
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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



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

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

- (1) 2021 WORK REPORT OF THE BOARD OF DIRECTORS**
(2) 2021 WORK REPORT OF THE BOARD OF SUPERVISORS
(3) 2021 ANNUAL FINANCIAL REPORT
(4) 2021 PROFIT DISTRIBUTION PLAN
(5) 2021 ANNUAL REPORT
(6) ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2022
(7) GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS
TO ISSUE ADDITIONAL A SHARES AND H SHARES
(8) PUBLIC ISSUANCE OF CORPORATE BONDS
(9) RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2022
AND
NOTICE OF THE 2021 ANNUAL GENERAL MEETING

The 2021 annual general meeting of Shenwan Hongyuan Group Co., Ltd. will be held at 2:00 p.m. on Friday, June 10, 2022 at the Company's conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC. A notice of the AGM is set out on pages 15 to 17 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM carefully and to complete the proxy form dispatched on Friday, May 20, 2022 in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, by hand or by post no later than 24 hours before the time appointed for convening the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

May 20, 2022

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DEFINITIONS

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

“AGM”	the 2021 annual general meeting of the Company to be held at 2:00 p.m. on Friday, June 10, 2022 at the Company’s conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC
“A Share(s)”	domestic Shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB and are listed for trading on the Shenzhen Stock Exchange (Stock Code: 000166)
“A Shareholder(s)”	holder(s) of A Share(s)
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), a company with limited liability incorporated in the PRC on December 16, 2003
“Company”	Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“Company Law”	Company Law of the People’s Republic of China (《中華人民共和國公司法》) (as amended, supplemented or otherwise modified from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign Shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in HKD and are listed for trading on the Hong Kong Stock Exchange (Stock Code: 6806)
“H Shareholder(s)”	holder(s) of H Share(s)

DEFINITIONS

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JIC”	China Jianyin Investment Ltd. (中國建銀投資有限責任公司), a company with limited liability incorporated in the PRC, which is a Substantial Shareholder of the Company
“Latest Practicable Date”	May 17, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (as amended, supplemented or otherwise modified from time to time)
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s) of the Company, including A Shareholders and H Shareholders
“Shenwan Hongyuan Securities”	Shenwan Hongyuan Securities Co., Ltd. (申萬宏源證券有限公司), a company with limited liability incorporated in the PRC on January 16, 2015 and a wholly-owned subsidiary of the Company
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Xinjiang Branch of CSRC”	Xinjiang Branch of China Securities Regulatory Commission
“%”	per cent

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

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

LETTER FROM THE BOARD



申萬宏源集團股份有限公司
SHENWAN HONGYUAN GROUP CO., LTD.

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

Executive Directors:

Mr. Chu Xiaoming (Chairman)
Mr. Huang Hao

Non-executive Directors:

Ms. Ge Rongrong
Mr. Ren Xiaotao
Mr. Zhang Yigang
Mr. Zhu Zhilong
Ms. Zhang Ying

Independent Non-executive Directors:

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

Registered Office:

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

Principal Place of Business in the PRC:

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

No. 19, Taipingqiao Street
Xicheng District
Beijing, PRC

Principal Place of Business in Hong Kong:

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

May 20, 2022

To the H Shareholders

Dear Sir or Madam,

- (1) 2021 WORK REPORT OF THE BOARD OF DIRECTORS
- (2) 2021 WORK REPORT OF THE BOARD OF SUPERVISORS
- (3) 2021 ANNUAL FINANCIAL REPORT
- (4) 2021 PROFIT DISTRIBUTION PLAN
- (5) 2021 ANNUAL REPORT
- (6) ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2022
- (7) GRANTING OF GENERAL MANDATE TO THE BOARD OF DIRECTORS
TO ISSUE ADDITIONAL A SHARES AND H SHARES
- (8) PUBLIC ISSUANCE OF CORPORATE BONDS
- (9) RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2022

LETTER FROM THE BOARD

INTRODUCTION

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

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

- (1) the 2021 Work Report of the Board of Directors;
- (2) the 2021 Work Report of the Board of Supervisors;
- (3) the 2021 Annual Financial Report;
- (4) the 2021 Profit Distribution Plan;
- (5) the 2021 Annual Report;
- (6) the Resolution regarding the Estimated Ordinary Related Party Transactions for 2022;
- (7) * the Resolution regarding the Granting of General Mandate to the Board of Directors to Issue Additional A Shares and H Shares;
- (8) * the Resolution regarding the Public Issuance of Corporate Bonds; and
- (9) the Resolution regarding the Re-appointment of Auditors of the Company for 2022.

1. 2021 WORK REPORT OF THE BOARD OF DIRECTORS

An ordinary resolution will be proposed at the AGM to approve the 2021 Work Report of the Board of Directors.

The 2021 Work Report of the Board of Directors has been considered and approved at the Board meeting held on March 30, 2022 and is now submitted to the AGM for consideration and approval.

Details of the 2021 Work Report of the Board of Directors are set out in Appendix I to this circular.

2. 2021 WORK REPORT OF THE BOARD OF SUPERVISORS

An ordinary resolution will be proposed at the AGM to approve the 2021 Work Report of the Board of Supervisors.

The 2021 Work Report of the Board of Supervisors has been considered and approved at the meeting of the Board of Supervisors held on March 30, 2022 and is now submitted to the AGM for consideration and approval.

Details of the 2021 Work Report of the Board of Supervisors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

3. 2021 ANNUAL FINANCIAL REPORT

An ordinary resolution will be proposed at the AGM to approve the 2021 Annual Financial Report.

The 2021 Annual Financial Report has been considered and approved at the Board meeting held on March 30, 2022 and is now submitted to the AGM for consideration and approval.

Details of the 2021 Annual Financial Report are set out in Appendix III to this circular.

4. 2021 PROFIT DISTRIBUTION PLAN

An ordinary resolution will be proposed at the AGM to approve the 2021 Profit Distribution Plan.

As audited and confirmed by PricewaterhouseCoopers Zhong Tian LLP, as of December 31, 2021, the Company realised a consolidated net profit attributable to shareholders of the parent Company of RMB9,398,369,399.70. The balance of the audited undistributed profit of the parent company of the Group at the beginning of 2021 was RMB2,775,469,830.34, plus the net profit attributable to the parent Company of RMB2,967,880,079.19 for 2021; after deducting the cash dividend of RMB2,503,994,456.00 in 2020; after deducting the statutory surplus reserve of RMB296,788,007.92 at 10% of the net profit realized in 2021 according to the Articles of Association. The balance of profit available for distribution of the parent company of the Group at the end of 2021 was RMB2,942,567,445.61.

I. Distribution of Dividend in the Recent Three Years

Cash dividend (tax inclusive) of the Company for 2018–2020

	<i>Unit: RMB'0,000</i>	
	Annual distributable profit	
Year	Cash dividend	(consolidated)
2018	112,679.72	284,448.32
2019	200,319.56	433,034.10
2020	250,399.45	465,663.56
Proportion of accumulated cash dividend for the recent three years in the annual average distributable profit		142.86%

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

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

LETTER FROM THE BOARD

II. Reasons for Proposed Profit Distribution for 2021

After giving comprehensive consideration to the requirements of the securities regulatory authorities and the clear proportion of cash dividends under the Articles of Association, in order to maintain the continuity of the cash dividend policy, the cash dividend plan was implemented in 2021 based on the actual situation of the Company as well as industry practices as a response to certain Shareholders' request for cash dividend.

III. Specific Proposal on Profit Distribution for 2021

1. Based on the total share capital of 25,039,944,560 A Shares and H Shares of the Company as of December 31, 2021, a cash dividend of RMB1.00 (tax inclusive) for every 10 shares was distributed to all A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date, with a total amount of cash dividend of RMB2,503,994,456.00. The retained profits of the Company of RMB438,572,989.61 following the cash dividend distribution will be carried forward to the next year.
2. Cash dividend is denominated and declared in RMB and paid to A Shareholders in RMB and to H Shareholders in HKD. The actual distribution amount in HKD was calculated at the rate of average benchmark exchange rate of RMB against HKD published by the People's Bank of China five business days prior to the AGM of the Company.

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

The 2021 Profit Distribution Plan has been considered and approved at the Board meeting held on March 30, 2022 and is now submitted to the AGM for consideration and approval. Upon approval at the AGM, it is expected that the Company will distribute cash dividends in accordance with the distribution plan within two months after the AGM.

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

5. 2021 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to approve the 2021 Annual Report.

The 2021 Annual Report has been considered and approved at the Board meeting and the meeting of the Board of Supervisors held on March 30, 2022 and is now submitted to the AGM for consideration and approval.

The 2021 Annual Report was dispatched to Shareholders on April 20, 2022, and has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.swhygh.com).

LETTER FROM THE BOARD

6. RESOLUTION REGARDING THE ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2022

An ordinary resolution will be proposed at the AGM to approve the Resolution Regarding the Estimated Ordinary Related Party Transactions for 2022.

The resolution has been considered and approved at the Board meeting held on March 30, 2022 and is now submitted to the AGM for consideration and approval by way of separate sub-resolutions.

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

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

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

In accordance with applicable laws and regulations of the PRC, the rules of the places where the securities are listed, and market practices, in order to improve decision-making efficiency, reduce the internal approval procedures for issuance of shares and flexibly seize market opportunities, it is proposed to apply to the AGM for granting the General Mandate for issuance of additional A shares and H shares to the Board of Directors. Details are as follows:

I. Scope of authorization

The scope of authorization includes but not limited to:

1. To propose to the general meeting of the Company to grant the Board a general mandate during the Relevant Period (as defined below) to, by reference to market conditions and in accordance with needs of the Company, decide to allot, issue and deal with, either separately or concurrently, shares not exceeding 20% of each of the number of RMB-dominated ordinary shares listed domestically (i.e. A shares) and/or foreign shares listed overseas (i.e. H shares) in issue of the Company as at the date of passing this resolution at the general meeting (including but not limited to ordinary shares, preferred shares, and securities convertible into shares), and decide to make or grant offers for sale, offers, agreements, right to exchange for or convert into shares or other rights as required or may be required to allot shares;
2. To authorize the Board to formulate and implement detailed issuance plan when exercising the above general mandate, including but not limited to the class of new shares to be issued, pricing mechanism and/or issuance/conversion/exercise price (including price range), form of issuance, number of shares to be issued, allottees and use of proceeds, and decide the time of issuance, period of issuance and whether to place shares to the existing Shareholders;

LETTER FROM THE BOARD

3. To authorize the Board to engage the intermediaries related to the issuance, approve and sign all acts, deeds, documents and other related matters necessary, desirable, advisable or relevant for the issuance; approve and sign, on behalf of the Company, any agreements related to the issuance, including but not limited to placement agreement, underwriting agreement, and agreement for engagement of intermediaries;
4. To authorize the Board to approve and sign, on behalf of the Company, statutory documents related to the issuance for submission to regulatory authorities, carry out relevant approval procedures required by regulatory authorities and venues in which the Company is listed, and complete all necessary recording, registration and filing procedures with relevant government departments in Hong Kong and/or any other regions and jurisdictions (if applicable);
5. To authorize the Board to amend, as required by regulatory authorities within or outside China, relevant agreements and statutory documents;
6. To authorize the Board to approve an increase in the registered capital of the Company after the issuance of new shares, make corresponding amendments to the Articles of Association relating to the total amount of share capital and equity structure, etc. and delegate the management of the Company to perform relevant procedures.

II. Term of authorization

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

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

1. the conclusion of the 2022 AGM of the Company;
2. the expiration of a period of twelve months following the passing of this resolution by way of a special resolution at the general meeting of the Company;
3. the date on which the authorization referred to in this resolution is revoked or varied by a special resolution at any general meeting of the Company.

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

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

LETTER FROM THE BOARD

8. RESOLUTION REGARDING THE PUBLIC ISSUANCE OF CORPORATE BONDS

A special resolution will be proposed at the AGM to approve the public issuance of corporate bonds.

In order to promote the business development and improve the capital structure of the Company, and provide a strong capital guarantee for the Company's operation and management, the Company proposes to publicly issue corporate bonds based on the actual situation and business needs of the Company. According to the Company Law, the Securities Law, the Administrative Measures on Corporate Bonds Offering and Trading (《公司債券發行與交易管理辦法》) and other laws, regulations and regulatory documents, the Company is qualified for public issuance of corporate bonds. The specific plan for this proposed issuance of corporate bonds is set out as follows:

I. Scale of issuance

The total face amount of corporate bonds to be issued this time shall not be more than RMB14 billion (inclusive). The Company may apply for registration for once and issuance in tranches to the extent of the actual approved issuance amount. The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company to determine the specific scale of the applied issuance and the actual issuance plan (including but not limited to the time of issuance, whether to issue in tranches, the scale of each tranche, the actual total scale of issuance, etc.) within the aforementioned scope according to the requirements of relevant laws and regulations and regulatory authorities, the Company's need for funds and the market conditions prevailing at the time of issuance in the principle of maximizing the interest of the Company at its sole discretion.

II. Method of issuance

The issuance of corporate bonds this time will take the form of public issuance within the PRC once registered with the CSRC.

III. Placing arrangement for Shareholders of the Company

The Company will not place any of the corporate bonds to be issued this time to any of the Shareholders with priority.

IV. Maturity of bonds

The maturity of corporate bonds to be issued this time shall be no longer than 10 years (inclusive).

V. Type of bonds

Corporate bonds to be issued this time may be either of a single term, or of a combination of multiple terms. The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company to determine the specific terms of maturity and the size of each type in accordance with relevant regulations and the market conditions prevailing at the time of issuance.

LETTER FROM THE BOARD

VI. Interest rate of bonds and its determination methods

The coupon rate of corporate bonds to be issued this time is fixed. The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company and lead underwriters to determine the specific coupon rate of bonds and its payment methods in accordance with the market conditions prevailing at the time of issuance and relevant regulations on interest rate management of corporate bonds.

VII. Target subscribers

The public issuance of corporate bonds this time may be open to ordinary investors, or selectively to professional investors only. The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company to determine the specific target subscribers according to the requirements of relevant laws and regulations and regulatory authorities, the Company's need for funds and the market conditions prevailing at the time of issuance.

VIII. Place of listing

The Company will apply for the listing of, and permission to deal in, the corporate bonds to be issued this time on the Shenzhen Stock Exchange.

IX. Use of proceeds

The proceeds raised from the corporate bonds to be issued this time are intended to be used in full to replenish the Company's working capital and/or repay debts when matured. The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company to determine the specific uses according to the Company's need for funds.

X. Guarantees

Corporate bonds to be issued this time will not have any guarantee arrangement.

XI. Validity period of this resolution

The resolution regarding the corporate bonds to be issued this time shall be valid for a period of 24 months from the date of consideration and approval at the general meeting of the Company. Where the Board and/or the management of the Company authorized by it have, during the term of the authorization, decided the issuance or partial issuance of corporate bonds this time, and where the Company has also, during the term of authorization, obtained the registration, approval or license from or completed filing or recording (if applicable) with regulatory authorities on the issuance, the Company may complete the issuance or relevant partial issuance of corporate bonds this time during the validity period of confirmation of such registration, approval, license, filing or recording.

LETTER FROM THE BOARD

XII. Authorization

The general meeting of the Company is requested to authorize the Board, which shall be approved to delegate the management of the Company to deal with, at its sole discretion, all matters related to the issuance and listing of corporate bonds this time in accordance with relevant requirements of the Company Law, the Securities Law, the Administrative Measures on Corporate Bonds Offering and Trading (《公司債發行與交易管理辦法》) and the Articles of Association and within the framework and under the principles considered and approved at the general meeting of the Company, including but not limited to:

- (1) Completing procedures for approval, registration, filing, recording and consent with relevant regulatory authorities and agencies on this issuance;
- (2) Formulating and adjusting the specific plans for the issuance of corporate bonds this time based on actual conditions of the Company and the corporate bonds market in accordance with applicable laws, regulations and relevant requirements of regulatory authorities as well as the resolution passed at the general meeting, including but not limited to all matters relating to the issuance of corporate bonds this time, such as timing of issuance, specific size and method of issuance, terms of issuance, target subscribers, maturity of bonds, whether to issue by tranches and multiple types, arrangement for the size and term of each issuance, tranche and type, nominal value and interest rate of bonds and their determination methods, issuance arrangements, rating arrangements, specific subscription method, whether to incorporate terms of repurchase or redemption, specific placement arrangements, specific use of proceeds, registration and guarantee measures for repayment;
- (3) Engaging intermediaries to deal with such matters related to the issuance of the corporate bonds this time, and upon completion of this issuance, to deal with such matters with respect to the listing, trading or transfer of the corporate bonds issued this time including but not limited to the authorization, execution, implementation, amendment and completion of all necessary documents, contracts, agreements and treaties in connection with the issuance, trading and transfer of corporate bonds (including without limitation the prospectus, underwriting agreement, bonds custody agreement, fund supervision agreement, listing, trading or bidding and transfer service agreement, rules of the bondholders meetings and other legal documents, etc.), and to make information disclosure in accordance with laws, regulations and regulatory documents;
- (4) Selecting the custodian for the corporate bonds to be issued this time, signing bonds custody agreement and formulating the rules for bondholders' meetings;
- (5) Adjusting the specific plans for the issuance of corporate bonds this time and other relevant matters according to the recommendations made by regulatory authorities in the event that there are changes in their policies relating to the issuance of corporate bonds or changes in the prevailing market conditions, save as such matters that require re-approval by the general meeting pursuant to the relevant laws, regulations and the Articles of Association;
- (6) Handling other specific matters related the issuance, listing, trading or transfer of corporate bonds to be issued this time;

LETTER FROM THE BOARD

- (7) Requesting the Board to authorize the management of the Company to deal with, on behalf of the Company, all matters related to the corporate bonds to be issued this time in accordance with the resolution passed at the general meeting and within the authorization of the Board, provided that the above authorization is approved by the general meeting;
- (8) This authorization being valid commencing from the date of consideration and approval by the general meeting and ending on the date of completion of the above authorization.

The abovementioned resolution has been considered and approved at the Board meeting held on March 30, 2022 and is now submitted to the AGM for consideration and approval by way of separate sub-resolutions.

9. RESOLUTION REGARDING THE RE-APPOINTMENT OF AUDITORS OF THE COMPANY FOR 2022

An ordinary resolution will be proposed at the AGM to approve the re-appointment of auditors of the Company for 2022.

In accordance with the provisions of the audit business contract, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (collectively, “PricewaterhouseCoopers”) implemented works relating to the annual audit of the Company for 2021. Based on the overall annual audit performance of PricewaterhouseCoopers in 2021, and in order to maintain the continuity and stability of the audit of the Company’s annual reports, it is proposed to re-appoint PricewaterhouseCoopers as the auditors of the Company for 2022 to provide relevant audit, review and other services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards.

The audit scope and content required for accountants in 2022 are basically the same as those in 2021. After consultation, the audit fee quoted by PricewaterhouseCoopers for 2022 is RMB5.98 million (including the fee for internal control, which is RMB568,000) which is consistent with the audit fee for the last year (the audit fee for 2021 includes the audit fee charged by PricewaterhouseCoopers for 2021 of RMB5.68 million and the fee charged by KPMG Huazhen LLP for the agreed procedures over the 2021 first quarterly financial statements of RMB300,000).

It is now proposed to approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company’s auditors for 2022, to be responsible for the provision of the relevant audit and review services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and to approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the Company’s auditor for internal control for 2022 with an audit fee for 2022 of RMB5.98 million, including the fee for internal control.

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

The resolution has been considered and approved at the Board meeting held on April 29, 2022 and is now submitted to the AGM for consideration and approval.

LETTER FROM THE BOARD

THE AGM

The 2021 AGM of the Company will be held at 2:00 p.m. on Friday, June 10, 2022 at the Company's conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC. A notice of the AGM is set out on pages 15 to 17 of this circular.

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

Last Registration Date: at or before 4:30 p.m. on Monday, June 6, 2022

Closure of Register for H Shares: Tuesday, June 7, 2022 to Friday, June 10, 2022

Submission of Proxy Form: at or before 2:00 p.m. on Thursday, June 9, 2022

In order to determine the H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Tuesday, June 7, 2022 to Friday, June 10, 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order for H Shareholders to attend the AGM, the relevant share certificates, accompanied by all share transfer documents, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Monday, June 6, 2022. H Shareholders whose names appear on the H Share register of members of the Company on Tuesday, June 7, 2022 shall be entitled to attend and vote at the AGM.

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

The record date for determination of the qualified A Shareholders to attend the AGM and the registration date for such meeting are on Thursday, June 2, 2022 and on Monday, June 6, 2022, respectively. For details, please refer to the notice of the AGM dated on Friday, May 20, 2022, published on the website of the Shenzhen Stock Exchange at www.szse.cn.

VOTING BY POLL

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

The aforesaid resolutions 1 to 6 and resolution 9 are ordinary resolutions to be passed by the affirmative votes representing over one half of the total number of Shares held by the Shareholders attending the AGM with voting rights; the resolutions 7 to 8 are special resolutions to be passed by the affirmative votes representing over two thirds of the total number of Shares held by the Shareholders attending the AGM with voting rights.

LETTER FROM THE BOARD

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

As far as the Directors are aware as at the Latest Practicable Date, the Shareholders who have a material interest in the resolution 6.1, i.e. JIC and Central Huijin, will abstain from voting on the resolution 6.1; the Shareholders who have a material interest in the resolution 6.2, i.e. Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd., Shanghai Automotive Asset Management Co., Ltd. and Xinjiang Financial Investment Co., Ltd., will abstain from voting on the resolution 6.2. As at the Latest Practicable Date, JIC directly holds 6,596,306,947 Shares with voting rights of the Company (representing approximately 26.34% of the total issued share capital of the Company), Central Huijin directly holds 5,020,606,527 Shares with voting rights of the Company (representing approximately 20.05% of the total issued share capital of the Company), Shanghai Jiushi (Group) Co., Ltd. directly holds 1,206,680,389 Shares with voting rights of the Company (representing approximately 4.82% of the total issued share capital of the Company), Sichuan Development Holding Co., Ltd. directly holds 1,123,543,633 Shares with voting rights of the Company (representing approximately 4.49% of the total issued share capital of the Company), Shanghai Automotive Asset Management Co., Ltd. directly holds 75,210,695 Shares with voting rights of the Company (representing approximately 0.30% of the total issued share capital of the Company), and Xinjiang Financial Investment Co., Ltd. directly holds 460,642,216 Shares with voting rights of the Company (representing approximately 1.84% of the total issued share capital of the Company). Save as disclosed above, no Shareholder is considered to have a material interest in any of the resolution proposed at the AGM and has to abstain from voting at the AGM approving the resolution.

RECOMMENDATION

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

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

Yours faithfully,
By order of the Board
Shenwan Hongyuan Group Co., Ltd.
Chu Xiaoming
Chairman

NOTICE OF THE 2021 ANNUAL GENERAL MEETING



申萬宏源集團股份有限公司 SHENWAN HONGYUAN GROUP CO., LTD.

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

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting (the “AGM”) of Shenwan Hongyuan Group Co., Ltd. (the “**Company**”) will be held at 2:00 p.m. on Friday, June 10, 2022 at the Company’s conference room, No. 19, Taipingqiao Street, Xicheng District, Beijing, the PRC to consider and, if thought fit, approve the following resolutions (special resolution is marked by *).

RESOLUTIONS

1. To consider and approve the 2021 work report of the Board of Directors
2. To consider and approve the 2021 work report of the Board of Supervisors
3. To consider and approve the 2021 annual financial report
4. To consider and approve the 2021 profit distribution plan
5. To consider and approve the 2021 annual report
6. To consider and approve the resolution regarding the estimated ordinary related party transactions for 2022
 - 6.1 Ordinary related party transactions with China Jianyin Investment Ltd. and its subsidiaries
 - 6.2 Ordinary related party transactions with other related parties
7. * To consider and approve the resolution regarding the granting of general mandate to the Board of Directors to issue additional A Shares and H Shares
8. * To consider and approve the Resolution regarding the Public Issuance of Corporate Bonds
 - 8.1 Scale of issuance
 - 8.2 Method of issuance
 - 8.3 Placing arrangement for shareholders of the Company
 - 8.4 Maturity of bonds
 - 8.5 Type of bonds
 - 8.6 Interest rate of bonds and its determination methods
 - 8.7 Target subscribers

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

- 8.8 Place of listing
- 8.9 Use of proceeds
- 8.10 Guarantees
- 8.11 Validity period of this resolution
- 8.12 Authorization
- 9. To consider and approve the resolution regarding the re-appointment of auditors of the Company for 2022

OTHER MATTER

- 10. To listen to the work report of independent Directors

By order of the Board
Shenwan Hongyuan Group Co., Ltd.
Chu Xiaoming
Chairman

Beijing, the PRC
May 20, 2022

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

Notes:

1. In order to determine the H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Tuesday, June 7, 2022 to Friday, June 10, 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order for H Shareholders to attend the AGM, the relevant share certificates, accompanied by all share transfer documents, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Monday, June 6, 2022. H Shareholders whose names appear on the H Share register of members of the Company on Tuesday, June 7, 2022 shall be entitled to attend and vote at the AGM.
2. Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf at the AGM. A proxy needs not be a Shareholder of the Company.

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

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

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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

The aforesaid resolutions 1 to 6 and resolution 9 are ordinary resolutions to be passed by the affirmative votes representing over one half of the total number of Shares held by the Shareholders attending the AGM with voting rights; the resolutions 7 to 8 are special resolutions to be passed by the affirmative votes representing over two thirds of the total number of Shares held by the Shareholders attending the AGM with voting rights.

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

As far as the Directors are aware as at the date of this notice, the Shareholders who have a material interest in the resolution 6.1, i.e. China Jianyin Investment Ltd. and Central Huijin Investment Ltd., will abstain from voting on the resolution 6.1; the Shareholders who have a material interest in the resolution 6.2, i.e. Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd., Shanghai Automotive Asset Management Co., Ltd. and Xinjiang Financial Investment Co., Ltd., will abstain from voting on the resolution 6.2. Save as disclosed above, no Shareholder is considered to have a material interest in any of the resolution proposed at the AGM and has to abstain from voting at the AGM approving the resolution.

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

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

Postal Code: 830011/100033

Contact Person: Zhu Li/Li Dan

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

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

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

SHENWAN HONGYUAN GROUP CO., LTD.
2021 WORK REPORT OF THE BOARD OF DIRECTORS

The year 2021 is a landmark year in the history of the Party and the country. In view of the complicated domestic and international situations and various risks and challenges, the Party Central Committee with Xi Jinping as its core devised strategies, sought truth from facts, and calmly responded to the changes in the century and the epidemic of the century. It took new steps in building a new development pattern and achieved new results in high-quality development, realizing a good start of the “14th Five-Year Plan”. In the new stage of development, the capital market ushered in important development opportunities. With the increase in the importance of direct financing, the steady advancement of the reform of the registration system, and the opening of the Beijing Stock Exchange, the basic institutional system for investor protection centering on information disclosure has been increasingly improved and the optimization of the development ecology of the capital market has promoted new progress in the high-quality development of the securities industry. Throughout the year of 2021, the SSE Composite Index and the SZSE Component Index rose by 4.80% and 2.67%, respectively.

In 2021, the Company entered a new strategic development cycle. The Company conscientiously implemented the spirit of the 19th National Congress of the Communist Party of China and all previous 19th plenary sessions, deeply understood General Secretary Xi Jinping’s important expositions on economic and financial work, and deeply analyzed the national strategic requirements during the “14th Five-Year Plan” period. Adhering to the general principle of seeking progress while maintaining stability, it strengthened the self-building of the Board of Directors, optimized corporate governance, solidly served the national strategy, accelerated reform and transformation, and held the bottom line of prevention of major risks. The Company recorded consolidated revenue of RMB34.307 billion, representing a year-on-year increase of 16.66%, net profit attributable to shareholders of the parent company of RMB9.398 billion, representing a year-on-year increase of 21.02%, basic earnings per share of RMB0.38 per share and a weighted average return on equity of 10.26%.

I. Main Work in 2021

(I) Conscientious implementation of the major decisions and deployments of the central government to fully serve the national strategy

The Board of Directors of the company fully implemented the responsibility of “making decisions”, and guided and promoted the management to thoroughly implement the new development concept. Over the past year, the Company regarded serving the national strategy and implementing the three major financial tasks as important guidelines. **In respect of “six stabilisations” and “six guarantees”**, it proceeded with normalization of epidemic prevention and control, held results presentation and roadshows, and promoted the value of “holding belief and daring to take responsibility” for a state-owned financial enterprise to help stabilize capital market expectations. **In respect of serving technology for self-reliance and self-improvement**, it provided investment and investment banking services for scientific and technological innovation enterprises and enterprises featured by “specialization, refinement, specialization and novelty”, to help achieve a smooth high-level cycle of “technology-industry-finance”. **In respect of serving “peak carbon dioxide emissions” and “carbon neutrality”**, it held the Shenwan Hongyuan 2021 Capital Market Carbon Neutrality Conference, released “Shenwan Hongyuan carbon neutrality indices”, compiled the Shenwan Hongyuan Carbon Neutrality White Paper, built a carbon neutral research database, set up a carbon neutrality industry fund, and built a “carbon” financial comprehensive service system. **In respect of serving the construction of “Belt and Road”**, it proactively served enterprises in “going global” and “attracting investment” and assisted China Investment Corporation in the implementation of bilateral funds.

In respect of serving the development of small and medium-sized enterprises, it has continuously provided inclusive financial services for more than 3,000 small and medium-sized enterprises over the years. The Company established the “Committee for Promoting Serving National Strategy” to continuously strengthen the top-level design of financial services for the real economy.

(II) Strengthening strategic leadership and enhancement of top-level design

The Board of Directors of the Company gave full play to the role of “setting strategies”, and earnestly analyzed the implementation of the Company’s strategic plan for 2017–2020; the new situation and new opportunities in the “14th Five-Year Plan” period; the economic, financial and market environment; and domestic and overseas industry development practices. It studied and formulated the “Outline of the Development Plan of Shenwan Hongyuan for 2021–2025” and effectively implemented the main goals and strategic tasks of development of the state during the “14th Five-Year Plan” period in the development of the Company in a comprehensive, systematic and accurate manner.

The Board of Directors of the Company guided and promoted the management to take the opportunity of formulating new strategies to speed up the strategic layout and system and mechanism reform, and continuously improve the core competitiveness and development quality. **First, an executive committee was set up** to promote the scientific decision-making level of the management and the improvement of organizational execution efficiency. **Second, the business synergy mechanism was improved** and the Board of Directors proactively advocated synergy culture, focused on key customers, key industries and key regions, and improved the comprehensive financial service model of “research + investment + investment banking”. **Third, the reform of the organizational structure was deepened.** The group company further promoted the integration of investment platforms, optimized the investment business decision-making and management systems, and strengthened the vertical management of investment subsidiaries; the securities company continued to fully implement the customer-centric business philosophy, adjusted the organizational structure of wealth management, institutional business, and other business lines, and promoted the organizational structure reform of branch companies and securities branches. **Fourth, the integrated domestic and overseas layout was promoted** and the top-level design of the international business layout was improved, to enhance the scale and strength of overseas assets. **Fifth, the talent guarantee mechanism was consolidated.** The full implementation of the “five-in-one” reform of human resources optimized rank and salary structure and improved employee promotion channels; the team of brokers and full-time marketing personnel was streamlined, and the Company continued to introduce leading talents in the industry and vigorously cultivated, exchanged and used internal excellent talents.

(III) Reinforcement of the self-building of the Board of Directors to continuously improve corporate governance

Optimization and improvement of corporate governance is an important requirement for improving the quality of listed companies. The Board of Directors of the Company earnestly performed various statutory duties, and the directors fully expressed their opinions during the meetings. In 2021, the Company held 3 general meetings at which 21 resolutions were considered and approved and 1 report was heard. The Board of Directors held 11 meetings at which 47 resolutions were considered and approved and 2 reports were heard. The Audit Committee of the Board of Directors held 9 meetings. The Strategy Committee of the Board of Directors held 2 meetings. The Risk Control Committee of the Board of Directors held 3 meetings. The Remuneration and Nomination Committee of the Board of Directors held 5 meetings. The Board of Directors performed duties diligently, continued to strengthen its self-building, and completed the re-election of the fifth session of the Board of Directors, and it fully understood the information required for performance of duties through various means such as attending meetings, field survey, and receiving

materials, to improve the scientific decision-making and operation efficiency. While implementing the spirit of the symposium on Party building work in central enterprises, it paid attention to transforming Party building efficiency into corporate governance efficiency, and strengthened Party leadership in improving corporate governance. It promoted the Company to deeply implement the special action requirements on governance for listed companies, took the special self-examination as an opportunity to improve the governance system, and revised and improved six systems including the Articles of Association, the Rules of Procedure of the General Meeting, etc., to explore the establishment of a long-term mechanism for self-regulation, self-enhancement and self-improvement.

The Board of Directors of the Company closely followed up and proactively guided the Company's implementation of the regulatory requirements of the capital market, prepared and disclosed periodic reports and interim reports with high quality, and successfully completed the preparation and disclosure of four periodic reports and A-share and H-share interim reports. The Company was rated as "A" in the assessment of annual information disclosure of the Shenzhen Stock Exchange for six consecutive years. The Company continued to strengthen the management and internal guidelines in terms of information reporting on major issues, further optimized the information reporting and management working mechanism, and built an efficient mechanism for information transfer between and coordinated standard operation of the parent company and subsidiaries. It strictly implemented the standardized operation requirements in relation to related party (connected) transactions, independence of listed companies, code of conduct for substantial shareholders, internal control, and deposit and management of proceeds. The Board of Directors carefully reviewed the Company's announcements and relevant information, viewed the public information released by the Company in a timely manner, paid close attention to reports and information about the Company, and conducted a self-inspection on the implementation of the Company's information disclosure management system. Self-inspection indicated that in 2021, the Company disclosed all major information in strict accordance with the requirements on information disclosure in laws and regulations following the principles of openness, fairness, timeliness, accuracy and completeness, to ensure that investors were aware of the Company's major operations and decisions in a timely manner, and there were no major flaws in the implementation of the Company's information disclosure management system.

The Board of Directors of the Company attached great importance to and proactively supported the investor relations management. Through active, interactive, professional and efficient investor communication, it established effective interaction with the capital market to enhance the Company's transparency and safeguard investors' rights. During the reporting period, scores of meetings and events including annual results presentation, results roadshows, brokers meetings, and analyst surveys were held. The Company proactively participated in the investor collective reception day event held by Xinjiang Branch of the CSRC and other events. It strengthened communication with all shareholders, the media and the public through various means, to create a company image respected by investors and welcomed by the capital market. The Company, upholding the fundamental concept of serving investors, earnestly conducted management of shares, implemented the 2020 profit distribution plan and continued to improve the shareholder return mechanism, to proactively return shareholders and protect shareholders' legitimate interests.

(IV) Promotion of the completion of the annual operation and management goals and continuous optimization of business structure

Over the past year, the Company adhered to the core of securities business. With the theme of high-quality development and the general principle of seeking progress while maintaining stability, the Company accurately grasped the high-quality development direction of the capital market, continued to strengthen and expand securities business, and optimized and specialized investment. The coordinated development of the group company and the securities company created a new situation and the development quality and

core competitiveness reached a new level. **In respect of the enterprise finance segment, for investment banking business**, the Company strengthened internal and external synergy and cross-business linkage, consolidated regional, industry and product construction, and comprehensively consolidated and further enhanced the business potentials of IPO, mergers and acquisitions, and the NEEQ. As a result, it realized the joint growth of stocks and debts and served as the underwriter for 6 companies listed on the Beijing Stock Exchange, ranking the forefront of the industry; **for principal investment**, the Company adhered to the development orientation of investment business serving securities business. The group company and the securities company have cooperated in implementation of high-quality and multi-level collaborative projects, and achieved good results in promoting integrated development. In the year, the new investment projects of the group company are all collaborative projects, and the institutional investment capability and comprehensive income level have been continuously improved. **In respect of personal finance segment**, the Company proactively built a wealth management system, continued to increase the introduction of various products, and achieve a new historical breakthrough in product sales; in order to improve customer experience and activity, it continued to promote the iterative upgrade of online customer transactions and service platforms and build fin-tech capabilities; the structure of credit business was continuously optimized, and the securities source industry chain was actively built to continue to reduce the scale of equity business. **In respect of institutional sales and trading segment**, the Company consolidated the basic revenue of traditional institutional business and accelerated the transition to institutional sales and trading. As the bond investment business continued to lead the industry, the Company increased investment in low- and medium-risk businesses such as derivatives and market making, and proactively optimized and adjusted asset allocation. **In respect of investment management**, the Company intensified specialization reform to transform to active management, continued to optimize product layout, and strengthened channel construction. The overall investment performance of various mutual fund management businesses including active equity, quantitative index and fixed income maintained excellent. The development of private equity fund management business focused on key regions and key clients.

(V) Consolidation of comprehensive risk management and continuous enhancement of internal control

The Board of Directors of the Company fully discharged the responsibility of “preventing risks” and guided the Company to always adhere to the bottom line thinking in the process of operation and management, and held the bottom line of no major risks. **To improve the “1+N” risk management system**, the Company strengthened internal control and risk consolidated management, and continued to improve the three lines of defense for risk management. **To proactively promote the streamlining of the management levels of subsidiaries**, the Company strengthened the penetrating and centralized management and control of the business risks of subsidiaries. **To continuously consolidate daily risk management**, the Company focused on risk prevention and control for key businesses and key areas, established and improved the “negative list” mechanism, and strengthened post-investment management of projects. **To continuously strengthen compliance management**, the Company revised and improved a number of important compliance risk management systems, implemented new anti-money laundering regulations, and optimized anti-money laundering systems and mechanisms. **To strengthen and standardize internal control**, the Company continuously improved its management and risk prevention ability. Shenwan Hongyuan Securities, a subsidiary of the Company, was awarded Class A Grade AA in the classified evaluation of securities companies, and was one of the first batch of securities companies selected in the “white list” by the CSRC.

(VI) Proactive discharge of social responsibilities and adherence to long-term sustainable development

The Company proactively integrated social responsibility into its own core value framework, repaid the society in various ways, and made new positive contributions to promoting the coordinated economic and social development. **To actively create value for customers**, with the “customer-centric” concept throughout the entire business development process, the Company provides clients with three-dimensional, professional and personalized comprehensive financial services to improve customer satisfaction in terms of innovation of financial products, construction of investment platform, optimization of customer service channels and service experience, and investor education. **To enhance value for employees**, always adhering to putting people first, the Company regards human resources as the primary resource for its development, proactively expanded the career development space for employees, and created good working conditions and atmosphere for employees, to discharge its responsibilities to employees. **To realize value for shareholders** and effectively protect the legitimate interests of shareholders, in particular minority shareholders, the Company discharged its responsibilities for shareholders through continuous improvement of corporate governance structure, strengthening construction of internal control, strict implementation of information disclosure obligations, enhancement of investor relations management and formulation of shareholder return plan. **To contribute value to the society**, the group company and securities company invested assistance funds in an amount of RMB50.23 million in Huining, Gansu and other targeted assistance areas and disaster-stricken areas, to promote the organic connection between the consolidation of poverty alleviation achievements and rural revitalization. **To strengthen ESG management and disclosure**, while fulfilling social responsibilities, the Company proactively paid attention to green development, sustainable development, public interests and other issues, and always implemented various national requirements on environmental protection and sustainable development; it always paid taxes in good faith in accordance with the law and strictly prevented commercial bribery; always attached importance to improving corporate governance and strengthening company brand building, to expand market influence and enhance industry reputation.

II. Key Work Arrangements for 2022

Based on the new development stage, the implementation of new development concepts and construction of a new development pattern put forward new and higher requirements for the capital market and the securities industry. In the new round of deepening reform of the capital market and a higher level of opening up centering on the registration system reform, the industry shoulders new responsibilities and new missions, and it boosts the high-quality development of the capital market with its own high-quality development and makes contributions to the capital market to serve the national strategy and the real economy. The year of 2022 is the year for full implementation of the “14th Five-Year Plan” and further advancement of the Company’s new strategic plan. The Board of Directors of the Company will thoroughly implement the decisions and deployments of the CPC Central Committee and China Investment Corporation, adhere to the principle of “steadiness at the forefront and seeking progress while maintaining stability”, and continue to promote sound and effective corporate governance. Focusing on deepening the integrated high-quality development of the Group and securities company, it will promote the Company to strengthen strategic leadership, deepen the system and mechanism reform, and accelerate business transformation and upgrading, to continuously improve core competitiveness and development quality. The focus will be placed on the following aspects.

(I) Continuously serving the national strategy and serving the real economy

The Board of Directors of the Company will continue to guide and promote the management to implement the “three new and one high” requirements and solidly serve the national strategy. In line with

the “14th Five-Year Plan” of the state, it will identify its own development orientation, focus on areas such as technological independence and self-improvement, green and low-carbon development, coordinated development and security, increase the “investment+investment banking” comprehensive financial services for the real economy, and vigorously support the development of small, medium and micro enterprises. It will continue to improve the ability to serve the financial supply-side reform, the wealth management of residents, and the reform of the capital market, and promote a virtuous circle of finance and the real economy. It will solidly proceed with “six stabilizations” and “six guarantees”, and provide targeted financial support. In addition, it will actively practice social responsibilities, and continue to effectively link the achievements of poverty alleviation with rural revitalization.

(II) Adherence to the “investment+investment banking” strategy and strengthening strategic guidance and control

The Board of Directors of the Company will promote and guide the management in strategic decomposition and sub-strategy formulation, coordinate the five-year strategic goals and annual business plans, and realize the connection between strategy implementation path and annual specific strategic measures. Taking the implementation of the “Outline of the Development Plan of Shenwan Hongyuan for 2021–2025” as an opportunity, it will strengthen comprehensive and systematic strategic management and control and continue to build a customer-centric integrated development system; while strengthening the intensive management of the headquarters, it will steadily promote the international layout and highlight the core position of professional competence; to achieve the overall goal of “fin-tech empowerment”, it will comprehensively promote digital transformation, ensure the implementation of strategies, and adhere to a blueprint to the end.

(III) Continuous promotion of the Company’s business transformation and enhancement of its core competitiveness

The Board of Directors of the Company will promote and support the management to continue to deepen the reform of the profit model and speed up the business transformation. Adhering to the coordinated development of light and heavy capital businesses, it will focus on improving the capacities in terms of capital utilization, asset pricing and distribution, product creation and trading, and risk management and operation. It will promote the Company’s comprehensive transformation from traditional brokerage business and channel business to wealth management and comprehensive financial services; for capital-light business, it will strive to expand market scale, increase market share, and improve market competitiveness; for the capital-heavy business, it will optimize the allocation structure, and increase the allocation ratio of relatively low-risk assets such as margin financing and securities lending, market making, and derivatives. A comprehensive financial service system will be established and improved, to form a more balanced and sustainable income structure and promote the stable, long-term, balanced and innovative development of the Company.

(IV) Continuously deepening the system and mechanism reform to further release the internal vitality

The Board of Directors of the Company will promote the management to further intensify the innovation of system and mechanism, advance and promote domestic and international synergy, synergy between headquarters and branches, and jointly promote the implementation of the Company’s strategies. **First, it will continue to promote the collaborative system across business lines.** Regional committees will be exerted to tap important regional resources, and speed up the improvement of the regional comprehensive financial service model; **Second, the efficient operation and service system will be further improved.** The planning, coordination and service support capabilities of the headquarters will

be enhanced and strong business middleground, data middleground, and technology middleground will be built; **Third, the reform of human resources will be further deepened.** Adhering to specialization, marketization, and internationalization orientation, the system and mechanism of human resource allocation will be improved.

(V) Optimization of corporate governance and improvement of standardized operation

In light of integration of the capital market supervision system, the Board will **continue to optimize corporate governance**, strengthen its self-construction, improve its scientific decision-making ability, promote the establishment of a long-term corporate governance mechanism of self-regulation, self-enhancement and self-improvement, and proactively follow and explore the best practices. **To strengthen information disclosure management**, it will prepare and disclose periodic reports and interim reports with high quality in strict accordance with domestic and overseas information disclosure regulations, strengthen the coordination between the group company and securities company, prevent information disclosure risks, and comprehensively improve the information disclosure. **To improve investor relationship management**, it will proactively carry out investor communication activities to steadily increase the Company's attention, promote a reasonable understanding of the Company's valuation by the market, and safeguard the legitimate rights and interests of shareholders. **To strengthen the supervision of standardized operation**, it will fully grasp the domestic and overseas regulatory requirements, and continuously improve the overall standardized operation of related party (connected) transactions and management of proceeds. **To comprehensively improve ESG management**, it will optimize ESG management structure, strengthen decision-making and implementation of ESG strategic planning, goals and issues, strengthen ESG concept leadership, integrate important ESG issues into business management, and promote the Company's ESG management practices through multiple channels.

(VI) Enhancement of compliance construction and improvement of risk control

To keep compliant operation in mind is the insurmountable bottom line for the Company's survival and development. The Company will resolutely implement the requirements of the central government and proceed with prevention and control of financial risks. It will promote the improvement of the group-based legal compliance system, correctly handle the relationship between compliant operation and business development, and enhance the compliance operation capability in a new environment. Based on deeply understanding and grasping the evolution trend of macro economy and finance, it will promote the implementation of concept of risk management throughout the entire business process and give full play to the role of the "three lines of defense", to build a "1+N" comprehensive risk management system, to achieve risk control at group level with high penetration in all aspects throughout the entire business process and with full coverage. Through steady risk capital allocation and proactive and prudent treatment of the relationship between risks and returns, risk management capabilities will be turned into key competitiveness, to effectively promote the Company's high-quality development. The Company will strengthen the construction of internal control system and improve the inspection, evaluation and supervision functions of internal audit.

In 2022, the Board of Directors of the Company will continue to strengthen its own construction, continuously improve its scientific decision-making ability, optimize corporate governance, and fulfill information disclosure obligations. It will strengthen investor relationship management and promote the Company's operation and management, to continuously create value for customers, employees and shareholders.

SHENWAN HONGYUAN GROUP CO., LTD.
2021 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2021, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. (the “**Company**”) thoroughly implemented the spirit of the 19th National Congress of the Communist Party of China and all previous 19th plenary sessions, earnestly implemented decisions and deployments of the Party Central Committee, China Investment Corporation and the Party committee of the Company and strictly abided by the Company Law, the Securities Law and the regulatory provisions for A share+H share listed companies. Focusing on the main line of work of “serving the Company’s long-term development strategy, serving the accomplishment of the Company’s annual operation and management goals, and promoting the maintenance and appreciation of state-owned assets”, the Board of Supervisors promoted the construction of a corporate governance supervision mode for state-owned financial institutions featured by “1+3+4+4” (one main line + three key points + four systems + four joint forces) in accordance with the work policy of “true supervision, comprehensive coverage, coordination and cooperation, and professional improvement”. Through enhancement of political position, accurate understanding of function orientation, improvement of organizational structure, and highlighting the focus of supervision, the standardized operation and supervision was continuously improved. By fully leveraging on the independent supervision role of the Board of Supervisors, continuous efforts were exerted to build a corporate governance supervision model for state-owned financial enterprises with the characteristics of Shenwan Hongyuan, to escort the Company’s standardized, stable operation and high-quality development.

**Part I Standardization of operation and supervision of
performance of duties by the Board of Supervisors in 2021**

I. Adherence to the leadership of the Party, steady operation in accordance with the law, proactive participation in corporate governance, and earnest consideration of major issues of the Company

In 2021, the Board of Supervisors of the Company deeply understood the new requirements for the work of the Board of Supervisors in the new era and the new situation, adhered to and strengthened the overall leadership of the Party, and consciously incorporated corporate governance supervision into the overall work of the Party. In accordance with the governance standards and standardized operation requirements of listed companies, the Board of Supervisors conducted in-depth research and consideration of major issues involving the interests of shareholders and the Company’s business development. A total of 8 meetings of the Board of Supervisors were held, at which 15 resolutions were considered and approved. The main contents of the meetings are as follows:

- (I) On January 29, 2021, the Company held the 35th meeting of the fourth session of the Board of Supervisors by means of communication, at which the Resolution Regarding Amendments to the Rules of Procedure of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. was considered and approved;
- (II) On March 30, 2021, the Company held the 36th meeting of the fourth session of the Board of Supervisors by means of communication, at which the 2020 Annual Financial Report of Shenwan Hongyuan Group Co., Ltd., the 2020 Profit Distribution Proposal of Shenwan Hongyuan Group Co., Ltd., the 2020 Internal Control Evaluation Report of Shenwan Hongyuan Group Co., Ltd., the 2020 Annual Report of Shenwan Hongyuan Group Co., Ltd. and the Summary Thereof (A shares), the 2020 Annual Report of Shenwan Hongyuan Group Co., Ltd. (H shares), the 2020 Annual Results Announcement of Shenwan Hongyuan Group

Co., Ltd. (H shares), the 2020 Work Report of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. and the Resolution Regarding Nomination of Candidates for Supervisors of the Fifth Session of the Board of Supervisors were considered and approved;

- (III) On April 29, 2021, the Company held the 37th meeting of the fourth session of the Board of Supervisors by means of communication, at which the 2021 First Quarterly Report of Shenwan Hongyuan Group Co., Ltd. was considered and approved;
- (IV) On May 28, 2021, the Company held the first meeting of the fifth session of the Board of Supervisors on-site, at which the Resolution Regarding Election of the Chairman of the Fifth Session of the Board of Supervisors of the Company, the Resolution Regarding Amendments to Certain Terms of the Working Rules of the Performance Supervision and Inspection Committee of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. and the Working Rules of the Financial Supervision and Inspection Committee of the Board of Supervisors of Shenwan Hongyuan Group Co., Ltd. and the Resolution Regarding Election of Members of the Special Committees of the Fifth Session of the Board of Supervisors were considered and approved;
- (V) On August 27, 2021, the Company held the second meeting of the fifth session of the Board of Supervisors in a combination of on-site, video and communication, at which the 2021 Semi-annual Report of Shenwan Hongyuan Group Co., Ltd. and the Summary Thereof, the 2021 Interim Report of Shenwan Hongyuan Group Co., Ltd. and the 2021 Interim Results Announcement of Shenwan Hongyuan Group Co., Ltd. were considered and approved;
- (VI) On September 25, 2021, the Company held the third meeting of the fifth session of the Board of Supervisors by means of communication, at which the Resolution Regarding Nomination of Candidates for Supervisors of the Company was considered and approved;
- (VII) On October 22, 2021, the Company held the fourth meeting of the fifth session of the Board of Supervisors in a combination of on-site and communication, at which the Resolution Regarding Election of the Chairman of the Board of Supervisors was considered and approved;
- (VIII) On October 29, 2021, the Company held the fifth meeting of the fifth session of the Board of Supervisors in a combination of on-site, video and communication, at which the 2021 Third Quarterly Report of Shenwan Hongyuan Group Co., Ltd. was considered and approved;

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

In addition, the Board of Supervisors always adhered to the correct handling of the relationship between strengthening Party leadership and improving corporate governance. It regarded the research and discussion of the Company's Party committee as a pre-procedure for the Board of Supervisors to consider and decide on major issues and maintained close communication and exchanges with the Party committee, the Board of Directors, and management of the Company, and promoted the formation of a modern corporate governance mechanism in which the organizations performed their respective duties and assumed their respective responsibilities, engaged in coordinated operations, and achieved effective checks and balances.

II. Adherence to making progress while maintaining stability, focus on the key points of supervision, and performance of supervision duties in compliance with regulations, to help the Company's high quality development

In 2021, based on the supervision of investors, the Board of Supervisors of the Company closely focused on the key points of supervision centering on the main line of responsibility and continuously strengthened the supervision and inspection of important areas and key aspects. It endeavoured to improve the quality and efficiency of supervision, safeguard the legitimate rights and interests of all shareholders, promote the preservation and appreciation of state-owned financial capital, and facilitate the high-quality development of the Company.

(I) Enhanced supervision of performance of duties

First, it fully exerted the role of on-site supervision. In 2021, the members of the Board of Supervisors attended 3 general meetings, 11 meetings of the Board of Directors and 19 meetings of special committees of the Board of Directors as required. At the same time, supervisors and staff of the Board of Supervisors actively participated in or attended the meetings of executive committee, the general manager's office meeting, and important business management meetings. Supervisors actively performed their supervisory duties during the meetings, and fully understood and evaluated major issues including the implementation of the Company's strategies, election and appointment of directors and senior management, organizational structure adjustment, preparation and execution of business plan, internal control and risk management, appointment of auditors, etc. and provided on-site supervision over the attendance of meetings, expression of opinions and voting of directors and senior management. It continuously collected and analyzed the daily performance information, focused on the compliance of directors and senior management with laws and regulations, the Company's Articles of Association, relevant rules of procedure and rules and regulations, and implemented important national decisions and deployments, and policies, resolutions of general meetings and regulatory opinions, etc.

Second, the performance evaluation was continuously optimized. On the basis of daily duty performance supervision, in accordance with the duty performance evaluation measures and relevant materials such as the work report of the Board of Directors, the work report of the general manager, the annual personal report of directors and senior management, the Board of Supervisors objectively evaluated the annual performance of duties of the Board of Directors, management and its members from the aspects of work performance, duty performance and risk management, etc. and put forward suggestions for improvement. At the same time, it strengthened process supervision, further normalized and continued the performance supervision, and communicated feedback in a timely manner. The focus was placed on applying the results of daily supervision to performance evaluation and the evaluation opinions were used as a reference in the annual assessment of the Company's directors and senior management.

(II) Enhancement of financial supervision

First, the supervision of financial position was enhanced. The Board of Supervisors paid attention to the impact of the epidemic on the Company's operating results, dynamically tracked financial data by consideration of the Company's annual and interim financial reports, quarterly reports, audit reports, etc. and comprehensively understood the Company's preparation of financial reports, capital use, asset impairment, etc., to ensure the standardized operation of assets.

Second, the communication with independent directors and external institutions for annual audit was strengthened. The Board of Supervisors paid attention to the selection and transition of auditors, attached great importance to the issues raised by the auditors in the review of financial reports and agreed procedures, communicated with the management in a timely manner, and kept an eye on the preparation and consideration of periodic reports and the implementation of regulatory requirements and accounting standards, and continued to pay attention to the follow-up work.

(III) Reinforcement of internal control and risk control supervision

First, the focus was placed on the construction of a comprehensive risk management mechanism as well as the construction of risk management culture, policies, processes, systems and tools, and the Board of Supervisors put forward opinions and suggestions in a timely manner to promote the establishment and improvement of a “clear, accessible, and manageable” risk prevention and control system to build a strong line of defense against risks. It paid attention to risks in key fields, followed up the construction of the Company’s large risk prevention and resolution mechanism, and tracked the progress of risk resolution and disposal for important investment projects; Through dynamically monitoring the overall risk, credit risk and market risk of the Company, it paid attention to the status of risk management indicators and possible problems in risk management. It established and improved the risk event reporting mechanism, especially issued the Notice on Strengthening the Reporting of Major Risk Events, established a risk event ledger, and urged relevant departments to make rectifications. Moreover, the Board of Supervisors organized special research on risk projects, understood the Company’s risk project management, risk disposal progress, and risk impairment provision through review of materials, symposium exchanges, etc., and formed research and supervision reports.

Second, the internal control system of the Company was promoted. With a close eye on the soundness of the internal control system of the Company, it urged the improvement of the construction of internal control system based on the implementation of systems and rectification of problems. It followed up and supervised the rectification of defects found in internal control evaluation and audit findings, and conducted continuous supervision on the rectification of internal control defects and audit findings. In addition, it reviewed the Company’s internal control evaluation plan, paid attention to and evaluated the identification standards for internal control evaluation defects, evaluation coverage, and the normalization and scientificity of key evaluation contents, and issued special independent opinions on the Company’s annual internal control evaluation report.

(IV) Strengthening the supervision over the implementation of the decisions and deployments of the CPC Central Committee

First, it supervised the decision-making process and implementation of major issues by attending the meetings of the Board of Directors and its special committees, the general manager’s office meetings, and the meetings of the executive committee, so as to promote the Company to better fulfill its political responsibilities and serve the development of the financial capital market.

Second, it paid continuous attention to the Company’s strategic arrangements and asset allocation for serving the national science and technology self-improvement strategy, supporting major regional development strategies, serving green development strategies, serving domestic and international dual circulations, developing inclusive finance, and implementing the tasks of “six stabilizations” and “six guarantees”; kept abreast of the Company’s work in terms of innovation of financial services and products, improving work effectiveness, etc., and paid attention to the construction of a closed-loop mechanism for work.

III. Adherence to integrity and innovation and improvement of supervision system, striving to improve the effectiveness of supervision and give full play to the role of supervision to a greater extent

In 2021, adhering to integrity and innovation, the Board of Supervisors of the Company strengthened overall planning, continuously improved the organizational system, supervisory system, supervisory operation system, and supervisory information system of the Board of Supervisors, and continuously optimized the supervisory work mechanism, to effectively stimulate endogenous power and give greater play to the supervisory role and the operational efficiency of the Board of Supervisors.

First, the general election was completed smoothly. In strict accordance with relevant laws and regulations, regulatory requirements and the relevant provisions of the Articles of Association of the Company, the Board of Supervisors performed re-election and election of supervisors in an orderly manner, communicated well with relevant governance entities, and coordinated the election of employee representative supervisors to ensure a smooth transition. The 3 supervisors elected at the 2020 annual general meeting of the Company and the 2 employee representative supervisors elected at the fifth employee congress of the Company jointly formed the fifth session of the Board of Supervisors of the Company. All supervisors had a diverse knowledge structure, strong professional quality and rich background experience, which ensured the supervision quality of the Board of Supervisors. The newly-appointed supervisors took the initiative to discharge duties and achieved a smooth handover, laying a solid foundation for the Company's continuous and standardized operation. On October 19, 2021, Mr. Xu Yiyang, chairman of the Board of Supervisors of the Company, resigned as the chairman of the Board of Supervisors and a supervisor due to work arrangements. On October 22, 2021, Mr. Fang Rongyi was elected as a supervisor and the chairman of the Board of Supervisors at the general meeting and the meeting of the Board of Supervisors, respectively.

Second, the system construction of the Board of Supervisors was continuously enhanced. In accordance with the new concepts and requirements of the corporate governance of state-owned enterprises and the operation of listed companies, amendments were made to the rules of procedure of the Board of Supervisors, the working rules of the performance supervision and inspection committee of the Board of Supervisors, and the working rules of the financial supervision and inspection committee of the Board of Supervisors in a timely manner. Meanwhile, in accordance with the Rules for Corporate Governance of Listed Companies and the relevant regulations on corporate governance in the places of listing, the Board of Supervisors continued to improve and refine the work system and work process and improve the operability and applicability of the systems, to promote the quality and efficiency of supervision.

Third, the construction of supervision synergy was improved and a supervision information sharing mechanism was established. The Board of Supervisors proactively participated in the construction of a "big supervision pattern", regularly attended the joint meetings with internal supervision lines such as discipline inspection, inspection, finance, compliance, risk control, etc., to exchange problems found in supervision and matters that should be subject to coordinated supervision. At the same time, it strengthened internal information sharing and promoted effective coordination of supervision lines. In addition, it consulted relevant materials on important business management matters, gave feedback on issues of concern, and tracked and supervised the implementation of relevant matters by the management, to effectively play the role of the Board of Supervisors and improve the effectiveness of corporate governance supervision.

Fourth, the strengthened information based construction of work and establishment of a "supervision information platform for the Board of Supervisors" protected the supervisors' right to know in performance of duties. The collection of supervision information was further improved to obtain internal and external information in a timely manner, and dynamically pay attention to and supervise the Company's operations

and finance, compliance and risk control, decision-making on major issues, and information disclosure. The transmission of supervision information was further improved to timely transmit all kinds of work information and documents, so as to improve work efficiency and ensure the performance of duties. The feedback of supervision information was further improved to give timely feedback on relevant supervision opinions to supervision objects, and continue to urge their rectification and implementation.

IV. Adherence to simultaneous implementation of multiple measures, and continuing to strengthen the ability to perform duties and earnestly proceeding with the self-construction of the Board of Supervisors based on long-term development

In 2021, the Board of Supervisors of the Company paid continuous attention to the central government's decisions and deployments and relevant requirements, gained an in-depth understanding of the Company's operation and management, and adhered to self-construction of the Board of Supervisors based on long-term development through implementation of multiple measures, in order to effectively improve the ability to grasp macro policies and the ability to discover, propose and solve problems and perform duties effectively.

First, strengthened training and learning improved the ability to perform duties. The members of the Board of Supervisors of the Company earnestly studied and implemented the spirit of the Sixth Plenary Sessions of the Nineteenth Central Committee of the CPC and the Central Economic Work Conference, further clarified the focus of supervision, and continued to pay attention to the implementation of the decisions and deployments of the central government in the performance supervision and evaluation, to promote the organic integration of Party leadership and corporate governance. The members of the Board of Supervisors proactively attended the special training on "strictly cracking down on illegal securities activities and standardizing the governance and internal control of listed companies" organized by the Xinjiang Branch of CSRC and the "compliance training for companies listed in Hong Kong", "performance of duties by the directors, supervisors and senior management in the context of the new securities law and interpretation on the latest regulatory policies", "online performance training courses for the system of the Board of Supervisors", etc. organized by the Company, and carried out more targeted learning, to effectively improve the theoretical and practical level.

Second, internal communication was strengthened to build consensus on supervision. In January, the Company held a system work meeting of the Board of Supervisors to deeply understand the new requirements on the work of the Board of Supervisors in the new era and new situation, summarize the work of the Board of Supervisors in 2020, and make arrangements for the system work of the Board of Supervisors in 2021. In October, the Company held a work meeting of supervisors to conduct exchanges and discussions on the operation of the Board of Supervisors, the performance of duties by supervisors, and the improvement of the working mechanism of supervisors, so as to further improve the quality of supervision performed by the Board of Supervisors and the supervisors (the board of supervisors) dispatched by subsidiaries and give full play to the role of the Board of Supervisors in corporate governance.

Third, theoretical research was conducted to expand work ideas. The Board of Supervisors of the Company proactively conducted research on the supervision theory of the board of supervisors of state-owned financial enterprises, which provided theoretical guidance and basis for exerting independent supervision functions, innovating supervision methods, and implementing supervision effectiveness. Meanwhile, the Board of Supervisors carefully sorted out the characteristic and innovative practices of the board of supervisors of state-owned financial enterprises and refined the experience of peers, which broadened the ideas for further improving supervision.

Part II Evaluation on the Performance of Duties by Supervisors

In 2021, all supervisors strictly abided by laws and regulations, regulatory rules and the Articles of Association, and performed their duties as supervisors diligently, professionally and efficiently in accordance with the law. They performed supervisory responsibilities for the Board of Directors, the management and its members and the Company's operation management, attended the meetings of the Board of Supervisors on time in accordance with corporate governance procedures and requirements, proactively participated in the activities of the professional committees of the Board of Supervisors, and earnestly participated in the consideration and voting of resolution; moreover, supervisors participated in general meetings in accordance with law and attended Board meetings and other important business management meetings, at which they listened to and reviewed relevant reports and issued supervisory opinions and suggestions. In work, supervisors could proactively attend various meetings organized by the Board of Supervisors and communicate with shareholders on various important matters, and supervise and support the consideration and implementation of major decisions of the Company, to effectively protect the legitimate rights and interests of the Company and shareholders. Employee representative supervisors could accept democratic supervision in accordance with the law, and fully understood and mastered the information on the Company's operation management and business development. It proactively attended various important operation and management meetings, to earnestly express supervisory opinions and suggestions, striving to safeguard the Company's interests and the legitimate rights and interests of employees.

Meanwhile, supervisors proactively promoted the improvement of the working mechanism of the Board of Supervisors, participated in the system construction of the Board of Supervisors, and earnestly carried out work research, supervision and inspection. While continuously improving their ability in terms of supervision and performance of their duties, they studied and analyzed the Company's operation information, and proactively participated in training activities related to performance of duties. They maintained good communication and coordination with the Board of Directors, the management and other members of the Board of Supervisors, to serve the overall development of the Company, effectively protect the interests of shareholders, and make positive contributions to the scientific, stable and healthy development of the Company.

Part III Work Plan for 2022

The Board of Supervisors of the Company will continue to fully implement the important decisions and deployments of the Party Central Committee. Adhering to focusing on the center and serving the overall situation, it will strengthen problem and risk orientation, highlight the focus of supervision, refine work measures, and adopt innovative work measures, in order to perform supervisory duties in a faithful, diligent and effective way and to promote the high-quality development of the Company with high-quality supervision.

I. Building consensus on supervision and firmly grasping the essence of supervision of the Board of Supervisors

It will firmly grasp the responsibility positioning of investor supervision, and properly handle the relationship with shareholders, Party committee, the Board of Directors, management, etc., to actively improve the check and balance system. Through conscientious performance of reporting duties, establishment of a firm sense of responsibility, and integration of supervision into services, it will earnestly protect the rights and interests of shareholders and their stakeholders, prevent financial risks, and realize the preservation and appreciation of state-owned capital.

II. Change of the concept of supervision and full implementation of the requirements on high-quality development

It will have an accurate understanding of the requirements on high-quality development and implement them in all aspects of the work of the Board of Supervisors. Through highlighting “process supervision” and “effective supervision”, it not only maintains the same frequency resonance with the Company’s business activities, but also accurately understands its own role positioning to ensure appropriateness, which will promote the Company’s realization of high-quality development and promote the healthy development of the capital market.

III. Clarification of the focus of supervision and giving full play to the supervisory role of the Board of Supervisors

The Board of Supervisors will continue to promote solid and in-depth corporate governance supervision in five key aspects, i.e. duty performance supervision, financial supervision, internal control compliance and risk control supervision, information disclosure supervision, and special supervision of major events.

First, deepening duty performance supervision. While attending general meetings and meetings of the Board of Directors, management meetings, etc. to achieve real-time supervision over the performance of duties by directors and senior management and consideration and decisions, it will also proactively carry out inspections on the implementation of the resolutions of the general meetings and meetings of the Board of Directors, as well as the performance of duties and business expenditures of the person in charge of the Company, focus on the decomposition, implementation, tracking and evaluation of the Company’s strategic plan, the Company’s business transformation and development under the profound changes in the competitive landscape, and the reform and improvement of the Company’s integrated system and mechanism, and other major aspects of realizing high-quality development of the Company; besides, it will strengthen governance communication, regularly collect the duty performance materials of directors and senior management, and establish duty performance files, to continuously improve the scientific and objective performance evaluation, form the annual performance evaluation opinions of the Board of Supervisors on the Board of Directors, senior management and their members, and urge directors and senior management to perform their duties diligently.

Second, strengthening financial supervision. Supervision will be conducted over the decision-making process and implementation of major financial matters from the perspectives of major financial decision-making matters, financial revenue and expenditure activities, and financial report review, more efforts will be exerted on analysis and research of financial matters such as revenue, cost, and profit, and close attention will be paid to asset quality, impairment provision and other major profit and loss matters. Financial data will be subject to dynamic tracking through consideration of the annual and interim financial reports, audit reports, etc. The Board of Supervisors will pay attention to financial indicators, operating data, capital investment, etc., and prudently issue review opinions on annual report to ensure the standardized operation of assets.

Third, enhancing the supervision of internal control compliance and risk control. Through review of risk report, internal control evaluation report, audit plan, etc., it pays attention to and evaluates the Company’s overall operating risk and investment risks, continuously tracks the construction of the Company’s internal control and compliance risk control system, and provides supervisory opinions in a timely manner to remind risks. Relevant departments will be urged to establish and improve the internal control and governance structure of the Company, and conduct comprehensive supervision and evaluation for relevant positions and various businesses. In addition, the Board of Directors and senior management are required to make rectifications for the problems found in the internal control in a timely manner within the prescribed time limit, and track the rectifications.

Fourth, sound information disclosure supervision. The Board of Directors, senior management and their relevant personnel will be urged to pay attention to and disclose information in accordance with relevant regulations to ensure the truthfulness, accuracy, completeness, timeliness and fairness of the disclosed information.

Fifth, solid performance of special supervision. Centering on the Company's development strategy, the focus will be placed on supervising the ability to serve the real economy and holding the bottom line of preventing systemic risks, to ensure comprehensive coverage and effective supervision of the Company's key areas and major issues, and the supervision evaluation will be mainly conducted on the reform and innovation of the Board of Directors, management and its members, to enhance the core competitiveness of the Company. The important contents of supervision will be the major decisions and deployments of the Party Central Committee including the Company's implementation of the three major financial tasks, promotion of "six stabilisations and six guarantees", and compliance with and serving the national strategy, etc., to promote the Company to better fulfill the political responsibility as a state-owned enterprise.

IV. Improvement of the supervision mechanism and gradual consolidation of the foundation for the performance of duties by the Board of Supervisors

Based on standardization construction, the Board of Supervisors will strive to optimize its four major systems, including organizational system, institutional system, information system and operation system, and gradually consolidate the foundation for the Board of Supervisors to perform their duties.

First, continuous optimization of the organizational system of the Board of Supervisors. In accordance with relevant regulations, the board of supervisors of subsidiaries will be equipped with sufficient members and the qualifications of supervisors will be standardized. The mechanism for nomination and selection of supervisors will be further improved, to select high-quality and high-level personnel to engage in supervision. The re-election for the board of supervisors of subsidiaries will be conducted in a timely manner, and the proportion of full-time supervisors will be gradually increased, to enhance the independence and authority of the board of supervisors. At the same time, the staff suitable for the work of the Board of Supervisors will be arranged to meet the needs of normal work.

Second, continuous optimization of the institutional system of the Board of Supervisors. In accordance with laws and regulations and corporate governance requirements, the Board of Supervisors will study and learn from the advanced practices of the industry, explore the establishment of a supervision system of the Board of Supervisors that adapts to the characteristics of the Company, and continue to improve the system based on the actual situation of the Company to provide assistance for the Board of Supervisors to perform duties. Meanwhile, the specific system for the work of the Board of Supervisors will be prepared and released based on the actual situation of the Company, and further improvement will be made to the implementation rules and working process of supervision, consultation, research, reporting, evaluation, etc. to form a scientific and rigorous working system of the Board of Supervisors to improve the quality and efficiency of supervision.

Third, continuous optimization of the information system of the Board of Supervisors. The Board of Supervisors will use scientific and technological means to expand information collection channels and use fin-tech means to empower supervision, to convey corporate business information to supervisors in a timely manner and effectively guarantee supervisors' right to know. The multi-dimensional information communication mechanism will be improved to strengthen communication with regulatory authorities and industry associations, and report the work information of the Board of Supervisors to higher-level units in a timely manner. It will proactively accept guidance, and refine the institutional arrangements and working procedures for the work connection and information communication between the Board of Supervisors and the Board of Directors, management and relevant departments.

Fourth, continuous optimization of the operation system of the Board of Supervisors. Various forms including working meetings, regular meetings, periodic reports, special reports, special research, on-site surveys, etc. will be comprehensively utilized to ensure the effective operation of the Board of Supervisors and give play to the role of the Board of Supervisors to the greatest extent. Innovation will be conducted on the working methods of the Board of Supervisors, and greater efforts will be exerted to enhance the scientificity and effectiveness of supervision, to create a closed loop of supervision and management of the Board of Supervisors and effectively play the role of supervision.

V. Building a supervision team to continuously improve the work quality of the Board of Supervisors

First, the Board of Supervisors will give full play to the advantages of supervisors in finance, law and other fields, improve the quality and depth of supervision by the Board of Supervisors through role complementarity, and enhance the rational understanding of supervision laws by organizing supervisors to conscientiously summarize practical experience in supervision.

Second, the training for supervisors will be intensified to improve supervisors' ability to grasp macro policies and effectively improve supervisors' professional level and ability to perform their duties. The Board of Supervisors will actively communicate with and learn from the board of supervisors of other enterprises, strengthen work exchanges with the board of supervisors of outstanding enterprises, and continuously improve the work quality and level of the Board of Supervisors.

VI. Construction of a large supervision pattern, striving to create a new situation for the work of the Board of Supervisors

It will proactively integrate into the large supervision pattern and adhere to the Party's leadership, to ensure full reflection of the Party's leadership in the work of the Board of Supervisors. With the focus placed on strengthening communication and cooperation with other supervisory departments, it will proactively explore the work coordination and information sharing mechanism with independent directors, and identify focuses and discuss major issues from the Company's overall perspective, to give full play to the authoritative, independent, objective, fair and effective institutional advantages of the Board of Supervisors and conduct long-term practices of supervision and inspection. Meanwhile, the focus of supervision of the Board of Supervisors shall be identified to avoid duplicate supervision.

SHENWAN HONGYUAN GROUP CO., LTD.
2021 ANNUAL FINANCIAL REPORT

In 2021, Shenwan Hongyuan Group Co., Ltd. (the “**Company**”) conscientiously implemented the spirit of the Central Economic Work Conference. Adhering to the general principle of “seeking progress while maintaining stability”, it went all out to perform its duties and assume responsibilities, and implemented new development concepts in the new development stage to build a new development pattern. In 2021, the Company made new progress and new steps in operation and management, and achieved good operating results.

I. Overall Financial Position

As at the end of 2021, the Company’s consolidated total assets amounted to RMB601.011 billion, representing an increase of 22.37% from the beginning of the year; the consolidated total liabilities amounted to RMB493.957 billion, representing an increase of 23.17% from the beginning of the year; the equity interests amounted to RMB107.054 billion, representing an increase of 18.83% from the beginning of the year; the equity interests attributable to shareholders of the parent company amounted to RMB95.222 billion, representing an increase of 7.64% from the beginning of the year.

In 2021, the Company recorded consolidated operating income of RMB34.307 billion, representing a year-on-year increase of 16.66%; total profit of RMB11.079 billion, representing a year-on-year increase of 18.51%; net profit of RMB9.535 billion, representing a year-on-year increase of 21.05%; net profit attributable to shareholders of the parent company of RMB9.398 billion, representing a year-on-year increase of 21.02%; total comprehensive income of RMB9.365 billion, representing a year-on-year increase of 28.42%; basic earnings of RMB0.38 per share, representing a year-on-year increase of 22.58%; and the weighted average return on equity of 10.26%, representing a year-on-year increase of 1.21 percentage points.

Unit: RMB100 million

Item	December 31, 2021	December 31, 2020	Increase or decrease (%)
Total assets	6,010.11	4,911.24	22.37
Total liabilities	4,939.57	4,010.34	23.17
Equity interests	1,070.54	900.90	18.83
Equity interests attributable to shareholders of the parent company	952.22	884.65	7.64

Item	2021	2020	Increase or decrease (%)
Operating income	343.07	294.09	16.66
Operating expenses	231.77	200.22	15.76
Total profit	110.79	93.48	18.51
Net profit	95.35	78.76	21.05
Net profit attributable to shareholders of the parent company	93.98	77.66	21.02
Total comprehensive income	93.65	72.93	28.42
Basic earnings per share (RMB per share)	0.38	0.31	22.58
Weighted average return on equity (%)	10.26	9.05	Increased by 1.21 percentage points

II. Assets and Liabilities

(I) Assets

As at the end of 2021, the Company's consolidated total assets amounted to RMB601.011 billion, representing an increase of RMB109.887 billion or 22.37% as compared with the beginning of the year. The items that account for a large proportion or have great changes in amount are as follows:

1. Financial assets

The total amount of trading financial assets, debt investment, other debt investment, and other investments in equity instruments held by the Company at the end of the year was RMB317.347 billion, representing an increase of RMB79.972 billion or 33.69% as compared with the beginning of the year, mainly due to the increase in the size of investment in financial instruments held by the Company including bonds, assets management schemes, shares, funds, etc.

2. Margin accounts receivable

The balance of margin accounts receivable of the Company at the end of the year amounted to RMB76.297 billion, representing an increase of 2.81% as compared with the beginning of the year.

3. Monetary capital and clearing settlement funds

The balance of monetary capital and clearing settlement funds held by the Company at the end of the year was RMB132.924 billion, representing an increase of RMB15.890 billion or 60.23% as compared with the beginning of the year, mainly due to the increase in bank deposits and clearing settlement funds of futures business.

4. *Financial assets held under resale agreements*

The balance of the financial assets held under resale agreements of the Company at the end of the year amounted to RMB25.398 billion, representing a decrease of RMB1.262 billion or 4.73% as compared with the beginning of the year, mainly due to a decrease in the size of stock pledged repurchase business.

5. *Derivative financial assets*

The balance of derivative financial assets of the Company at the end of the year amounted to RMB2.8 billion, representing an increase of RMB1.149 billion or 69.66% as compared with the beginning of the year, mainly due to an increase in the size of investment in derivatives and changes in fair value.

(II) Liabilities

As at the end of 2021, the Company's consolidated total liabilities amounted to RMB493.957 billion, representing an increase of RMB92.923 billion or 23.17% as compared with the beginning of the year. The items that account for a large proportion or have great changes in amount are as follows:

1. *Borrowings and debt financing instruments*

The Company's main borrowing and debt financing methods include short-term borrowings, issuance of corporate bonds, subordinated bonds and structured notes, borrowings from banks and margin refinancing funds, etc. The balance of the borrowings and debt financing instruments of the Company at the end of the year amounted to RMB197.670 billion, representing an increase of RMB30.220 billion or 18.05% as compared with the beginning of the year. In particular, RMB117.540 billion had a financing period of more than one year while RMB80.130 billion less than one year, accounting for 59.46% and 40.54% of the borrowings and debt financing instruments, respectively.

2. *Financial assets sold under repurchase agreements*

In addition to borrowings and debt financing instruments, the Company also raises repurchase funds through the interbank market and the exchange market. The balance of the financial assets sold under repurchase agreements of the Company at the end of the year amounted to RMB137.978 billion, representing an increase of RMB34.663 billion or 33.55% as compared with the beginning of the year, mainly due to the increase in the size of bond-pledged repurchase business and pledged quotation repurchase.

3. *Payables*

The balance of payables of the Company at the end of the year amounted to RMB16.951 billion, representing an increase of RMB10.679 billion or 170.28% as compared with the beginning of the year, mainly due to the increase in payable performance deposits.

4. *Derivative financial liabilities*

The balance of derivative financial liabilities of the Company at the end of the year amounted to RMB7.310 billion, representing an increase of RMB5.089 billion or 229.08% as compared with the beginning of the year, mainly due to an increase in the size of investment in derivatives and changes in fair value.

5. *Trading financial liabilities*

The trading financial liabilities of the Company at the end of the year amounted to RMB6.167 billion, representing an increase of RMB2.715 billion or 78.65% as compared with the beginning of the year, mainly due to an increase in the size of structured notes business.

III. Financial Income and Expenses

(I) Operating Income

In 2021, the Company realized consolidated operating income of RMB34.307 billion, representing a year-on-year increase of RMB4.898 billion or 16.66%. The main income items are as follows:

1. *Net fee and commission income*

The Company realized net fee and commission income for the year of RMB9.922 billion, representing a year-on-year increase of RMB1.5 billion or 17.81%. In particular:

(1) *Net fee income of brokerage business*

The brokerage business of the Company realized net fee income for the year of RMB6.539 billion, representing a year-on-year increase of RMB869 million or 15.32%, mainly due to that during the reporting period, as the trading in the domestic securities market was active and the domestic futures industry maintained a good development trend, the Company seized market opportunities and achieved an increase in net income from agency sales of financial products, trading units leasing, futures brokerage, and agency trading.

(2) *Net fee income of investment banking business*

The investment banking business of the Company realized net fee income for the year of RMB1.792 billion, representing a year-on-year increase of RMB368 million or 25.83%, mainly due to the remarkable results of the shares and debt underwriting business and a year-on-year increase in the number of issuance projects completed.

2. *Investment income and gains or losses on changes in fair value*

The Company realized total investment income and gains or losses on changes in fair value for the year of RMB11.136 billion, representing a year-on-year increase of RMB4.278 billion or 62.37%, mainly due to an increase in the income during the holding period of financial assets and the income from the bid-ask spread.

3. *Net interest income*

The Company realized net interest income for the year of RMB1.005 billion, representing a year-on-year decrease of RMB2.601 billion or 72.14%. In particular, the interest income was RMB11.141 billion, representing a year-on-year decrease of RMB765 million or 6.42%, mainly due to a decrease in the scale of other debt investments held by the Company and a decrease in the scale of stock pledge business; interest expenses amounted to RMB10.136 billion, representing a year-on-year increase of RMB1.836 billion or 22.13%, mainly due to an increase in the scale of external financing and repurchase agreement business.

(II) Operating Expenses

In 2021, the Company's consolidated operating expenses amounted to RMB23.177 billion, representing a year-on-year increase of RMB3.155 billion or 15.76%. The main expense items are business and management fees of RMB10.729 billion, representing a year-on-year increase of RMB1.770 billion or 19.75%, mainly due to the increase in results of the Company and provision for labour costs.

IV. Cash Flows

In 2021, the net cash inflow of cash and cash equivalents of the Company amounted to RMB22.862 billion. The main items are as follows:

(I) Cash flows from operating activities

In 2021, the net cash outflow used for operating activities amounted to RMB40.818 billion, mainly representing net cash outflow used for purchase of financial instruments held for trading purposes of RMB92.839 billion; and repurchasing business recorded net cash inflow of RMB45.163 billion.

(II) Cash flows from investing activities

In 2021, the net cash inflow from investing activities of the Company amounted to RMB32.041 billion, mainly due to the cash received from investment in financial assets of RMB27.886 billion and the cash received from investment income of RMB4.585 billion.

(III) Cash flows from financing activities

In 2021, the net cash inflow from financing activities of the Company amounted to RMB31.663 billion, mainly due to the cash received from the issuance of bonds and subordinated bonds by the Company and borrowings of RMB187.985 billion, cash paid for repayment of debts of RMB147.610 billion, and cash paid for distribution of profits and payment of interests of RMB8.351 billion.

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2022**

In order to further strengthen the management of the Company's ordinary related party transactions and continuously improve the Company's standard operation level, according to the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other regulatory provisions, for the numerous daily related party transactions each year, the Company can reasonably estimate the total amount of ordinary related-party transactions that will occur in the current year before the disclosure of the annual report for the previous year, and submit the estimated amount to the Board of Directors or general meeting for consideration and disclosure, in order to improve the efficiency of business development and promote profit growth and long-term development.

According to the characteristics of Securities and financial products and transactions, etc. including large trading amount, strong trading timeliness, and great possibilities to trigger consideration and disclosure procedures, the Company has estimated the ordinary related-party transactions for 2021, and the estimated and actual ordinary related-party transactions in 2021 are as follows:

Unit: RMB'0,000

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
Securities and financial services	China Jiayin Investment Ltd. and its subsidiaries	Income from provision of securities and financial services to the related party including securities brokerage, investment banking, asset management, agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,730.71	0.2734
		Expenses incurred by acceptance of securities and financial services provided by the related party including fund management			380.86	27.4332
	Shanghai International Trust Co., Ltd.	Income from provision of securities and financial services to the related party including consulting services and investment banking services			205.12	0.4537

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	SAIC Finance Corporation Limited	Income from provision of securities and financial services to the related party including asset management and brokerage services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	50.94	0.0087
	SAICGMAC Automotive Finance Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	1,140.38	0.7335
	SAIC Motor Corporation Limited	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	6.01	0.0010
	SAIC Motor Financial Holding Management Co., Ltd. ^{Note 1}	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.01	0.0000
	Sichuan Development Holding Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services, brokerage services, consulting and training	Determined after arm's length negotiations with reference to market prices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.61	2.7453
	Sichuan Financial Holding Group Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services	Determined after arm's length negotiations with reference to market prices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	—	—

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	DBS Bank (China) Limited	Income from securities and financial services including deposit interest, provision of asset Management to the related party, and agency sale	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	224.40	0.0857
	Bank of Shanghai Co., Ltd.	Income from securities and financial services including deposit interest, provision of asset Management to the related party, and agency sale	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	5,461.07	1.5601
		Expenses incurred by securities and financial services provided by the related party including asset trusteeship, financial advisory and funds trusteeship			149.63	0.0882
	Shanghai Jiushi (Group) Co., Ltd. ^{Note 1}	Income from provision of securities and financial services to the related party including securities brokerage	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	17.51	0.0030
	Xinjiang Kaidi Investment Co., Ltd. ^{Note 1}	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	75.00	0.4536
	Fullgoal Fund Management Co., Ltd. ^{Note 1}	Income from provision of securities and financial services to the related party including agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,981.33	2.0431
	Other related parties of the Company except those listed above	Income or expenses in relation to mutual provision of securities and financial services with the related party	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	—	—

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
Securities and financial products and transactions	China Jiayin Investment Ltd. and its subsidiaries	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and Financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	162,618.99	0.0103
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			9,466.13	0.0075

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	Shanghai International Trust Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	20,217,199.47	1.3217
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			263,060.12	0.2098

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	DBS Bank (China) Limited	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	157,306.28	0.0812
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			178,914.38	0.1428

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	Bank of Shanghai Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	1,162,946.14	0.0727
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			1,950,182.25	1.3005

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	SAIC Finance Corporation Limited	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	94,520.00	0.0070
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			19,479.43	0.0155

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	Xiamen International Bank Co., Ltd. ^{Note 1}	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	95,164.91	0.0559
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			23,290.24	0.0186
	Fullgoal Fund Management Co., Ltd. ^{Note 1}	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	16,414.37	0.0096

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount	Proportion of actual amount in similar businesses (%)
	Other related parties of the Company except those listed above	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or Management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	—	—
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			—	—
Lease	China Jiayin Investment Ltd.	Expenses incurred by the lease of house from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	1,462.17	911.76 ^{Note 2}	1.7217
Comprehensive services	China Jiayin Investment Ltd.	Expenses incurred by acceptance of the services provided by the related party including maintenance of computer room	Determined after arm's length negotiations by both parties with reference to market prices	874.40	1,748.80 ^{Note 3}	8.3030

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2022**

Notes:

1. SAIC Motor Financial Holding Management Co., Ltd., Shanghai Jiushi (Group) Co., Ltd., Xinjiang Kaidi Investment Co., Ltd., Xiamen International Bank Co., Ltd. and Fullgoal Fund Management Co., Ltd. are new related parties in 2021. The “Other related parties of the Company except those listed above” in the estimated ordinary related party transactions for 2021 include the related party transactions with new related parties.
2. The Company has signed house lease contracts with a subsidiary of China Jianyin Investment Ltd. with lease terms ranging from 4 years and 7 months to 5 years, and the total lease amount was RMB14.6217 million. Relevant information has been disclosed in the Announcement on Estimated Ordinary Related Party Transactions for 2020 (for details, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on March 28, 2020). In December 2021, due to the expansion of the leased area and regional adjustment, the Company and a subsidiary of China Jianyin Investment Ltd. re-signed a two-year lease contract with a lease term from December 24, 2021 to December 23, 2023. The total lease amount was RMB9.1176 million. In addition, due to the renovation of the new office area, some of the office areas under the original lease agreement will continue to be used. The lease fee will be calculated according to the number of days actually leased after December 24, 2021 after vacation at the unit price agreed in the original agreement, and will be paid by the lessee in a lump sum. The rental is estimated to be no more than RMB700,000. From December 24, 2021, the date when the new rental agreement came into effect, of the three previously signed lease contracts with lease terms ranging from 4 years and 7 months to 5 years, two were terminated and one continued to be in force for a lease term of five years from May 8, 2019 to May 7, 2024, and the total rental was RMB1.5261 million. In 2021, the total rental actually paid to related parties was RMB3.7842 million.
3. In 2021, the Company signed two technical service contracts with a subsidiary of China Jianyin Investment Ltd. with a term from September 1, 2020 to August 31, 2021 and from September 1, 2021 to August 31, 2022, respectively. The annual service fee was RMB8.744 million and the total service fee for two years was RMB17.488 million.

APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2022

In 2022, based on the actual business development of the Company, the Company will continue to estimate the ordinary related party transactions in 2022 in accordance with relevant provisions of the Shenzhen Stock Exchange. In 2022, the ordinary related party transactions mainly involve businesses including securities and financial services, securities and financial products and transactions, and comprehensive service businesses. Details are as follows:

I. Basic Information on the Estimated Ordinary Related Party Transactions in 2022

(I) Overview of Ordinary Related Party Transactions

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

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

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

Unit: RMB'0,000

Category of related party transaction	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount incurred in 2021
Securities and financial services	Income from provision of securities and financial services to the related party including securities brokerage, investment banking, asset management, agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,730.71
	Expenses incurred by acceptance of securities and financial services provided by the related party including fund management			380.86
Securities and financial products and transactions	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	162,618.99
	Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			9,466.13

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2022**

Category of related party transaction	Subject matter of related party transaction	Pricing principles of related party transaction	Estimated transaction cap and explanations	Actual amount incurred in 2021
Lease	Expenses incurred by the lease of house from the related party	Determined after arm's length negotiations by both parties with reference to market rentals	70.00	911.76 ^{Note 1}
Comprehensive services	Expenses incurred by acceptance of the services provided by the related party including maintenance of computer room	Determined after arm's length negotiations by both parties with reference to market prices	960.00	1,748.80 ^{Note 2}

Notes:

1. The Company has signed house lease contracts with a subsidiary of China Jianyin Investment Ltd. with lease terms ranging from 4 years and 7 months to 5 years, and the total lease amount was RMB14.6217 million. Relevant information has been disclosed in the Announcement on Estimated Ordinary Related Party Transactions for 2020 (for details, please refer to the relevant announcements disclosed by the Company in China Securities Journal, Securities Times and Shanghai Securities News, as well as the website of Cninfo at www.cninfo.com.cn on March 28, 2020). In December 2021, due to the expansion of the leased area and regional adjustment, the Company and a subsidiary of China Jianyin Investment Ltd. re-signed a two-year lease contract with a lease term from December 24, 2021 to December 23, 2023. The total lease amount was RMB9.1176 million. Of the previously signed house lease contracts with lease terms ranging from 4 years and 7 months to 5 years, two were terminated and one continued to be in force for a lease term of five years from May 8, 2019 to May 7, 2024, and the total rental was RMB1.5261 million. In 2021, the total rental actually paid to related parties was RMB3.7842 million. The estimated amount of the lease with a subsidiary of China Jianyin Investment Ltd. was incurred by continued use of some of the office areas under the original lease agreement during the renovation of the office area. The lease fee will be calculated according to the number of days actually leased after December 24, 2021 after vacation at the unit price agreed in the original agreement, and will be paid by the lessee in a lump sum. The rental is estimated to be no more than RMB700,000.
2. In 2021, the Company signed two technical service contracts with a subsidiary of China Jianyin Investment Ltd. with a term from September 1, 2020 to August 31, 2021 and from September 1, 2021 to August 31, 2022, respectively. The annual service fee was RMB8.744 million and the total service fee for two years was RMB17.488 million.

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2022**

2. Ordinary related party transactions with other related parties

Unit: RMB'0,000

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contract amount or estimated amount	Actual amount incurred in 2021
Securities and financial services	SAIC Finance Corporation Limited	Income from provision of securities and financial services to the related party including asset management and brokerage services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	50.94
	SAIC-GMAC Automotive Finance Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	1,140.38
	SAIC Motor Corporation Limited	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	6.01
	SAIC Motor Financial Holding Management Co., Ltd.	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.01
	Sichuan Development Holding Co., Ltd.	Income from provision of securities and financial services to the related party including investment banking services, brokerage services, consulting and training	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	0.61
	Bank of Shanghai Co., Ltd.	Income from securities and financial services including deposit interest, provision of asset management to the related party, and agency sale	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	5,461.07
		Expenses incurred by acceptance of securities and financial services provided by the related party including asset trusteeship, financial advisory and funds depository			149.63
	Shanghai Jiushi (Group) Co., Ltd.	Income from provision of securities and financial services to the related party including securities brokerage	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	17.51

**APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY
RELATED PARTY TRANSACTIONS FOR 2022**

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contract amount or estimated amount	Actual amount incurred in 2021
	Xinjiang Kaidi Investment Co., Ltd.	Income from provision of securities and financial services to the related party including asset management, brokerage services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	75.00
	Fullgoal Fund Management Co., Ltd.	Income from provision of securities and financial services to the related party including agency sale and leasing marketing unit	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	2,981.33
	Shanghai International Trust Co., Ltd.	Income from provision of securities and financial services to the related party including consulting services and investment banking services	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	205.12
	Other related parties of the Company except those listed above	Income or expenses in relation to mutual provision of securities and financial services with the related party	Determined after arm's length negotiations with reference to market rates and industry practices	Due to the uncertainty of business occurrence and scale, it is calculated based on the actual amount	—
Securities and financial products and transactions	Bank of Shanghai Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	1,162,946.14
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			1,950,182.25

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contract amount or estimated amount	Actual amount incurred in 2021
	SAIC Finance Corporation Limited	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	94,520.00
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			19,479.43
	Fullgoal Fund Management Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under nonpublic issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	16,414.37
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			—

Category of related party transaction	Related party	Subject matter of related party transaction	Pricing principles of related party transaction	Contract amount or estimated amount	Actual amount incurred in 2021
	Shanghai International Trust Co., Ltd.	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	20,217,199.47
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			263,060.12
	Other related parties of the Company except those listed above	Total cash inflow from receipt of interests on repurchase transaction and interbank lending, and from securities and financial products and transactions including repurchase transaction with the related party, bonds trading, interbank lending, derivatives trading and subscription of financial products under non-public issuance or management of the Company by the related party	Determined after arm's length negotiations by both parties with reference to market prices or market rates	Due to the unpredictability of the securities market and the unpredictable trading volume, it is calculated based on the actual amount	—
		Total cash outflow for payment of interests on repurchase transaction and interbank lending, and for securities and financial products and transactions including repurchase transaction with the related party, interbank lending, bonds trading, derivatives trading and subscription of financial products under non-public issuance or management of the related party			—

APPENDIX IV RESOLUTION REGARDING THE ESTIMATED ORDINARY RELATED PARTY TRANSACTIONS FOR 2022

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

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

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

II. Main Contents of the Related Party Transactions

(I) Pricing Policy of the Related Party Transactions

1. *Securities and financial services*

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

2. *Securities and financial products and transactions*

Securities and financial products and transactions, include various securities and financial products and transactions permitted by the regulatory authorities, including but not limited to: repurchase transaction; bonds trading; subscription of financial products issued or managed by related parties; subscription of financial products issued or managed by the Company and its subsidiaries by related parties; interbank lending; derivatives trading, etc. The prices or rates of the above securities and financial products and transactions are generally transparent and standardized in the market. The prices or rates of such transactions shall be determined after arm's length negotiations between the parties with reference to the then applicable market prices or market rates.

3. *Lease*

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

4. *Comprehensive services*

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

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

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

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

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

According to relevant provisions, in consideration of the abovementioned related party transactions, the shareholders who are interested in these related party transactions shall abstain from voting on the related matters in the resolution. Central Huijin Investment Ltd. and China Jianyin Investment Ltd. abstained from voting on the ordinary related party transaction with China Jianyin Investment Ltd. and its subsidiaries (resolution 6.1), Shanghai Jiushi (Group) Co., Ltd., Sichuan Development Holding Co., Ltd., Shanghai Automotive Asset Management Co., Ltd. and Xinjiang Financial Investment Co., Ltd. abstained from voting on the ordinary related party transaction with other related parties (resolution 6.2).