan Securities Co., Ltd. from November 2005 to April 2015. She has served as the deputy director of the Office of General Manager of Shenwan Hongyuan Group Co., Ltd. since April 2015, and she served as the vice chairwoman of the labor union of Shenwan Hongyuan Group Co., Ltd. from June 2015 to June 2023; Ms. Zhou has been an employee representative supervisor of Shenwan Hongyuan Group Co., Ltd. since May 2021; she has served as a member of Shanghai Shenwan Hongyuan Public Welfare Foundation (in preparation) from December 2021 to July 2022; and a member of Shanghai Shenwan Hongyuan Public Welfare Foundation since July 2022. Ms. Zhou Jie obtained a bachelor's degree in economics from Lanzhou Business School in June 1994.

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

## VII. EMPLOYEES AND REMUNERATION POLICIES

### (I) Number of Employees

As of June 30, 2023, the Company had a total of 11,693 employees, of which Shenwan Hongyuan Group had 95 employees, Shenwan Hongyuan Securities had 10,994 employees (including 441 securities brokerage agents), and other subsidiaries had 604 employees.

### (II) Remuneration Policy

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

**(III) Training**

The training takes the “high-quality talents leading high-quality development” as the goal. Centering on the Company’s new round of development strategies, the Company implemented the three major tasks including the establishment of training system, building a training platform and implementation of key projects, continuously perfected the training system for all staff in a hierarchical manner. Centering on political ability construction and adhering to ideology guidance, the Company enhanced the study of political theory with the main line of implementing the spirit of the Party’s 20th National Congress. Centering on the team building of employees, the Company conducted professional trainings by hierarchy and with the coverage of all employees. Centering on the building of professional capability, the Company deepened the business subject research, empowering the professional quality of employees. Centering on serving the national strategy and practicing responsibilities as a state-owned enterprise, the Company has constantly operated and innovated key training projects such as the “Shenwan Hongyuan Class”, to create a featured training brand, serve the overall development of the Company, prevent financial risks, and serve the real economy.

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

The Company did not plan to distribute cash dividend, issue bonus shares or convert any capital reserve into share capital for the first half of 2023.

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

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

## Section V Environmental and Social Responsibility

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

As a proactive response to the national call for green development, the Company, relying on its own business characteristics and advantages, promotes green and low-carbon development with professional finance, pushes ahead the effective combination of climate change management and “dual-carbon” practice and business, integrates the responsible investment concept into the investment decision-making process, and improves the environmental and social benefits of investment behavior.

- (I) Proactive participation in green study. The Company conducted in-depth study of the direction of green development, and issued the report headed “Building ESG Evaluation System for Central Enterprises: Chinese Characteristic Indicators Are the Core”, built an ESG evaluation system for central enterprises, expressed the Global Important Guidance Standards to the ESG Information Disclosure – Comments on ISSB released IFRS S1 and IFRS S2 (《ESG 信披終迎全球重要指導標準 — ISSB 發佈 IFRS S1 和 IFRS S2 的事件點評》), and carried out green finance research topics: including suggestions on the construction of the ESG local pilot regulations and evaluation system in Hangzhou, construction of the ESG investment system of mutual funds, summary of domestic and overseas ESG evaluation systems and preparation methods of ESG index, statistics and summary of ESG funds, etc.
- (II) Promotion of green development. The Company continued to deepen the green development concept, formed a term for investment bank “carbon neutrality” sector, guided funds to green industries by supporting green enterprises in equity financing, bond financing and other financial means, constantly explored financial service means for supporting realizing “carbon peak and carbon neutrality”, and promoted the green and low carbon development with professional financial services, so as to actively become a practitioner, contributor and promoter of the concept of green finance. In terms of equity financing, during the Reporting Period, the Company successfully supported Guangdong Mingyang Electric Co., Ltd. (廣東明陽電氣股份有限公司) (301291.SZ), a green environmental new energy enterprise, and Fujian Nanwang Environmental Protection Technology Co., Ltd. (福建南王環保科技股份有限公司) (301355.SZ), a resource recycling enterprise, to list on the ChiNext Board; and supported Zhejiang Tianhong Lithium Battery Co., Ltd. (浙江天宏鋰電股份有限公司) (873152.BJ), a lithium-ion battery research and development enterprise, to list on the Beijing Stock Exchange. In terms of debt financing, during the Reporting Period, the Company successively completed the issuance of 14 bonds of various types, such as China Construction Bank green financial bonds, SPD Bank green financial bonds, Industrial Bank green financial bonds, Hengfeng Bank green financial bonds, China Railway Investment Group carbon neutral green science and technology innovation corporate bonds, Wuhan Optics Valley Traffic carbon neutral green corporate bonds and Xinjiang Zhongtai Chemical sustainable linked corporate bonds. The Company issued the “Jinmao Shenwan – Shanghai Jinmao Tower – Xinyue Green Asset Support Special Plan (Carbon Neutrality)”, which is the largest shelf carbon neutrality CMBS in China, the first flexible-term shelf CMBS in China and the first building shelf CMBS of central enterprises, and plays an important demonstration role in the industry. In addition, the issuance of “Jinmao Shenwan – Shanghai Jinmao Tower Phase 1 Green Asset Support Special Plan (Carbon Neutrality)” was included in the annual real estate typical case by the Shanghai Stock Exchange.

- (III) Implementation of responsible investment. The Company attached great importance to the development trend of responsible investment at home and abroad, and gradually integrated the concept of responsible investment into the investment decision-making process, committed to reducing investment risks and improving the environmental and social benefits of investment behavior. The Company actively participated in green investment and influence investment, invested in green bonds and influence bonds such as “carbon neutrality bonds”, “rural revitalization bonds” and “poverty alleviation bonds” with its own funds, put forward ESG investment recommendations to customers in the investment advisory business, and dedicated to guiding funds to create greater environmental and social benefits.
- (IV) Effective implementation of low-carbon operation. The Company strictly abides by the “Environmental Protection Law of the People’s Republic of China”, the “Energy Conservation Law of the People’s Republic of China” and other important laws and regulations, constantly improves the relevant measures of green operation, promotes low-carbon services, advocates employees for energy conservation, proactively promotes climate change management, and contributes to the response to climate change. In terms of green conference, the Company reduces the occupation of public resources and carbon emissions through online video conferences; in terms of green office, the Company implements various environmental protection measures, including saving lighting electricity, prohibiting private electricity connection and change, energy saving setting of air conditioners in public areas, water saving in washing rooms and promoting paperless office, etc.; in terms of green travel, the Company encourages employees to use public transportation. The Company has formulated the Interim Measures for Vehicle Management regarding use of official vehicles, clarifying the application and approval process, fees requirements in the use of official vehicles, and prohibiting private use of official vehicles. Smoking is prohibited during working hours and non-working hours in the office premises, no-smoking premises include offices, conference rooms, archives rooms, canteens, stairways, corridors, washing rooms and other buildings with roof, no-smoking signs are posted and smoking set is prohibited to display in no-smoking areas, so as to create a green office environment.

## II. CONSOLIDATION AND EXPANSION OF THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

In the first half of 2023, the Company formulated the Plan and Fund Arrangement of CIC for Systematic and Designated Assistance to Huining and the 2023 Assistance Plan and Fund Arrangement of Shenwan Hongyuan, proactively promoted the smooth development of various assistance work and achieved a series of results.

**(I) Innovate the means of assistance, deepen the effectiveness of assistance and comprehensively boost the development momentum of Huining**

The Company, in combination with the actual condition of poverty alleviation foundation and industries in Huining County, Gansu Province, deepened the “1+1+1+N” mode and actively promoted the industrial revitalization. In particular, firstly, the Company deepened the “1” main industry, continued to support the mutton sheep industry in Huining, The mutton sheep trading market constructed by the Company is about to be completed, and will be officially put into operation this year; secondly, the Company set up “1” recycle fund. With the support of the Huining County Government, the Company exerted its professional advantages to promote the implementation, effectively alleviate the problem of financing difficulties and high cost of financing; thirdly, the Company strengthened “1” e-commerce industry, further supported the construction of CIC agricultural assistance e-commerce center to sell mutton sheep, minor grain crops, lily, granulated watermelon and other featured products through live streaming and short video, etc.; fourthly, the Company expanded the “N” featured rural industries, continued to promote the granulated watermelon, minor grain crops, lily and other rural characteristic industries to achieve leading upgrading, prepared for transformation to market-oriented development, laid a solid foundation for next step of rural revitalization and industrial revitalization. In addition, the Company committed to revitalize the medical, education, cultural and other fields in Huining area. the 2023 Huining repoverity prevention comprehensive insurance project will be launched, the monitor, defibrillator, color ultrasound machine, drugs and other supplies donated by the Company to Huining County will effectively improve the local medical conditions; and the “top students” promotion project, the psychological health education promotion project, the “core development plan” for the youth and other projects are progressing.

**(II) Carrying out in-depth research and selection of projects to support the development of the people’s livelihood in ethnic minority districts and counties in Xinjiang**

In the first half of 2023, the Company responded to the relevant work requirements of the Party Committee and regulatory authorities of Xinjiang Autonomous Region, and on the basis of the former paired-up assistance to Jeminay County and Makit County, the Company conducted in-depth research, strengthened the organization and carried out assistance projects with supported policies and recognized by the public in Bachu County and Tekes County, and achieved remarkable results. The Company carried out the “rural revitalization paired-up assistance” work in Bachu County, invested RMB500,000 to help Xiekaierbage Village, Yingwusitang Township (英吾斯唐鄉協開爾巴格村) to carry out collective breeding, cultural construction, characteristic breeding and other five demonstration village construction projects. The Company invested and constructed the iron art fence, vegetation protection and irrigation facilities in Kezilekuola Village, Tekes County, to help the construction of beautiful countryside. For Jeminay County and Makit County, as the targeted assistance counties led by the Company, in the first half of 2023, the Company invested a total of more than RMB1.7 million to support industrial assistance, grape trellis construction, road widening and hardening and other projects, to improve the local livelihood security level; the Company established the “Ying Future (英未來)” fund of Yingyeer Village (英也爾村), renovated the campus of Lianxingqiao Kindergarten in Makit County, to support the development of education; and the Company established the five-year “Shenwan Hongyuan ·Yingyeer Village —Medical Caring (申萬宏源·英也爾村 — 醫路有我)” fund to subsidize the villagers who shall assume high medical expenses in a certain proportion, to prevent the villagers from returnin to poverty arising from disease.



## Section VI Significant Events

### I. UNDERTAKINGS

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

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

During the Reporting Period, the controlling shareholder and other related parties did not have any appropriation of non-operating capital on the Company.

### III. ILLEGAL EXTERNAL GUARANTEES

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

### IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

#### (I) Audit of the interim financial report for 2023 of the Company

The interim financial report for 2023 of the Company is unaudited.

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

On March 30, 2023, the Resolution Regarding the Re-appointment of Auditors of the Company for 2023 was considered and approved at the 17th meeting of the fifth session of the Board of Directors of the Company, pursuant to which it was approved to re-appoint PricewaterhouseCoopers Zhong Tian LLP (“PricewaterhouseCoopers Zhong Tian”) and PricewaterhouseCoopers (“PricewaterhouseCoopers”) as the auditors of the Company for 2023 to provide relevant domestic and overseas audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and re-appoint PricewaterhouseCoopers Zhong Tian as the Company’s internal audit control institution for 2023 with an audit fee, including the fee for internal control, for 2023 amounting to RMB5.98 million.

In accordance with requirements of relevant laws, regulations and policies of the Company, the Audit Committee of the Board of Directors of the Company has reviewed the audit work of PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers in 2022, and is of the opinion that PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers have the qualifications and capabilities to engage in financial audit and internal control audit, meet the independence requirements of relevant independence policies and professional codes, and satisfy the audit requirements of Company. During the audit of 2022 financial statements, internal control audit and other professional work, PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers were able to perform their duties in accordance with independent, objective and impartial practice standards, perform their work with due diligence, and provide professional audit services for the Company with rigorous independent review attitude and efficient quality control system.

On March 15, 2023, the Audit Committee of the Board of Directors convened the third meeting of 2023, at which it was considered and approved to re-appoint PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers as the auditors of the Company for 2023 and submit the appointment to the Board of Directors of the Company for consideration. The independent directors of the Company issued relevant prior approval and independent opinions on the re-appointment of the accounting firms.

On June 20, 2023, the above-mentioned re-appointment of auditors of the Company for 2023 was considered and approved at the 2022 annual general meeting of the Company.

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

N/A

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

N/A

## VII. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

N/A

## VIII. LITIGATIONS

### (I) Overall situation

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



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

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

Due to the needs of carrying out basis trade and warehouse receipt service business, Hongyuan Hengli entered into the Warehousing and Safekeeping Contract with Foshan Zhongjin Shengyuan Warehousing Management Co., Ltd. (佛山市中金聖源倉儲管理有限公司) (“Foshan Zhongjin Shengyuan”) on January 1, 2022, which stipulated the rights and obligations of warehousing and safekeeping. On May 30, 2022, Hongyuan Hengli found that it could not take out the aluminum ingots stored in the warehouse of Foshan Zhongjin Shengyuan. In order to protect its legitimate rights and interests, Hongyuan Hengli filed a lawsuit with Shanghai Hongkou District People’s Court, requesting the court to rule that Foshan Zhongjin Shengyuan shall deliver 4,125.1323 tons of aluminum ingots (or RMB85,637,746.55 in compensation for the loss of goods value) as well as related interest and liquidated damages to Hongyuan Hengli. On January 12, 2023, Hongyuan Hengli received a civil ruling from the Shanghai Hongkou District People’s Court. Since Yang Sen, an employee of Foshan Zhongjin Shengyuan, was suspected of criminal crime, the Nanhai Branch of Foshan Public Security Bureau took compulsory measures against Yang Sen on the grounds of suspected contract fraud in July 2022. The aluminum ingot involved was currently sealed up by the public security organization as Yang Sen and others were suspected of contract fraud, and the Shanghai Hongkou District People’s Court ruled to dismiss according to law.

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

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

In June 2020, the company and Zhang Liuyang entered into the Contract on Margin Financing and Securities Lending. During Zhang Liuyang’s financing for purchase of shares, the guarantee ratio of the credit account was lower than the close-out level and Zhang Liuyang did not take effective measures to raise and maintain the guarantee ratio. Later, the company conducted a forced liquidation for Zhang Liuyang’s account. The financing principal of RMB85,400,805.71 owned to the company has not been repaid. After the demand repayment failed, in order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zhang Liuyang to perform the repayment obligations. In January 2021, the Shanghai Financial Court accepted the lawsuit. In September 2021, the Shanghai Financial Court made a first-instance judgment in favour of the claims of the company. Zhang Liuyang appealed later. In November 2021, as Zhang Liuyang did not pay the appeal fee, the court ruled that the first-instance judgment came into effect. Zhang Liuyang failed to fulfill his payment obligation, and the company applied to the Shanghai Financial Court for compulsory enforcement. In January 2023, the company received the court’s enforcement order. After conducting a property investigation to the greatest extent possible, it was found that Zhang Liuyang had no other property available for enforcement, and the court ruled to terminate the enforcement procedure in accordance with the law, and the case was closed.

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

In October 2017, the company entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares with RAAS CHINA LIMITED, pursuant to which, RAAS CHINA LIMITED was financed by the company and Kerui Tiancheng shall bear joint and several liability. In March 2018, the company, RAAS CHINA LIMITED, Shenzhen RAAS and Kerui Tiancheng entered into the Supplemental Agreement. In September 2018, Shenzhen RAAS failed to fulfill obligations according to the agreement. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring RAAS CHINA LIMITED to pay the outstanding principal of RMB200 million and related interests and liquidated damages to the company, Shenzhen RAAS to pay the relevant interests to the company, and Kerui Tiancheng to assume joint and several liability. In April 2021, the Shanghai Financial Court accepted the lawsuit. In November 2021, the Shanghai Financial Court made a first-instance judgment in favour of the company's main claims. Thereafter, the company applied to the court for enforcement. In March 2023, the court issued the enforcement order. Since there were no other property available for enforcement, the enforcement procedure was terminated, and the case was closed.

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

(1) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB83 million, Chen Seqin, as the spouse of Ke Zonggui, shall bear joint and several liability, and China Express Co., Ltd.\* (中經匯通有限責任公司) and Ma Meirong shall provide guarantee for the pledge. Ke Zonggui has failed to pay interest in accordance with the agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court accepted the case. In September 2021, the Shanghai Financial Court made a first-instance judgment in favour of the company's claim. Ke Zonggui appealed to the Shanghai High People's Court later. In November 2022, the company received the judgment document from the Shanghai Higher People's Court, which allowed the company to withdraw the lawsuit against the defendant Chen Seqin, and rejected the appeal request of Ke Zonggui. As of now, the company has applied to the court for compulsory enforcement.

## Section VI Significant Events (continued)

- (2) In March 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB100 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and China Express Co., Ltd. and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid principal in an amount of RMB40 million to the company. Ke Zonggui has failed to pay interest in accordance with the agreements since March 2020, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In August 2020, the Shanghai Financial Court accepted the case. In October 2021, the company received the first-instance judgment in favour of the company's claims from the Shanghai Financial Court. Ke Zonggui appealed to the Shanghai High People's Court later. In November 2022, the company received the judgment document from the Shanghai Higher People's Court, which allowed the company to withdraw the lawsuit against the defendant Chen Seqin, and rejected the appeal request of Ke Zonggui. As of now, the company has applied to the court for compulsory enforcement.
- (3) In July 2017, the company and Ke Zonggui entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zonggui was financed by the company with an amount of RMB90 million, Chen Seqin, as the spouse of Ke Zonggui, shall assume joint and several liability, and Ma Meirong shall provide guarantee for the pledge. During the performance of the agreements, Ke Zonggui repaid part of the principal. Subsequently, Ke Zonggui failed to pay interest in accordance with the agreements, and has not completed the repurchase transaction, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai, requesting repayment of principal of RMB21.73 million and the corresponding interests, liquidated damages, etc. In August 2020, the People's Court of Xuhui District of Shanghai accepted the case. In August 2021, the People's Court of Xuhui District of Shanghai issued the first-instance judgment in favour of the company's claims, and Ke Zonggui appealed later. In June 2022, the Shanghai Financial Court made a second-instance judgment, dismissing the appeal and upholding the original judgment. Thereafter, Chen Seqin applied to the Shanghai High People's Court for a retrial. In April 2023, the company received a ruling from the Shanghai High People's Court, ordering the Shanghai Financial Court to have a retrial and suspend the execution of the original judgment during the retrial. In July 2023, the company received a ruling from the Shanghai Financial Court to revoke the original judgment of the first and second instance and return it to the People's Court of Xuhui District of Shanghai for retrial. As of now, the case has not yet been decided.

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

- (1) In July 2017, the company and Ke Zongqing entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB65 million and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, Ke Zongqing failed to complete the repurchase in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. Pursuant to the paper of civil mediation, Ke Zongqing shall pay RMB36.9642 million as well as the relevant interests and liquidated damages to the company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. Ke Zongqing failed to perform the repayment obligations in accordance with the mediation paper, and the company has applied to the court for enforcement. In April 2023, the court issued a ruling terminating the enforcement of the case, and the case was closed.
  
- (2) In April 2018, the company and Ke Zongqing entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB69.90 million and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, Ke Zongqing failed to complete the repurchase in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. According to the paper of civil mediation, Ke Zongqing shall pay RMB43.23 million, as well as the relevant interests and liquidated damages to the company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. Ke Zongqing failed to perform the repayment obligations in accordance with the mediation paper, and the company has applied to the court for enforcement. In April 2023, the court issued a ruling terminating the enforcement of the case, and the case was closed.

- (3) In April 2018, the company and Ke Zongqing entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Ke Zongqing was financed by the company with an amount of RMB25.10 million, and Tan Aiwu, as the spouse of Ke Zongqing, shall assume joint and several liability. During the performance of the agreements, Ke Zongqing repaid part of the principal. Subsequently, as the performance guarantee ratio fell below the close-out level, Ke Zongqing failed to repurchase the principal and interests in accordance with the agreements, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the People's Court of Xuhui District of Shanghai. Both parties reached mediation through the organization of the court. Pursuant to the paper of civil mediation, Ke Zongqing shall pay RMB14.99 million, as well as the relevant interests and liquidated damages to the company before October 28, 2020 and Tan Aiwu shall assume joint and several liability. Ke Zongqing failed to perform the repayment obligations in accordance with the mediation paper, and the company has applied to the court for enforcement. In April 2023, the court issued a ruling terminating the enforcement of the case, and the case was closed.

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

In 2018, the company and CITIC Guoan Group Corporation ("CITIC Guoan") entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, CITIC Guoan was financed by the company. In October 2018, the performance guarantee ratio fell below the agreed ratio and CITIC Guoan failed to fulfill relevant obligations according to the agreements, which constituted a breach of contract. In December 2019, the company filed a lawsuit with Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB450 million and the corresponding interests, liquidated damages, etc. Subsequently, the case was handed over to the Third Intermediate People's Court of Beijing for trial. In December 2021, the Third Intermediate People's Court of Beijing issued a first-instance judgment in favour of the company's main claims. In January 2022, the First Intermediate People's Court of Beijing ruled to accept the reorganization application of CITIC Guoan. In January 2023, the court ruled to accept the reorganization plan, and then enforcement will be implemented pursuant to the reorganization plan. As of now, the company has completed the declaration of debts and is executing in accordance with the reorganization plan.

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

In March 2018, the company and CITIC Guoan Investment Co., Ltd. (“Guoan Investment”) entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Guoan Investment was financed by the company, and CITIC Guoan shall assume joint and several liability. In October 2018, the performance guarantee ratio fell below the agreed ratio, Guoan Investment failed to fulfill relevant obligations according to agreements, and CITIC Guoan failed to assume corresponding guarantee obligations, which constituted a breach of contract. In December 2019, the company filed a lawsuit with the Shanghai Financial Court and the case was accepted, requesting repayment of principal of RMB328.96 million and the corresponding interests, liquidated damages, etc. Subsequently, the case was handed over to the Third Intermediate People’s Court of Beijing for trial. In December 2021, the Third Intermediate People’s Court of Beijing issued a first-instance judgment in favour of the company’s main claims. In January 2022, the First Intermediate People’s Court of Beijing ruled to accept the reorganization application of CITIC Guoan. In June 2022, Guoan Investment was ruled by the court to merge and reorganize with CITIC Guoan. In January 2023, the court ruled to accept the reorganization plan and then enforcement will be implemented pursuant to the reorganization plan. As of now, the company has completed the declaration of debts and is executing in accordance with the reorganization plan.

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

In June 2016 and February 2018, the company and Weng Wuyou entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, respectively, pursuant to which Weng Wuyou was financed by the company with an aggregate amount of RMB99 million, and Lin Yongfei shall bear joint and several liability with “Modern Avenue” held by Lin Yongfei as the subject of the pledge, which was confirmed by Weng Yayun, Lin Yongfei’s spouse. In December 2018, Weng Wuyou failed to pay the corresponding interests as stipulated in the contract, which constituted a breach of contract. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court. In March 2021, the Shanghai Financial Court issued a first-instance judgment in favour of the company’s litigation request. In August 2021, the Shanghai Financial Court accepted the company’s application for enforcement. In March 2023, the Shanghai Financial Court issued a ruling that there was no property in the name of the executed party available for enforcement and ruled that the current enforcement should be terminated in accordance with the law, the case was closed.

**8. The case of the dispute over the breach of the Bond Pledged Repurchase Agreement by the company against TruValue Asset Management Co., Ltd.**

In October 2018, Shenyin Wanguo Tiantianzeng No. 1 Collective Asset Management Plan managed by the company and the TruValue Linshui Rongfu No. 2 Asset Management Plan (the “Linshui Rongfu No. 2”) managed by TruValue Asset Management Co., Ltd. (the “Respondent” or “TruValue”) carried out bond pledged repurchase business. The transaction amount was RMB70 million, and the pledged bonds were 100,000 lots of “17 Guogou 01”. In January 2019, TruValue and the Linshui Rongfu No. 2 under its management failed to fulfill the repayment obligations of the investment finance party on the agreed maturity date, which constituted a breach of contract. After repeated reminders, the respondent has not yet fulfilled the repayment obligations. In order to protect the legitimate rights and interests of the company and the principal, the company initiated arbitration with the Shenzhen International Arbitration Court. In July 2021, the company received a verdict that Linshui Rongfu No. 2 shall fulfill its repayment obligations by repaying the principal and interest of RMB71,093,900 in aggregate, as well as related interest and penalties. In July 2023, the company received a ruling issued by the court. After conducting a property investigation to the greatest extent possible, it was found that the Linshui Rongfu No. 2 had no other property available for enforcement, and the court ruled to terminate the enforcement in accordance with the law, and the case was closed.

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

In March 2017, the company and Zou Yong entered into the Business Agreement on Pledged Securities Repurchase of the Shares and the Agreement on Pledged Securities Repurchase of the Shares, pursuant to which, Zou Yong was financed by the company with a total amount of RMB136 million and Li Yali, as the spouse of Zou Yong shall assume joint and several liability. During the performance of the agreements, Zou Yong failed to pay interest in accordance with the agreements, failed to take measures to restore the performance guarantee ratio to be above the agreed warning value when the performance ratio was lower than the warning line. In order to protect its legitimate rights and interests, the company filed a lawsuit with the Shanghai Financial Court, requiring Zou Yong to repay the principal of RMB73.68 million and pay related interests and liquidated damages and Li Yali to bear joint repayment responsibilities. In June 2021, the Shanghai Financial Court accepted the case. In November 2022, the Shanghai Financial Court made the first-instance judgment in favour of the company’s main claims. Subsequently, Zou Yong and Li Yali appealed to the Shanghai Higher People’s Court against the first instance judgment. In August 2023, the company received a civil ruling from the Shanghai Higher People’s Court, which allowed Zou Yong and Li Yali to withdraw their appeal, and the first instance judgment shall become legally effective from the date of service of the ruling. As of now, the first instance judgment of this case has been effective from the date of service of the ruling.



**10. The case of the dispute over the liability for misrepresentation of securities raised by Shanghai Yingxue Investment Management Center (Limited Partnership) against Shenwan Hongyuan Financing Services Co., Ltd., etc.**

Shanghai Yingxue Investment Management Center (Limited Partnership) filed a lawsuit with Intermediate People's Court of Shenyang City, Liaoning Province, on the grounds that five intermediaries including Shenwan Hongyuan Financing Services Co., Ltd. ("Shenwan Hongyuan Financing Services"), a subsidiary of the company, failed to perform their obligations in due diligence, and that the disclosure documents of the bonds produced and issued by them contained false records and misleading statements, requiring five intermediaries including Shenwan Hongyuan Financing Services Co., Ltd., to jointly and severally compensate for the loss of principal of RMB112.90 million and related interest, etc., due to the fact that the "19 Huachen 05" bonds invested with its products under management were not paid in time. In September 2022, Shenwan Hongyuan Financing Services received the notice of response to action. In February 2023, Shenwan Hongyuan Financing Services received the civil ruling paper, which rejected the lawsuit of Shanghai Yingxue Investment Management Center (Limited Partnership) as the jurisdiction objection raised by Shenwan Hongyuan Financing Services was justified. The judgment in this case has come into effect.

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

In November 2015, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion Equity Investment Management Co., Ltd. ("Shanghai Worldunion"), etc. entered into the Partnership Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). In November 2016, Shenyin & Wanguo Alternative Investment and Shanghai Worldunion entered into the Supplemental Agreement on Shanghai Qihao Investment Partnership (Limited Partnership). Subsequently, Shanghai Worldunion failed to perform the relevant obligations according to the agreement. In order to protect its legitimate rights and interests, Shenyin & Wanguo Alternative Investment applied to the Shanghai International Economic and Trade Arbitration Commission for arbitration, requiring Shanghai Worldunion to perform its acquisition obligations, pay the investment funds and the agreed repurchase interests in a total amount of RMB61.7854 million. In April 2021, the Shanghai International Economic and Trade Arbitration Commission accepted the case. Shenyin & Wanguo Alternative Investment and Shanghai Worldunion reached a settlement on the disputed matters in this case and signed the Reconciliation Agreement in June 2022. In July 2022, the arbitral tribunal issued the award in accordance with the effective Reconciliation Agreement, ruling that Shanghai Worldunion will pay Shenyin & Wanguo Alternative Investment in installments to fulfill the repurchase obligation according to the payment method agreed in the Reconciliation Agreement. As of now, Shanghai Worldunion has not performed its duties according to the Reconciliation Agreement, and Shenyin & Wanguo Alternative Investment has applied to the court for enforcement.



## IX. PENALTIES AND RECTIFICATIONS

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

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

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

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

## XI. MATERIAL RELATED PARTY TRANSACTIONS

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

During the Reporting Period, the Company carried out ordinary related party transactions in strict accordance with the Resolution Regarding the Estimated Ordinary Related Party Transactions for 2023 as considered and approved at the 2022 annual general meeting. The implementation is as follows:

Unit: Ten thousand Yuan Currency: RMB

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2023	Proportion in Similar Transactions (%)
Securities and financial services	China Jianyin Investment Ltd. and its subsidiaries	Income from provision of securities and financial services, such as securities brokerage, investment banking, asset management, agency sale, leasing trading units and investment advisors, to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	1,206.12	0.42
		Expenses incurred by acceptance of securities and financial services, such as fund management, provided by the related party			-	-
	Bank of Shanghai Co., Ltd.	Income from deposit interest and from provision of securities and financial services, such as asset management, agency sale and securities brokerage, to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	3,601.20	1.04
		Expenses incurred by acceptance of securities and financial services, such as asset trusteeship, financial advisory and funds trusteeship, provided by the related party			90.50	0.14
	Shanghai Jiushi (Group) Co., Ltd.	Income from provision of securities and financial services, such as securities brokerage service, to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	-	-
	Xinjiang Financial Investment (Group) Co., Ltd. <sup>Note</sup>	Income from provision of securities and financial services, such as investment banking, securities brokerage and agency securities pledge, to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	159.50	0.20

## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2023	Proportion in Similar Transactions (%)
	Fullgoal Fund Management Co., Ltd.	Income from provision of securities and financial services, such as securities brokerage, agency sale and leasing trading units, to the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	5,705.14	2.27
	Other related parties of the Company except those listed above	Income or expenses in relation to mutual provision of securities and financial services with the related party	Determined after arm's length negotiations with reference to the market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	–	–
Securities and financial products transactions	China Jianyin Investment Ltd. and its subsidiaries	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	237,950.68	0.35
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the related party			–	–
	Bank of Shanghai Co., Ltd	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	1,140,578.18	0.13

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2023	Proportion in Similar Transactions (%)
		Total cash outflow for securities and financial products transactions including payment of borrowings, interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the related party			590,280.72	1.09
	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 nonpublic issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	-	-
		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			-	-
	Shanghai Jiushi (Group) Co., Ltd.	Total cash inflow from repurchase transaction, bonds trading, derivatives trading with the related party, and from subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	55,999.00	0.97
		Total cash outflow for payment of interests on repurchase transaction, and for bonds trading, derivatives trading with the related party and subscription of financial products under non-public issuance of the related party			319.07	2.02

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## Section VI Significant Events (continued)

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2023	Proportion in Similar Transactions (%)
	Xinjiang Financial Investment (Group) Co., Ltd.	Total cash inflow from bonds trading, derivatives trading with the related party, and from securities and financial products transactions including subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	–	–
		Total cash outflows from securities and financial products transactions, such as bond trading, derivatives trading with related parties, subscription of financial products under non-public issuance by the related parties			18,000.00	1.60
	Other related parties of the Company except those listed above	Total cash inflow from securities and financial products transactions including receipt of interests on repurchase transaction and interbank lending, repurchase transaction, bonds trading, interbank lending, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to the market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	–	–
		Total cash outflow for securities and financial products transactions including payment of interests on repurchase transaction and interbank lending, repurchase transaction, interbank lending, bonds trading, derivatives trading with the related party and subscription of financial products under nonpublic issuance or management of the related party			–	–
Lease	China Jianyin Investment Ltd.	Expenses incurred by the property leasing from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	720.00	–	–

Category of Related Party Transaction	Related Party	Subject Matter of Related Party Transaction	Pricing Principle of the Related Party Transaction	Estimated Cap and Explanation Thereon	Amount Incurred as of June 30, 2023	Proportion in Similar Transactions (%)
	Xinjiang Financial Investment (Group) Co., Ltd.	Expenses incurred by the property leasing from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	50.00	-	-
Comprehensive services	China Jianyin Investment Ltd.	Expenses incurred by acceptance of the services, such as maintenance of computer room, provided by the related party	Determined after arm's length negotiations by both parties with reference to market prices	960.00	-	-

Note: Xinjiang Financial Investment (Group) Co., Ltd. was formerly known as Xinjiang Financial Investment Co., Ltd.

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

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

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

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

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

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

**(V) Transactions with related finance companies**

N/A

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

N/A

**(VII) Other material related party transactions**

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

## XII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

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

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

### (II) Cumulative and current material guarantees of the Company during the Reporting Period

The Company had no unconsolidated guarantees.

The cumulative and current guarantees of the Company are as follows (Currency: RMB):

External guarantees of the Company and its subsidiaries (excluding guarantees in favour of subsidiaries)										
Name of guaranteed party	Date of disclosure of announcement in relation to the amount of guarantee	Amount of guarantee	Date of actual occurrence	Actual guarantee amount	Type of guarantee	Collaterals (if any)	Counter guarantee (if any)	Guarantee period	Fully performed or not	Related party guarantee or not
-	-	-	-	-	-	-	-	-	-	-
Total amount of external guarantees approved during the Reporting Period (A1)	0			Total actual amount of external guarantees during the Reporting Period (A2)	0					
Total amount of external guarantees approved at the end of the Reporting Period (A3)	0			Total balance of actual external guarantees at the end of the Reporting Period (A4)	0					

Guarantees of the Company in favour of subsidiaries										
Name of guaranteed party	Date of disclosure of announcement in relation to the amount of guarantee	Amount of guarantee	Date of actual occurrence	Actual guarantee amount	Type of guarantee	Collaterals (if any)	Counter guarantee (if any)	Guarantee period	Fully performed or not	Related party guarantee or not
Hongyuan Hengli (Shanghai) Industrial Co., Ltd.	May 31, 2023	RMB780,000,000	May 25, 2023	RMB180,000,000	Joint and several liability guarantee	Nil	Nil	3 years	No	No
Total amount of guarantees in favour of subsidiaries approved during the Reporting Period (B1)		RMB780,000,000		Total amount of actual guarantees in favour of subsidiaries during the Reporting Period (B2)	RMB180,000,000					
Total amount of guarantees in favour of subsidiaries approved as at the end of the Reporting Period (B3)		RMB780,000,000		Total balance of actual guarantees in favour of subsidiaries as at the end of the Reporting Period (B4)	RMB180,000,000					

Guarantees of subsidiaries in favour of subsidiaries										
Name of guaranteed party	Date of disclosure of announcement in relation to the amount of guarantee	Amount of guarantee	Date of actual occurrence	Actual guarantee amount	Type of guarantee	Collaterals (if any)	Counter guarantee (if any)	Guarantee period	Fully performed or not	Related party guarantee or not
-	-	-	-	-	-	-	-	-	-	-
Total amount of guarantees in favour of subsidiaries approved during the Reporting Period (C1)		0		Total amount of actual guarantees in favour of subsidiaries during the Reporting Period (C2)		0				
Total amount of guarantees in favour of subsidiaries approved as at the end of the Reporting Period (C3)		RMB6,276,510,500		Total balance of actual guarantees in favour of subsidiaries as at the end of the Reporting Period (C4)		RMB6,276,510,500				
<b>Total guarantees of the Company (being the sum of the above three guarantees)</b>										
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)		RMB780,000,000		Total amount of actual guarantees during the Reporting Period (A2+B2+C2)		RMB180,000,000				
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)		RMB7,056,510,500		Total balance of actual guarantees as at the end of the Reporting Period (A4+B4+C4)		RMB6,456,510,500				
Total actual guarantees (i.e. A4+B4+C4) as a percentage of the total equity of the Company				6.53%						
Including:										
Balance of guarantees in favour of shareholders, actual controllers and their related parties (D)				-						
Balance of debt guarantees directly or indirectly in favour of guaranteed parties with gearing ratio of over 70% (E)				-						
Amount of total guarantees in excess of 50% of net assets (F)				-						
Total amount of the above three guarantees (D+E+F)				-						
For unexpired guarantee contracts, descriptions about the guarantee liabilities occurred or possible joint and several liabilities of repayment with evidence during the Reporting Period (if any)				Nil						
External guarantees in breach of procedural requirements (if any)				Nil						



## Section VI Significant Events (continued)

During the Reporting Period, Shenwan Hongyuan (H.K.) Limited, an overseas subsidiary of the Company, provided guarantees in favour of its wholly-owned subsidiaries in accordance with the transaction practices in international markets, mainly including:

- (1) For the needs of normal business, Shenwan Hongyuan (H.K.) Limited provided guarantees in favour of its wholly-owned subsidiaries for the entering into of several International Swaps and Derivatives Associations (ISDA) and Global Master Repurchase Agreement (GMRA), etc. As of the end of the Reporting Period, the total balance of derivative financial liabilities and repurchase liabilities amounted to HK\$130 million in equivalent.
- (2) Shenwan Hongyuan (H.K.) Limited provided a limit of US\$1 billion of structured bills in favour of its wholly-owned subsidiaries. As of the end of the Reporting Period, the total balance of liabilities amounted to HK\$3.84 billion in equivalent.
- (3) Shenwan Hongyuan (H.K.) Limited provided guarantee for debt financing to its wholly-owned subsidiaries with regarding to its bank loans, the guarantee limits totaled HK\$1.72 billion in equivalent. As of the end of the Reporting Period, the actual balance of guarantee withdrawn amounted to HK\$12,000 in equivalent.

### **Provision of guarantees by the Company for Hongyuan Hengli, a subsidiary of the Company**

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

During the Reporting Period, the Company entered into a guarantee contract with China Construction Bank Corporation Shanghai Second Sub-branch, Ping An Bank Co., Ltd. Shanghai Branch, Industrial Bank Co., Ltd. Shanghai Yangpu Sub-branch, China Minsheng Bank Co., Ltd. Shanghai Branch, Bank of Shanghai Co., Ltd. Luwan Sub-branch, China CITIC Bank Corporation Limited Shanghai Branch, Bank of Jiangsu Co., Ltd. Shanghai Branch, and China Merchants Bank Co., Ltd. Shanghai Branch, respectively, for the comprehensive credit granting business of Hongyuan Hengli, with the maximum principal amount of creditors' right totaling RMB780 million. (For relevant details, please refer to the relevant announcements published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on May 31, 2023 and on the HKExnews website of the Hong Kong Stock Exchange. ([www.hkexnews.hk](http://www.hkexnews.hk)) on May 30, 2023)

As of the end of the Reporting Period, the total guarantees of the Company amounted to RMB6,456.5105 million, accounting for 6.53% of the total equity of the Company. The Company has no overdue guarantees, guarantees involved in litigations, or losses that should be borne due to the loss in lawsuits in relation to guarantees.

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

Except for the abovementioned approved guarantees for subsidiaries, the Company has not provided guarantees for the actual controller and its subsidiaries, any unincorporated entities or individuals.

**(III) Entrusted wealth management**

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

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

N/A

**(V) Other material contracts**

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

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

During the Reporting Period, Shenwan Hongyuan Securities and other subsidiaries of the Company added qualifications for individual business as follows:

<b>Institution</b>	<b>Business qualification</b>
CSRC	Proprietary participation in carbon emission trading
Shanghai Stock Exchange	Qualification for bond market making business Qualification of main market maker of Techtronic 50 ETF Options
Shenzhen Stock Exchange	Qualification for bond market making business
Beijing Stock Exchange	Qualification of securities margin trading business on the Beijing Stock Exchange
Shanghai Futures Exchange	Qualification for stock market making and trading business Qualification of main market maker of copper options Qualification of main market maker of fuel oil futures Qualification of main market maker of aluminum oxide futures
Zhengzhou Commodity Exchange	Qualification of main market maker of rapeseed meal futures
Dalian Commodity Exchange	Qualification of main market maker of corn options Qualification of main market maker of soybean meal options Qualification of main market maker of polyvinyl chloride options Qualification of main market maker of glycol options Qualification of main market maker of styrene options Qualification of main market maker of iron ore options Qualification of main market maker of palm oil options Qualification of main market maker of soybean oil options

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

<b>No.</b>	<b>Date</b>	<b>Regulatory authority</b>	<b>Document name</b>	<b>Document No.</b>
1	January 30, 2023	CSRC	Letter of No Objection Regarding the Self-operated Participation in Carbon Emission Rights Trading by Shenwan Hongyuan Securities Co., Ltd.	Institution Department Letter [2023] No. 99
2	February 2, 2023	CSRC	Approval for Registration of Short-term Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2023] No. 236
3	February 2, 2023	CSRC	Approval for Registration of Subordinated Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2023] No. 239

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

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

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

Reception time	Reception location	Reception method	Type of reception object	Reception object	Main content discussed and information provided
January 5, 2023	-	Telephone communication	Institution	Investors Invited to China Post Securities' 2023 Strategy Conference	Operations of the Company
April 3, 2023	-	Network communication	Individual, institution	Analysts and investors attending Shenwan Hongyuan's 2022 Annual Results Conference	Operations of the Company
May 11, 2023	Beijing	On-site communication	Institution	Investors invited to Kaiyuan Securities' 2023 Mid-Term Strategy Meeting	Operations of the Company
May 17, 2023	-	Telephone communication	Institution	Investors invited to TF Securities' 2023 Interim Strategy Meeting	Operations of the Company
May 19, 2023	-	Telephone communication	Institution	Southern Fund Co. Ltd. (南方基金股份有限公司)	Operations of the Company
May 25, 2023	Company Meeting Room	On-site communication	Institution	Guotai Junan Securities Co., Ltd.	Operations of the Company
June 16, 2023	-	Network communication	Individual, institution	Investors who participated in the 2023 online collective reception day for investors of listed companies in Xinjiang	Operations of the Company

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

## XVII. OTHER SIGNIFICANT EVENTS

### **Implementation of the profit distribution plan for 2022**

The profit distribution plan of the Company for 2022 is as follows: based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2022, a cash dividend of RMB0.30 (tax inclusive) for every 10 Shares was distributed to all A shareholders and H shareholders whose names appear on the register of members of the Company on the record date.

For A shareholders, the Company completed the implementation of the 2022 profit distribution plan on August 11, 2023 with August 10, 2023 as the equity registration date and August 11, 2023 as the ex-dividend date. (For details, please refer to the Announcement on Implementation of the 2022 Profit Distribution Plan for A Shares of the Company published by the Company on China Securities Journal, Securities Times, Shanghai Securities News and the Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on August 5, 2023).

For H shareholders, the Company distributed cash dividend for 2022 of RMB0.30 (tax inclusive) for every 10 Shares to the shareholders whose names appear on the register of members of the Company on July 3, 2023. The 2022 cash dividend was distributed on August 11, 2023. The 2022 cash dividend distributed was denominated and distributed in RMB and were paid to H shareholders in HK dollars. The actual amount distributed in HK dollars was calculated at the average benchmark exchange rate of RMB against HK dollars (i.e. RMB0.91228 = HK\$1.00) published by the People's Bank of China for the five working days before June 20, 2023 (being the date of the annual general meeting). Accordingly, the cash dividend per 10 H Shares was HK\$0.32885 (tax inclusive). (For details, please refer to the Poll Results of the 2022 Annual General Meeting and Payment of Cash Dividend disclosed by the Company on the website of HKExnews of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on June 20, 2023)

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

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

No.	Announcements	Date of publication
1	Announcement on Progress of the Litigation Involving a Subsidiary	2023-01-18
2	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-01-18
3	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-01-18
4	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (First Tranche) (Type II) Issued in a Non-public Way by Shenwan Hongyuan Group Co., Ltd. in 2020	2023-01-18
5	2022 Annual Results Forecast of Shenwan Hongyuan Group Co., Ltd.	2023-01-20
6	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-02-01
7	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-02-01
8	Announcement on Progress of the Litigation Involving a Subsidiary	2023-02-01
9	Announcement on Proprietary Participation in Carbon Emissions Trading of Shenwan Hongyuan Securities Co., Ltd. Obtaining No-objection Letter from the CSRC	2023-02-04
10	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-02-09
11	Announcement on Progress of the Litigation Involving a Subsidiary	2023-02-09
12	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-02-09
13	Announcement on the Completion of Payment of the 2022 Second Tranche Short-term Financing Bonds of Shenwan Hongyuan Securities Co., Ltd.	2023-02-18
14	Announcement on the Approval of the CSRC for the Registration of Short-term Corporate Bonds and Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors	2023-02-18

## Section VI Significant Events (continued)

No.	Announcements	Date of publication
15	Announcement on Repayment of Principal and Payment of Interest and Delisting of Corporate Bonds (Second Tranche) (Type II) Issued in a Non-public Way by Shenwan Hongyuan Securities Co., Ltd. in 2020	2023-02-23
16	Announcement on Payment of Interests for 2023 for the Corporate Bonds (First Tranche) (Type I) Issued Publicly to Professional Investors in 2022	2023-03-06
17	Announcement on Payment of Interests for 2023 for the Corporate Bonds (First Tranche) (Type I) Issued Publicly to Professional Investors in 2021	2023-03-06
18	Announcement on Payment of Interests for 2023 for the Corporate Bonds (First Tranche) (Type II) Issued Publicly to Professional Investors in 2022	2023-03-06
19	Announcement on Payment of Interests for 2023 for the Corporate Bonds (First Tranche) (Type II) Issued Publicly to Professional Investors in 2021	2023-03-06
20	Announcement on the Results of Public Issuance of Subordinated Corporate Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2023	2023-03-08
21	Announcement on the Listing of the Subordinated Corporate Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 on the Shenzhen Stock Exchange	2023-03-14
22	Announcement on Convening 2022 Annual Results Presentation	2023-03-28
23	Announcement on the Results of Public Issuance of Subordinated Corporate Bonds (Second Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2023	2023-03-29
24	Announcement on the Completion of Payment of the 2022 Third Tranche Short-term Financing Bonds of Shenwan Hongyuan Securities Co., Ltd.	2023-03-30
25	2022 Auditors' Report	2023-03-31
26	2022 Social Responsibility Report	2023-03-31
27	Announcement on Resolutions of the Board of Directors	2023-03-31
28	Announcement on Re-appointment of Accounting Firms	2023-03-31
29	2022 Work Report of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd.	2023-03-31
30	Annual Special Audit Report on the Appropriation of Funds by Related Parties	2023-03-31
31	Independent Opinions of Independent Directors on External Guarantees and Other Matters	2023-03-31
32	2022 Work Report of the Board of Directors of Shenwan Hongyuan Group Co., Ltd.	2023-03-31
33	Annual Work Report of Independent Directors	2023-03-31
34	Self-Assessment Report on Internal Control	2023-03-31
35	Working Rules of the Audit Committee of the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (Revised)	2023-03-31
36	Announcement on Resolutions of the Board of Supervisors	2023-03-31
37	Management System for Registration of Insiders of Shenwan Hongyuan Group Co., Ltd. (Revised)	2023-03-31



No.	Announcements	Date of publication
38	Internal Control Audit Report	2023-03-31
39	Plan of Granting Authorization by the General Meeting to the Board of Directors of Shenwan Hongyuan Group Co., Ltd. (Revised)	2023-03-31
40	2022 Annual Report	2023-03-31
41	Announcement on Estimated Daily Related Party Transactions for 2023	2023-03-31
42	Summary of 2022 Annual Report	2023-03-31
43	Announcement on the Listing of Subordinated Corporate Bonds (Second Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 on the Shenzhen Stock Exchange	2023-04-01
44	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-03
45	Announcement on Progress of the Litigation Involving a Subsidiary	2023-04-03
46	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-03
47	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-06
48	Announcement on Progress of the Litigation Involving a Subsidiary	2023-04-06
49	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-06
50	Provisional Report on Entrusted Management by Chasing Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-13
51	Announcement on Progress of the Litigation Involving a Subsidiary	2023-04-13
52	Provisional Report on Entrusted Management by Huatai United Securities Co., Ltd. on the Progress of the Litigation Matters Involving by Subsidiaries of Shenwan Hongyuan Group Co., Ltd.	2023-04-13
53	2023 First Quarter Performance Express of Shenwan Hongyuan Group Co., Ltd.	2023-04-15
54	Announcement on the Results of Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2023	2023-04-18
55	Announcement on the Listing of Corporate Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 on the Shenzhen Stock Exchange	2023-04-22
56	Announcement on Payment of Interests for 2023 for the Corporate Bonds (Second Tranche) (Type II) Issued Publicly to Professional Investors in 2022	2023-04-24
57	Announcement on Payment of Interests for 2023 for the Corporate Bonds (Second Tranche) (Type I) Issued Publicly to Professional Investors in 2022	2023-04-24

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No.	Announcements	Date of publication
58	Announcement on Repayment of Principal and Payment of Interest and Delisting of 2020 Subordinated Bonds of Securities Company (First Tranche) (Type II) of Shenwan Hongyuan Securities Co., Ltd.	2023-04-26
59	2023 First Quarterly Report	2023-04-29
60	Ongoing Credit Rating Report on the Public Issuance of Corporate Bonds by Shenwan Hongyuan Group Co., Ltd. in 2023	2023-05-30
61	Ongoing Credit Rating Report on Shenwan Hongyuan Group Co., Ltd. and the Bonds (18 ShenHong 01 and 18 ShenHong 02) Issued Publicly by It	2023-05-30
62	Announcement on Repayment of Principal and Payment of Interest and Delisting of 2020 Subordinated Bonds of Securities Company (Second Tranche) of Shenwan Hongyuan Securities Co., Ltd.	2023-05-30
63	2022 Annual General Meeting Materials	2023-05-31
64	Announcement on Convening the 2022 Annual General Meeting	2023-05-31
65	Announcement on Progress of Providing Guarantee for a Wholly-owned Subsidiary	2023-05-31
66	Announcement on Issuance of Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-08
67	Offering Memorandum of 2023 Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors	2023-06-08
68	Offering Memorandum Summary of 2023 Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors	2023-06-08
69	Announcement of Shenwan Hongyuan Group Co., Ltd. on Change of Name for the Publicly Issued Corporate Bonds	2023-06-08
70	Credit Rating Report on the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-08
71	Announcement on Participation in the Online Collective Reception Day for Investors of Listed Companies in Xinjiang in 2023	2023-06-10
72	Announcement on the Results of Public Issuance of Perpetual Subordinated Bonds (First Tranche) by Shenwan Hongyuan Securities Co., Ltd. to Professional Investors in 2023	2023-06-10
73	Announcement on the Coupon Rate of the Corporate Bonds (First Tranche) Issued Publicly by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-12
74	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-12
75	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-12

No.	Announcements	Date of publication
76	Announcement on Extending the Bookkeeping Time for the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-12
77	Announcement on the Results of Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Professional Investors in 2023	2023-06-14
78	Announcement on the Listing of Perpetual Subordinated Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 on the Shenzhen Stock Exchange	2023-06-16
79	Announcement on the Completion of Payment of the 2022 Fifth Tranche Short-term Financing Bonds of Shenwan Hongyuan Securities Co., Ltd.	2023-06-17
80	Announcement on the Listing of Corporate Bonds (First Tranche) Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2023 on the Shenzhen Stock Exchange	2023-06-20
81	Legal Opinion on the 2022 Annual General Meeting of Shenwan Hongyuan Group Co., Ltd.	2023-06-21
82	Announcement on Resolutions of the 2022 Annual General Meeting of Shenwan Hongyuan Group Co., Ltd.	2023-06-21
83	Entrusted Management Report on the Corporate Bonds of Shenwan Hongyuan Group Co., Ltd. (2022)	2023-06-30
84	Entrusted Management Report on the Public Issuance of Corporate Bonds (First Tranche) by Shenwan Hongyuan Group Co., Ltd. to Qualified Investors in 2018 (2022)	2023-06-30

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

<b>No.</b>	<b>Announcements</b>	<b>Date of publication</b>
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2022	2023-01-04
2	2022 Annual Results Forecast	2023-01-19
3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2023	2023-02-01
4	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2023	2023-03-01
5	Date of Board Meeting	2023-03-15
6	Annual Results Announcement for the Year Ended December 31, 2022	2023-03-30
7	Final Dividends for the Year Ended December 31, 2022	2023-03-30
8	2022 Corporate Social Responsibility Report/Environmental, Social and Governance Report	2023-03-30
9	Working Rules of the Audit Committee of the Board of Directors	2023-03-30
10	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2023	2023-04-06
11	2023 First Quarter Performance Express of Shenwan Hongyuan Group Co., Ltd.	2023-04-14
12	2022 Annual Report	2023-04-17
13	Date of Board Meeting	2023-04-18
14	2023 First Quarterly Report	2023-04-28
15	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2023	2023-05-04
16	Final Dividends for the Year Ended December 31, 2022 (Updated)	2023-05-30
17	Circular of the 2022 Annual General Meeting	2023-05-30
18	Form of Proxy of Holders of H Shares for Use at the Annual General Meeting Held on June 20, 2023	2023-05-30
19	Notice of the 2022 Annual General Meeting	2023-05-30
20	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2023	2023-06-01
21	Final Dividends for the Year Ended December 31, 2022 (Updated)	2023-06-20
22	Poll Results of the 2022 Annual General Meeting and Payment of Cash Dividends	2023-06-20

## XIX. SIGNIFICANT MATTERS OF SUBSIDIARIES OF THE COMPANY

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

#### 1. Basic information of corporate bonds

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Interest rate	Method of	Trading place
								repayment of principal and interest	
2017 Corporate Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (First Tranche) (Type II)	17 ShenZheng 02	136981	2017/2/17	2017/2/17	2024/2/17	50,000.00	4.50%	The interest of these bonds is calculated at	Shanghai Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Securities Co., Ltd. in 2018 (First Tranche) (Type I)	18 ShenZheng 03	112812	2018/12/10	2018/12/10	2023/12/10	150,000.00	4.08%	simple interest on an annual basis instead of compound interest, and	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Second Tranche) (Type II)	20 ShenZheng 08	149230	2020/9/10	2020/9/10	2023/9/10	320,000.00	3.76%	paid once a year. The principal will	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2020 (Third Tranche) (Type II)	20 ShenZheng 10	149274	2020/10/26	2020/10/26	2023/10/26	570,000.00	3.68%	be repaid upon maturity. The interest of the last tranche	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type I)	21 ShenZheng 01	149425	2021/4/29	2021/4/29	2024/4/29	250,000.00	3.45%	will be paid together with the principal	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche) (Type II)	21 ShenZheng 02	149431	2021/4/29	2021/4/29	2031/4/29	200,000.00	4.05%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng 03	149479	2021/5/24	2021/5/24	2026/5/24	260,000.00	3.63%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng 04	149490	2021/5/28	2021/5/28	2024/5/28	200,000.00	3.27%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng 05	149491	2021/5/28	2021/5/28	2031/5/28	250,000.00	4.00%		

## Section VI Significant Events (continued)

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type I)	21 ShenZheng	14955906	2021/7/21	2021/7/21	2024/7/21	200,000.00	3.13%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fourth Tranche) (Type II)	21 ShenZheng	14956007	2021/7/21	2021/7/21	2031/7/21	300,000.00	3.77%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type I)	21 ShenZheng	14957408	2021/7/28	2021/7/28	2024/7/28	280,000.00	3.04%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Fifth Tranche) (Type II)	21 ShenZheng	14957509	2021/7/28	2021/7/28	2026/7/28	420,000.00	3.38%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type I)	21 ShenZheng	14961410	2021/8/26	2021/8/26	2024/8/26	300,000.00	3.02%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Sixth Tranche) (Type II)	21 ShenZheng	14961511	2021/8/26	2021/8/26	2031/8/26	300,000.00	3.75%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type I)	21 ShenZheng	14962612	2021/9/9	2021/9/9	2024/9/9	480,000.00	3.05%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Seventh Tranche) (Type II)	21 ShenZheng	14962713	2021/9/9	2021/9/9	2026/9/9	100,000.00	3.40%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type I)	21 ShenZheng	14959514	2021/9/22	2021/9/22	2023/9/22	230,000.00	2.95%		

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Eighth Tranche) (Type II)	21 ShenZheng 15	149640	2021/9/22	2021/9/22	2024/9/22	230,000.00	3.10%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type I)	22 ShenZheng 01	149789	2022/1/21	2022/1/21	2025/1/21	500,000.00	2.80%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche) (Type II)	22 ShenZheng 02	149790	2022/1/21	2022/1/21	2032/1/21	240,000.00	3.60%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Second Tranche) (Type I)	22 ShenZheng 03	149809	2022/2/23	2022/2/23	2025/2/23	220,000.00	2.95%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type I)	22 ShenZheng 05	149852	2022/3/24	2022/3/24	2025/3/24	350,000.00	3.18%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Third Tranche) (Type II)	22 ShenZheng 06	149853	2022/3/24	2022/3/24	2027/3/24	210,000.00	3.53%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Fourth Tranche) (Type I)	22 ShenZheng 07	112904	2022/5/23	2022/5/23	2025/5/23	180,000.00	2.78%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Fourth Tranche) (Type II)	22 ShenZheng 08	149252	2022/5/23	2022/5/23	2027/5/23	220,000.00	3.20%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (First Tranche) (Type I)	23 ShenZheng 01	148247	2023/4/14	2023/4/14	2025/4/14	80,000.00	2.85%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (First Tranche) (Type II)	23 ShenZheng 02	148248	2023/4/14	2023/4/14	2026/4/14	200,000.00	2.99%		

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Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Second Tranche) (Type I)	23 ShenZheng	14842903	2023/8/17	2023/8/17	2025/8/17	220,000.00	2.50%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Second Tranche) (Type II)	23 ShenZheng	14843004	2023/8/17	2023/8/17	2026/8/17	180,000.00	2.67%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Third Tranche) (Type I)	23 ShenZheng	14844405	2023/8/30	2023/8/30	2025/8/30	50,000.00	2.56%		
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Third Tranche) (Type II)	23 ShenZheng	14844506	2023/8/30	2023/8/30	2028/8/30	150,000.00	2.95%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (First Tranche)	21 ShenZheng	149360C1	2021/1/21	2021/1/21	2024/1/21	300,000.00	3.93%	The interest of these bonds is calculated at simple interest	
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Second Tranche)	21 ShenZheng	149405C2	2021/3/11	2021/3/11	2024/3/11	380,000.00	3.94%	on an annual basis instead of compound interest, and	
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type I)	21 ShenZheng	149761C3	2021/12/27	2021/12/27	2023/12/27	180,000.00	3.08%	paid once a year. The principal will be repaid upon	
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2021 (Third Tranche) (Type II)	21 ShenZheng	149762C4	2021/12/27	2021/12/27	2024/12/27	120,000.00	3.20%	maturity. The interest of the last tranche will be paid	
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche)	22 ShenZheng	149904C1	2022/4/27	2022/4/27	2025/4/27	300,000.00	3.19%	together with the principal	

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (First Tranche) (Type I)	23 ShenZheng	148198 C1	2023/3/6	2023/3/6	2025/3/6	140,000.00	3.35%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (First Tranche) (Type II)	23 ShenZheng	148199 C2	2023/3/6	2023/3/6	2026/3/6	130,000.00	3.55%		
Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Second Tranche)	23 ShenZheng	148223 C3	2023/3/27	2023/3/27	2026/3/27	230,000.00	3.38%		
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (First Tranche)	21 ShenZheng	149529 Y1	2021/6/24	2021/6/24	The issuer is entitled to redeem the current bonds on basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	200,000.00	4.10%	The interest of these bonds is calculated at simple interest on an annual basis, and paid once a year provided that the issuer does not exercise the right to defer interest payment	

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Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (Second Tranche)	21 ShenZheng Y2	149605	2021/8/19	2021/8/19	The issuer is entitled to redeem the current bonds on basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	330,000.00	3.70%		
2021 Perpetual Subordinated Bonds Issued Publicly by Shenwan Hongyuan Securities Co., Ltd. (Third Tranche)	21 ShenZheng Y3	149700	2021/11/15	2021/11/15	The issuer is entitled to redeem the current bonds on the basis of the nominal value plus interest payable (including all deferred interest payments and their yields) on the 5th and subsequent every interest paying date of the current bonds	470,000.00	3.88%		

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (First Tranche)	22 ShenZheng Y1	148005	2022/7/27	2022/7/27	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	500,000.00	3.45%		
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2022 (Second Tranche)	22 ShenZheng Y2	148040	2022/8/25	2022/8/25	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	480,000.00	3.28%		

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Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Outstanding amount (RMB'0,000)	Method of repayment of		Trading place
							Interest rate	principal and interest	
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (First Tranche)	23 ShenZheng Y1	148310	2023/6/8	2028/6/8	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	180,000.00	3.44%		
Perpetual Subordinated Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Securities Co., Ltd. in 2023 (Second Tranche)	23 ShenZheng Y2	148370	2023/7/12	2028/7/12	Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full	180,000.00	3.44%		



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

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

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

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

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

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

**5. Other information on bonds**

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

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

**(II) Related Regulatory Measures**

**In January 2023, Nanchang County Chenghu North Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd. was issued a warning letter by the Jiangxi Branch of the CSRC (the “Jiangxi Branch”)**

In January 2023, the Jiangxi Branch issued the Decisions on Warning Letter to Nanchang County Chenghu North Avenue Securities Branch of Shenwan Hongyuan Securities Co., Ltd., with the main contents as follows: an employee of the sales department was involved in irregularities in the operation of a client's securities account during his tenure at the branch. The above behaviour reflected the lack of compliance management of brokers by the branch.

For the aforementioned issues, the sales department has strengthened compliance training and internal control management, and improve the compliance awareness of all staff. The branch has organized education on typical cases, and will conduct compliance inspections of branches under its jurisdiction, supervise the implementation of rectification, and strengthen the application of assessment and enhance job responsibilities. Shenwan Hongyuan Securities will continue to strengthen the construction of compliance culture, and enhance the supervision and management of the practice of practitioners, to avoid the occurrence of similar incidents.

## Section VII Changes in Shares and Shareholders

### I. CHANGES IN SHARES

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

Unit: Share

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

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

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

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

### II. ISSUANCE AND LISTING OF SECURITIES

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

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

### III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

Number of Shareholders and Their Shareholdings as of June 30, 2023

Unit: Share

Total number of ordinary shareholders as of the end of the Reporting Period		260,573 (including 260,513 A shareholders and 60 H shareholders)		Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period (if any)		Nil		
		Shareholdings of the top ten ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of ordinary shares held at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of ordinary shares held subject to selling restrictions	Number of ordinary shares held not subject to selling restrictions	Pledged or frozen Status	Number
China Jiayin Investment Ltd.	State-owned legal person	26.34	6,596,306,947	0	0	6,596,306,947	-	0
Central Huijin Investment Ltd.	State shares	20.05	5,020,606,527	0	0	5,020,606,527	-	0
HKSCC Nominees Limited	Overseas legal person	10.00	2,503,800,970	3,200	0	2,503,800,970	N/A	N/A
Shanghai Jiushi (Group) Co., Ltd.	State-owned legal person	4.84	1,211,896,289	48,600	0	1,211,896,289	-	0
Sichuan Development Holding Co., Ltd.	State-owned legal person	4.49	1,124,543,633	0	0	1,124,543,633	-	0
China Everbright Group Ltd.	State-owned legal person	3.99	999,000,000	0	0	999,000,000	Pledged	67,500,000
China Securities Finance Corporation Limited	Domestic general legal person	2.54	635,215,426	0	0	635,215,426	-	0
Xinjiang Financial Investment (Group) Co., Ltd.	State-owned legal person	1.84	460,642,216	0	0	460,642,216	Pledged	217,000,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.29	323,131,883	34,175,792	0	323,131,883	-	0
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	Fund, wealth management product, etc.	0.81	202,085,280	14,767,300	0	202,085,280	-	0
Strategic investors or general legal entities becoming the top ten holders of ordinary shares by placing of new shares				None				
Description on the related relationship or parties acting-in-concert arrangements among the shareholders above				Central Huijin Investment Ltd. holds the entire equity interest in China Jiayin Investment Ltd., and holds 63.16% of equity interest in China Everbright Group Ltd.				

### Shareholdings of the top ten ordinary shareholders not subject to selling restrictions

Name of shareholder	Number of ordinary shares not subject to selling restrictions at the end of the Reporting Period	Class of share	
		Class of share	Number
China Jianyin Investment Ltd.	6,596,306,947	RMB-denominated ordinary shares	6,596,306,947
Central Huijin Investment Ltd.	5,020,606,527	RMB-denominated ordinary shares	5,020,606,527
HKSCC Nominees Limited	2,503,800,970	Overseas listed foreign shares	2,503,800,970
Shanghai Jiushi (Group) Co., Ltd.	1,211,896,289	RMB-denominated ordinary shares	1,211,896,289
Sichuan Development Holding Co., Ltd.	1,124,543,633	RMB-denominated ordinary shares	1,124,543,633
China Everbright Group Ltd.	999,000,000	RMB-denominated ordinary shares	999,000,000
China Securities Finance Corporation Limited	635,215,426	RMB-denominated ordinary shares	635,215,426
Xinjiang Financial Investment (Group) Co., Ltd.	460,642,216	RMB-denominated ordinary shares	460,642,216
Hong Kong Securities Clearing Company Limited	323,131,883	RMB-denominated ordinary shares	323,131,883
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	202,085,280	RMB-denominated ordinary shares	202,085,280

Description on the related relationship or parties acting-in-concert among the top ten ordinary shareholders not subject to selling restrictions and between the top ten ordinary shareholders not subject to selling restrictions and the top ten ordinary shareholders

Central Huijin Investment Ltd. holds the entire equity interest in China Jianyin Investment Ltd., and holds 63.16% of equity interest in China Everbright Group Ltd.

Description on any of the top ten ordinary shareholders participating in the margin financing and securities lending business

Due to the maturity of the contract regarding engagement in the margin and securities refinancing business, the number of shares held by Shanghai Jiushi (Group) Co., Ltd., a shareholder of the Company at the end of the Reporting Period increased by 48,600 shares from the end of December 2022.

- Notes: 1. Among the H shareholders of the Company, HKSCC Nominees Limited holds the H Shares on behalf of the non-registered shareholders;
2. In the above table, the shares held by HKSCC Nominees Limited are overseas listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares).



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

N/A

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

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

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

As at June 30, 2023, none of the directors, supervisors or chief executives of the Company had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance which were required, to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance, or were recorded in the register required to be maintained by the Company under Section 352 of the Securities and Futures Ordinance, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

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

As of June 30, 2023, to the best knowledge of the Company after having made all reasonable enquiries, the following persons (other than directors, supervisors or chief executives of the Company) have interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or were required to be recorded, in the register that is required to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Unit: Share

Name of substantial shareholder	Class of share	Nature of Interest	Number of shares held (share) <sup>Note 3</sup>	Percentage of the	Percentage of the total	Long/short positions
				total number of issued shares of the Company (%) <sup>Note 4</sup>	number of issued A Shares/H Shares of the Company (%)	
1 Central Huijin Investment Ltd. <sup>Note 1</sup>	A Shares	Beneficial owner	5,020,606,527	20.05	22.28	Long positions
	A Shares	Interest in controlled corporations	7,792,697,332	31.12	34.58	Long positions
	H Shares	Interest in controlled corporations	756,472,000	3.02	30.21	Long positions
	H Shares	Interest in controlled corporations	64,193,600	0.26	2.56	Short positions
2 China Jianyin Investment Ltd.	A Shares	Beneficial owner	6,596,306,947	26.34	29.27	Long positions
3 Industrial and Commercial Bank of China Limited	H Shares	Beneficial owner	648,404,800	2.59	25.89	Long positions

Name of substantial shareholder	Class of share		Number of shares held (share) <sup>Note 3</sup>	Percentage of the total number of	Percentage of the total number of issued A	Long/short positions
	Nature of Interest	Company (%) <sup>Note 4</sup>		Shares/H Shares of the Company (%)		
4 Everbright PGIM Fund Management Co., Ltd. (on behalf of EPF – Huaxia Life SMA One) (代表光大保德信 – 華夏人壽1號單一資產管理計劃)	H Shares	Trustee	216,134,400	0.86	8.63	Long positions
5 Huaxia Life Insurance Co., Ltd. <sup>Note 2</sup>	H Shares	Beneficial owner	216,134,000	0.86	8.63	Long positions
6 China Life Insurance (Group) Company	H Shares	Beneficial owner	172,907,200	0.69	6.90	Long positions
7 China Life Franklin Asset Management Co., Limited	H Shares	Investment manager	153,633,600	0.61	6.14	Long positions

Note 1: Central Huijin holds the entire equity interest in JIC, the entire equity interest in Central Huijin Asset Management Ltd., and 63.16% of equity interest in China Everbright Group Ltd. The total number of A Shares of the Company held by JIC, Central Huijin Asset Management Ltd. and China Everbright Group Ltd. is 7,792,697,332. Central Huijin indirectly held 756,472,000 H Shares of the Company through its controlled corporations including Industrial and Commercial Bank of China Limited, and China Reinsurance (Group) Corporation. In particular, Central Huijin held 648,404,800 shares through Industrial and Commercial Bank of China Limited and 108,067,200 shares through China Reinsurance (Group) Corporation.

Note 2: Huaxia Life Insurance Co., Ltd. has engaged Everbright PGIM Fund Management Co., Ltd. (光大保德信基金管理有限公司), a qualified domestic institutional investor as approved by the relevant PRC regulatory authority, as the asset manager, in the name of EPF – HuaXia Life SMA One (光大保德信 – 華夏人壽1號單一資產管理計劃), to subscribe and hold the H Shares of the Company on behalf Huaxia Life Insurance Co., Ltd.

Note 3: According to Part XV of the Securities and Futures Ordinance, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. If the shareholders have not filed disclosure of interests forms as required under the Securities and Futures Ordinance, the actual shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Stock Exchange as of the end of the Reporting Period. When the shareholdings of shareholders in the Company change, it is not necessary for such shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the actual shareholdings of substantial shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange as of the end of the Reporting Period.

Note 4: As at June 30, 2023, the Company has issued a total of 22,535,944,560 A Shares and 2,504,000,000 H Shares, totaling 25,039,944,560 shares.

Save as disclosed above, as of June 30, 2023, the Company was not aware of any other person (other than directors, supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or which were recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance.

### VIII. SUFFICIENCY OF PUBLIC FLOAT

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

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

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

## Section VIII Profile of Bonds

### I. CORPORATE BONDS

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

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

Name of bond	Abbreviation of bond	Bond code	Issuance		Maturity	Balance of bond (RMB'0,000)	Interest rate	Payment of principal and interest	Trading place
			date	Value date	date				
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Group Co., Ltd. in 2018 (First Tranche) (Type I) <sup>Note</sup>	18 ShenHong	112728	2018-07-13	2018-07-17	2023-07-17	3,250	July 17, 2018 – July 16, 2021: 4.40%; July 17, 2021 – July 16, 2023: 3.20%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period	Shenzhen Stock Exchange
Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Group Co., Ltd. in 2018 (First Tranche) (Type II) <sup>Note</sup>	18 ShenHong	112729	2018-07-13	2018-07-17	2023-07-17	650,000	4.80%	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)	Targeted to qualified investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Traded by matching, one-click-order, price-enquiry, bidding or upon negotiation								
Whether there is risk of delisting (if any) and countermeasures therefor	None								

Note: Repayment of principal and payment of interest were completed for the Corporate Bonds Issued Publicly to Qualified Investors by Shenwan Hongyuan Group Co., Ltd. in 2018 (First Tranche) (Type I), (Type II) and such bonds were delisted on July 17, 2023.

## Section VIII Profile of Bonds (continued)

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

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

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

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

4. Public offering of corporate bonds in 2023

Name of bond	Abbreviation of bond	Bond code	Issuance date	Value date	Maturity date	Balance of bond (RMB'0,000)	Interest rate (%)	Payment of principal and interest	Trading place
Corporate Bonds Issued Publicly to Professional Investors by Shenwan Hongyuan Group Co., Ltd. in 2023 (First Tranche) (Type II)	23 ShenHong	148318	2023-06-12	2023-06-14	2033-06-14	500,000	3.49	Interest shall be calculated annually, while the principal shall be fully repaid upon maturity. Interest shall be paid annually, and principal will be repaid upon maturity together with interest payable for the last period.	Shenzhen Stock Exchange
Investor eligibility arrangement (if any)	Targeted to professional investors who have maintained A-share securities accounts in the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and in compliance with the requirements under the Administrative Measures on Corporate Bonds Offering and Trading (《公司債券發行與交易管理辦法》) and related laws and regulations (excluding subscribers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing these bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.								
Applicable trading mechanism	Traded by matching, one-click-order, price-enquiry, bidding or upon negotiation								
Whether there is risk of delisting (if any) and countermeasures therefor	None								

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

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

### 1. Issuer or investor option terms

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

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

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

## (III) Credit Rating Adjustment for Corporate Bonds

During the Reporting Period, there was no change in the credit rating of corporate bonds.

During the Reporting Period, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. and China Lianhe Credit Rating Co. Ltd. continued to conduct ongoing credit rating on the corporate bonds issued publicly by the Company. There was no change in relevant credit rating level, rating outlook and credit rating results. The credit rating agencies maintained the AAA credit rating for the Company as an issuer, and the AAA credit rating for the corporate bonds, with a stable rating outlook.

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

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

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

The Company has set up a special debt repayment account and paid out of the special debt repayment account the interest payable and principal for “18 ShenHong 01” and “18 ShenHong 02”. In July 2023, the Company paid out of the special debt repayment account the interest payable for “18 ShenHong 01” and “18 ShenHong 02” for the period from July 17, 2022 to July 16, 2023 and all principal.



**2. Public offering of corporate bonds in 2021**

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

The Company has set up a special debt repayment account and paid out of the special debt repayment account the interest payable and principal for “21 ShenHong 01”, “21 ShenHong 02”, “21 ShenHong 04”, “21 ShenHong 05” and “21 ShenHong 06”. In March 2023, the Company paid out of the special debt repayment account the interest payable for “21 ShenHong 01” and “21 ShenHong 02” for the period from March 8, 2022 to March 7, 2023. In July 2023, the Company paid out of the special debt repayment account the interest for “21 ShenHong 04” for the period from July 15, 2022 to July 14, 2023. In August 2023, the Company paid out of the special debt repayment account the interest for “21 ShenHong 05” and “21 ShenHong 06” for the period from August 4, 2022 to August 3, 2023.

**3. Public Offering of Corporate Bonds in 2022**

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

The Company has set up a special debt repayment account and paid out of the special debt repayment account the interest payable and principal for “22 ShenHong 01”, “22 ShenHong 02”, “22 ShenHong 03”, “22 ShenHong 04” and “22 ShenHong 06”. In March 2023, the Company paid out of the special debt repayment account the interest payable for “22 ShenHong 01” and “22 ShenHong 02” for the period from March 8, 2022 to March 7, 2023. In April 2023, the Company paid out of the special debt repayment account the interest payable for “22 ShenHong 03” and “22 ShenHong 04” for the period from April 26, 2022 to April 25, 2023. In August 2023, the Company paid out of the special debt repayment account the interest payable for “22 ShenHong 06” for the period from August 30, 2022 to August 29, 2023.

#### 4. **Public Offering of Corporate Bonds in 2023**

In order to adequately and effectively protect the interests of bondholders, the Company has made a series of arrangements to ensure the timely and full repayment of the 2023 Corporate Bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation and strict implementation of the fund management plan with proper organization and coordination, and strict compliance with the information disclosure obligations, etc., which constituted a complete set of approaches to guarantee the payment of interest and redemption of the bonds. The Company has adopted a series of measures to guarantee the repayment of its debts, including formulation of the “Rules for Meeting of Bondholders”, setting up a special working group for the repayment of debts, formulating and strictly implementing the fund management plan, entrusting bond manager and making timely information disclosure.

During the Reporting Period, there were no changes in credit enhancement mechanism, debt repayment plan and other debt repayment guarantee measures for the above corporate bonds.

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

## II. **OTHER INFORMATION ON BONDS**

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

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

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

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

Items	As of the end of the Reporting Period	As of the end of last year	Increase/decrease as compared with the end of last year
Current ratio	<b>1.56</b>	1.58	Decreased by 0.02
Gearing ratio <sup>Note</sup>	<b>77.10%</b>	77.25%	Decreased by 0.15 percentage point
Quick ratio	<b>1.56</b>	1.58	Decreased by 0.02

Items	For the Reporting Period	For the same period last year	Increase/decrease as compared with the same period last year
Profit for the period after deducting non-recurring profit or loss (RMB'000)	<b>4,071,213</b>	3,483,732	16.86%
Total debt to EBITDA ratio	<b>0.06</b>	0.04	Increased by 0.02
Interest coverage multiple	<b>2.11</b>	1.88	12.23%
Cash interest coverage multiple	<b>14.20</b>	7.25	95.86%
EBITDA interest coverage multiple	<b>2.21</b>	1.96	12.76%
Loan repayment ratio	<b>100.00%</b>	100.00%	–
Interest repayment ratio	<b>100.00%</b>	100.00%	–

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

# Report on Review of Interim Financial Information

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

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

### Introduction

We have reviewed the interim financial information set out on pages 156-252, which comprises the interim condensed consolidated statement of financial position of Shenwan Hongyuan Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

### Conclusion

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

### PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2023

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Key Financial Indicators

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Financial Statements

# Interim condensed consolidated income statement

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
<b>Revenue</b>			
Fee and commission income	5	4,413,419	5,395,546
Interest income	6	4,800,579	4,965,236
Net investment gains	7	6,012,431	4,381,243
<b>Total revenue</b>		<b>15,226,429</b>	14,742,025
Other income and gains	8	2,224,166	3,794,617
<b>Total revenue and other income</b>		<b>17,450,595</b>	18,536,642
Fee and commission expenses	9	605,895	1,064,547
Interest expenses	10	4,892,020	4,999,994
Staff costs	11	3,867,711	3,350,054
Depreciation and amortization expenses	12	412,722	360,576
Tax and surcharges		72,199	77,311
Other operating expenses	13	2,863,397	4,306,872
Credit impairment losses	14	25,649	684,361
Provision for/(Reversal of) impairment against other assets		53,714	(24,267)
<b>Total expenses</b>		<b>12,793,307</b>	14,819,448
<b>Operating profit</b>		<b>4,657,288</b>	3,717,194
Share of profit of associates and joint ventures		316,739	371,722
<b>Profit before income tax</b>		<b>4,974,027</b>	4,088,916
Income tax expense	15	703,988	456,342
<b>Profit for the period</b>		<b>4,270,039</b>	3,632,574
<b>Attributable to:</b>			
Shareholders of the Company		3,747,734	3,361,796
Non-controlling interests		522,305	270,778
<b>Total</b>		<b>4,270,039</b>	3,632,574
Basic and diluted earnings per share (in Renminbi per share)	16	0.15	0.13

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

# Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2023  
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
<b>Profit for the period</b>	<b>4,270,039</b>	3,632,574
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Equity investment at fair value through other comprehensive income		
– Net change in fair value	<b>495,767</b>	(281,605)
Income tax impact	<b>(123,570)</b>	66,829
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Financial assets at fair value through other comprehensive income		
– Net changes in fair value	<b>563,120</b>	(246,113)
– Reclassified to profit or loss	<b>(25,164)</b>	98,702
Share of other comprehensive income of associates and joint ventures	<b>2,986</b>	4,365
Exchange differences on translation of financial statements in foreign currencies	<b>145,766</b>	197,930
Income tax impact	<b>(122,856)</b>	28,368
<b>Total other comprehensive income for the period, net of tax</b>	<b>936,049</b>	(131,524)
<b>Total comprehensive income for the period</b>	<b>5,206,088</b>	3,501,050
<b>Attributable to:</b>		
Shareholders of the Company	<b>4,648,496</b>	3,215,087
Non-controlling interests	<b>557,592</b>	285,963
<b>Total</b>	<b>5,206,088</b>	3,501,050

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

# Interim condensed consolidated statement of financial position

As at 30 June 2023

(In RMB thousands, unless otherwise stated)

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
<b>Non-current assets</b>			
Property and equipment	17	1,477,083	1,402,629
Right-of-use assets	18	963,498	899,563
Investment properties		45,737	47,980
Other intangible assets	19	311,794	291,293
Interest in associates and joint ventures	20	3,821,296	4,108,398
Financial assets measured at amortized cost	21	2,176,319	3,616,601
Financial assets held under resale agreements	22	2,368,300	3,916,685
Financial assets at fair value through profit or loss	23	12,063,694	14,589,206
Financial assets at fair value through other comprehensive income	24	14,217,063	4,204,258
Refundable deposits	25	28,012,374	26,517,378
Deferred tax assets	26	2,712,137	3,461,424
Other non-current assets	27	494,764	461,500
<b>Total non-current assets</b>		<b>68,664,059</b>	63,516,915
<b>Current assets</b>			
Accounts receivable	28	6,777,224	5,248,559
Other receivables and prepayments	29	2,098,811	1,333,576
Margin accounts receivable	30	61,206,394	61,299,617
Financial assets measured at amortized cost	21	1,486,595	500,768
Financial assets held under resale agreements	22	6,514,716	13,523,679
Financial assets at fair value through profit or loss	23	247,054,940	264,429,834
Financial assets at fair value through other comprehensive income	24	92,284,426	52,336,319
Derivative financial assets	31	8,094,617	8,197,282
Clearing settlement funds	32	17,214,151	21,106,241
Cash held on behalf of brokerage clients	33	89,504,095	89,528,669
Cash and bank balances	34	37,876,805	32,095,566
<b>Total current assets</b>		<b>570,112,774</b>	549,600,110
<b>Total assets</b>		<b>638,776,833</b>	613,117,025

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
<b>Current liabilities</b>			
Loans and borrowings	36	1,780,974	1,719,395
Short-term debt instruments issued	37	17,927,068	22,052,001
Placements from other financial institutions	38	1,038,682	3,462,411
Accounts payable to brokerage clients	39	102,429,488	100,310,770
Employee benefits payable	40	2,117,741	2,030,490
Other payables and accruals	41	58,014,022	46,401,024
Contract liabilities		49,251	37,785
Current tax liabilities		85,688	132,484
Financial assets sold under repurchase agreements	42	159,477,888	153,494,134
Lease liabilities	43	438,114	370,363
Financial liabilities at fair value through profit or loss	44	12,773,892	5,500,999
Derivative financial liabilities	31	5,153,144	4,749,684
Long-term bonds due within one year	45	40,937,721	44,451,669
<b>Total current liabilities</b>		<b>402,223,673</b>	384,713,209
<b>Net current assets</b>		<b>167,889,101</b>	164,886,901
<b>Total assets less current liabilities</b>		<b>236,553,160</b>	228,403,816
<b>Non-current liabilities</b>			
Long-term bonds	45	108,667,080	106,612,891
Non-current employee benefits payable	40	3,866,972	3,953,295
Deferred tax liabilities	26	31,927	5,387
Lease liabilities	43	558,977	555,643
Other non-current liabilities		599,956	596,907
<b>Total non-current liabilities</b>		<b>113,724,912</b>	111,724,123
<b>Net assets</b>		<b>122,828,248</b>	116,679,693



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

As at 30 June 2023

(In RMB thousands, unless otherwise stated)

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
<b>Equity</b>			
Share capital	46	<b>25,039,945</b>	25,039,945
Reserves	47	<b>40,818,981</b>	39,855,701
Retained profits	48	<b>33,083,310</b>	30,149,298
Total equity attributable to shareholders of the Company		<b>98,942,236</b>	95,044,944
Non-controlling interests		<b>23,886,012</b>	21,634,749
<b>Total equity</b>		<b>122,828,248</b>	116,679,693

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

Approved and authorised for issue by the board of directors on 30 August 2023.

**Liu Jian**

*Executive Director, Chairman*

**Huang Hao**

*Executive Director, General Manager*

# Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

	Attributable to shareholders of the Company										
	Reserves							Non-controlling interests			
	Share capital (Note 46)	Capital reserve (Note 47)	Surplus reserves (Note 47)	General reserves (Note 47)	Fair value reserve (Note 47)	Translation reserve (Note 47)	Retained profits (Note 48)	Subtotal	Ordinary shareholders	Other equity instrument investors	Total equity
<b>As at 1 January 2023</b>	25,039,945	19,367,146	4,131,474	17,197,713	(980,230)	139,598	30,149,298	95,044,944	1,615,996	20,018,753	116,679,693
Profit for the period	-	-	-	-	-	-	3,747,734	3,747,734	42,466	479,839	4,270,039
Other comprehensive income	-	-	-	-	783,307	117,455	-	900,762	35,287	-	936,049
Total comprehensive income for the period	-	-	-	-	783,307	117,455	3,747,734	4,648,496	77,753	479,839	5,206,088
Appropriation to general reserve	-	-	-	26,343	-	-	(26,343)	-	-	-	-
Distribution to other equity instrument holders	-	-	-	-	-	-	-	-	-	(82,000)	(82,000)
Dividends approved in respect of the previous year	-	-	-	-	-	-	(751,198)	(751,198)	-	-	(751,198)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	36,175	-	(36,175)	-	-	-	-
Issuance of perpetual bonds	-	-	-	-	-	-	-	-	-	1,776,651	1,776,651
Others	-	-	-	-	-	-	(6)	(6)	(980)	-	(986)
<b>As at 30 June 2023 (Unaudited)</b>	25,039,945	19,367,146	4,131,474	17,224,056	(160,748)	257,053	33,083,310	98,942,236	1,692,769	22,193,243	122,828,248

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

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

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

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

# Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2023  
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before income tax	4,974,027	4,088,916
Adjustments for:		
Interest expenses	4,892,020	3,067,494
Share of profit of associates and joint ventures	(316,739)	(371,722)
Depreciation and amortization expenses	412,722	360,576
Net provision for impairment losses	79,363	660,094
Gains on disposal of property and equipment and other intangible assets	2,480	1,614
Foreign exchange losses	27,605	21,641
Net investment gains and interest income from financial assets at fair value through other comprehensive income	(1,675,859)	(845,451)
Net investment gains and interest income from financial assets measured at amortized cost	(78,691)	(134,022)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(2,518,561)	(2,185,801)
Unrealised fair value changes of derivative financial instruments	267,246	(2,279,877)
Operating cash flows before movements in working capital	6,065,613	2,383,462
<b>Cash flows from operating activities:</b>		
Decrease/(Increase) in refundable deposits	1,494,996	(2,034,559)
Decrease in margin accounts receivable	196,382	9,095,368
Decrease in accounts receivable, other receivables and prepayments	7,148,851	2,464,724
Decrease in financial assets held under resale agreements	1,579,441	1,217,459
Decrease in financial instruments at fair value through profit or loss	30,287,303	16,236,287
Decrease/(increase) in cash held on behalf of brokerage clients	24,575	(14,002,271)
Increase in accounts payable to brokerage clients	2,118,718	10,449,920
Increase in other payables and accruals and other non-current liabilities	6,251,019	2,659,536
Decrease in employee benefits payable	(3,866,783)	(2,977,498)
Increase/(Decrease) in financial assets sold under repurchase agreements	5,983,754	(7,869,020)
Decrease in placements from other financial institutions	(2,423,729)	(1,026,775)
Cash generated from operations	54,860,140	16,596,633
Income taxes paid	(274,086)	(1,004,947)
Interest paid for operating activities	(2,246,959)	(1,707,207)
Net cash generated from operating activities	52,339,095	13,884,479

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property and equipment and other intangible assets		4,727	2,096
Dividends received from associates and joint ventures		19,348	41,151
Interest income and disposal gains from financial assets measured at amortized cost		91,143	108,272
Net investment gains and interest income from financial assets at fair value through other comprehensive income		1,896,043	710,252
Proceeds on disposal of financial assets measured at amortized cost		87,023	414,979
Purchases of property and equipment, other intangible assets and other non-current assets		(319,686)	(106,736)
Proceeds on disposal/(purchases) of associates and joint ventures		298,589	(104,187)
Purchases of financial assets at fair value through other comprehensive income		(48,945,206)	(3,973,714)
Increase in restricted bank deposits		(448,183)	(3,249,374)
<b>Net cash used in investing activities</b>		<b>(47,316,202)</b>	<b>(6,157,261)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of other equity instruments		1,776,651	–
Proceeds from issuance of long-term bonds		16,659,126	38,402,253
Proceeds from issuance of short-term debt instruments		26,969,444	29,278,671
Proceeds from loans and borrowings		406,178	2,500,159
Long-term bonds repaid		(18,300,034)	(36,993,667)
Short-term debt instruments repaid		(29,898,586)	(23,120,901)
Loans and borrowings repaid		(344,720)	(2,644,882)
Loans, bonds and debt instruments interest paid		(3,602,848)	(2,752,168)
Dividends paid		(82,000)	(101,319)
Payment of lease liabilities		(202,306)	(191,630)
<b>Net cash (used in)/generated from financing activities</b>		<b>(6,619,095)</b>	<b>4,376,516</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,596,202)</b>	<b>12,103,734</b>
Cash and cash equivalents at the beginning of the period		58,260,917	62,780,909
Effect of foreign exchange rate changes		(27,605)	(21,641)
<b>Cash and cash equivalents at the end of the period</b>	35	<b>56,637,110</b>	<b>74,863,002</b>

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

# Notes to the interim condensed consolidated financial information

For the six months ended 30 June 2023  
(In RMB thousands, unless otherwise stated)

## 1 General information

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

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

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

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

As of 26 April 2019, the Company issued 2,504,000,000 H shares on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), thus increasing the accumulated total outstanding shares of the Company to 25,039,944,560 shares as at 30 June 2023.

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

## 2 Basis of accounting

These interim financial information for the six months ended 30 June 2023 have been prepared in accordance with “IAS 34 Interim Financial Reporting”. In addition, these condensed consolidated interim financial information also comply with the disclosure requirements of the Listing Rules of the Stock Exchange of Hong Kong Limited, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2022 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The interim financial information were authorised for issue by the Company’s board of directors on 30 August 2023.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 3 Material accounting policy information

The unaudited interim condensed consolidated financial information have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies used in preparing the interim condensed consolidated financial information are the same as those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

#### (1) Standards and amendments effective in 2023 adopted by the Group

For the six months period ended 30 June 2023, the Group has adopted the following International Financial Reporting Standards ("IFRSs") and amendments issued by the International Accounting Standards Board ("IASB").

*IFRS 17 and Amendments, Amendments to IAS 12, Amendments to IAS 1, Amendments to IFRS Practice Statement 2 and Amendments to IAS 8.*

IFRS 17 and Amendments replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17.

Amendments to IAS 12 require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to IAS 1 and IFRS Practice Statement 2 set out that immaterial accounting policy information need not be disclosed and provide company with guidance on how to make materiality judgements when preparing financial statements.

Amendments to IAS 8 help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The adoption of the above standards and amendments does not have any significant impact on the operating results, comprehensive income and financial position of the Group for the six-month period ended 30 June 2023.

### 3 Material accounting policy information (continued)

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

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

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Non-current liabilities with covenants	1 January 2024
IFRS 16 and Amendments	Sale and leaseback liabilities	1 January 2024
Amendments to IAS 12	International tax reform – pillar two model rules	1 January 2024
Amendments to IAS 7, Amendments to IFRS 7	Supplier finance arrangements	1 January 2024
IFRS S1	General requirements for disclosure of sustainability-related financial information	1 January 2024
IFRS S2	Climate-related disclosures	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

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



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 4 Taxation

According to the relevant PRC tax policies, the most significant categories of taxes to which the Group is currently subjected are as follows:

#### (1) Income tax

From 1 January 2008, the “Enterprise Income Tax Law of the PRC” and the “Regulations on the Implementation of Enterprise Income Tax Law of the PRC” became effective for the Company and its subsidiaries except for Shenwan Hongyuan (International) Holdings Limited. Income tax computation and payment are governed by the “Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations” (Public Notice of the State Administration of Taxation [2012] No. 57). The income tax rate applicable to the Company and its major domestic subsidiaries is 25%.

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

#### (2) Value added tax

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

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

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

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

## 5 Fee and commission income

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Income from securities brokerage business	2,603,146	3,122,080
Income from underwriting and sponsorship business	762,775	744,385
Income from asset management business	522,558	663,454
Income from futures brokerage business	438,996	788,788
Income from financial advisory business	85,944	76,839
Total	4,413,419	5,395,546

## 6 Interest income

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Interest income from margin financing and securities lending	2,005,088	2,365,590
Interest income from financial institutions	1,471,047	1,492,833
Interest income from financial instruments at fair value through other comprehensive income	1,079,531	813,171
Interest income from other financial assets held under resale agreements	103,650	107,026
Interest income from financial assets measured at amortized cost	78,691	134,022
Interest income from securities-backed lending	51,474	52,594
Others	11,098	–
Total	4,800,579	4,965,236

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 7 Net investment gains

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Dividend income and interest income from financial instruments at fair value through profit or loss	<b>2,793,557</b>	3,222,081
Dividend income from financial instruments at fair value through other comprehensive income	<b>502,402</b>	32,280
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	<b>93,926</b>	6,321
Net realised (losses)/gains from disposal of derivative financial instruments	<b>(1,646,248)</b>	875,146
Net realised losses from disposal of financial assets measured at amortized cost	<b>(4,156)</b>	(19,341)
Net realised gains/(losses) from disposal of financial instruments at fair value through profit or loss	<b>1,792,957</b>	(4,200,922)
Unrealised fair value changes of derivative financial instruments	<b>(267,246)</b>	2,279,877
Unrealised fair value changes of financial instruments at fair value through profit or loss	<b>2,518,561</b>	2,185,801
Others	<b>228,678</b>	–
<b>Total</b>	<b>6,012,431</b>	4,381,243

### 8 Other income and gains

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Income from commodity trading business	<b>1,884,516</b>	3,487,316
Government grants <sup>(1)</sup>	<b>178,866</b>	162,653
Income from tax authorities for individual income tax withheld	<b>126,014</b>	72,020
Rental income <sup>(2)</sup>	<b>10,527</b>	11,197
Compensation received	<b>2,030</b>	1,731
Income from disposal of property and equipment	<b>341</b>	892
Income from futures market-making	<b>4,739</b>	1,481
Miscellaneous <sup>(3)</sup>	<b>17,133</b>	57,327
<b>Total</b>	<b>2,224,166</b>	3,794,617

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

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

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

## 9 Fee and commission expenses

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Expenses for securities brokerage business	464,559	589,174
Expenses for futures brokerage business	127,816	467,029
Expenses for underwriting and sponsorship business	12,501	7,751
Expenses for asset management business	946	531
Expenses for financial advisory business	73	62
Total	605,895	1,064,547

## 10 Interest expenses

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Interest expenses for		
– Long-term bonds	2,321,888	2,617,969
– Financial assets sold under repurchase agreements	1,765,066	1,457,156
– Short-term debt instruments issued	227,537	404,676
– Accounts payable to brokerage clients	216,520	238,785
– Other structured entities' holders	101,930	59,622
– Placements from other financial institutions	79,796	144,427
– Loans and borrowings	55,892	24,958
– Lease liabilities	16,556	19,151
– Other	106,835	33,250
Total	4,892,020	4,999,994

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 11 Staff costs

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Salaries, bonuses and allowances	<b>2,910,824</b>	2,654,231
Contribution to pension schemes	<b>234,021</b>	195,096
Other social welfare	<b>722,866</b>	500,727
Total	<b>3,867,711</b>	3,350,054

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

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

The Group has also established certain contribution plans (including the Mandatory Provident Fund Scheme in Hong Kong) for some of its employees outside Mainland China. According to the provisions of the contribution plans, forfeited contributions in respect of employees who had left the Group before their contributions fully vested are available for the Group to offset its future voluntary contributions. For the six-month periods ended 30 June 2023 and 30 June 2022, the Group has not utilised any such forfeited contributions to reduce the current level of contributions.

## 12 Depreciation and amortization expenses

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Depreciation of right-of-use assets	192,901	191,132
Depreciation of property and equipment	115,611	87,811
Amortization of other intangible assets	81,990	62,457
Amortization of long-term deferred expenses	19,977	16,933
Depreciation of investment properties	2,243	2,243
<b>Total</b>	<b>412,722</b>	<b>360,576</b>

## 13 Other operating expenses

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Cost of commodity trading business	1,974,749	3,623,130
IT expenses	155,080	97,621
Stock exchanges management fees	89,004	72,783
Rental expenses and utilities	84,595	69,922
Administrative and office operating expenses	82,297	75,327
Business travel expenses	72,544	34,459
Funds and asset management plans distribution expenses	62,560	81,142
Consulting and professional services	62,136	49,694
Investor protection funds and risk reserves for futures business	58,277	49,836
Promotion and entertainment expenses	45,230	34,904
Postal and communication expenses	43,311	30,617
Donation and sponsorship	32,307	35,406
Foreign exchange losses	27,605	21,641
Compensation paid	6,981	13,595
Auditors' remuneration	3,444	1,406
Losses on disposal of property and equipment	2,821	2,506
Miscellaneous <sup>(1)</sup>	59,456	12,883
<b>Total</b>	<b>2,863,397</b>	<b>4,306,872</b>

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

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 14 Credit impairment losses

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Provision for impairment losses against accounts receivable	102,988	10,442
Provision for impairment losses against financial assets measured at amortized cost	50,277	24,656
Provision for impairment losses against financial assets at fair value through other comprehensive income	6,257	48,746
Provision for impairment losses against other receivables and prepayments	2,663	3,077
(Reversal of)/Provision for impairment losses against cash and bank balances	(807)	112
Reversal of impairment losses against margin accounts receivable	(9,561)	(11,530)
(Reversal of)/Provision for for impairment losses against financial assets held under resale agreements	(126,168)	608,858
Total	25,649	684,361

### 15 Income tax expense

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Current tax		
– PRC income tax	197,909	285,749
– Hong Kong profits tax	–	107,584
Total	197,909	393,333
Adjustment in respect of prior years		
– PRC income tax	(33,489)	(11,049)
Deferred tax		
– Origination and reversal of temporary differences	539,568	74,058
Total	703,988	456,342

## 15 Income tax expense (continued)

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit before income tax	4,974,027	4,088,916
Notional tax calculated using the PRC statutory tax rate	1,243,507	1,022,229
Tax effect of non-deductible expenses	5,445	9,707
Tax effect of non-taxable income	(568,783)	(622,477)
Effect of different tax rates of subsidiaries	3,124	7,702
Adjustment for prior years	(33,489)	(11,049)
Deductible losses in deferred income tax not recognized in the current period	65,383	63,348
Deductible temporary differences not recognized for prior years	(17,570)	–
Others	6,371	(13,118)
Actual income tax expense	703,988	456,342

## 16 Basic and diluted earnings per share

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Number of ordinary shares (in thousands)	25,039,945	25,039,945
Net profit attributable to equity shareholders of the Company (in RMB thousands)	3,747,734	3,361,796
Basic and diluted earnings per share attributable to equity shareholders of the Company (in RMB per share)	0.15	0.13

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



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 17 Property and equipment

(Unaudited)	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
<b>Cost</b>								
As at 1 January 2023	1,671,225	46,653	16,378	1,225,690	78,462	119,296	230,151	3,387,855
Additions	-	1,239	-	173,414	8,948	756	135,898	320,255
Transfer during the period	103	21	-	3,127	159	-	(3,410)	-
Disposals	-	(4,285)	(485)	(57,890)	(3,129)	(447)	(125,801)	(192,037)
As at 30 June 2023	1,671,328	43,628	15,893	1,344,341	84,440	119,605	236,838	3,516,073
<b>Accumulated depreciation</b>								
As at 1 January 2023	(899,968)	(38,657)	(14,337)	(864,869)	(63,657)	(85,668)	-	(1,967,156)
Charge for the period	(27,034)	(962)	(57)	(81,445)	(3,108)	(3,005)	-	(115,611)
Disposals	-	3,929	460	54,135	2,877	446	-	61,847
As at 30 June 2023	(927,002)	(35,690)	(13,934)	(892,179)	(63,888)	(88,227)	-	(2,020,920)
<b>Impairment</b>								
As at 1 January 2023	(18,070)	-	-	-	-	-	-	(18,070)
Increases	-	-	-	-	-	-	-	-
As at 30 June 2023	(18,070)	-	-	-	-	-	-	(18,070)
<b>Carrying amount</b>								
As at 30 June 2023	726,256	7,938	1,959	452,162	20,552	31,378	236,838	1,477,083

(Audited)	Buildings	Motor vehicles	Machinery	Electronic equipment	Furniture and fixtures	Renovation	Construction in progress	Total
<b>Cost</b>								
As at 1 January 2022	1,671,339	49,298	17,850	1,118,786	81,889	121,856	227,068	3,288,086
Additions	11,446	3,080	-	174,621	2,183	19	240,834	432,183
Transfer during the year	-	-	-	54,088	1,144	3,517	(58,749)	-
Disposals	(11,560)	(5,725)	(1,472)	(121,805)	(6,754)	(6,096)	(179,002)	(332,414)
As at 31 December 2022	1,671,225	46,653	16,378	1,225,690	78,462	119,296	230,151	3,387,855
<b>Accumulated depreciation</b>								
As at 1 January 2022	(848,188)	(42,002)	(15,545)	(858,606)	(68,158)	(84,647)	-	(1,917,146)
Charge for the year	(53,629)	(2,044)	(177)	(120,487)	(1,956)	(7,009)	-	(185,302)
Decreases	1,849	5,389	1,385	114,224	6,457	5,988	-	135,292
As at 31 December 2022	(899,968)	(38,657)	(14,337)	(864,869)	(63,657)	(85,668)	-	(1,967,156)
<b>Impairment</b>								
As at 1 January 2022	(17,388)	-	-	-	-	-	-	(17,388)
Charge for the year	(682)	-	-	-	-	-	-	(682)
As at 31 December 2022	(18,070)	-	-	-	-	-	-	(18,070)
<b>Carrying amount</b>								
As at 31 December 2022	753,187	7,996	2,041	360,821	14,805	33,628	230,151	1,402,629

As at 30 June 2023 and 31 December 2022, included in buildings, there is a carrying amount of RMB15,622 thousand and RMB24,912 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 18 Right-of-use assets

<b>(Unaudited)</b>	<b>Right-of-use assets</b>
<b>Cost</b>	
As at 1 January 2023	<b>1,602,505</b>
Increases	<b>261,761</b>
Decreases	<b>(146,200)</b>
As at 30 June 2023	<b>1,718,066</b>
<b>Accumulated depreciation</b>	
As at 1 January 2023	<b>(702,942)</b>
Charge for the period	<b>(192,901)</b>
Decreases	<b>141,275</b>
As at 30 June 2023	<b>(754,568)</b>
<b>Carrying amount</b>	
As at 30 June 2023	<b>963,498</b>
(Audited)	Right-of-use assets
<b>Cost</b>	
As at 1 January 2022	1,485,535
Increases	351,624
Decreases	(234,654)
As at 31 December 2022	1,602,505
<b>Accumulated depreciation</b>	
As at 1 January 2022	(536,929)
Charge for the year	(386,748)
Decreases	220,735
As at 31 December 2022	(702,942)
<b>Carrying amount</b>	
As at 31 December 2022	899,563

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 19 Other intangible assets

<b>(Unaudited)</b>	<b>Software</b>	<b>Others<sup>(1)</sup></b>	<b>Total</b>
<b>Cost</b>			
As at 1 January 2023	983,450	333,654	1,317,104
Additions	104,293	1,017	105,310
Disposals	(154)	(3,899)	(4,053)
As at 30 June 2023	1,087,589	330,772	1,418,361
<b>Accumulated amortization</b>			
As at 1 January 2023	(710,831)	(314,304)	(1,025,135)
Charge for the period	(81,335)	(655)	(81,990)
Decreases	140	1,094	1,234
As at 30 June 2023	(792,026)	(313,865)	(1,105,891)
<b>Impairment</b>			
As at 1 January 2023	-	(676)	(676)
As at 30 June 2023	-	(676)	(676)
<b>Carrying amount</b>			
As at 30 June 2023	295,563	16,231	311,794
<hr/>			
(Audited)	Software	Others <sup>(1)</sup>	Total
<b>Cost</b>			
As at 1 January 2022	808,634	333,314	1,141,948
Additions	175,041	349	175,390
Disposals	(225)	(9)	(234)
As at 31 December 2022	983,450	333,654	1,317,104
<b>Accumulated amortization</b>			
As at 1 January 2022	(577,568)	(313,523)	(891,091)
Charge for the year	(133,325)	(790)	(134,115)
Decreases	62	9	71
As at 31 December 2022	(710,831)	(314,304)	(1,025,135)
<b>Impairment</b>			
As at 1 January 2022	-	(676)	(676)
As at 31 December 2022	-	(676)	(676)
<b>Carrying amount</b>			
As at 31 December 2022	272,619	18,674	291,293

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

## 20 Interest in associates and joint ventures

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Share of net assets	<b>3,999,581</b>	4,286,683
Less: Provision for impairment losses	<b>(178,285)</b>	(178,285)
<b>Total</b>	<b>3,821,296</b>	4,108,398

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

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			30 June 2023	31 December 2022	
Fullgoal Fund Management Co., Ltd.* 富國基金管理有限公司	Shanghai	RMB520,000	<b>27.775%</b>	27.775%	Fund management
Beijing Urban Construction (Wuhu) Equity Investment management Co., Ltd.* 北京城建(蕪湖)股權投資管理有限公司	Wuhu, Anhui	RMB100,000	<b>30.00%</b>	30.00%	Investment management
Xinjiang Tianshan Industrial Investment Fund Management Co., Ltd.* 新疆天山產業投資基金管理有限公司	Urumqi, Xinjiang	RMB50,000	<b>30.00%</b>	30.00%	Investment management
Horgos Tianshan No. 1 Industrial Investment Fund Limited Partnership* 霍爾果斯天山一號產業投資基金有限合夥企業	Horgos, Xinjiang	RMB1,510,000	<b>33.11%</b>	33.11%	Equity management
Xinjiang Financial Investment Asset Management Co., Ltd.* <sup>(1)</sup> 新疆金投資產管理股份有限公司 <sup>(1)</sup>	Urumqi, Xinjiang	RMB1,000,000	<b>18.00%</b>	18.00%	Asset management
Henan Guochuang Mixed Reform Fund Management Co., Ltd.* 河南省國創混改基金管理有限公司	Zhengzhou, Henan	RMB5,000	<b>30.00%</b>	30.00%	Investment management
Shenzhen Shenwan Jiaotou West Growth No. 1 Equity Investment Fund Partnership (Limited Partnership)* <sup>(1)</sup> 深圳申萬交投西部成長一號股權投資基金合夥企業(有限合夥) <sup>(1)</sup>	Shenzhen, Guangdong	RMB57,923	<b>17.54%</b>	17.54%	Equity management
Shanghai Shenwan & Hongyuan Jiashi Equity Investment Partnership (Limited partnership)* 上海申萬宏源嘉實股權投資合夥企業(有限合夥)*	Shanghai	RMB100,000	<b>31.00%</b>	31.00%	Equity management
Sichuan Shenwan & Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership)* <sup>(2)</sup> 四川申萬宏源長虹股權投資基金合夥企業(有限合夥) <sup>(2)</sup>	Mianyang, Sichuan	RMB310,000	<b>51.61%</b>	51.61%	Equity management
Sichuan Development Shenwan & Hongyuan Equity Investment Fund Partnership (Limited Partnership)* 四川發展申萬宏源股權投資基金合夥企業(有限合夥)*	Chengdu, Sichuan	RMB300,000	<b>34.00%</b>	34.00%	Equity management
Liaoning Guoxin private equity Investment Fund Management Co., Ltd.* 遼寧國鑫私募基金管理有限公司*	Shenyang, Liaoning	RMB10,000	<b>26.00%</b>	26.00%	Investment management
Tongxiang Shenwan Hongding Growth No. 2 Equity Investment Fund Partnership (Limited Partnership)* <sup>(1)</sup> 桐鄉申萬泓鼎成長二號股權投資基金合夥企業(有限合夥) <sup>(1)</sup>	Jiaxing, Zhejiang	RMB380,000	<b>13.16%</b>	13.16%	Equity management

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

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

Name of associates and joint ventures	Place of incorporation	Paid-up capital (in thousands)	Effective equity interest held		Principal activity
			30 June 2023	31 December 2022	
Zhuhai Shenhong Gejin Healthcare Investment Fund Partnership (Limited Partnership)* 珠海申宏格金醫療健康產業投資基金合夥企業(有限合夥)*	Zhuhai, Guangdong	RMB250,500	<b>25.00%</b>	25.00%	Equity management
Aerospace Equity Investment Fund I (Shanghai) Partnership (Limited Partnership) 宇航一期股權投資基金(上海)合夥企業(有限合夥)	Shanghai	RMB705,000	<b>30.00%</b>	30.00%	Equity management
Jinmao Investment Consulting (Shenzhen) Co., Ltd. 金茂投資諮詢(深圳)有限公司	Shenzhen, Guangdong	RMB13,517	<b>50.00%</b>	50.00%	Investment advisory
Gongqing City Shenhong Huichuang Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創物流產業股權投資合夥企業(有限合夥)	Jiujiang, Jiangxi	RMB41,000	<b>24.90%</b>	37.51%	Equity management
Chongqing Furong Equity Investment Fund Partnership (Limited Partnership) <sup>(1)</sup> 重慶市富榮股權投資基金合夥企業(有限合夥) <sup>(1)</sup>	Chongqing	RMB50,000	<b>1.00%</b>	1.00%	Equity management
Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) 申宏匯創發展(佛山)股權投資合夥企業(有限合夥)	Foshan, Guangdong	RMB80,000	<b>31.00%</b>	31.00%	Equity management
Hongyuan Private Equity Investment Management (Shandong) Co., Ltd. 泓源私募基金管理(山東)有限公司	Yantai, Shandong	RMB20,000	<b>20.00%</b>	20.00%	Investment management
Nanjing Rhode Huizhi Equity Investment Partnership (Limited Partnership) 南京洛德匯智股權投資合夥企業(有限合夥)	Nanjing, Jiangsu	RMB1,202,000	<b>24.88%</b>	20.00%	Equity management
Shanghai Eastern Airlines Shenhong Equity Investment Fund Management Co., Ltd. 上海東航申宏股權投資基金管理有限公司	Shanghai	RMB3,000	<b>40.00%</b>	40.00%	Equity management
Yibin State Assets Industry Investment Partnership (Limited Partnership) <sup>(1)</sup> 宜賓市國資產業投資合夥企業(有限合夥) <sup>(1)</sup>	Yibin, Sichuan	RMB2,020,000	<b>1.00%</b>	1.00%	Equity management
Hanya Huichuang No.1 (Shenzhen) Private Equity Investment Partnership (Limited Partnership) 韓亞匯創一號(深圳)私募股權投資基金合夥企業(有限合夥)	Shenzhen, Guangdong	RMB200,000	<b>40.00%</b>	40.00%	Equity investment
Gongqing City Shenhong Huichuang Second Logistics Industry Equity Investment Partnership (Limited Partnership) 共青城申宏匯創二期物流產業股權投資合夥企業(有限合夥) <sup>(1)</sup>	Jiujiang, Jiangxi	RMB132,560	<b>0.01%</b>	0.01%	Equity management

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

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

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

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

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

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

### Fullgoal Fund Management Co., Ltd.

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
<b>Gross amounts of the associate:</b>		
Assets	<b>13,623,841</b>	13,070,529
Liabilities	<b>5,842,497</b>	5,325,337
Net assets	<b>7,781,344</b>	7,745,192
The Group's effective interest	<b>27.775%</b>	27.775%
The Group's share of net assets of the associate	<b>2,161,268</b>	2,151,227
Other adjustments	–	4,784
Carrying amount	<b>2,161,268</b>	2,156,011
<b>Six months ended 30 June</b>		
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
Revenue	<b>3,648,084</b>	3,772,562
Profit for the period	<b>1,065,400</b>	1,122,213
Other comprehensive income	<b>10,751</b>	15,716
Other adjustments	–	–
Total comprehensive income	<b>1,076,151</b>	1,137,929
Dividend received from the associate	<b>288,860</b>	–

As at 30 June 2023 and 31 December 2022, the Group's significant associates and joint ventures are all unlisted companies and there are no public market prices.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

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

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

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Aggregate carrying amount of individually immaterial associates and joint ventures in the interim financial report	<b>1,660,028</b>	1,952,387
Aggregate amounts of the Group's share of those associates and joint ventures' profits	<b>25,609</b>	165,415
Aggregate amounts of the Group's share of other comprehensive income	-	-
Aggregate amounts of the Group's share of total comprehensive income	<b>25,609</b>	165,415

### 21 Financial assets measured at amortized cost

#### Non-current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Asset management products and others	<b>2,412,939</b>	4,023,165
Debt securities	<b>190,240</b>	183,289
Less: Provision for impairment losses	<b>(426,860)</b>	(589,853)
Total	<b>2,176,319</b>	3,616,601

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Asset management products and others	<b>1,488,207</b>	500,950
Less: Provision for impairment losses	<b>(1,612)</b>	(182)
Total	<b>1,486,595</b>	500,768

## 22 Financial assets held under resale agreements

### (1) Analysed by collateral type:

#### Non-current

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Equity securities	4,068,530	5,745,759
Less: Provision for impairment losses	(1,700,230)	(1,829,074)
Total	2,368,300	3,916,685

#### Current

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Debt securities	6,494,956	13,523,883
Equity securities	20,031	–
Less: Provision for impairment losses	(271)	(204)
Total	6,514,716	13,523,679

### (2) Analysed by market:

#### Non-current

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Shenzhen Stock Exchange	3,744,058	4,841,773
Shanghai Stock Exchange	324,472	903,986
Less: Provision for impairment losses	(1,700,230)	(1,829,074)
Total	2,368,300	3,916,685

#### Current

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Shanghai Stock Exchange	3,070,038	10,095,658
Inter-bank market	3,000,069	2,618,362
Singapore Stock Exchange	413,065	805,606
Shenzhen Stock Exchange	31,815	4,257
Less: Provision for impairment losses	(271)	(204)
Total	6,514,716	13,523,679



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

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

#### Non-current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Equity securities	<b>1,556,467</b>	1,339,646
Debt securities	<b>602,228</b>	615,416
Funds	<b>3,020</b>	30,947
Asset management products and others	<b>9,901,979</b>	12,603,197
<b>Total</b>	<b>12,063,694</b>	14,589,206
Analysed as:		
Listed outside Hong Kong	<b>551,013</b>	813,852
Unlisted	<b>11,512,681</b>	13,775,354
<b>Total</b>	<b>12,063,694</b>	14,589,206

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Debt securities	<b>126,294,963</b>	142,615,806
Equity securities	<b>41,984,291</b>	37,524,446
Asset management products and others	<b>38,250,997</b>	30,635,862
Funds	<b>37,761,399</b>	51,062,002
Hybrid instruments	<b>2,763,290</b>	2,591,718
<b>Total</b>	<b>247,054,940</b>	264,429,834
Analysed as:		
Listed outside Hong Kong	<b>107,077,675</b>	90,640,535
Listed in Hong Kong	<b>5,010,821</b>	4,940,838
Unlisted	<b>134,966,444</b>	168,848,461
<b>Total</b>	<b>247,054,940</b>	264,429,834

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

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

As at 30 June 2023, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB95,985,857 thousand for the purpose of repurchase agreement business detailed in Note 42 (As at 31 December 2022: RMB118,144,300 thousand).

As at 30 June 2023, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB8,589,447 thousand for the purpose of bond lending business (As at 31 December 2022: RMB10,080,095 thousand).

As at 30 June 2023, the equity securities in financial assets at fair value through profit or loss with lock-up periods held by the Group were RMB2,658,672 (As at 31 December 2022: RMB4,729,663 thousand).

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

### Non-current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Designated at FVOCI		
Equity securities not held for trading <sup>(1)</sup>	<b>297,755</b>	353,966
Debt securities	<b>13,919,308</b>	3,850,292
<b>Total</b>	<b>14,217,063</b>	4,204,258
Analysed as:		
Listed outside Hong Kong	<b>138,472</b>	198,561
Unlisted	<b>14,078,591</b>	4,005,697
<b>Total</b>	<b>14,217,063</b>	4,204,258

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 24 Financial assets at fair value through other comprehensive income (continued)

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Designated at FVOCI		
Equity securities not held for trading <sup>(1)</sup>	<b>44,675,343</b>	1,675,764
Debt securities	<b>47,609,083</b>	50,660,555
Total	<b>92,284,426</b>	52,336,319
Analysed as:		
Listed outside Hong Kong	<b>24,460,701</b>	22,717,622
Listed inside Hong Kong	<b>124,081</b>	250,143
Unlisted	<b>67,699,644</b>	29,368,554
Total	<b>92,284,426</b>	52,336,319

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

For the six months ended 30 June 2023, the Group disposed some of the equity instruments at fair value through other comprehensive income resulting from adjustment in its investment strategy. The accumulated net realized loss of the equity instrument disposed of were RMB48,233 thousand (For the six months ended 30 June 2022: RMB35,207 thousand).

As at 30 June 2023, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB48,005,849 thousand for the purpose of repurchase agreement business detailed in Note 42(1) (As at 31 December 2022: RMB29,916,535 thousand).

As at 30 June 2023, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB17,507,609 thousand for the purpose of bond lending business (As at 31 December 2022: RMB11,196,763 thousand).

## 25 Refundable deposits

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Deposits with exchanges and other financial institutions:		
Trading deposits	<b>20,790,667</b>	19,786,242
Performance deposits	<b>7,024,535</b>	6,382,311
Refinancing margin	<b>152,709</b>	285,477
Credit deposits	<b>44,463</b>	63,348
<b>Total</b>	<b>28,012,374</b>	26,517,378

## 26 Deferred taxation

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

Deferred tax arising from:	Provision for impairment losses		Employee benefits payable	Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative financial instruments	Changes in fair value of financial assets through other comprehensive income	Business combination	Others	Total
(Unaudited)									
As at 1 January 2023	756,745	1,093,902	659,021	(965,987)	411,648	464,164	1,036,544	3,456,037	
Recognized in profit or loss	12,362	(24,743)	(606,353)	170,777	(37,464)	-	(31,922)	(517,343)	
Recognized in reserves	-	-	-	-	(246,426)	-	-	(246,426)	
Reclassified from other comprehensive income to retained profits	-	-	-	-	(12,058)	-	-	(12,058)	
As at 30 June 2023	769,107	1,069,159	52,668	(795,210)	115,700	464,164	1,004,622	2,680,210	
(Audited)									
As at 1 January 2022	704,929	1,037,731	(302,793)	188,467	262,879	464,164	187,728	2,543,105	
Recognized in profit or loss	51,816	56,171	961,814	(1,154,454)	(6,588)	-	848,816	757,575	
Recognized in reserves	-	-	-	-	242,627	-	-	242,627	
Reclassified from other comprehensive income to retained profits	-	-	-	-	(87,270)	-	-	(87,270)	
As at 31 December 2022	756,745	1,093,902	659,021	(965,987)	411,648	464,164	1,036,544	3,456,037	

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 26 Deferred taxation (continued)

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

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Net deferred tax assets recognized in the condensed consolidated statement of financial position	<b>2,712,137</b>	3,461,424
Net deferred tax liabilities recognized in the condensed consolidated statement of financial position	<b>(31,927)</b>	(5,387)
<b>Total</b>	<b>2,680,210</b>	3,456,037

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

(Unaudited)	As at 30 June 2023		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
– Net changes in fair value	<b>563,120</b>	<b>(127,797)</b>	<b>435,323</b>
– Reclassified to profit or loss	<b>(25,164)</b>	<b>4,941</b>	<b>(20,223)</b>
Share of other comprehensive income of associates	<b>2,986</b>	–	<b>2,986</b>
Exchange differences on translation of financial statements in foreign currencies	<b>145,766</b>	–	<b>145,766</b>
Equity investment at fair value through other comprehensive income			
– Net changes in fair value	<b>495,767</b>	<b>(123,570)</b>	<b>372,197</b>
<b>Total</b>	<b>1,182,475</b>	<b>(246,426)</b>	<b>936,049</b>

(Audited)	As at 31 December 2022		
	Before tax	Tax benefit	Net of tax
Financial assets at fair value through other comprehensive income			
– Net changes in fair value	(756,250)	184,470	(571,780)
– Reclassified to profit or loss	157,040	(49,692)	107,348
Share of other comprehensive income of associates	8,336	–	8,336
Exchange differences on translation of financial statements in foreign currencies	400,550	–	400,550
Equity investment at fair value through other comprehensive income			
– Net changes in fair value	(458,821)	107,849	(350,972)
<b>Total</b>	<b>(649,145)</b>	<b>242,627</b>	<b>(406,518)</b>

## 26 Deferred taxation (continued)

### (4) Deferred tax assets not recognized

As at 30 June 2023 and 31 December 2022, in accordance with the accounting policy, the Group has not recognized deferred tax assets in respect of cumulative tax losses, and provision for bad debts with timing difference amounting to RMB2,384,784 thousand and RMB2,163,383 thousand respectively, mainly as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

## 27 Other non-current assets

### (1) Analysed by nature:

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Inventory <sup>(a)</sup>	<b>498,720</b>	473,986
Long-term deferred expenses	<b>85,867</b>	85,921
Other <sup>(b)</sup>	<b>95,566</b>	34,014
Less: Provision for impairment losses <sup>(a)</sup>	<b>(185,389)</b>	(132,421)
<b>Total</b>	<b>494,764</b>	461,500

(a) As at 30 June 2023, a Company's subsidiary has filed a litigation for some inventory contracts. The Company evaluated possible outcomes for the recoverable amount of the inventory, and accordingly recognized impairment loss.

(b) As at 30 June 2023, the other non-current assets include goodwill amounted to RMB19,654 thousand, which is resulted from the acquisition of Hongyuan Futures Co., Ltd. and Shenyin & Wanguo Futures Company Limited. The goodwill is valued once a year. The recoverable amount is determined by the highest of asset's fair value (excluding disposal expenses) and present value.

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

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
At the beginning of the period/year	<b>85,921</b>	87,046
Additions	<b>4,953</b>	8,753
Transfer in from property and equipment	<b>16,684</b>	28,978
Amortization	<b>(19,977)</b>	(38,856)
Current rollover	<b>(1,714)</b>	–
<b>At the end of the period/year</b>	<b>85,867</b>	85,921

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 28 Accounts receivable

#### (1) Analysed by nature:

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Accounts receivable of:		
– Settlement	<b>5,413,126</b>	4,350,185
– Asset management plans	<b>549,038</b>	896,761
– Fee and commission	<b>275,535</b>	188,011
– Others	<b>1,493,428</b>	672,131
Less: Provision for impairment losses	<b>(953,903)</b>	(858,529)
Total	<b>6,777,224</b>	5,248,559

#### (2) Analysed by ageing:

As at 30 June 2023 and 31 December 2022, the ageing analysis of accounts receivable, based on the trade date, is as follows:

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Within 1 year	<b>6,346,368</b>	4,642,584
1 to 2 years	<b>163,207</b>	27,203
2 to 3 years	<b>14,604</b>	351,584
Over 3 years	<b>253,045</b>	227,188
Total	<b>6,777,224</b>	5,248,559

For trade receivables result from transactions that are within the scope of IFRS 15, the Group applies the simplified approach for the recognition of expected credit losses. The Group applies the general approach for the recognition of expected credit losses of other receivables. As at 30 June 2023, except for the receivables from asset management business which are classified into stage 3, other receivables applies the general approach are classified into the stage 1 (as at 31 December 2022: except for some of asset management plans and other items which are classified into stage 3, other receivables apply the general approach are classified into the stage 1).

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

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

## 29 Other receivables and prepayments

### Analysed by nature:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Inventory	573,565	377,889
Dividend receivable	288,931	–
Overdue and impaired receivables	276,332	276,773
Current tax assets	191,285	131,881
Prepayments <sup>(a)</sup>	148,567	158,774
Receivables from bond issuers	140,287	130,222
Deposits	138,477	81,279
VAT due from asset management plans	125,769	83,397
Receivable from commodity business customers	7,938	6,352
Interest receivables	3,561	479
Others <sup>(a)</sup>	532,071	411,838
Less: Provision for impairment losses	(327,972)	(325,308)
<b>Total</b>	<b>2,098,811</b>	<b>1,333,576</b>

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

## 30 Margin accounts receivable

### (1) Analysed by nature:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Individuals	54,899,664	55,174,988
Institutions	6,675,193	6,502,653
Less: Provision for impairment losses	(368,463)	(378,024)
<b>Total</b>	<b>61,206,394</b>	<b>61,299,617</b>

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

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Fair value of collaterals:		
– Stocks	188,493,268	181,501,671
– Cash	7,901,159	7,013,721
– Funds	5,546,823	4,562,122
– Bonds	241,835	312,043
<b>Total</b>	<b>202,183,085</b>	<b>193,389,557</b>



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 31 Derivative financial instruments

(Unaudited)	As at 30 June 2023		
	Nominal value	Fair value	
		Assets	Liabilities
Equity derivatives	196,357,129	6,145,892	(3,328,371)
Interest rate derivatives	651,660,629	1,469,995	(1,584,099)
Commodity derivatives	88,046,430	448,024	(205,436)
Credit derivatives	10,605,331	30,706	(33,490)
Cash derivatives	85,120	–	(1,748)
<b>Total</b>	<b>946,754,639</b>	<b>8,094,617</b>	<b>(5,153,144)</b>

(Audited)	As at 31 December 2022		
	Nominal Value	Fair value	
		Assets	Liabilities
Equity derivatives	222,157,929	6,821,960	(3,574,563)
Interest rate derivatives	531,781,107	848,802	(916,938)
Commodity derivatives	59,962,684	467,658	(202,612)
Credit derivatives	6,397,191	58,862	(55,571)
<b>Total</b>	<b>820,298,911</b>	<b>8,197,282</b>	<b>(4,749,684)</b>

Under the daily mark-to-market and settlement arrangement, clearing settlement funds included the changes in fair value of treasury bond futures, interest rate swap, stock index futures, precious metal futures, AUTD and other commodity futures held by the Group, and were not reflected in the above derivative financial instruments. As at 30 June 2023, the fair value of those unexpired derivative financial instrument contracts was RMB (35,709) thousand (31 December 2022: RMB (480,673) thousand).

### 32 Clearing settlement funds

#### Current

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	3,620,079	7,443,982
– Shanghai Gold Exchange	25,254	19,294
– Other institutions	13,568,818	13,642,965
<b>Total</b>	<b>17,214,151</b>	<b>21,106,241</b>

### 33 Cash held on behalf of brokerage clients

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

### 34 Cash and bank balances

#### Analysed by nature:

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Cash on hand	46	67
Bank balances <sup>(1)</sup>	37,881,267	32,100,700
Less: Provision for impairment losses	(4,508)	(5,201)
<b>Total</b>	<b>37,876,805</b>	32,095,566

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

### 35 Cash and cash equivalents

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Cash on hand	46	67
Bank balances	37,818,727	31,968,329
Clearing settlement funds	17,214,151	21,106,241
Bond investment within 3 months original maturity	-	152,739
Financial assets held under resale agreements within 3 months original maturity	6,410,803	13,517,486
Less: restricted bank deposits	(4,806,617)	(8,483,945)
<b>Total</b>	<b>56,637,110</b>	58,260,917

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

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 36 Loans and borrowings

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Unsecured bank loans	<b>1,780,974</b>	1,719,395
Total	<b>1,780,974</b>	1,719,395

### 37 Short-term debt instruments issued

(Unaudited)	<b>Book value as at 1 January 2023</b>	<b>Issuance</b>	<b>Redemption</b>	<b>Book value as at 30 June 2023</b>
Short-term corporate bonds	<b>8,517,128</b>	<b>36,285</b>	<b>(8,553,413)</b>	<b>-</b>
Structured notes	<b>13,534,873</b>	<b>25,957,888</b>	<b>(22,577,924)</b>	<b>16,914,837</b>
Interest payables	<b>-</b>	<b>1,012,231</b>	<b>-</b>	<b>1,012,231</b>
Total	<b>22,052,001</b>	<b>27,006,404</b>	<b>(31,131,337)</b>	<b>17,927,068</b>

(Audited)	Book value as at 1 January 2022	Issuance	Redemption	Book value as at 31 December 2022
Short-term corporate bonds	21,059,098	13,937,671	(26,479,641)	8,517,128
Structured notes	8,527,745	41,738,380	(36,731,252)	13,534,873
Total	29,586,843	55,676,051	(63,210,893)	22,052,001

As at 30 June 2023 and 30 June 2022, there was no default in the principal, interest or redemption of the above short-term debt instruments.

For the six months ended 30 June 2023, the Group has issued 1,193 tranches of structured notes, and repaid 1,201 tranches of structured notes during the period. For the six months ended 30 June 2022, the Group has issued 855 tranches of structured notes, and repaid 720 tranches of structured notes during the period.

As at 30 June 2023, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.15%-6.80%. As at 31 December 2022, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.00%-6.80%.

### 38 Placements from other financial institutions

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Placements from banks	<b>405,000</b>	3,000,000
Other placements from other financial institutions	<b>633,682</b>	462,411
<b>Total</b>	<b>1,038,682</b>	3,462,411

### 39 Accounts payable to brokerage clients

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Clients' deposits for other brokerage trading	<b>92,177,877</b>	90,634,238
Clients' deposits for margin financing and securities lending	<b>10,239,995</b>	9,655,593
Interest payable	<b>11,616</b>	20,939
<b>Total</b>	<b>102,429,488</b>	100,310,770

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

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

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

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 40 Employee benefits payable

<b>(Unaudited)</b>	<b>As at 1 January 2023</b>	<b>Accrued for the period</b>	<b>Payments made</b>	<b>As at 30 June 2023</b>
Salaries, bonuses and allowance	5,543,690	2,910,824	(2,987,683)	5,466,831
Contribution to pension schemes	3,209	234,021	(233,356)	3,874
Other social welfare	436,886	722,866	(645,744)	514,008
<b>Total</b>	<b>5,983,785</b>	<b>3,867,711</b>	<b>(3,866,783)</b>	<b>5,984,713</b>

<b>(Audited)</b>	<b>As at 1 January 2022</b>	<b>Accrued for the year</b>	<b>Payments made</b>	<b>As at 31 December 2022</b>
Salaries, bonuses and allowance	5,840,552	5,914,807	(6,211,669)	5,543,690
Contribution to pension schemes	2,656	425,327	(424,774)	3,209
Other social welfare	383,741	1,380,496	(1,327,351)	436,886
<b>Total</b>	<b>6,226,949</b>	<b>7,720,630</b>	<b>(7,963,794)</b>	<b>5,983,785</b>

### 41 Other payables and accruals

	<b>As at 30 June 2023 (Unaudited)</b>	<b>As at 31 December 2022 (Audited)</b>
Performance bond deposits	40,458,840	31,866,276
Payables to interest holders of consolidated structured entities	11,928,066	11,852,320
Settlement payables	2,278,354	607,088
Dividend payables	1,020,510	251,370
Payables on behalf of staff	656,711	533,592
Fee and commission payable	358,083	404,061
Risk reserve for futures brokerage business	300,658	284,093
Tax payables	193,459	190,134
Accrued expenses	159,294	71,878
Interest payables	62,202	17,059
Distribution expenses payables	61,976	113,175
Payables to the securities and futures investor protection fund	48,109	24,984
Proceeds from underwriting securities received on behalf of customers	43,120	41,100
Trade payables	18,592	46,127
Interest and dividend received on behalf of brokerage clients	24,620	24,520
Account executive commission payables	5,435	6,392
Others <sup>(1)</sup>	395,993	66,855
<b>Total</b>	<b>58,014,022</b>	<b>46,401,024</b>

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

## 42 Financial assets sold under repurchase agreements

### (1) Analysed by collateral type:

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Debt securities	<b>130,607,475</b>	127,791,532
Fund	<b>19,295,616</b>	14,678,578
Precious Metals	<b>9,574,797</b>	11,024,024
<b>Total</b>	<b>159,477,888</b>	153,494,134

### (2) Analysed by market:

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Inter-bank market	<b>77,891,260</b>	74,958,673
Stock exchanges	<b>63,071,713</b>	58,329,800
OTC market	<b>9,574,797</b>	11,024,024
Futures exchanges	<b>8,940,118</b>	9,181,637
<b>Total</b>	<b>159,477,888</b>	153,494,134

## 43 Lease liabilities

### Non-current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Lease liabilities	<b>558,977</b>	555,643

### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Lease liabilities	<b>438,114</b>	370,363

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

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

#### Current

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Financial liabilities held for trading		
– Debt securities	<b>10,065,636</b>	3,735,583
– Equities	<b>121,470</b>	19,696
Financial liabilities designated at fair value through profit or loss		
– Structured notes	<b>2,565,249</b>	1,711,925
– Others	<b>21,537</b>	33,795
<b>Total</b>	<b>12,773,892</b>	5,500,999

### 45 Long-term bonds

#### As at 30 June 2023

Name	Par value		Issue amount		
	Original currency	Value date	Due date	Original currency	Nominal interest rate
17shenzheng02 <sup>(1)</sup>	500,000	2017/02/17	2024/02/17	500,000	4.50%
18shenhong01 <sup>(2)</sup>	500,000	2018/07/17	2023/07/17	500,000	3.20%
18shenhong02 <sup>(3)</sup>	6,500,000	2018/07/17	2023/07/17	6,500,000	4.80%
18shenzheng03 <sup>(4)</sup>	1,500,000	2018/12/10	2023/12/10	1,500,000	4.08%
20shenzheng02 <sup>(5)</sup>	2,000,000	2020/01/16	2023/01/16	2,000,000	3.55%
20shenzheng04 <sup>(6)</sup>	3,000,000	2020/02/21	2023/02/21	3,000,000	3.20%
20shenzheng06 <sup>(7)</sup>	4,100,000	2020/07/27	2023/07/27	4,100,000	3.49%
20shenzheng08 <sup>(8)</sup>	3,200,000	2020/09/10	2023/09/10	3,200,000	3.76%
20shenzheng10 <sup>(9)</sup>	5,700,000	2020/10/26	2023/10/26	5,700,000	3.68%
20shenzhengC2 <sup>(10)</sup>	6,000,000	2020/04/23	2023/04/23	6,000,000	3.18%
20shenzhengC3 <sup>(11)</sup>	6,000,000	2020/05/25	2023/05/25	6,000,000	3.25%
21shenhong01 <sup>(12)</sup>	1,500,000	2021/03/08	2026/03/08	1,500,000	3.68%
21shenhong02 <sup>(13)</sup>	500,000	2021/03/08	2028/03/08	500,000	3.95%
21shenhong04 <sup>(14)</sup>	3,000,000	2021/07/15	2028/07/15	3,000,000	3.65%
21shenhong05 <sup>(15)</sup>	500,000	2021/08/04	2024/08/04	500,000	2.99%
21shenhong06 <sup>(16)</sup>	2,500,000	2021/08/04	2026/08/04	2,500,000	3.38%
21shenzheng01 <sup>(17)</sup>	2,500,000	2021/04/29	2024/04/29	2,500,000	3.45%
21shenzheng02 <sup>(18)</sup>	2,000,000	2021/04/29	2031/04/29	2,000,000	4.05%
21shenzheng03 <sup>(19)</sup>	2,600,000	2021/05/24	2026/05/24	2,600,000	3.63%
21shenzheng04 <sup>(20)</sup>	2,000,000	2021/05/28	2024/05/28	2,000,000	3.27%
21shenzheng05 <sup>(21)</sup>	2,500,000	2021/05/28	2031/05/28	2,500,000	4.00%
21shenzheng06 <sup>(22)</sup>	2,000,000	2021/07/21	2024/07/21	2,000,000	3.13%
21shenzheng07 <sup>(23)</sup>	3,000,000	2021/07/21	2031/07/21	3,000,000	3.77%
21shenzheng08 <sup>(24)</sup>	2,800,000	2021/07/28	2024/07/28	2,800,000	3.04%

## 45 Long-term bonds (continued)

As at 30 June 2023 (continued)

Name	Par value	Value date	Due date	Issue amount	
	Original currency			Original currency	Nominal interest rate
21shenzheng09 <sup>(25)</sup>	4,200,000	2021/07/28	2026/07/28	4,200,000	3.38%
21shenzheng10 <sup>(26)</sup>	3,000,000	2021/08/26	2024/08/26	3,000,000	3.02%
21shenzheng11 <sup>(27)</sup>	3,000,000	2021/08/26	2031/08/26	3,000,000	3.75%
21shenzheng12 <sup>(28)</sup>	4,800,000	2021/09/09	2024/09/09	4,800,000	3.05%
21shenzheng13 <sup>(29)</sup>	1,000,000	2021/09/09	2026/09/09	1,000,000	3.40%
21shenzheng14 <sup>(30)</sup>	2,300,000	2021/09/22	2023/09/22	2,300,000	2.95%
21shenzheng15 <sup>(31)</sup>	2,300,000	2021/09/22	2024/09/22	2,300,000	3.10%
21shenzhengC1 <sup>(32)</sup>	3,000,000	2021/01/21	2024/01/21	3,000,000	3.93%
21shenzhengC2 <sup>(33)</sup>	3,800,000	2021/03/11	2024/03/11	3,800,000	3.94%
21shenzhengC3 <sup>(34)</sup>	1,800,000	2021/12/27	2023/12/27	1,800,000	3.08%
21shenzhengC4 <sup>(35)</sup>	1,200,000	2021/12/27	2024/12/27	1,200,000	3.20%
22shenhong01 <sup>(36)</sup>	1,800,000	2022/03/08	2025/03/08	1,800,000	3.11%
22shenhong02 <sup>(37)</sup>	1,200,000	2022/03/08	2027/03/08	1,200,000	3.50%
22shenhong03 <sup>(38)</sup>	3,000,000	2022/04/26	2025/04/26	3,000,000	3.06%
22shenhong04 <sup>(39)</sup>	1,000,000	2022/04/26	2027/04/26	1,000,000	3.45%
22shenhong06 <sup>(40)</sup>	2,550,000	2022/08/30	2032/08/30	2,550,000	3.56%
22shenzheng01 <sup>(41)</sup>	5,000,000	2022/01/21	2025/01/21	5,000,000	2.80%
22shenzheng02 <sup>(42)</sup>	2,400,000	2022/01/21	2032/01/21	2,400,000	3.60%
22shenzheng03 <sup>(43)</sup>	2,200,000	2022/02/23	2025/02/23	2,200,000	2.95%
22shenzheng05 <sup>(44)</sup>	3,500,000	2022/03/24	2025/03/24	3,500,000	3.18%
22shenzheng06 <sup>(45)</sup>	2,100,000	2022/03/24	2027/03/24	2,100,000	3.53%
22shenzheng07 <sup>(46)</sup>	1,800,000	2022/05/23	2025/05/23	1,800,000	2.78%
22shenzheng08 <sup>(47)</sup>	2,200,000	2022/05/23	2027/05/23	2,200,000	3.20%
22shenzhengC1 <sup>(48)</sup>	3,000,000	2022/04/27	2025/04/27	3,000,000	3.19%
23shenzhengC1 <sup>(49)</sup>	1,400,000	2023/03/06	2025/03/06	1,400,000	3.35%
23shenzhengC2 <sup>(50)</sup>	1,300,000	2023/03/06	2026/03/06	1,300,000	3.55%
23shenzhengC3 <sup>(51)</sup>	2,300,000	2023/03/27	2026/03/27	2,300,000	3.38%
23shenzheng01 <sup>(52)</sup>	800,000	2023/04/14	2025/04/14	800,000	2.85%
23shenzheng02 <sup>(53)</sup>	2,000,000	2023/04/14	2026/04/14	2,000,000	2.99%
23shenhong02 <sup>(54)</sup>	5,000,000	2023/06/14	2033/06/14	5,000,000	3.49%
21Shenwan Hongyuan International Finance Limited US dollar bond <sup>(55)</sup>	500,000	2021/07/14	2026/07/14	499,095	1.80%
22Shenwan Hongyuan International Finance Limited US dollar bond <sup>(56)</sup>	300,000	2022/03/16	2025/03/16	299,967	2.63%
Structured notes <sup>(57)</sup>	17,613,665	Note 45 <sup>(57)</sup>	Note 45 <sup>(57)</sup>	17,613,665	2.90%-3.15%



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

As at 30 June 2023 (continued)

Name	Book value	Increase	Amount of amortization	Decrease	Book value as
	as at 1 January 2023				at 30 June 2023
17shenzheng02 <sup>(1)</sup>	500,000	-	-	-	500,000
18shenhong01 <sup>(2)</sup>	32,501	-	1	-	32,502
18shenhong02 <sup>(3)</sup>	6,499,987	-	13	-	6,500,000
18shenzheng03 <sup>(4)</sup>	1,500,000	-	-	-	1,500,000
20shenzheng02 <sup>(5)</sup>	1,999,987	-	13	(2,000,000)	-
20shenzheng04 <sup>(6)</sup>	3,000,000	-	-	(3,000,000)	-
20shenzheng06 <sup>(7)</sup>	4,100,000	-	-	-	4,100,000
20shenzheng08 <sup>(8)</sup>	3,196,874	-	2,246	-	3,199,120
20shenzheng10 <sup>(9)</sup>	5,693,415	-	4,000	-	5,697,415
20shenzhengC2 <sup>(10)</sup>	5,999,132	-	868	(6,000,000)	-
20shenzhengC3 <sup>(11)</sup>	5,999,442	-	558	(6,000,000)	-
21shenhong01 <sup>(12)</sup>	1,500,000	-	-	-	1,500,000
21shenhong02 <sup>(13)</sup>	500,000	-	-	-	500,000
21shenhong04 <sup>(14)</sup>	3,000,000	-	-	-	3,000,000
21shenhong05 <sup>(15)</sup>	500,000	-	-	-	500,000
21shenhong06 <sup>(16)</sup>	2,500,000	-	-	-	2,500,000
21shenzheng01 <sup>(17)</sup>	2,497,318	-	987	-	2,498,305
21shenzheng02 <sup>(18)</sup>	1,996,011	-	237	-	1,996,248
21shenzheng03 <sup>(19)</sup>	2,595,882	-	598	-	2,596,480
21shenzheng04 <sup>(20)</sup>	1,997,728	-	789	-	1,998,517
21shenzheng05 <sup>(21)</sup>	2,494,966	-	296	-	2,495,262
21shenzheng06 <sup>(22)</sup>	1,997,267	-	872	-	1,998,139
21shenzheng07 <sup>(23)</sup>	2,993,223	-	393	-	2,993,616
21shenzheng08 <sup>(24)</sup>	2,797,932	-	634	-	2,798,566
21shenzheng09 <sup>(25)</sup>	4,190,016	-	1,386	-	4,191,402
21shenzheng10 <sup>(26)</sup>	2,993,875	-	1,838	-	2,995,713
21shenzheng11 <sup>(27)</sup>	2,990,371	-	552	-	2,990,923
21shenzheng12 <sup>(28)</sup>	4,792,713	-	2,138	-	4,794,851
21shenzheng13 <sup>(29)</sup>	998,011	-	267	-	998,278
21shenzheng14 <sup>(30)</sup>	2,296,469	-	2,421	-	2,298,890
21shenzheng15 <sup>(31)</sup>	2,294,387	-	1,613	-	2,296,000
21shenzhengC1 <sup>(32)</sup>	2,995,522	-	2,105	-	2,997,627
21shenzhengC2 <sup>(33)</sup>	3,793,597	-	2,664	-	3,796,261
21shenzhengC3 <sup>(34)</sup>	1,796,232	-	1,895	-	1,798,127
21shenzhengC4 <sup>(35)</sup>	1,196,625	-	841	-	1,197,466

## 45 Long-term bonds (continued)

As at 30 June 2023 (continued)

Name	Book value	Amount of			Book value as
	as at 1 January 2023	Increase	amortization	Decrease	at 30 June 2023
22shenhong01 <sup>(36)</sup>	1,800,000	-	-	-	1,800,000
22shenhong02 <sup>(37)</sup>	1,200,000	-	-	-	1,200,000
22shenhong03 <sup>(38)</sup>	3,000,000	-	-	-	3,000,000
22shenhong04 <sup>(39)</sup>	1,000,000	-	-	-	1,000,000
22shenhong06 <sup>(40)</sup>	2,550,000	-	-	-	2,550,000
22shenzheng01 <sup>(41)</sup>	4,991,789	-	1,979	-	4,993,768
22shenzheng02 <sup>(42)</sup>	2,394,791	-	285	-	2,395,076
22shenzheng03 <sup>(43)</sup>	2,195,285	-	1,063	-	2,196,348
22shenzheng05 <sup>(44)</sup>	3,492,500	-	1,625	-	3,494,125
22shenzheng06 <sup>(45)</sup>	2,094,867	-	563	-	2,095,430
22shenzheng07 <sup>(46)</sup>	1,795,823	-	843	-	1,796,666
22shenzheng08 <sup>(47)</sup>	2,194,366	-	597	-	2,194,963
22shenzhengC1 <sup>(48)</sup>	2,990,049	-	2,065	-	2,992,114
23shenzhengC1 <sup>(49)</sup>	-	1,397,208	-	-	1,397,208
23shenzhengC2 <sup>(50)</sup>	-	1,297,242	-	-	1,297,242
23shenzhengC3 <sup>(51)</sup>	-	2,294,432	-	-	2,294,432
23shenzheng01 <sup>(52)</sup>	-	798,394	-	-	798,394
23shenzheng02 <sup>(53)</sup>	-	1,995,833	-	-	1,995,833
23shenhong02 <sup>(54)</sup>	-	4,997,181	-	-	4,997,181
21Shenwan Hongyuan International Finance Limited US dollar bond <sup>(55)</sup>	3,467,878	-	132,889	-	3,600,767
22Shenwan Hongyuan International Finance Limited US dollar bond <sup>(56)</sup>	2,083,374	-	79,984	-	2,163,358
Structured notes <sup>(57)</sup>	14,999,615	3,883,069	-	(1,269,019)	17,613,665
Interest payables	2,584,740	2,136,414	-	(2,242,631)	2,478,523
<b>Total</b>	<b>151,064,560</b>	<b>18,799,773</b>	<b>252,118</b>	<b>(20,511,650)</b>	<b>149,604,801</b>

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

#### As at 31 December 2022

Name	Par value		Issuance date	Due date	Issue amount	
	Original currency	Original currency			Original currency	Nominal interest rate
17shenzheng01	7,500,000		2017/02/17	2022/02/17	7,500,000	4.40%
17shenzheng02 <sup>(1)</sup>	500,000		2017/02/17	2024/02/17	500,000	4.50%
18shenhong01 <sup>(2)</sup>	500,000		2018/07/17	2023/07/17	500,000	3.20%
18shenhong02 <sup>(3)</sup>	6,500,000		2018/07/17	2023/07/17	6,500,000	4.80%
18shenzheng03 <sup>(4)</sup>	1,500,000		2018/12/10	2023/12/10	1,500,000	4.08%
19shenhong01	1,000,000		2019/03/08	2022/03/08	1,000,000	4.18%
19shenhong02	3,200,000		2019/04/12	2022/04/12	3,200,000	4.27%
19shenhong04	5,800,000		2019/10/23	2024/10/25	5,800,000	3.94%
19shenzheng01	2,200,000		2019/01/16	2022/01/16	2,200,000	3.55%
19shenzheng03	6,200,000		2019/03/11	2022/03/11	6,200,000	3.68%
19shenzheng05	8,100,000		2019/05/09	2022/05/09	8,100,000	3.88%
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	6,000,000		2019/09/18	2022/09/18	5,996,156	3.43%
20shenzheng01	4,000,000		2020/01/16	2022/01/16	4,000,000	3.40%
20shenzheng02 <sup>(5)</sup>	2,000,000		2020/01/16	2023/01/16	2,000,000	3.55%
20shenzheng03	1,000,000		2020/02/21	2022/02/21	1,000,000	3.03%
20shenzheng04 <sup>(6)</sup>	3,000,000		2020/02/21	2023/02/21	3,000,000	3.20%
20shenzheng06 <sup>(7)</sup>	4,100,000		2020/07/27	2023/07/27	4,100,000	3.49%
20shenzheng08 <sup>(8)</sup>	3,200,000		2020/09/10	2023/09/10	3,200,000	3.76%
20shenzheng10 <sup>(9)</sup>	5,700,000		2020/10/26	2023/10/26	5,700,000	3.68%
20shenzheng12	1,700,000		2020/11/16	2022/11/16	1,700,000	3.55%
20shenzhengC2 <sup>(10)</sup>	6,000,000		2020/04/23	2023/04/23	6,000,000	3.18%
20shenzhengC3 <sup>(11)</sup>	6,000,000		2020/05/25	2023/05/25	6,000,000	3.25%
21shenhong01 <sup>(12)</sup>	1,500,000		2021/03/08	2026/03/08	1,500,000	3.68%
21shenhong02 <sup>(13)</sup>	500,000		2021/03/08	2028/03/08	500,000	3.95%
21shenhong04 <sup>(14)</sup>	3,000,000		2021/07/15	2028/07/15	3,000,000	3.65%
21shenhong05 <sup>(15)</sup>	500,000		2021/08/04	2024/08/04	500,000	2.99%
21shenhong06 <sup>(16)</sup>	2,500,000		2021/08/04	2026/08/04	2,500,000	3.38%
21shenzheng01 <sup>(17)</sup>	2,500,000		2021/04/29	2024/04/29	2,500,000	3.45%
21shenzheng02 <sup>(18)</sup>	2,000,000		2021/04/29	2031/04/29	2,000,000	4.05%
21shenzheng03 <sup>(19)</sup>	2,600,000		2021/05/24	2026/05/24	2,600,000	3.63%
21shenzheng04 <sup>(20)</sup>	2,000,000		2021/05/28	2024/05/28	2,000,000	3.27%
21shenzheng05 <sup>(21)</sup>	2,500,000		2021/05/28	2031/05/28	2,500,000	4.00%
21shenzheng06 <sup>(22)</sup>	2,000,000		2021/07/21	2024/07/21	2,000,000	3.13%
21shenzheng07 <sup>(23)</sup>	3,000,000		2021/07/21	2031/07/21	3,000,000	3.77%
21shenzheng08 <sup>(24)</sup>	2,800,000		2021/07/28	2024/07/28	2,800,000	3.04%
21shenzheng09 <sup>(25)</sup>	4,200,000		2021/07/28	2026/07/28	4,200,000	3.38%
21shenzheng10 <sup>(26)</sup>	3,000,000		2021/08/26	2024/08/26	3,000,000	3.02%
21shenzheng11 <sup>(27)</sup>	3,000,000		2021/08/26	2031/08/26	3,000,000	3.75%

## 45 Long-term bonds (continued)

As at 31 December 2022 (continued)

Name	Par value		Issuance date	Due date	Issue amount	
	Original currency				Original currency	Nominal interest rate
21shenzheng12 <sup>(28)</sup>	4,800,000		2021/09/09	2024/09/09	4,800,000	3.05%
21shenzheng13 <sup>(29)</sup>	1,000,000		2021/09/09	2026/09/09	1,000,000	3.40%
21shenzheng14 <sup>(30)</sup>	2,300,000		2021/09/22	2023/09/22	2,300,000	2.95%
21shenzheng15 <sup>(31)</sup>	2,300,000		2021/09/22	2024/09/22	2,300,000	3.10%
21shenzhengC1 <sup>(32)</sup>	3,000,000		2021/01/21	2024/01/21	3,000,000	3.93%
21shenzhengC2 <sup>(33)</sup>	3,800,000		2021/03/11	2024/03/11	3,800,000	3.94%
21shenzhengC3 <sup>(34)</sup>	1,800,000		2021/12/27	2023/12/27	1,800,000	3.08%
21shenzhengC4 <sup>(35)</sup>	1,200,000		2021/12/27	2024/12/27	1,200,000	3.20%
22shenhong01 <sup>(36)</sup>	1,800,000		2022/03/08	2025/03/08	1,800,000	3.11%
22shenhong02 <sup>(37)</sup>	1,200,000		2022/03/08	2027/03/08	1,200,000	3.50%
22shenhong03 <sup>(38)</sup>	3,000,000		2022/04/26	2025/04/26	3,000,000	3.06%
22shenhong04 <sup>(39)</sup>	1,000,000		2022/04/26	2027/04/26	1,000,000	3.45%
22shenhong06 <sup>(40)</sup>	2,550,000		2022/08/30	2032/08/30	2,550,000	3.56%
22shenzheng01 <sup>(41)</sup>	5,000,000		2022/01/21	2025/01/21	5,000,000	2.80%
22shenzheng02 <sup>(42)</sup>	2,400,000		2022/01/21	2032/01/21	2,400,000	3.60%
22shenzheng03 <sup>(43)</sup>	2,200,000		2022/02/23	2025/02/23	2,200,000	2.95%
22shenzheng05 <sup>(44)</sup>	3,500,000		2022/03/24	2025/03/24	3,500,000	3.18%
22shenzheng06 <sup>(45)</sup>	2,100,000		2022/03/24	2027/03/24	2,100,000	3.53%
22shenzheng07 <sup>(46)</sup>	1,800,000		2022/05/23	2025/05/23	1,800,000	2.78%
22shenzheng08 <sup>(47)</sup>	2,200,000		2022/05/23	2027/05/23	2,200,000	3.20%
22shenzhengC1 <sup>(48)</sup>	3,000,000		2022/04/27	2025/04/27	3,000,000	3.19%
21Shenwan Hongyuan International Finance Limited US dollar bond <sup>(55)</sup>	500,000		2021/07/14	2026/07/14	499,095	1.80%
22Shenwan Hongyuan International Finance Limited US dollar bond <sup>(56)</sup>	300,000		2022/03/16	2025/03/16	299,967	2.63%
Structured notes <sup>(57)</sup>	14,999,615		Note 45(57)	Note 45(57)	14,999,615	2.55%-3.15%

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

#### As at 31 December 2022 (continued)

Name	Book value	Increase	Amount of amortization	Decrease	Book value
	as at 1 January 2022				as at 31 December 2022
17shenzheng01	7,500,000	–	–	(7,500,000)	–
17shenzheng02 <sup>(1)</sup>	500,000	–	–	–	500,000
18shenhong01 <sup>(2)</sup>	32,501	–	–	–	32,501
18shenhong02 <sup>(3)</sup>	6,499,977	–	10	–	6,499,987
18shenzheng03 <sup>(4)</sup>	1,500,000	–	–	–	1,500,000
19shenhong01	999,985	–	–	(999,985)	–
19shenhong02	3,200,000	–	–	(3,200,000)	–
19shenhong04	5,800,000	–	–	(5,800,000)	–
19shenzheng01	2,200,000	–	–	(2,200,000)	–
19shenzheng03	6,200,000	–	–	(6,200,000)	–
19shenzheng05	8,100,000	–	–	(8,100,000)	–
19 Shenwan Hongyuan financial bond01 <sup>(12)</sup>	5,998,992	–	–	(5,998,992)	–
20shenzheng01	3,999,961	–	–	(3,999,961)	–
20shenzheng02 <sup>(5)</sup>	1,999,673	–	314	–	1,999,987
20shenzheng03	1,000,000	–	–	(1,000,000)	–
20shenzheng04 <sup>(6)</sup>	3,000,000	–	–	–	3,000,000
20shenzheng06 <sup>(7)</sup>	4,100,000	–	–	–	4,100,000
20shenzheng08 <sup>(8)</sup>	3,192,345	–	4,529	–	3,196,874
20shenzheng10 <sup>(9)</sup>	5,685,349	–	8,066	–	5,693,415
20shenzheng12	1,696,846	–	–	(1,696,846)	–
20shenzhengC2 <sup>(10)</sup>	5,996,301	–	2,831	–	5,999,132
20shenzhengC3 <sup>(11)</sup>	5,998,027	–	1,415	–	5,999,442
21shenhong01 <sup>(12)</sup>	1,500,000	–	–	–	1,500,000
21shenhong02 <sup>(13)</sup>	500,000	–	–	–	500,000
21shenhong04 <sup>(14)</sup>	3,000,000	–	–	–	3,000,000
21shenhong05 <sup>(15)</sup>	500,000	–	–	–	500,000
21shenhong06 <sup>(16)</sup>	2,500,000	–	–	–	2,500,000
21shenzheng01 <sup>(17)</sup>	2,495,329	–	1,989	–	2,497,318
21shenzheng02 <sup>(18)</sup>	1,995,533	–	478	–	1,996,011
21shenzheng03 <sup>(19)</sup>	2,594,677	–	1,205	–	2,595,882
21shenzheng04 <sup>(20)</sup>	1,996,136	–	1,592	–	1,997,728
21shenzheng05 <sup>(21)</sup>	2,494,369	–	597	–	2,494,966
21shenzheng06 <sup>(22)</sup>	1,995,508	–	1,759	–	1,997,267
21shenzheng07 <sup>(23)</sup>	2,992,431	–	792	–	2,993,223
21shenzheng08 <sup>(24)</sup>	2,796,654	–	1,278	–	2,797,932
21shenzheng09 <sup>(25)</sup>	4,187,221	–	2,795	–	4,190,016
21shenzheng10 <sup>(26)</sup>	2,990,168	–	3,707	–	2,993,875

## 45 Long-term bonds (continued)

## As at 31 December 2022 (continued)

Name	Book value as at			Book value as at	
	1 January 2022	Increase	Amount of amortization	Decrease	31 December 2022
21shenzheng11 <sup>(27)</sup>	2,989,258	–	1,113	–	2,990,371
21shenzheng12 <sup>(28)</sup>	4,788,402	–	4,311	–	4,792,713
21shenzheng13 <sup>(29)</sup>	997,472	–	539	–	998,011
21shenzheng14 <sup>(30)</sup>	2,291,587	–	4,882	–	2,296,469
21shenzheng15 <sup>(31)</sup>	2,291,136	–	3,251	–	2,294,387
21shenzhengC1 <sup>(32)</sup>	2,991,277	–	4,245	–	2,995,522
21shenzhengC2 <sup>(33)</sup>	3,788,225	–	5,372	–	3,793,597
21shenzhengC3 <sup>(34)</sup>	1,792,411	–	3,821	–	1,796,232
21shenzhengC4 <sup>(35)</sup>	1,194,929	–	1,696	–	1,196,625
22shenhong01 <sup>(36)</sup>	–	1,800,000	–	–	1,800,000
22shenhong02 <sup>(37)</sup>	–	1,200,000	–	–	1,200,000
22shenhong03 <sup>(38)</sup>	–	3,000,000	–	–	3,000,000
22shenhong04 <sup>(39)</sup>	–	1,000,000	–	–	1,000,000
22shenhong06 <sup>(40)</sup>	–	2,550,000	–	–	2,550,000
22shenzheng01 <sup>(41)</sup>	–	4,991,789	–	–	4,991,789
22shenzheng02 <sup>(42)</sup>	–	2,394,791	–	–	2,394,791
22shenzheng03 <sup>(43)</sup>	–	2,195,285	–	–	2,195,285
22shenzheng05 <sup>(44)</sup>	–	3,492,500	–	–	3,492,500
22shenzheng06 <sup>(45)</sup>	–	2,094,867	–	–	2,094,867
22shenzheng07 <sup>(46)</sup>	–	1,795,823	–	–	1,795,823
22shenzheng08 <sup>(47)</sup>	–	2,194,366	–	–	2,194,366
22shenzhengC1 <sup>(48)</sup>	–	2,990,049	–	–	2,990,049
21Shenwan Hongyuan International Finance Limited US dollar bond <sup>(55)</sup>	3,171,356	–	296,522	–	3,467,878
22Shenwan Hongyuan International Finance Limited US dollar bond <sup>(56)</sup>	–	2,083,374	–	–	2,083,374
Structured notes <sup>(57)</sup>	11,529,976	5,580,657	–	(2,111,018)	14,999,615
Interest payables	2,922,712	4,756,622	–	(5,094,594)	2,584,740
<b>Total</b>	<b>160,486,724</b>	<b>44,120,123</b>	<b>359,109</b>	<b>(53,901,396)</b>	<b>151,064,560</b>

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Long-term bonds due within one year	<b>40,937,721</b>	44,451,669
Long-term bonds due after one year	<b>108,667,080</b>	106,612,891
Total	<b>149,604,801</b>	151,064,560

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

- (1) 7-year corporate bond amounting to RMB0.5 billion on 17 February 2017.
- (2) 5-year corporate bond amounting to RMB0.5 billion on 17 July 2018 with put option on 17 July 2021.
- (3) 5-year corporate bond amounting to RMB6.5 billion on 17 July 2018.
- (4) 5-year corporate bond amounting to RMB1.5 billion on 10 December 2018.
- (5) 3-year corporate bond amounting to RMB2.0 billion on 16 January 2020.
- (6) 3-year corporate bond amounting to RMB3.0 billion on 21 February 2020.
- (7) 3-year corporate bond amounting to RMB4.1 billion on 27 July 2020.
- (8) 3-year corporate bond amounting to RMB3.2 billion on 10 September 2020.
- (9) 3-year corporate bond amounting to RMB5.7 billion on 26 October 2020.
- (10) 3-year subordinated bond amounting to RMB6.0 billion on 23 April 2020.
- (11) 3-year subordinated bond amounting to RMB6.0 billion on 25 May 2020.
- (12) 5-year corporate bond amounting to RMB1.5 billion on 8 March 2021 with put option on 8 March 2024.
- (13) 7-year corporate bond amounting to RMB0.5 billion on 8 March 2021 with put option on 8 March 2026.
- (14) 7-year corporate bond amounting to RMB3.0 billion on 15 July 2021.
- (15) 3-year corporate bond amounting to RMB0.5 billion on 4 August 2021.
- (16) 5-year corporate bond amounting to RMB2.5 billion on 4 August 2021.
- (17) 3-year corporate bond amounting to RMB2.5 billion on 29 April 2021.

#### 45 Long-term bonds (continued)

- (18) 3-year corporate bond amounting to RMB2.0 billion on 29 April 2021.
- (19) 5-year corporate bond amounting to RMB2.6 billion on 24 May 2021.
- (20) 3-year corporate bond amounting to RMB2.0 billion on 28 May 2021.
- (21) 10-year corporate bond amounting to RMB2.5 billion on 28 May 2021.
- (22) 3-year corporate bond amounting to RMB2.0 billion on 21 July 2021.
- (23) 10-year corporate bond amounting to RMB3.0 billion on 21 July 2021.
- (24) 3-year corporate bond amounting to RMB2.8 billion on 28 July 2021.
- (25) 5-year corporate bond amounting to RMB4.2 billion on 28 July 2021.
- (26) 3-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (27) 10-year corporate bond amounting to RMB3.0 billion on 26 August 2021.
- (28) 3-year corporate bond amounting to RMB4.8 billion on 9 September 2021.
- (29) 5-year corporate bond amounting to RMB1.0 billion on 9 September 2021.
- (30) 2-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (31) 3-year corporate bond amounting to RMB2.3 billion on 22 September 2021.
- (32) 3-year subordinated bond amounting to RMB3.0 billion on 21 January 2021
- (33) 3-year subordinated bond amounting to RMB3.8 billion on 11 March 2021.
- (34) 2-year subordinated bond amounting to RMB1.8 billion on 27 December 2021.
- (35) 3-year subordinated bond amounting to RMB1.2 billion on 27 December 2021.
- (36) 3-year corporate bond amounting to RMB1.8 billion on 8 March 2022.
- (37) 5-year corporate bond amounting to RMB1.2 billion on 8 March 2022.
- (38) 3-year corporate bond amounting to RMB3.0 billion on 26 April 2022.
- (39) 5-year corporate bond amounting to RMB1.0 billion on 26 April 2022.



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 45 Long-term bonds (continued)

- (40) 10-year corporate bond amounting to RMB2.55 billion on 30 August 2022
- (41) 3-year corporate bond amounting to RMB5.0 billion on 21 January 2022.
- (42) 10-year corporate bond amounting to RMB2.4 billion on 21 January 2022.
- (43) 3-year corporate bond amounting to RMB2.2 billion on 23 February 2022.
- (44) 3-year corporate bond amounting to RMB3.5 billion on 24 March 2022.
- (45) 5-year corporate bond amounting to RMB2.1 billion on 24 March 2022.
- (46) 3-year corporate bond amounting to RMB1.8 billion on 23 May 2022.
- (47) 5-year corporate bond amounting to RMB2.2 billion on 23 May 2022.
- (48) 3-year subordinated bond amounting to RMB3.0 billion on 27 April 2022.
- (49) 2-year subordinated bond amounting to RMB1.4 billion on 6 March 2023.
- (50) 3-year subordinated bond amounting to RMB1.3 billion on 6 March 2023.
- (51) 3-year subordinated bond amounting to RMB2.3 billion on 27 March 2023.
- (52) 2-year subordinated bond amounting to RMB0.8 billion on 14 April 2023.
- (53) 3-year subordinated bond amounting to RMB2.0 billion on 14 April 2023.
- (54) 10-year subordinated bond amounting to RMB5.0 billion on 14 June 2022.
- (55) Shenwan Hongyuan International Finance Limited issued a 5-year corporate bond amounting to US\$0.5 billion on 14 July 2021, with the annual interest rate of 1.80%, the bond pays interest every six months, and is guaranteed unconditionally and irrevocably by Shenwan Hongyuan Securities Co., Ltd.
- (56) Shenwan Hongyuan International Finance Limited issued a 3-year corporate bond amounting to US\$0.3 billion on 16 March 2022, with the annual interest rate of 2.63%, the bond pays interest every six months, and is guaranteed unconditionally and irrevocably by Shenwan Hongyuan Securities Co., Ltd.
- (57) For the six months ended 30 June 2023, the Group has issued 110 tranches of structured notes due over one year (For the six months ended 30 June 2022: 113). As at 30 June 2023 and 31 December 2022, the structured notes issued by the Group used fixed rates or floating rates linked to certain stock indexes to accrue interest, in which the fixed rates range were 2.90%-3.15% and 2.55%-3.15% respectively.

## 46 Share capital

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

	<b>As at 30 June 2023 (Unaudited) &amp; 31 December 2022 (Audited)</b>	
	<b>Number of shares (Thousands)</b>	<b>Nominal value</b>
Registered, issued and fully paid:		
A shares of RMB1 each	<b>22,535,945</b>	<b>22,535,945</b>
H shares of RMB1 each	<b>2,504,000</b>	<b>2,504,000</b>
<b>Total</b>	<b>25,039,945</b>	<b>25,039,945</b>

As at 30 June 2023 and 31 December 2022, the number of non-tradable restricted A shares of the Company was 437,244 and 437,244 respectively.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 47 Reserves

#### (1) Capital reserve

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

#### (2) Surplus reserve

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

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

#### (3) General reserve

General reserve includes general risk reserve and transaction risk reserve.

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

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

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

#### (4) Fair value reserve

The fair value reserve comprises:

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

#### (5) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

## 48 Retained profits

As at 30 June 2023 and 31 December 2022, the consolidated retained profits attributable to the Company included an appropriation of RMB4,740 million and RMB4,740 million to surplus reserve made by the subsidiaries respectively, and RMB2,185 million and RMB2,185 million enjoyed by shareholders arising from the merger of Hongyuan Securities under common control.

Pursuant to the resolution of the general meeting of the shareholders dated 20 June 2023, the Company was approved to distribute cash dividends of RMB0.3 (tax inclusive) per 10 shares to shareholders based on the total outstanding shares of 25,039,945 thousand shares, with total dividends amounting to RMB751,198 thousand.

## 49 Transferred financial assets

In the ordinary course of business, the Group transfers recognized financial assets to third parties or clients during some transactions, but retains the risks and rewards of the transferred financial assets. Therefore, the Group does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income to counterparties and has signed agreements to repurchase such assets. According to the agreements, the counterparties have the right to receive contractual cash flows during the term of the agreements and use such securities again as collateral, and is obliged to return such securities to the Group on the due date specified in the agreements. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

The Group receives payments for the transfer of the income right of margin financing and securities lending to counterparties and has signed agreements to repurchase such assets. According to the repurchase agreements, the income right transferred to the counterparties by the Group includes any other income that the Group may obtain under the contract of margin financing and securities lending, and the counterparties shall return the income right to the Group after the end of the repurchase period. The Group believes that the risks and rewards of such financial assets are not transferred and therefore it does not derecognize such financial assets in the balance sheet.

	As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	–	–	1,032,269	973,923
Securities lending	<b>507,871</b>	–	488,940	–

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 50 Interests in structured entities

#### (1) Interests in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly asset management products. For those structured entities where the Group is involved as manager or as investor, the Group assesses the controlling power according to its accounting policies.

As at 30 June 2023 and 31 December 2022, the net assets of the consolidated asset management products are RMB23,500,211 thousand and RMB24,310,802 thousand respectively.

Interests held by other investors in these consolidated structured entities were classified as net investment gains or interest expenses of the consolidated statement of profit or loss, financial liabilities at fair value through profit or loss, other payables and accruals or other non-current liabilities of the consolidated statement of financial position.

As at 30 June 2023 and 31 December 2022, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

#### (2) Structured entities sponsored by third party institutions which the Group does not consolidate but holds an interest in

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 30 June 2023 and 31 December 2022, which are listed as below:

	<b>As at 30 June 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Financial assets at fair value through profits or loss	<b>74,696,629</b>	86,966,625
Financial assets measured at amortized cost	<b>3,368,637</b>	3,825,557
Total	<b>78,065,266</b>	90,792,182

## 50 Interests in structured entities (continued)

### (3) Structured entities sponsored by the Group which the Group does not consolidate

The types of structured entities sponsored by the Group which the Group does not consolidate but in which it holds an interest include funds and asset management products.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by the Group as at 30 June 2023 and 31 December 2022, which are listed as below:

(Unaudited)	As at 30 June 2023		
	Financial assets at fair value through profit or loss	Financial Assets measured at amortized cost	Total
Funds	2,536,513	–	2,536,513
Asset management products and others	3,236,879	–	3,236,879
<b>Total</b>	<b>5,773,392</b>	<b>–</b>	<b>5,773,392</b>

(Audited)	As at 31 December 2022		
	Financial assets at fair value through profit or loss	Financial Assets measured at amortized cost	Total
Funds	1,852,851	–	1,852,851
Asset management products and others	946,233	–	946,233
<b>Total</b>	<b>2,799,084</b>	<b>–</b>	<b>2,799,084</b>

For the six months ended 30 June 2023 and 2022, the Group recognized net income from asset management business of RMB521,612 thousand and RMB662,923 thousand, respectively.

## 51 Contingencies

As at 30 June 2023, the Group was not involved in any material lawsuits, arbitration or administrative proceedings that if adversely determined, the Group expects would materially and adversely affect its financial position or results of operations.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 52 Related party relationships and transactions

#### (1) Relationship of related parties

##### (a) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership. Share percentage in the Company:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
China Jiayin Investment Ltd.	26.34%	26.34%
Central Huijin Investment Ltd.	20.05%	20.05%

##### (b) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 20.

##### (c) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

#### (2) Related parties transactions and balances

##### (a) Transactions between the Group and major shareholders:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Period/Year end:		
Financial assets at fair value through other comprehensive income	870,473	–
Financial assets at fair value through profit or loss	10,057	–
Accounts payable to brokerage clients	4	–
Accounts receivable	1	–

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Transactions during the period:		
Interest income	9,740	–
Fee and commission income	6,745	1,575
Net investment gains	(7,690)	796

## 52 Related party relationships and transactions (continued)

## (2) Related parties transactions and balances (continued)

## (b) Transactions between the Group with associates, joint ventures and other related parties:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balances at the end of the period/year:		
Cash and bank balances	54,845,748	37,137,440
Financial assets sold under repurchase agreements	39,136,970	25,529,805
Financial assets at fair value through other comprehensive income	7,943,903	1,520,947
Financial assets at fair value through profit or loss	6,163,087	5,042,737
Other payables and accruals	312,715	18,480
Derivative financial liabilities	192,663	158,430
Loans and borrowings	100,245	120,173
Derivative financial assets	98,508	233,185
Accounts receivable	43,892	73,707
Lease liabilities	17,658	20,105
Right-of-use assets	11,917	17,123
Other receivables and prepayments	10,110	8,493
Accounts payable to brokerage clients	7,138	167,890
Financial assets measured at amortized cost	-	126,809
	<b>Six months ended 30 June</b>	
	<b>2023</b> (Unaudited)	2022 (Unaudited)
Transactions during the period:		
Interest income	448,663	182,410
Net investment gains	359,828	379,958
Fee and commission income	169,166	201,119
Interest expenses	61,044	84,228
Fee and commission expenses	35,642	37,400
Depreciation and amortization expense	6,111	5,328
Other income and gains	6,037	5,446
Other operating expenses	4,705	6,618

For the six months ended 30 June 2023 and 30 June 2022, capital injection made by the Group into the associates and joint ventures are RMB180,900 thousand and RMB104,285 thousand, respectively.

For the six months ended 30 June 2023 and 30 June 2022, dividend received from associates and joint ventures are RMB308,238 thousand and RMB41,151 thousand, respectively.



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 52 Related party relationships and transactions (continued)

#### (3) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as, is as follows:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Short-term employee benefits		
– Fees, salaries, allowances and bonuses	5,043	4,466
Post-employment benefits		
– Contributions to pension scheme	374	1,286
Total	5,417	5,752

Total remuneration is included in “staff costs” (see Note 11).

### 53 Segment reporting

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- Enterprise finance segment includes investment banking and principal investment services to the corporate clients: investment banking business primarily includes equity underwriting and sponsorship, debt underwriting and financial advisory services; principal investment business primarily includes the Group's equity investment in unlisted companies and debt investment primarily through various financial instruments;
- Personal finance segment primarily includes securities and futures brokerage, margin financing and securities lending, stock-backed lending, sales of financial products and investment advisory provided to individuals and non-professional institutional investors;
- Institutional services and trading segment primarily includes prime brokerage and research services for professional institutional clients, as well as equity and Fixed Income Currencies and Commodities (FICC) proprietary trading to provide sales, market-making, hedging and over-the counter derivatives services to institutional clients;
- Investment management segment primarily includes asset management, mutual fund management, private equity fund management services to clients.

## 53 Segment reporting (continued)

### Business segments

For the six months ended 30 June 2023 (Unaudited)

	Enterprise finance		Personal finance	Institutional services and trading	Investment management	Segment total
	Investment banking	Principal investment				
Fee and commission income	848,720	21,869	2,184,084	830,080	528,666	4,413,419
Interest income	26,530	206,325	2,959,679	1,498,639	109,406	4,800,579
Net investment gains	256,484	1,002,890	351,823	4,304,306	96,928	6,012,431
Other income and gains	2,890	174,070	129,594	1,902,079	15,533	2,224,166
<b>Total revenue and other income</b>	<b>1,134,624</b>	<b>1,405,154</b>	<b>5,625,180</b>	<b>8,535,104</b>	<b>750,533</b>	<b>17,450,595</b>
Segment expenses	830,249	858,301	3,935,435	6,493,040	676,282	12,793,307
Including: Interest expenses	14,410	600,933	1,079,191	3,072,325	125,161	4,892,020
Provision for/(Reversal of) impairment losses	47	48,545	(141,015)	103,147	68,639	79,363
Share of profit of associates and joint ventures	-	316,739	-	-	-	316,739
<b>Profit before income tax</b>	<b>304,375</b>	<b>863,592</b>	<b>1,689,745</b>	<b>2,042,064</b>	<b>74,251</b>	<b>4,974,027</b>
Other segment information:						
Depreciation and amortization expenses	31,021	11,439	239,241	109,404	21,617	412,722
Capital expenditure paid	3,368	172,330	109,400	26,126	8,462	319,686
As at 30 June 2023						
Segment assets	2,216,358	49,967,050	158,647,150	405,338,165	19,895,973	636,064,696
Deferred tax assets						2,712,137
<b>Segment total assets</b>						<b>638,776,833</b>
Segment liabilities	770,069	41,919,297	117,853,770	340,008,373	15,365,149	515,916,658
Deferred tax liabilities						31,927
<b>Segment total liabilities</b>						<b>515,948,585</b>

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 53 Segment reporting (continued)

#### Business segments (continued)

#### For the six months ended 30 June 2022 (Unaudited)

	Enterprise finance		Personal finance	Institutional services and trading	Investment management	Segment total
	Investment banking	Principal investment				
Fee and commission income	821,224	13,280	3,123,412	771,855	665,775	5,395,546
Interest income	8,514	238,375	3,367,804	1,254,304	96,239	4,965,236
Net investment gains	17,838	231,070	(60,438)	4,030,851	161,922	4,381,243
Other income and gains	2,668	167,176	104,313	3,516,927	3,533	3,794,617
<b>Total revenue and other income</b>	<b>850,244</b>	<b>649,901</b>	<b>6,535,091</b>	<b>9,573,937</b>	<b>927,469</b>	<b>18,536,642</b>
Segment expenses	499,046	797,657	5,252,655	7,742,321	527,769	14,819,448
Including: Interest expenses	1,929	589,959	1,164,427	3,114,779	128,900	4,999,994
Provision for/(Reversal of) impairment losses	3,754	(943)	597,328	51,232	8,723	660,094
Share of profit of associates and joint ventures	-	371,722	-	-	-	371,722
<b>Profit before income tax</b>	<b>351,198</b>	<b>223,966</b>	<b>1,282,436</b>	<b>1,831,616</b>	<b>399,700</b>	<b>4,088,916</b>
Other segment information:						
Depreciation and amortization expenses	21,937	13,004	230,644	81,823	13,168	360,576
Capital expenditure paid	2,440	51,772	39,946	8,655	3,923	106,736
As at 31 December 2022						
Segment assets	11,439,758	34,152,699	158,212,397	388,398,768	17,451,979	609,655,601
Deferred tax assets						3,461,424
<b>Segment total assets</b>						<b>613,117,025</b>
Segment liabilities	618,895	27,981,800	116,210,039	334,954,011	16,667,200	496,431,945
Deferred tax liabilities						5,387
<b>Segment total liabilities</b>						<b>496,437,332</b>

The Group's non-current assets are mainly located in mainland China. The Group's revenue are substantially derived from its operations in mainland China.

## 54 Fair value information

### (1) Fair value of financial instruments

The Group adopts the following methods and assumptions when evaluating fair value:

- (a) Financial assets including cash and bank balances, cash held for brokerage clients, clearing settlement funds, financial assets held under resale agreements, and financial liabilities including placements from other financial institutions, short-term debt instruments issued, loans and borrowings under current liabilities and financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts approximate the fair values.
- (b) Financial assets and liabilities at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income are stated at fair value. For the financial instruments traded in active open markets, the Group uses market prices or markets rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.
- (c) The fair value of non-current debt investment at amortized cost and long-term bonds are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as credit risk and maturity, to estimate the fair value using pricing models or discounted cash flow.
- (d) Accounts receivable, other receivables and prepayments, margin accounts receivable, and accounts payable to brokerage clients are mainly within one year. Accordingly, the carrying amounts approximate the fair values.

### (2) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 valuations: Fair value measured is using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured is using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured is using significant unobservable inputs.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

The table below analyses financial instruments, measured at fair value at 30 June 2023 and 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Unaudited)	As at 30 June 2023			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	49,476,420	76,629,286	791,485	126,897,191
– Equity securities	69,892,908	5,753,896	5,658,373	81,305,177
– Hybrid instruments	1,249,601	50,284	1,463,405	2,763,290
– Asset management products and others	723,098	38,855,242	8,574,636	48,152,976
Financial assets at fair value through other comprehensive income				
– Debt securities	9,208,444	52,088,001	231,946	61,528,391
– Equity securities	1,719,987	42,989,311	263,800	44,973,098
Derivative financial assets	489,120	2,101,608	5,503,889	8,094,617
<b>Total</b>	<b>132,759,578</b>	<b>218,467,628</b>	<b>22,487,534</b>	<b>373,714,740</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Debt securities	1,579,604	9,650,282	1,544,006	12,773,892
– Equity securities	322,859	1,313,540	3,516,745	5,153,144
Derivative financial liabilities				
<b>Total</b>	<b>1,902,463</b>	<b>10,963,822</b>	<b>5,060,751</b>	<b>17,927,036</b>

## 54 Fair value information (continued)

**(2) Fair value hierarchy (continued)**

(Audited)	As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	37,243,424	104,868,103	1,119,695	143,231,222
– Equity securities	76,317,699	6,718,708	6,920,634	89,957,041
– Hybrid instruments	761,765	46,911	1,783,042	2,591,718
– Asset management products and others	416,378	34,976,034	7,846,647	43,239,059
Financial assets at fair value through other comprehensive income				
– Debt securities	7,665,347	46,464,530	380,970	54,510,847
– Equity securities	1,675,764	92,966	261,000	2,029,730
Derivative financial assets	296,985	1,286,150	6,614,147	8,197,282
<b>Total</b>	<b>124,377,362</b>	<b>194,453,402</b>	<b>24,926,135</b>	<b>343,756,899</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
	19,696	5,474,409	6,894	5,500,999
Derivative financial liabilities	300,108	1,021,934	3,427,642	4,749,684
<b>Total</b>	<b>319,804</b>	<b>6,496,343</b>	<b>3,434,536</b>	<b>10,250,683</b>

For the six months ended 30 June 2023 and for the year ended 31 December 2022, there was no significant transfer between Level 1 and Level 2.

For the six months ended 30 June 2023 and for the year ended 31 December 2022, there were transfers into and out of Level 3 due to the delisting of equity securities and the lifting of restricted stocks respectively. The Group's policy is to recognize transfer between levels of fair value hierarchy at the end of the period/year in which they occur.

**(a) Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at 30 June 2023 and 31 December 2022. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily securities traded on exchanges and fund investments traded through exchanges or fund management companies.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

##### (b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

##### (c) Valuation methods for specific investments

As at 30 June 2023 and 31 December 2022, the Group's valuation methods for specific investments are as follows:

- (i) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at 30 June 2023 and 31 December 2022 within the bid-ask spread. If there is no quoted market price as at 30 June 2023 and 31 December 2022, valuation techniques are used to determine the fair value.
- (ii) For exchange-listed investment funds, fair value is determined based on the closing price within the bid-ask spread as at 30 June 2023 and 31 December 2022 or the most recent trading date. For unlisted open-end funds and asset management products, fair value is determined by quoted price which is based on the net asset value as at 30 June 2023 and 31 December 2022.
- (iii) For debt securities listed through exchanges, fair values are determined based on the closing price within the bid-ask spread of the debt securities as at 30 June 2023 and 31 December 2022.
- (iv) For debt securities traded through the inter-bank bond market and the OTC market, fair values are determined by valuation techniques.
- (v) For futures traded through exchanges, fair value is determined based on the closing price of the futures as at 30 June 2023 and 31 December 2022.

## 54 Fair value information (continued)

## (2) Fair value hierarchy (continued)

## (d) Financial instruments in Level 3

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

(Unaudited)	For the six months ended 30 June 2023						
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – debt instruments	Financial assets at fair value through other comprehensive income – equity instruments	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2023	17,670,018	380,970	261,000	6,614,147	6,894	3,427,642	28,360,671
Gains or losses for the period	309,832	(4,923)	-	(778,657)	2,722	92,338	(378,688)
Changes in fair value recognized in other comprehensive income	265,478	6,912	-	-	-	-	272,390
Purchases	6,142,874	8,968	2,800	316	777,889	(66,276)	6,866,571
Sales and settlements	(7,815,813)	(159,981)	-	(331,917)	(3,301)	63,041	(8,247,971)
Transfer in	-	-	-	-	759,802	-	759,802
Transfer out	(84,490)	-	-	-	-	-	(84,490)
As at 30 June 2023	16,487,899	231,946	263,800	5,503,889	1,544,006	3,516,745	27,548,285
Realized gains or losses included in profit or loss for the period – investment gains	(730,439)	(4,923)	-	276,654	21,340	(46,175)	(483,543)
Unrealized gains or losses included in profit or loss for the period – gain or losses on the fair value change	1,040,271	-	-	(1,055,311)	(24,062)	(46,163)	(85,265)



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 54 Fair value information (continued)

#### (2) Fair value hierarchy (continued)

##### (d) Financial instruments in Level 3 (continued)

(Audited)	For the year ended 31 December 2022							Total
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income – debt instruments	Financial assets at fair value through other comprehensive income – equity instruments	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities		
As at 1 January 2022	14,501,098	431,459	261,000	1,991,885	–	6,663,967	23,849,409	
Gains or losses for the year	1,871,571	(6,453)	–	4,719,225	(53,700)	(1,628,301)	4,902,342	
Changes in fair value recognized in other comprehensive income	–	(194,861)	–	–	–	–	(194,861)	
Purchases	12,667,798	122,431	–	12,274	44,559	315,825	13,162,887	
Sales and settlements	(8,078,603)	(1,443)	–	(109,237)	–	(1,923,849)	(10,113,132)	
Transfer in	1,748,310	29,837	–	–	16,035	–	1,794,182	
Transfer out	(5,040,156)	–	–	–	–	–	(5,040,156)	
As at 31 December 2022	17,670,018	380,970	261,000	6,614,147	6,894	3,427,642	28,360,671	
Realized gains or losses included in profit or loss for the year								
– investment gains	3,866,287	(6,453)	–	(97,926)	–	191,700	3,953,608	
Unrealized gains or losses included in profit or loss for the year								
– gain or losses on the fair value change	(1,994,716)	–	–	4,817,151	53,700	1,436,601	4,312,736	

As for the financial instruments in Level 3, the price is primarily determined by the comparable companies methods, discounted cash flow model, Black-Scholes option pricing model and other methods. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are primarily based on the significance of the unobservable inputs which mainly include liquidity discount, volatility, risk-adjusted discount and market multiplier.

## 55 Financial instruments risk management

The risks faced by the Group in its daily operation and management mainly include market risk, credit risk and liquidity risk.

The Group aims to strike an appropriate balance between the risks and benefits of its financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and assess the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The following information does not include all necessary information and disclosures for the consolidated financial report, and should be read together with the company's consolidated financial report for the year ended 2022.

Since 31 December 2022, the Company does not have significant change in its risk management process or policy.

### Risk analysis and control

#### (1) Credit risk

Credit risk refers to the risk that the Group may face when its financiers, counterparties or bond issuers fail to perform the agreed financial obligations. The Group's credit risk exposures mainly exist in its personal finance, proprietary trading, and principal investment businesses.

The Group has mainly adopted the following measures to detect, report and manage credit risk:

- Established an internal rating system for credit risk, and conducted concentration risk management of the clients;
- Optimised risk assessment and analysis of clients and collateral, and reinforced continuous supervision. The Group has also been improving credit risk management system, and set up company-level negative lists of counterparties so as to collect and manage the list of clients with bad credit, and unified the management of negative information of clients;
- Set up strict entry criteria such as bond and issuer ratings for the proprietary trading business, and carried out pre-transaction review, post-transaction monitoring, and follow up on trading behaviours, credit ratings and types of securities, as well as scale and concentration of bonds;
- Enhanced measures and policies of derivatives trading, set up rating and entry criteria for its counterparties, and improved the risk limit indicators system and pre-transaction review standard; and
- Tightened the review and management of certain businesses, such as stock-backed lending and principal investment business, on the assessment of client, concentration control, and scale of the businesses, and closely monitor project status on a continual basis.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Measurement of expected credit loss**

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), and FVOCI is an area that requires the use of models and assumptions about the future economic conditions and credit behaviour of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Group has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For financial instruments under Stage 1 and Stage 2, including investments in financial assets measured at amortized cost (including margin accounts, stock-pledged repo), and FVOCI, the ECL is measured using the risk parameter modelling approach that incorporated key parameters, including Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and Loss Ratio ("LR") taking into consideration of forward looking factors. For credit-impaired financial assets classified under Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios;
- Forecasts of the discounted cash flow of financial instruments under stage 3.

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (1) Credit risk (continued)

##### **Measuring ECL – Inputs, assumptions and estimation techniques**

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For financing assets, ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the Group determines the PD by the appropriate external credit ratings.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on the issuer and type of securities
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Group's expectation of the likelihood of default and extent of loss on exposure. The Group uses historical loss rates and assesses their appropriateness. The Group determines LR of financing assets based on factors including: the coverage ratio of related loan to underlying collateral value, the volatility of such collateral's valuation and the realized value of collateral upon forced liquidation over the realization period.

##### **The criteria of Significant increase in credit risk (SICR)**

The Group evaluates financial instruments to identify whether a SICR has occurred since initial recognition at each financial statement date. An ECL allowance of financial assets is recognized according to the stage in which the assets are classified. This takes into account of what reasonable information, including forward looking information, is available to identify whether a SICR had arisen. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For financing assets, the Group sets differentiated collateral to loan ratios as triggering margin calls and force liquidation thresholds (force liquidation thresholds generally no less than 130%) against different exposures related to these transactions, based on the obligors' credit quality, operation situation, contract maturity date, the volatility and liquidity of related collateral securities, and related performance information.

For securities financing business, the Group considers securities financing business to have experienced a SICR if collateral to loan ratios is lower than the force liquidation thresholds, which means collateral valuation has declined or the quality of the third-party collateral is significantly reduced. As at 30 June 2023 and 31 December 2022, over 90% of the securities financing balances of the Group were covered by collateral value of over the force liquidation thresholds of related loan or repo amounts.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### **Risk analysis and control (continued)**

##### **(1) Credit risk (continued)**

##### ***The criteria of Significant increase in credit risk (SICR) (continued)***

For debt securities investments, the Group makes use of open market credit ratings. The Group considers debt securities investments to have experienced a SICR if the following scenarios occurs: the debt securities with an initial rating above AA level (inclusive) downgraded below AA (exclusive); the debt securities with an initial rating below AA level (exclusive) been downgraded; or the debt security is on the warning list. As at 30 June 2023 and 31 December 2022, the vast majority of the debt securities investments of the Group have been rated as investment grade or above and there was no SICR.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements collateralized by debt securities.

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (1) Credit risk (continued)

##### **Definition of default and credit impairment**

The Group assesses whether a financial instrument has been credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes qualitative criteria, quantitative criteria and upper limit. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For securities financing business, forced liquidation of a client’s position is triggered based on a predetermined threshold of loan to collateral ratio; whereby the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of debtor’s financial difficulties;
- Concessions have been made by the Group relating to the debtor, issuer, borrower or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring, etc.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

###### **Forward-looking information**

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

When considering forward-looking information, the Group is not required to forecast the situation of financial instruments throughout their expected lifespan. The level of judgment that the Group needs to apply when estimating credit losses depends on the availability of specific information. The degree of the judgment that the Group must use when estimating ECL will increase when the prediction time span is longer or the availability of specific information is lower.

Based on the analysis of various business characteristics and historical data, the Group identified key economic indicators that affect the ECL of various businesses, mainly including the growth rate of Domestic GDP, cumulative year-on-year completion of fixed assets investment, the fluctuation of the Shanghai Composite index and the growth rate of Consumer Price Index(CPI). The Group determines the relationship between these economic indicators and macro factors through regression analysis, and makes forward-looking adjustments to the ECL of various businesses.

In addition to the base economic scenario, the Group's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

At 30 June 2023 and 31 December 2022, for all portfolios the Group concluded that three scenarios appropriately captured non-linearities of key economic variables. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The number of scenarios and their attributes are reassessed at each financial statement date.

The assessment of SICR is performed using the Lifetime PD under each of the base and other scenarios multiplied by the associated scenario weighting, as well as qualitative criteria, quantitative criteria and upper limit. The Group measures ECL as either a probability weighted 12-month ECL or a probability weighted lifetime ECL. These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

At 30 June 2023 and 31 December 2022, comprehensively considering of the current economic situation, and various supporting policies adopted by the government, the Group updated relevant economic indicators for forward-looking measurement based on the latest economic forecasts. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (1) Credit risk (continued)

##### **Sensitivity analysis**

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the measurement of ECLs, and the impact on ECL recognized is not significant.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned use in forward-looking measurement. When increasing the weighting applied to the optimistic scenario by 10% and a corresponding reduction of 10% weighting applied to the base scenario, or shifting 10% of the weighting from the base case scenario to the pessimistic scenario, the impact on ECL recognized is not significant.

Meanwhile, the Group also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 30 June 2023 and 31 December 2022, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL to be recognized in financial statements is not significant.

##### **Collateral and other credit enhancements**

The Group employs a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantee. The Group determined the type and amount of collateral according to the credit risk evaluation of counterparties. The collateral under margin financing and reverse repurchase agreements is primarily stocks, debt securities, funds etc. The management would test the market value of collateral periodically, and send margin calls according to related agreements, also monitor the market value fluctuation of collaterals when reviewing the measurement of the loss allowance.



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### **Risk analysis and control (continued)**

##### **(1) Credit risk (continued)**

##### **Loss Ratio and impairment provision of securities financing business**

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Group sets differentiated collateral to loan ratios (generally no less than 140%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For financing assets exposures with collateral to loan ratios above 150% and those not past due are classified under Stage 1.
- For financing assets exposures with collateral to loan ratios fall below 150% of the pre-determined force liquidation thresholds but above 100%; or those past due for no more than 90 days are considered to be with significant increase in credit risks and are classified under Stage 2.
- For financing assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are classified under Stage 3.

Loss ratio applied by the Group on its Financing Assets under the 3 stages were as follows:

Stage 1: 0.00% to 0.58% according to the different collateral ratios;

Stage 2: No less than 0.60%;

Stage 3: Discounted cash flow on individual exposure.

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (1) Credit risk (continued)

##### **Credit risk exposure analysis**

The Group considered the credit risk of the Financing Assets was relatively low. As at 30 June 2023 and 31 December 2022, majority most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 30 June 2023 and 31 December 2022, most of the debt securities investments of the Group were rated at investment grade or above.

The maximum credit risk exposure on the balance sheet date, without taking into account any collateral and other credit enhancements, refers to the carrying value of the relevant financial assets after the deduction of impairment provisions. The Group's maximum credit risk exposure is disclosed as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Refundable deposits	<b>28,012,374</b>	26,517,378
Accounts receivable	<b>6,777,224</b>	5,248,559
Other receivables and prepayments	<b>1,031,036</b>	591,914
Other non-current assets	<b>72,451</b>	9,944
Margin accounts receivable	<b>61,206,394</b>	61,299,617
Financial assets held under resale agreements	<b>8,883,016</b>	17,440,364
Financial assets at fair value through profit or loss	<b>133,066,226</b>	148,586,733
Derivative financial assets	<b>8,094,617</b>	8,197,282
Financial assets measured at amortized cost	<b>3,662,914</b>	4,117,369
Financial assets at fair value through other comprehensive income	<b>61,528,390</b>	54,510,847
Clearing settlement funds	<b>17,214,151</b>	21,106,241
Cash held on behalf of brokerage clients	<b>89,504,095</b>	89,528,669
Bank balances	<b>37,876,759</b>	32,095,499
<b>Total maximum credit risk exposure</b>	<b>456,929,647</b>	469,250,416

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

The movements of loss allowance are mainly affected by:

- Increases are primarily attributable to new financial instruments recognized, changes in PD, LGD and expected cash flow recovery rate affected by market changes, the resulted movements amongst Stage 1, Stage 2 and Stage 3, and updates of parameters and assumptions in the ECL model;
- Reversals include the reversals caused by the redemption or disposal of financial assets, the impact of changes in model parameters and assumption;
- Transfers between stages due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding measurement basis changes between the 12-month (12M) or the Lifetime basis;
- Foreign exchange and other movements include changes in foreign exchange translations for assets denominated in foreign currencies and other movements.

(Unaudited)	As at					As at
	1 January 2023	Increases	Reversals	Write-offs	Others	30 June 2023
Provision for impairment losses on cash and bank balances	5,201	-	(807)	-	114	4,508
Provision for impairment losses on margin accounts receivable <sup>(a)</sup>	378,024	32,317	(41,878)	-	-	368,463
Provision for impairment losses on accounts receivable	858,529	133,505	(30,517)	-	(7,614)	953,903
Provision for impairment losses on financial assets held under resale agreements <sup>(b)</sup>	1,829,278	76,846	(203,014)	-	(2,609)	1,700,501
Provision for impairment losses on financial assets measured at amortized cost <sup>(c)</sup>	590,035	50,410	(133)	-	(211,840)	428,472
Provision for impairment losses on financial assets at fair value through other comprehensive income <sup>(d)</sup>	745,478	61,506	(55,249)	-	7,809	759,544
Provision for impairment losses on other receivables and prepayments	325,308	15,989	(13,326)	-	-	327,971
Total	4,731,853	370,573	(344,924)	-	(214,140)	4,543,362

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(1) Credit risk (continued)**

(Audited)	As at		As at			
	1 January					31 December
	2022	Increases	Reversals	Write-offs	Others	2022
Provision for impairment losses on cash and bank balances	1,269	3,848	(65)	–	149	5,201
Provision for impairment losses on margin accounts receivable <sup>(a)</sup>	378,786	65,247	(64,725)	–	(1,284)	378,024
Provision for impairment losses on accounts receivable <sup>(b)</sup>	620,654	591,051	(149,006)	(1,500)	(202,670)	858,529
Provision for impairment losses on financial assets held under resale agreements <sup>(c)</sup>	1,132,234	737,700	(40,664)	–	8	1,829,278
Provision for impairment losses on financial assets measured at amortized cost <sup>(d)</sup>	577,117	14,706	(5,013)	–	3,225	590,035
Provision for impairment losses on financial assets at fair value through other comprehensive income <sup>(e)</sup>	499,213	306,799	(74,083)	–	13,549	745,478
Provision for impairment losses on other receivables and prepayments <sup>(f)</sup>	307,556	48,362	(10,013)	–	(20,597)	325,308
<b>Total</b>	<b>3,516,829</b>	<b>1,767,713</b>	<b>(343,569)</b>	<b>(1,500)</b>	<b>(207,620)</b>	<b>4,731,853</b>

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (a) Margin accounts receivable

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	104,071	23,372	250,581	378,024
Increases	30,882	-	1,435	32,317
Reversals	(41,509)	(288)	(81)	(41,878)
Transfer:				
Stage 1 to stage 3	(2)	-	2	-
Stage 2 to stage 1	22,845	(22,845)	-	-
Stage 2 to stage 3	-	(239)	239	-
As at 30 June 2023	116,287	-	252,176	368,463

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	114,598	8,721	255,467	378,786
Increases	51,723	13,502	22	65,247
Reversals	(59,584)	(1,943)	(3,198)	(64,725)
Transfer:				
Stage 1 to stage 2	(8,751)	8,751	-	-
Stage 2 to stage 1	5,553	(5,553)	-	-
Stage 2 to stage 3	-	(106)	106	-
Stage 3 to stage 1	532	-	(532)	-
Foreign exchange and other movements	-	-	(1,284)	(1,284)
As at 31 December 2022	104,071	23,372	250,581	378,024

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(1) Credit risk (continued)****(b) Accounts receivable**

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	-	40,967	817,562	858,529
Increases	28,657	8,975	95,873	133,505
Reversals	-	(13,214)	(17,303)	(30,517)
Transfer:				
Stage 2 to stage 3	-	(5,042)	5,042	-
Foreign exchange and other movements	-	-	(7,614)	(7,614)
As at 30 June 2023	28,657	31,686	893,560	953,903

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	-	50,251	570,403	620,654
Increases	-	17,721	573,330	591,051
Reversals	-	(27,005)	(122,001)	(149,006)
Write-off	-	-	(1,500)	(1,500)
Foreign exchange and other movements	-	-	(202,670)	(202,670)
As at 31 December 2022	-	40,967	817,562	858,529

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (c) Financial assets held under resale agreements

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	204	–	1,829,074	1,829,278
Increases	60	–	76,786	76,846
Reversals	–	–	(203,014)	(203,014)
Transfer:				
Foreign exchange and other movements	7	–	(2,616)	(2,609)
As at 30 June 2023	271	–	1,700,230	1,700,501

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	5,634	2,265	1,124,335	1,132,234
Increases	196	–	737,504	737,700
Reversals	(4,965)	(2,265)	(33,434)	(40,664)
Transfer:				
Stage 1 to stage 3	(669)	–	669	–
Foreign exchange and other movements	8	–	–	8
As at 31 December 2022	204	–	1,829,074	1,829,278

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(1) Credit risk (continued)****(d) Financial assets measured at amortized cost**

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	2,462	-	587,573	590,035
Increases	3,544	-	46,866	50,410
Reversals	(133)	-	-	(133)
Transfer:	-	-	-	-
Foreign exchange and other movements	142	-	(211,982)	(211,840)
As at 30 June 2023	6,015	-	422,457	428,472

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	6,560	-	570,557	577,117
Increases	832	-	13,874	14,706
Reversals	(5,013)	-	-	(5,013)
Transfer:				
Stage 1 to stage 3	(173)	-	173	-
Foreign exchange and other movements	256	-	2,969	3,225
As at 31 December 2022	2,462	-	587,573	590,035



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (e) Financial assets at fair value through other comprehensive income

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	66,944	5,573	672,961	745,478
Increases	34,444	604	26,458	61,506
Reversals	(35,294)	(2,754)	(17,201)	(55,249)
Transfer:				
Stage 1 to stage 2	(306)	306	–	–
Stage 2 to stage 1	2,400	(2,400)	–	–
Foreign exchange and other movements	513	–	7,296	7,809
As at 30 June 2023	68,701	1,329	689,514	759,544

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	71,726	84,863	342,624	499,213
Increases	40,775	4,587	261,437	306,799
Reversals	(39,616)	(34,359)	(108)	(74,083)
Transfer:				
Stage 1 to stage 2	(808)	808	–	–
Stage 1 to stage 3	(13,077)	–	13,077	–
Stage 2 to stage 1	5,711	(5,711)	–	–
Stage 2 to stage 3	–	(45,866)	45,866	–
Foreign exchange and other movements	2,233	1,251	10,065	13,549
As at 31 December 2022	66,944	5,573	672,961	745,478

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(1) Credit risk (continued)****(f) Other receivables and prepayments**

(Unaudited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2023	33,728	-	291,580	325,308
Increases	15,008	-	981	15,989
Reversals	(11,903)	-	(1,423)	(13,326)
As at 30 June 2023	36,833	-	291,138	327,971

(Audited)	Stage of ECL			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
As at 1 January 2022	29,345	-	258,528	287,873
Increases	11,008	-	37,354	48,362
Reversals	(5,711)	-	(4,302)	(10,013)
Foreign exchange and other movements	(914)	-	-	(914)
As at 31 December 2022	33,728	-	291,580	325,308

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (1) Credit risk (continued)

##### (g) Significant credit risk exposure

(Unaudited)	As at 30 June 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
Funds lent	61,206,394	–	–	61,206,394
Financial assets held under resale agreements	6,514,716	–	2,368,300	8,883,016
Financial assets at amortized cost	2,768,953	–	893,961	3,662,914
Margin accounts receivable	5,599,023	821,841	356,360	6,777,224
Financial assets at fair value through other comprehensive income	60,684,867	565,857	277,666	61,528,390
Other receivables and prepayments	1,103,487	–	–	1,103,487

(Audited)	As at 31 December 2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired)	
Funds lent	58,230,278	3,069,339	–	61,299,617
Financial assets held under resale agreements	13,523,679	–	3,916,685	17,440,364
Financial assets at amortized cost	2,851,045	12,451	1,253,873	4,117,369
Margin accounts receivable	3,847,009	733,482	668,068	5,248,559
Financial assets at fair value through other comprehensive income	52,687,330	1,539,924	283,593	54,510,847
Other receivables and prepayments	580,609	–	–	580,609

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (2) Liquidity risk

Liquidity risk is the risk that the Group may face if the Group fails to acquire sufficient funds in time with reasonable cost to repay its debts due, perform other payment obligations and satisfy capital requirements in normal business operations.

In managing its liquidity risks, the Group considers its short, medium and long-term funding needs and liquidity management requirements, and reinforces the management of both the total amount and the structure of high-quality liquid assets through continuously improving the management system of its liquidity reserve, so as to maintain a sufficient liquidity reserve. The Group maintains adequate cash and cash equivalents and continuously monitors and compares cash flow forecast and actual cash flows. The Group also adopts a risk indicator analysis method to manage its overall liquidity risk. Through the analysis of key risk indicators, such as liquidity coverage ratio, net stable funding ratio, liquidity gap, and asset and liability concentration, the Group assesses and measures its overall liquidity risk status.

For liquidity risks, the Group has primarily adopted the following measures:

- Formulated a comprehensive capital plan to maintain a sufficient liquidity reserve;
- Expanded the scope of cooperation of financial institutions, improved debt financing management capabilities and diversified liquidity management tools;
- Enhanced the dynamic monitoring of liquidity risk, maintained the tracking and assessment of information such as liquidity monitoring indicators, cash flow gap, liquidity reserve and its short-term financing capabilities;
- Carried out stress testing of liquidity risk, improved the ability to measure liquidity shock and put forward effective measures; and
- Improved the capability of reporting and dealing with liquidity risk contingencies through conducting emergency drills for liquidity risk to enhance the ability to respond to liquidity crisis.

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

For the six months ended 30 June 2023

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### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (2) Liquidity risk (continued)

The following tables show the details of the Group's contractual cash flow from its undiscounted financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates as of 30 June) for the remainder of the contract as well as the earliest date the Group may be required to pay:

	30 June 2023 (Unaudited)						Total
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
<b>Financial liabilities</b>							
Loans and borrowings	-	480,293	135,460	1,182,543	-	-	1,798,296
Short-term debt instruments issued	-	2,369,491	5,061,548	10,644,295	-	-	18,075,334
Placements from other financial institutions	-	467,356	-	641,511	-	-	1,108,867
Accounts payable to brokerage clients	102,429,489	-	-	-	-	-	102,429,489
Other payables and accruals	57,051,162	48,110	47,653	-	-	-	57,146,925
Financial assets sold under repurchase agreements	-	142,171,675	4,920,159	12,656,468	-	-	159,748,302
Lease liabilities	-	34,991	42,141	412,738	568,926	87,966	1,146,762
Financial liabilities at fair value through profit or loss	45,502	9,386,760	352,466	766,111	1,993,447	230,368	12,774,654
Derivative financial liabilities	1,748	916,064	822,941	1,862,084	1,549,380	927	5,153,144
Long-term bonds	-	11,814,556	6,780,961	25,884,513	94,915,361	27,020,296	166,415,687
Other non-current liabilities	-	-	-	-	530,980	-	530,980
<b>Total</b>	<b>159,527,901</b>	<b>167,689,296</b>	<b>18,163,329</b>	<b>54,050,263</b>	<b>99,558,094</b>	<b>27,339,557</b>	<b>526,328,440</b>
Cash flows from derivative financial liabilities settled on a net basis:	1,748	916,064	822,941	1,862,084	1,549,380	927	5,153,144
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	-	-	-	-	-	-	-
Contractual amounts payable	-	-	-	-	-	-	-

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(2) Liquidity risk (continued)**

	31 December 2022 (Audited)						
	Overdue/ repayable on demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
<b>Financial liabilities:</b>							
Loans and borrowings	-	100,548	1,356,754	435,458	-	-	1,892,760
Short-term debt instruments issued	-	4,337,542	7,752,642	10,039,068	-	-	22,129,252
Placements from other financial institutions	-	3,115,653	286,394	62,110	-	-	3,464,157
Accounts payable to brokerage clients	100,310,770	-	-	-	-	-	100,310,770
Other payables and accruals	44,925,773	22,279	66,601	642,167	284	-	45,657,104
Financial assets sold under repurchase agreements	-	134,662,776	7,461,845	11,639,070	-	-	153,763,691
Lease liabilities	-	40,350	89,100	272,302	569,914	24,442	996,108
Financial liabilities at fair value through profit or loss	6,289	1,284,743	2,044,135	1,183,287	671,105	329,007	5,518,566
Derivative financial liabilities	-	1,201,427	929,626	1,659,482	951,922	7,227	4,749,684
Long-term bonds	-	2,204,100	3,101,583	39,480,026	88,983,822	17,313,568	151,083,099
Other non-current liabilities	-	-	-	-	526,331	-	526,331
<b>Total</b>	<b>145,242,832</b>	<b>146,969,418</b>	<b>23,088,680</b>	<b>65,412,970</b>	<b>91,703,378</b>	<b>17,674,244</b>	<b>490,091,522</b>
Cash flows from derivative financial liabilities settled on a net basis:	-	1,201,427	929,626	1,659,482	951,922	7,227	4,749,684
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	-	-	-	-	-	-	-
Contractual amounts payable	-	-	-	-	-	-	-

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

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### 55 Financial instruments risk management (continued)

#### **Risk analysis and control (continued)**

##### **(3) Market risk**

##### **(a) Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will affect the Group's operation performance, financial position and cash flows. The Group's interest-bearing assets mainly include cash and bank balances, clearing settlement funds, margin accounts receivable, financial assets at fair value through profit or loss, financial assets held under resale agreements, refundable deposits and financial assets at fair value through other comprehensive income; interest-bearing liabilities mainly include loans and borrowings, short-term debt instruments issued, placements from other financial institutions, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, accounts payable to brokerage clients and long-term bonds.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group applies interest rate repricing exposure analysis and sensitivity analysis as the primary approach for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and possible changes in the interest rate on the net profits and shareholders' equity with all other variables held constant.

The following tables indicate the interest rate risk of the Group as at 30 June 2023. In the tables, financial assets and liabilities as at 30 June 2023 are presented by the expected next repricing date or maturity date, whichever is earlier:

## 55 Financial instruments risk management (continued)

**Risk analysis and control (continued)****(3) Market risk (continued)****(a) Interest rate risk (continued)**

	30 June 2023 (Unaudited)					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
<b>Financial assets</b>						
Financial assets measured at amortized cost	-	-	126,454	-	3,536,460	3,662,914
Financial assets at fair value through other comprehensive income	608,319	12,262,275	41,571,683	5,961,193	46,098,019	106,501,489
Financial assets held under resale agreements	6,489,894	19,940	-	-	2,373,182	8,883,016
Refundable deposits	28,012,374	-	-	-	-	28,012,374
Accounts receivable	-	-	-	-	6,777,224	6,777,224
Other receivables and prepayments	-	-	-	-	1,031,038	1,031,038
Other non-current assets	-	-	50,000	-	22,451	72,451
Margin accounts receivable	19,401,088	39,286,331	-	-	2,518,975	61,206,394
Financial assets at fair value through profit or loss	15,279,400	34,111,697	72,757,074	9,046,155	127,924,308	259,118,634
Derivative financial assets	-	-	-	-	8,094,617	8,094,617
Clearing settlement funds	17,214,143	-	-	-	8	17,214,151
Cash held on behalf of brokerage clients	87,346,941	2,100,000	-	-	57,154	89,504,095
Cash and bank balances	34,901,649	2,706,617	-	-	268,539	37,876,805
<b>Total</b>	<b>209,253,808</b>	<b>90,486,860</b>	<b>114,505,211</b>	<b>15,007,348</b>	<b>198,701,975</b>	<b>627,955,202</b>
<b>Financial liabilities</b>						
Loans and borrowings	(604,704)	(1,146,259)	-	-	(30,011)	(1,780,974)
Short-term debt instruments issued	(7,365,311)	(10,449,269)	-	-	(112,488)	(17,927,068)
Placements from other financial institutions	(465,536)	(565,365)	-	-	(7,781)	(1,038,682)
Accounts payable to brokerage clients	(102,417,872)	-	-	-	(11,616)	(102,429,488)
Other payables and accruals	(113,900)	-	-	-	(57,033,025)	(57,146,925)
Financial liabilities at fair value through profit or loss	(12,580,418)	(39,120)	-	-	(154,354)	(12,773,892)
Financial assets sold under repurchase agreements	(146,875,919)	(12,300,784)	-	-	(301,185)	(159,477,888)
Derivative financial liabilities	-	-	-	-	(5,153,144)	(5,153,144)
Long-term bonds	(16,710,589)	(23,298,202)	(83,253,037)	(23,864,450)	(2,478,523)	(149,604,801)
Lease liabilities	(57,919)	(380,195)	(476,531)	(82,446)	-	(997,091)
Other non-current liabilities	-	-	-	-	(530,980)	(530,980)
<b>Total</b>	<b>(287,192,168)</b>	<b>(48,179,194)</b>	<b>(83,729,568)</b>	<b>(23,946,896)</b>	<b>(65,813,107)</b>	<b>(508,860,933)</b>
<b>Net interest rate risk exposure</b>	<b>(77,938,360)</b>	<b>42,307,666</b>	<b>30,775,643</b>	<b>(8,939,548)</b>	<b>132,888,868</b>	<b>119,094,269</b>



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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

#### (3) Market risk (continued)

#### (a) Interest rate risk (continued)

	31 December 2022 (Audited)					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
<b>Financial assets</b>						
Financial assets measured at amortized cost	-	-	124,605	-	3,992,764	4,117,369
Financial assets at fair value through other comprehensive income	358,472	3,630,799	45,276,066	4,128,924	3,146,316	56,540,577
Financial assets held under resale agreements	13,517,487	-	-	-	3,922,877	17,440,364
Refundable deposits	20,386,077	-	-	-	6,131,301	26,517,378
Accounts receivable	-	-	-	-	5,248,559	5,248,559
Other receivables and prepayments	-	50,000	-	-	541,914	591,914
Other non-current assets	-	-	-	-	9,944	9,944
Margin accounts receivable	22,263,655	36,618,283	-	-	2,417,679	61,299,617
Financial assets at fair value through profit or loss	8,274,551	54,196,025	80,489,338	2,755,999	133,303,127	279,019,040
Derivative financial assets	-	-	-	-	8,197,282	8,197,282
Clearing settlement funds	21,068,521	-	-	-	37,720	21,106,241
Cash held on behalf of brokerage clients	83,478,164	5,936,211	-	-	114,294	89,528,669
Cash and bank balances	29,970,727	1,809,646	100,000	-	215,193	32,095,566
<b>Total</b>	<b>199,317,654</b>	<b>102,240,964</b>	<b>125,990,009</b>	<b>6,884,923</b>	<b>167,278,970</b>	<b>601,712,520</b>
<b>Financial liabilities</b>						
Loans and borrowings	(1,310,661)	(394,702)	-	-	(14,032)	(1,719,395)
Short-term debt instruments issued	(11,939,611)	(9,945,710)	-	-	(166,680)	(22,052,001)
Placements from other financial institutions	(3,389,152)	(60,536)	-	-	(12,723)	(3,462,411)
Accounts payable to brokerage clients	(100,289,832)	-	-	-	(20,938)	(100,310,770)
Other payables and accruals	(134,958)	-	-	-	(45,522,146)	(45,657,104)
Financial liabilities at fair value through profit or loss	(5,380,041)	(19,688)	-	-	(101,270)	(5,500,999)
Financial assets sold under repurchase agreements	(141,798,147)	(11,344,742)	-	-	(351,245)	(153,494,134)
Derivative financial liabilities	-	-	-	-	(4,749,684)	(4,749,684)
Long-term bonds	(5,154,923)	(38,581,677)	(87,746,765)	(16,996,455)	(2,584,740)	(151,064,560)
Lease liabilities	(116,752)	(253,611)	(532,205)	(23,438)	-	(926,006)
Other non-current liabilities	-	-	-	-	(526,331)	(526,331)
<b>Total</b>	<b>(269,514,077)</b>	<b>(60,600,666)</b>	<b>(88,278,970)</b>	<b>(17,019,893)</b>	<b>(54,049,789)</b>	<b>(489,463,395)</b>
<b>Net interest rate risk exposure</b>	<b>(70,196,423)</b>	<b>41,640,298</b>	<b>37,711,039</b>	<b>(10,134,970)</b>	<b>113,229,181</b>	<b>112,249,125</b>

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (a) Interest rate risk (continued)

Sensitivity analysis

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's and the Company's profit after tax and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Sensitivity of profit after tax</b>		
Move in yield curve		
Up 25 basis points	<b>(587,613)</b>	(395,775)
Down 25 basis points	<b>593,783</b>	398,930
<b>Sensitivity of equity</b>		
Move in yield curve		
Up 25 basis points	<b>(793,297)</b>	(574,756)
Down 25 basis points	<b>801,653</b>	579,339

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group, the impact on the Group's profit after tax and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (3) Market risk (continued)

##### (b) Foreign currency rate risk

Foreign currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation and monitor of foreign exchange rates. The Group adopts sensitivity analysis to measure and monitor currency risk.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against the US dollar, HKD and other currencies at the end of the reporting period, under the assumption of the foreign exchange rate changes within the period from the end of the reporting period to next whole year, would have increased/(decreased) the Group's equity and profit after tax by the amount shown below, whose effect is in RMB and translated using the spot rate at the end of the reporting period:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Sensitivity of profit after tax</b>		
Currency		
USD	<b>157,047</b>	(127,771)
HKD	<b>6,700</b>	(92,261)
Other currencies	<b>(24,892)</b>	(52,727)

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Sensitivity of equity</b>		
Currency		
USD	<b>(202,068)</b>	(440,790)
HKD	<b>6,700</b>	(92,261)
Other currencies	<b>(24,892)</b>	(52,727)

A 10% weakening of the RMB against the USD, HKD and other currencies at the end of the reporting period would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes translation differences arising from translation of foreign currency financial statements.

## 55 Financial instruments risk management (continued)

### Risk analysis and control (continued)

#### (3) Market risk (continued)

##### (c) Other price risks

Other price risks refer to the risk that the fair value or future cash flows of any equity securities and funds held by the Group will be affected by changes in market price factors (other than interest rates and foreign exchange rates). The Group mainly invests in stocks listed on stock exchanges and funds and the maximum market price risk is determined by fair value of financial instruments held by the Group.

Assuming that the market price of the financial instruments mentioned above increases or decreases by 10%, with all other variables held constant, the effect of these balance sheet assets on the Group shareholders' equity and net profit is listed as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Sensitivity of profit after tax</b>		
Increase by 10%	<b>5,955,872</b>	6,664,982
Decrease by 10%	<b>(5,955,872)</b>	(6,664,982)
	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Sensitivity of equity</b>		
Increase by 10%	<b>6,084,871</b>	6,790,664
Decrease by 10%	<b>(6,084,871)</b>	(6,790,664)

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

For the six months ended 30 June 2023

(In RMB thousands, unless otherwise stated)

### 55 Financial instruments risk management (continued)

#### Risk analysis and control (continued)

##### (4) Capital management

The Group's primary objectives when managing capital are to safeguard its continued operations, so that it can continue to provide returns for shareholders, by pricing products and services according to the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditure and risk level. Adjustments are made to the capital structure in light of changes in the factors mentioned above affecting the Group.

On 16 June 2016, the CSRC issued the Measures for the Administration of Risk Control Indicators of Securities Companies (2016 revision) and the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies, which came into effect on 1 October 2016 to revise the risk control indicators and criteria that securities companies must continue monitoring. Therefore, the Group is required to continuously meet the following key criteria for risk control indicators:

- (i) Risk Coverage Ratio (Net capital/Total risk capital reserves  $\times$  100%) shall be no less than 100%;
- (ii) Capital Leverage Ratio (Core net capital/Total balance sheet & off-balance sheet assets  $\times$  100%) shall be no less than 8%;
- (iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days  $\times$  100%) shall be no less than 100%;
- (iv) Net Stable Funding Ratio (Available amount of stable funding/Required amount of stable funding  $\times$  100%) shall be no less than 100%.

### 56 Events after the reporting date

#### (1) Profit distribution

As at 11 August 2023, the Group's 2022 A-share and H-share cash dividends have been distributed.

#### (2) Issuance of long-term bonds, short-term bonds and structured notes

From 1 July 2023 to the reporting date, the Group issued long-term bonds, short-term bonds and a number of structured notes, with coupon rates ranging from 2.20% to 6.80%. The issuance amount was approximately RMB13.90 billion in total.

#### (3) Repayment of long-term bonds, short-term bonds and structured notes

From 1 July 2023 to the reporting date, the Group repaid long-term bonds, short-term bonds and a number of structured notes, with coupon rates ranging from 2.15% to 6.80%. The repayment amount was approximately RMB12.28 billion in total.