

Hundsun Technologies Inc.

2021 Annual Report



Important Notice

- I. The Board and the Supervisory Board of the Company and the Directors, Supervisors and members of the Senior Management warrant the truthfulness, accuracy and completeness of the contents in this Annual Report and confirm that there are no misrepresentations or misleading statements contained in or material omissions from this Annual Report, and accept several and joint legal responsibilities.**
- II. All Directors attended the board meeting of the Company to consider and approve the annual results.**
- III. Pan-China Certified Public Accountants LLP has issued a standard unqualified auditor's report for the Company.**
- IV. Peng Zhenggang, chairman of the Company, and Yao Manying, Financial Controller and Head of the Finance Department (person in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial statements contained herein.**
- V. Profit distribution plan or capital reserves share capitalization plan during the Reporting Period upon deliberation at the board meeting**

Hundsun Technologies Inc. (hereinafter referred to as "the Company", for the parent company, the same as below) realized a total net profit of RMB1,379,884,502.16 (in RMB, the same as below) in 2021. According to the Company Law, the Articles of Association of the Company and the relevant guidelines of the China Securities Regulatory Commission and the Shanghai Stock Exchange, 10% of the statutory reserve fund shall be withdrawn first, plus the profit carry-over from the previous year. According to the actual situation, the Company plans to implement the profit distribution plan in the following order:

1. The Company will withdraw 10% of the statutory reserve fund of RMB137,988,450.2 first.
2. Based on 1,461,144,040 shares, being the Company's total share capital of 1,461,560,480 shares (as of March 29, 2022, the same below) less 416,440 shares in the Company's special repurchase account, a cash dividend of RMB1.00 (tax inclusive) per 10 shares will be paid to all shareholders, totaling RMB146,114,404.
3. Based on 1,461,144,040 shares, being the Company's total share capital of 1,461,560,480 shares less 416,440 shares in the Company's special repurchase account, 3 bonus shares will be distributed to all shareholders for every 10 shares, totaling 438,343,212 bonus shares.
4. The remaining distributable profits will be carried forward to the next year.

The above profit distribution plan shall be submitted for deliberation and approval at the general meeting of the Company before implementation. After implementation, the Company's total share capital will be 1,899,903,692 shares.

If, during the period between the disclosure of this profit distribution plan and the record date for dividend distribution, the Company's share capital involved in the profit distribution changes due to relevant matters, the Company plans to maintain the same proportion of profit distribution per share, adjust the total amount of distribution accordingly, and announce the details about adjustment separately.

VI. Disclaimer of forward-looking statements

Applicable Not Applicable

The Company's future strategies and plans contained herein do not constitute substantive commitments to investors by the Company. Investors and stakeholders should be adequately aware of risks herein and understand the differences among plans, forecasts and commitments.

VII. Whether the Controlling Shareholder of the Company or its associates has misappropriated the Company's funds for purposes other than for business?

N

VIII. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures?

N

IX. Whether more than half of the Directors fail to warrant the truthfulness, accuracy and completeness of the contents contained in the annual report disclosed by the Company?

N

X. Reminder of important risks

None. The Company has described the potential risks in detail herein. Please refer to "(IV) Potential risks" of "VI. Discussion and analysis of the future development of the Company" in "Section III Management Discussion and Analysis" for details.

XI. Others

Applicable Not applicable

Note:

This document is a translated version of the Chinese version 2021 Annual Report (“2021 年年度报告”), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2021 Annual Report may be obtained at www.sse.com.cn/

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Documents for Inspection	I. Accounting statements signed and sealed by the Chairman, Financial Controller, and Head of the Finance Department (person in charge of accounting) of the Company
	II. The original Auditor's Report sealed by Pan-China Certified Public Accountants LLP and sealed and signed by Pan-China's CPAs
	III. Originals of all documents and announcements of the Company publicly disclosed in the newspaper designated by CSRC during the Reporting Period

Section I Definitions

I. Definitions

Unless the context otherwise requires, the following terms shall have the following meanings in this report:

Definitions of frequently-used terms	
Hundsun, Hundsun Technologies or the Company	Hundsun Technologies Inc.
Handsome Group	Hangzhou Handsome Electronics Group Co., Ltd.
REITs	Real Estate Investment Trusts
Wealth Management Connect	an arrangement under which individual residents in the Guangdong-Hong Kong-Macao Greater Bay Area carry out cross-boundary investment in wealth management products distributed by banks in the Greater Bay Area
POSIF investment adviser	Investment Adviser of Publicly Offered Securities Investment Funds
FICC services	Fixed Income, Currencies and Commodities services, including underlying assets such as fixed income securities, currencies and commodities, as well as derivatives underlying those assets.
TA system	Transfer Agent, Hundsun's fund registration and transfer system software, used for investor account management and asset management in the asset management industry, including funds, securities, insurance, futures, and private equity
FinTech	FinTech mainly refers to the low-threshold financial services provided by Internet companies or high-tech companies through cloud computing, big data, mobile Internet, and other emerging technologies.
O45	the Company's investment trading system, of which O refers to Oracle version and 45 refers to version 4.5
UF3.0	Core Business Operation Platform System Version 3.0
Light technology platform	LIGHT, a financial digital infrastructure independently developed by Hundsun and a new generation of IT application innovation infrastructure, which is committed to helping customers win business success and build capabilities leading to the future through technical capabilities
CESI	China Electronics Standardization Institute
NLP	Natural Language Processing, a subject that studies the language in human-computer interaction
AI	Artificial Intelligence, abbreviated as AI
Finastra	a global company based in the UK with a broad range of financial software products and services, providing financial technology services to financial institutions of all sizes worldwide.
LTC	a management process that continuously optimizes customer-focused operations and management to improve overall operation targets
IPD	a set of product and R&D management system, which examines the idea and framework of product and R&D management from the perspective of product investment and development
"Three responsibilities" system	In order to provide customers with a better and more professional service experience, three types of responsible persons are assigned according to business processes and specialization of work for customer interfaces, namely Account responsible (AR), Solutions responsible (SR), and Fulfillment responsible (FR).
"Triumvirate" system	the three most important positions in product R&D management, i.e., product manager, system architect, and R&D project manager
DSTE strategic planning process	Develop Strategy To Execution
CRM	Customer Relationship Management
PB system	Prime Brokerage System
BPO	Business Process Outsourcing
SaaS	Software-as-a-Service, i.e., providing software services over the network
AMS	Asset Management System
RPA	Robotic Process Automation
AIOps	Artificial Intelligence for IT Operations
EAAS	Everything As A Service, a service strategy of the Company

Section II Company Profile and Key Financial Indicators

I. COMPANY INFORMATION

Chinese name of the Company	恒生电子股份有限公司
Chinese abbreviation	恒生电子
English name of the Company	Hundsun Technologies Inc.
English abbreviation	Hundsun
Legal representative of the Company	Peng Zhenggang

II. CONTACT INFORMATION

	Secretary of the Board	Representative of Securities Affairs
Name	Tu Haiyan	Gu Ning
Correspondence address	Hundsun Tower, No. 3588 Jiangnan Avenue, Binjiang District, Hangzhou	Hundsun Tower, No. 3588 Jiangnan Avenue, Binjiang District, Hangzhou
Tel.	0571-28829702	0571-28829702
Fax	0571-28829703	0571-28829703
E-mail	investor@hundsun.com	investor@hundsun.com

III. BASIC INFORMATION

Registered address	Hundsun Tower, No. 3588 Jiangnan Avenue, Binjiang District, Hangzhou
Historical changes to the registered address	None
Principal place of business	Hundsun Tower, No. 3588 Jiangnan Avenue, Binjiang District, Hangzhou
Postal code of principal place of business	310053
Website of the Company	www.hundsun.com
E-mail	investor@hundsun.com

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, and Securities Daily
Website designated by the Shanghai Stock Exchange for publishing the annual report	www.sse.com.cn
Place for inspection of annual reports of the Company	Hundsun Tower, No. 3588 Jiangnan Avenue, Binjiang District, Hangzhou

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares				
Class of shares	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Shanghai Stock Exchange	Hundsun Technologies	600570	None

VI. OTHER RELEVANT INFORMATION

Accounting firm (domestic) engaged by the Company	Name	Pan-China Certified Public Accountants LLP
	Office address	Hangzhou, the PRC
	Names of signing accountants	Chen Caiqin and Fei Jun

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE

YEARS**(I) Key accounting data**

Unit: Yuan Currency: RMB

Key accounting data	2021	2020	Increase or decrease for the period over the same period of the previous year (%)	2019
Revenue	5,496,578,624.88	4,172,645,156.56	31.73	3,871,840,010.31
Net profit attributable to shareholders of the Company	1,463,538,930.14	1,321,735,522.48	10.73	1,415,848,641.24
Net profit attributable to shareholders of the Company net of non-recurring profit or loss	946,569,672.55	733,590,924.61	29.03	889,871,300.91
Net cash flows from operating activities	956,789,306.14	1,397,902,270.41	-31.56	1,070,787,954.28
	At the end of 2021	At the end of 2020	Increase or decrease at the end of the period as compared to that of the same period of the previous year (%)	At the end of 2019
Net assets attributable to shareholders of the Company	5,695,031,051.05	4,554,029,323.59	25.05	4,478,963,385.36
Total assets	12,079,908,312.76	9,971,144,688.34	21.15	8,359,497,109.35

(II) Key financial indicators

Key financial indicators	2021	2020	Increase or decrease for the period over the same period of the previous year (%)	2019
Basic earnings per share (RMB/share)	1.01	0.90	12.22	0.97
Diluted earnings per share (RMB/share)	1.01	0.90	12.22	0.97
Basic earnings per share net of non-recurring profit and loss (RMB/share)	0.65	0.50	30.00	0.61
Weighted average ROE (%)	30.11	31.57	-1.46	37.16
Weighted mean ROE net of non-recurring profit or loss (%)	19.47	17.52	1.95	23.35

Explanation on the key accounting data and financial indicators of the Company for the past three years before the end of the Reporting Period

Applicable Not Applicable

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN THE PRC GAAP STANDARDS AND FOREIGN ACCOUNTING STANDARDS

(I) Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the International Accounting Standards and the PRC GAAP Standards

Applicable Not Applicable

(II) Difference arising from the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed simultaneously pursuant to the foreign accounting standards and the PRC GAAP Standards

Applicable Not Applicable

(III) Explanation on the difference between domestic and foreign accounting standards

Applicable Not Applicable

IX. KEY FINANCIAL DATA OF 2021 BY QUARTER

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	751,184,334.01	1,300,966,351.64	1,068,727,516.27	2,375,700,422.96
Net profit attributable to shareholders of the Company	168,625,222.28	546,464,316.71	-31,254,513.82	779,703,904.97
Net profit attributable to shareholders of the Company net of non-recurring profit or loss	37,621,735.72	262,070,634.56	-25,520,447.04	672,397,749.31
Net cash flows from operating activities	-832,461,297.53	51,193,250.77	180,904,157.44	1,557,153,195.46

Explanation on the difference between quarterly results and information disclosed in periodic reports

Applicable Not Applicable

X. NON-RECURRING PROFITS OR LOSSES AND AMOUNTS

Applicable Not Applicable

Unit: Yuan Currency: RMB

Non-recurring profits or losses	Amount for 2021	Note (if applicable)	Amount for 2020	Amount for 2019
Profit or loss from disposal of non-current assets	38,436,050.92	Mainly represented the investment income from the transfer of shares of HundSun Chang Yun and the fair value recognition of the remaining shares of Dworld AI	344,555,568.21	62,739,044.33
Government grants recognized in profit or loss for the current period (excluding those closely related to the normal business of the Company and granted under the national policies and continuously enjoyed according to a certain quota of amount or volume)	57,355,855.21	Mainly represented the government grants for special projects	38,004,499.61	43,196,217.04
Profit or loss from changes in the fair value generated from the Company's held-for-trading and derivative financial assets, and held-for-trading and derivative financial liabilities, and investment income from the disposal of held-for-trading	489,548,525.78	Mainly represented the profit and loss from the changes in the fair value generated from the Company's held-for-trading financial assets, and the investment income from the disposal of the held-for-trading	244,076,200.23	489,108,448.60

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Non-recurring profits or losses	Amount for 2021	Note (if applicable)	Amount for 2020	Amount for 2019
and derivative financial assets, held-for-trading and derivative financial liabilities, and other debt investments, except for effective hedging business related to the Company's normal business		financial assets		
Other non-operating income and expenses other than the above	-770,038.19		-2,223,351.85	35,336.42
Other profits or losses that belong to non-recurring profits and losses			-10,389,612.76	
Less: Effect on income tax	56,393,147.86		8,719,973.75	57,565,685.81
Effect on minority interests (after-tax)	11,207,988.27		17,158,731.82	11,536,020.25
Total	516,969,257.59		588,144,597.87	525,977,340.33

Explanation on defining the non-recurring profits and losses set out in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public - Non-Recurring Profit or Loss* as recurring profits and losses

Applicable Not Applicable

XI. ITEMS MEASURED AT FAIR VALUES

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Change for the period	Effect on the profit for the period
Held-for-trading financial assets	2,723,350,172.04	1,991,523,094.74	-731,827,077.30	82,538,604.83
Other debt investments	83,845,382.74	65,681,018.23	-18,164,364.51	2,660,128.09
Other non-current financial assets	2,229,463,162.16	2,981,720,276.86	752,257,114.70	478,786,243.21
Total	5,036,658,716.94	5,038,924,389.83	2,265,672.89	563,984,976.13

XII. Others

Applicable Not Applicable

Section III Management Discussion and Analysis

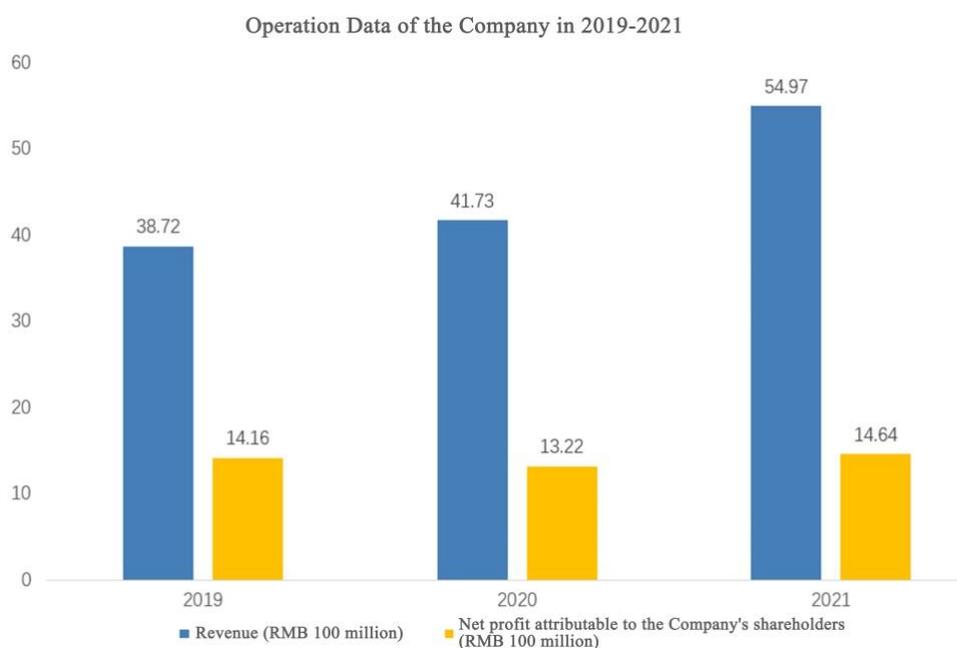
I. DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS

(I) Overall operations

In 2021, China remained a global leader in pandemic prevention and control and in economic and social development through scientifically integrating these goals. Digital technology has played an important role in terms of information services, pandemic detection and material security in the battle against COVID-19. At the same time, the pandemic has created huge public demand for online education, home office services, healthcare and entertainment, making digitalization a hot topic in various industries, the financial industry included. While keeping abreast of changes in regulatory policy and industry development trends, the Company keenly seized relevant market opportunities, changing or upgrading related business services on a timely basis. Through the efforts of all of its employees, the Company

achieved sustained business and organizational growth, making great progress in its products, technology, operations and management.

During the Reporting Period, the Company's revenue increased by 31.73% year on year, while net profit attributable to shareholders increased by 10.73% year on year. The main reason for this increase was the increased income from main business, under the influence of financial innovation policies, together with the lack of significant asset impairment losses relative to the previous year, during the Reporting Period.



During the Reporting Period, continuous growth was maintained in all of the Company's businesses. In terms of industries, good growth was seen in the insurance and private equity markets, while securities, funds, futures and trusts maintained steady growth. In terms of products, the Company smoothly promoted its new generation of core products, such as 045, Valuation 6.0 & TA, wealth management sales and investment advisory products, which were popular with customers. The Company put UF3.0 into full-service operation and continued to maintain its technological leadership via securing in-depth cooperation with a number of brokers using a distributed cloud-native architecture.

In terms of the Company's revenue sources, big retail and big asset management services remained dominant, with product lines such as wealth middle platforms, wealth management sales and investment advisory in big retail services, and product lines such as investment & transaction management, and valuation & asset management platforms in the big asset management services all achieving significant growth. In terms of innovative businesses, revenue from data services, data end-use applications, data middle office, and AI for research and investment recorded satisfactory growth.

In order to build a double first-class enterprise, the Company continued to improve customer satisfaction, increase the maturity of its duty mechanism for senior executives, and significantly improve efficiency of delivery, with a 9.6% year-on-year decrease in the contract delivery cycle period. It continued to improve product quality, comprehensively reorganized its technological products, optimized its product management principles and resource allocation for key positions, and successfully implemented an

employee share ownership plan. In terms of values, the Company has always adhered to a “customer first” core concept, pursuing the goal of exceeding customer expectations.

(II) R&D and technology

During the Reporting Period, Hundsun's core products, UF3, O45, Valuation 6 and the new generation of TA all completed cloud-native technological upgrades and were also officially launched to key customers. In terms of technological upgrading, the Company continued to improve the Light technology platform, making it more powerful via the introduction of new technologies and the release of a series of new technological products, such as LightDB, a relational database supporting innovative financial IT application business scenarios; LightCore, a cloud-native foundation supporting comprehensive cloud-based business systems; LightAtom, a low-code development platform supporting customer participation in customized development; and LightHSL, a cross-chain service management platform supporting a variety of heterogeneous underlying chains. It also launched the Light Cloud platform, which offers online API distribution, an online development platform and online community services providing comprehensive assistance customers in their digital transformation and upgrading.

The Company was also actively involved in the development of standards for emerging technologies. In the field of databases, the product team released a white paper on databases for the industry and won the tender to develop database testing standards for SSE's IT application innovation base. In the high performance computing field, the product team released an industry initiative on performance measurement standards for FPGA-based ticker products. In AI, the Company's financial knowledge graph platform was awarded application platform and construction platform product certificates by CESI. The NLP Team released intelligent Q&A evaluation criteria. The Intelligent Multimedia Team released evaluation criteria for intelligent dual-recording visual systems. The AI Business Team began formulation of business event standards, which currently remains in the project approval stage. In the blockchain field, the team participated in the development of five blockchain technical standards, and won three industry awards, with related products passing MIIT CAICT's evaluation based on five technical indicators.

(III) M&A and Investment

During the Reporting Period, the Company continued to make appropriate efforts concerning investment and mergers and acquisitions, acquiring Hengxin Lirong and thereby gaining business and intellectual property rights from Finastra related to the Summit and Opics fund management systems in Mainland China, Hong Kong and Macau, and carrying out business integration with the subsidiary Cloudwing Network, thereby improving its layout in the OPICS fund trading system field. The Company continued to pursue its internationalization strategy, acquiring a 23.66% stake in N2N Connect, a leading trading solutions provider in Malaysia, through the subsidiary Hundsun Holdings Limited, to expand its business in the Southeast Asian market. The Company further improved its AI investment research product line by increasing its shareholding in Dworld AI. The Company continued to invest in the FinTech ecosystem, including a number of leading tech-based startups in niche markets, such as XSKY and Horizon, through relevant mutual funds, and cooperated with these companies in related business areas to achieve win-win cooperation through business synergy.

(IV) Systems management

1. Customer satisfaction first/quality first

The Company continued its adherence to customer first values. In order to improve customer satisfaction and product quality, the Company actively implemented LTC, IPD and its "Three responsibilities" system, as well as its duty mechanism for senior executives, along with its "Triumvirate" system, and strives to achieve high performance, high reliability and technological leadership in product quality, thereby improving product quality and delivery efficiency.

2. Management upgrading

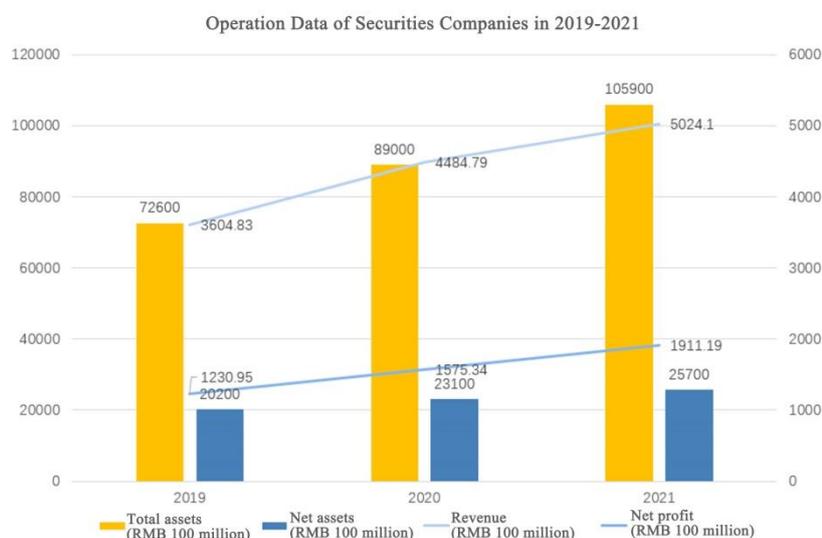
The Company consolidated the DSTE strategic planning process to enhance its strategic planning capability, and reformed its IPD, enabling the full functioning of process-oriented organization, releasing its organization manual and other related supporting mechanisms. The Company also reformed its LTC to establish an LTC process structure, redefined its business opportunity types, established and piloted its sales/delivery project operation mechanism, and defined and designed a sales performance review, decision-making and authorization mechanism for improved decision-making efficiency. It upgraded its HR system, reconstructed its job position system, established initial professional, expert and management position requirements, completed the first round of job qualification authentication, and implemented its long-term incentives policy.

3. Organizational growth

The Company increased its talent recruitment and financial budgetary control efforts, with an emphasis on information, gradually upgrading and putting its internal HR platform, operations and R&D platforms online. The Company continued to work on business risk management, establishing a sound COVID-19 prevention and response mechanism to prudently combat the pandemic.

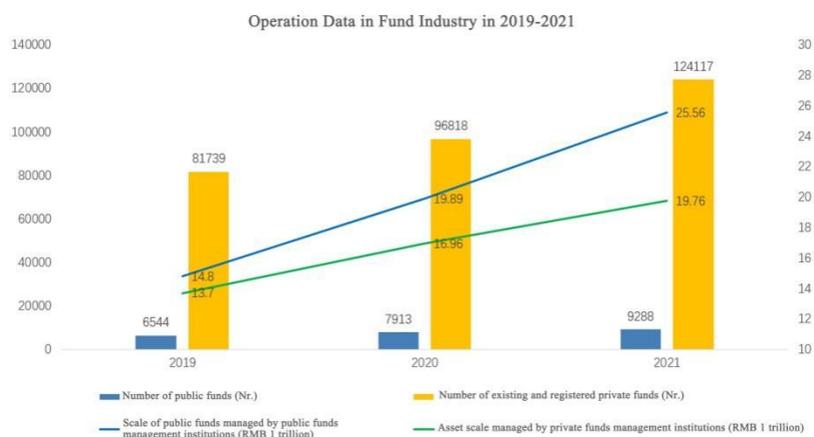
II. INDUSTRY DEVELOPMENTS DURING THE REPORTING PERIOD

1. Financial industry. The Company mainly serves various financial institutions; thus conditions in customers' industry indirectly affect its business activities. Taking brokerages and funds, the Company's main customer groups, as examples, industry association data indicates that securities companies' total revenue in 2021 was RMB502.41 billion, representing a year-on-year increase of approximately 12.03%, and that their net profit was RMB191.119 billion, representing a year-on-year increase of approximately 21.32%:



(Source: Securities Association of China)

As of the end of 2021, publicly offered funds managed by fund management companies totaled approximately RMB25.56 trillion, representing a year-on-year increase of approximately 28.51%; private equity funds under management totaled approximately RMB19.76 trillion, representing a year-on-year increase of approximately 16.51%:



(Source: Asset Management Association of China)

Based on the performance of the securities and fund industries described above, the overall development of the financial industry in 2021 was solid, with financial institutions' overall revenue and profits continuing to grow steadily, creating some positive impact on the Company's normal operations.

2. Financial market reform and regulation. In 2021, capital market reforms continued to expand and further improve. In terms of institutional reform, the Central Economic Work Conference stressed the need to implement pilot comprehensive reform of market-based allocation of factors of production and full implementation of a registration system for stock issuance. The further advancement of the multi-level market will provide more impetus to innovation-driven transformation for economic development.

In terms of financial infrastructure, the merger of the Shenzhen Stock Exchange's main-board and second-board market has solved problems relating to homogeneous markets. The start of trading at the Beijing Stock Exchange was a success, and it now offers an ideal platform for serving innovative small and medium-sized enterprises, resolving the financing difficulties of these specialized, excellent, unique and innovative enterprises in a targeted manner.

In terms of innovative financial products, the first batch of nine infrastructure public REITs was officially listed and traded on the Shanghai and Shenzhen exchanges, marking an important milestone in the piloting process of public Chinese infrastructure REITs. Since then, the piloting of public REITs has continued to accelerate, and on July 2, the National Development and Reform Commission issued the Notice on Further Improving the Pilot of Real Estate Investment Trusts (REITs) in the Infrastructure Sector, which extended the pilot to nationwide scope. The official implementation of "Wealth Management Connect" in the Guangdong-Hong Kong-Macao Greater Bay Area also represented innovation in personal investment business and further expanded overseas use of the RMB, promoting the in-depth development of RMB internationalization. With the continued innovation and transformation of wealth management business models and new highs in the scale of public fund management, public fund investment advisory business underwent rapid development, with a total of 60 pilot institutions obtaining approval for fund investment advisory pilots. At the same time, the industry's basic system was also gradually improved, and

guidelines on fund investment advisory business clarifying responsibilities within that business, were issued for consultation.

As the liberalization of foreign investment continued, approval to enter the Chinese market was granted to wholly foreign-owned brokers and public funds, with many additional international investment banks and capital management giants in the process of applying for the relevant licenses. Although their entry into China's financial market may challenge local financial companies in the short term, their corporate governance and assessment mechanisms will, in the long run, positively influence the optimization of local Chinese financial companies, promoting a bigger, better and stronger Chinese fund industry.

In terms of financial market reform and regulatory measures, FinTech provides support for businesses' efficient and orderly development, and also plays a positive role in the Company's daily operations.

In terms of financial security, the NDRC launched the "Demonstration Project for the Secure and Controllable Application of Critical Information Infrastructure" in 2019, with a focus on actively and steadily promoting the specific effects of critical information infrastructure innovation in the financial sector. In 2020, the Proposals of the Central Committee of the Communist Party of China on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035 proposed the "promotion of infrastructure development in an integrated manner" and the "guaranteeing of national economic security, and strengthening of early warning, prevention and control mechanisms, with capacity building to cope with economic security risks, to make key areas such as important industries, infrastructure, strategic resources and major science & technology secure and controllable", thus strongly promoting the IT application innovation strategy.

The IT application innovation industry is the technological foundation of national information security. By end-2021, Hundsun had evaluated over 30 business systems (such as UF3.0, TA system, investment transaction systems, fund operations systems, and custodian and valuation systems) to evaluate whether such systems were suitable for ICT application, with over 20 business systems still undergoing this process.

3. Landscape of technological development and industrial competition. In recent years, the digital transformation of the financial industry has continued to accelerate, most especially the data-centric technology changes driving innovation and transformation in financial products and services. Fully releasing data's potential will be the key determining factor in the industry's high-quality development. "Capitalizing on data, utilizing assets and applying intelligence" sums up Hundsun's logic concerning the evolution of data intelligence. To achieve the goals of digitally-intelligent capital and digitally-intelligent wealth management, the industry requires enterprise-grade cloud-native big data platforms, agile data architecture, more diverse data, high-performance databases, and, more importantly, innovative alternative data acquired via data asset ecology. AI is moving rapidly from perceptual intelligence to cognitive intelligence and deep integration with financial services, empowering capital management, customer service, marketing, operations, risk control and many other areas. In the era of digital intelligence, the challenge of artificial intelligence lies in the convergence and integration of technologies, the deepening and broadening of application scenarios, and the implementation and promotion of engineering.

In terms of the industry landscape, as the digital transformation of financial institutions accelerates, FinTech companies have increased investment and competition in the market, leading to further

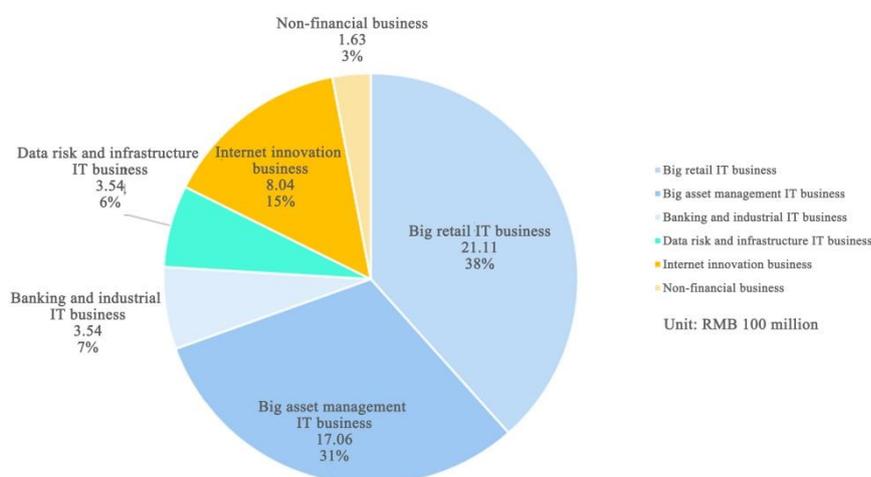
intensification of industrial competition in niche business areas. Financial institutions' increasing demand for customer-specific differentiated services and autonomous control has in recent years led to their increasing investment in FinTech. With its business experiencing new hotspots, such as data and intelligence business, FICC business, core insurance business and international business, the Company will leverage its strengths to continue growth in such new areas.

III. BUSINESS DEVELOPMENT DURING THE REPORTING PERIOD

A leading provider of FinTech products and services in China, and therefore focused on the financial industry, the Company mainly serves customers from sectors including securities, futures, public offerings, trusts, insurance, private equity, banking, industry, stock exchanges and emerging industries, providing one-stop FinTech solutions. Against the background of financial digital transformation and upgrading, the Company has undergone a gradual deepening from process digitization to business digitization, continuously exploring the intelligent application of FinTech using advanced technologies such as cloud-native, high performance, big data, artificial intelligence and blockchain to empower financial institutions to better manage assets and serve their customers, and assist its customers to realize financial digital transformation and upgrading.

Based on type of product or service, the Company categorizes its principal business activities into the following six business segments: big retail IT, big asset management IT, banking and industrial IT, data risk and infrastructure IT, Internet innovation, and non-financial.

Revenue from Principal Businesses by Segment



● Big Retail IT Business

Big retail IT business consists mainly of IT business with securities brokerages and wealth managers. The securities brokerage IT business mainly serves customers from the brokerage business segment, and its main core product is centralized trading systems, mainly configured to provide account management, capital clearing and settlement, commission order management, and access (interaction with exchanges, CSDC, etc.) services. The wealth management IT business mainly serves customers from the marketing, sales and customer service business segments of all kinds of wealth management institutions, including banks, securities firms and third parties, and various asset management institutions such as funds, trusts and insurance asset managers, as well as banks' and brokers' custody and outsourcing business segments. Its

main core products are registration & transfer, asset allocation, product management, and wealth management sales & marketing systems, which are mainly configured to provide product registration & release, wealth planning proposals, financial product management, wealth management sales transactions, investment advisory business operations, customer marketing/service and investor services.

In the securities brokerage business, the Company has put UF3.0, its next-generation comprehensive securities financial services platform, into full-service operation, continuously developed and implemented its distributed cloud-native architecture in IT application innovation, and achieved in-depth cooperation on this architecture with seven securities brokers including Huatai Securities, Founder Securities and Industrial Securities. New business with Beijing Stock Exchange and integrated account optimization also provided retail managers with ample service opportunities and revenues.

In wealth management, the Company seized the opportunity offered by the rapid development of investment advisory business for public offerings, adding over 50 partners in the investment advisory business in 2021, with a winning bid ratio of approximately 85% for asset allocation systems, and 11 new customers for its next-generation Huiying marketing service platform. In traditional business, the Company contracted with 40 new partners via the new-generation TA, 38 new partners via the financial sales system and 21 new partners through the CRM and call center, also cooperating with Credit Suisse Securities via the app. In the trust industry, the Company contracted to jointly develop integrated wealth management solutions with new high-quality customers including HKR International Kunlun Trust and China Railway Trust, and to jointly develop family trust solutions with new high-quality customers including CCB Trust, Shandong International Trust and Bank of China.

- **Big Asset Management IT Business**

Big asset management IT business mainly consists of asset management IT business and institutional service IT business. The asset management IT business mainly serves customers from investment research, investment trading, risk management and other related business segments of securities, funds, insurance, banks, trusts and other asset management institutions; its main core products are investment decision-making systems, investment trading management systems, valuation & accounting systems, and asset management operation systems, which are mainly configured to assist institutions in building a sound investment research process and fund managers in making investment decisions, to provide a trading platform for traders and to support the operation of middle and back-end platforms. The institutional service IT business mainly serves customers from brokers' institutional business segment; its main core products are institutional service-related business systems, which are mainly configured to support brokers' provision of trading of investments, compliance and risk control, low-latency trading, agency trading, strategy algorithms, custody and outsourcing, integrated private equity operations, research services, individualized support and other related services to their institutional customers at home and abroad.

In 2021, with the continuous opening-up of financial markets, the continuous increase and improvement of infrastructure and continuous innovation in financial business in China, a series of policies, such as the approval of a new fund-raising management institution, the establishment of the Beijing Stock Exchange, the interconnection of bond markets, the launch of the new bond platform of the Shanghai and Shenzhen Stock Exchanges, the participation of insurance funds in securities lending, and changes in the settlement mode of securities brokers, were successively introduced, creating many market opportunities

for the Company's asset management business segment. In addition, Hundsun's next generation system also achieved phased results. Outside the trust industry and bank financing sub-industry, the Company officially launched its asset management product O45 to the first customer in the fund industry, cooperated with many customers from securities firms, banks, trusts and funds on Valuation 6.0, also launching additional products at the same time.

As the institutionalization of customers accelerates, by integrating new business cooperation scenarios such as income swaps, low-latency trading and algorithm policies, the i2 integrated institutional service platform solution provides strong support for various sell-side institutions operation of institutional service business, while enhancing their single product market coverage. In the field of algorithmic trading especially, businesses were linked by the core component PB system, Genus-Finance's algorithmic services and Cloudbroker Network, forming a service ecology for private equity and HNW customers.

● **Data Risk and Infrastructure IT Business**

The data risk and infrastructure IT business line mainly serves customers from the risk management and compliance business segments of various financial institutions, local exchanges, etc.. Its main core products are compliance management products, which are mainly configured to provide risk monitoring, compliance reporting, process management, information reporting management, and anti-money laundering services.

The data risk and infrastructure IT business exhibited generally sound development trends. ① Data services and traditional business grew solidly, with expansion and deepening of underlying data, and the application of special data via linkages. Rapid accumulation and coverage of macro industry database EDB data, together with financial management data, speeded up the self-construction of models for industrial chains and fund valuations, and with increased investments in the construction of public opinion, law-breaking, judicial and trust modules, the in-depth self-construction and integration of models continues to improve, further enhancing the Company's financial industry market share. ② Data middle platform business: HDP, the integrated data platform system, has significantly improved the efficiency of data asset system construction, and acquired 23 new financial industry customers in 2021. The number of customers for products such as regulatory data reporting, risk data warehouses and the new data center increased, notably alongside a significant increase in regulatory data reporting market share. ③ Risk compliance management: products maintained continuous growth with the influence of the anti-money laundering business further expanding. ④ In terms of financial infrastructure, in 2021, the Company officially put the National Carbon Emission Registration and Trading System it had constructed into operation in the national carbon market, and won the bid for construction of a National Voluntary Greenhouse Gas Emission Reduction Trading System, thus establishing a leading position in the carbon market. In local financial supervision, the Company expanded its digital supervision of local financial business, laying the foundation for future large-scale promotion. ⑤ In terms of new business and new products: (1) the Company further improved its research and investment AI product line through increasing its shareholding in Dworld AI, acquiring 12 new customers; (2) Zhejiang Xunchang Wendao Network Technology Co., Ltd., a joint venture with Tianfeng Securities Co., Ltd., was set up to operate new content businesses such as wealth management short video and live streaming.

- **Banking and Industrial IT Business**

The banking and industrial IT business, consisting mainly of banking IT business together with industrial and supply chain finance IT business, mainly serves customers from the corporate business and technology departments of commercial banks, finance companies and various industrial customers (such as medium and large-sized manufacturers, trading enterprises, and e-commerce platforms). Its main core products are cash management platforms and bill business products, mainly configured to provide cash management, enterprise treasury management and bill transaction management services.

In 2021, the banking and industrial IT business line released the C9 business finance product brand. The configuration of technology and business middle platforms mainly serving joint-stock and urban commercial banks became more reasonable and improvements in the middle platform strategy continued. The Company further enhanced its financial integration program and increased its cooperation with joint-stock and major urban commercial banks, with over ten newly acquired cooperative customers increasing its cash management and bill businesses, and the maturity of its industrial and financial integration program increasing.

- **Internet Innovation Business and Significant Subsidiaries**

The Internet innovation business mainly serves customers from funds, securities firms, trusts, futures brokers, insurers, emerging and offshore financial institutions, etc.. Its main core products are one-stop cloud service solutions, and IaaS+PaaS+SaaS layer cloud computing services, which are configured to provide cloud-based investment trading, valuation, custody & clearing, investment supervision, information disclosure, performance evaluation & risk management, algorithmic trading, and other, services.

Gildata. In 2021, Gildata continued to strengthen and expand its foundational data, comprehensively improving its investment research and risk data, and actively explored and implemented its digital intelligence application capabilities in order to achieve continuing growth in its data services (which remained positive) and organic development of end products (making breakthroughs). In terms of investment research, Gildata improved its terminal emphasizing key areas, made decisive efforts in AI for research and investment, and took its national-level financial information service terminal project through acceptance testing to successfully delivery. In terms of wealth management, innovation in and iterative upgrading of AI Xiaofan's digital intelligence components continued, permitting rapid contract growth. In terms of capital management and risk control, Smart Eye products "took root and blossomed", steadily opening up the market.

Hundsun Ayers. In 2021, Hundsun Ayers continued to maintain its leading position in Hong Kong, acquiring 18 new retail product line customers and exceeding HK\$200 million in revenues. With its next-generation securities trading and clearing system with UF3.0 system design and architectural underpinning, Hundsun Ayers had made positive progress in the Hong Kong market, contracting with eight customers in a single year. Hundsun Ayers was also active in the prime brokerage and buy-side businesses, and developed new products such as PB/ESOP.

Jingteng Network. In 2021, Jingteng Network transformed itself from a traditional "software system construction developer" into a "business solution provider". Maintaining stability in its original businesses, the company continued to focus on terminal construction, providing terminal product services such as

APP/PC/Web/Html5/applets, product tool services such as cloud components/conditional orders/account analysis, and wealth management services such as investment advisory/wealth management malls, thus achieving contract growth and market development in terms of new customers for all business segments. Jingteng Network made a breakthrough in its innovation business, helping brokers provide targeted customer and business operations services based on its “terminal construction to data enrichment” market strategy, and by providing integrated intelligent operation services. By further serving investors and helping employees in business development from brokers’ perspective, adoption of a new BPO business model permitted the production of new business capabilities.

Cloudyee Network. In 2021, Cloudyee Network enhanced its core competitiveness by adhering to its quality-first policy, planning and implementing one-stop wealth management solutions, and developing a new generation of popular core products and services. Operationally, the scale of SAAS services and asset management revenues maintained solid growth, exceeding the same period in the previous year, market coverage continued to expand, customers' operational capacity improved, and regular customers' output and renewal rates reached new highs. In terms of solutions, progress in the planning of a one-stop wealth management service business coverage and technology platform went well. Existing products' architecture was upgraded, and the overall quality of products/services was improved. In new products and services, promotion of Institutional Trading System/Easy Connect products covering new industries proceeded smoothly. The preliminary verification of AMS integration and operation was completed.

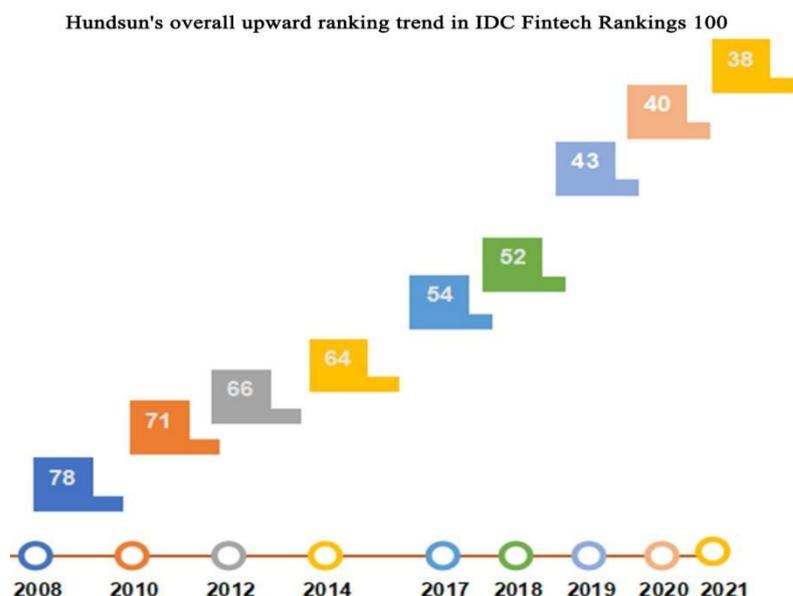
Hundsun iBontal. In the first quarter of 2021, Hundsun Technologies acquired Hundsun iBontal, a provider of end-to-end IT services for insurance industry solutions. After a year of integration and development, the company was progressing rapidly. In terms of product research and development, Hundsun iBontal completed the transfer of its property and casualty insurance system core technical framework onto Hundsun's LIGHT platform. The functions of the core non-vehicle insurance system were upgraded iteratively, with third-party testing showing that its quality had reached an industry-leading level. Hundsun iBontal strengthened its life insurance solutions, winning the contract for King Dragon Life’s core project. In terms of capital operations, Hundsun iBontal successfully contracted with Trust Mutual Life, its first strategic investor.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not Applicable

Leading product technology. The goal of the Company is to become a leading one-stop solution provider involved in the development and implementation of industry technical standards and quality standards. At present, the Company’s products are industry-leading in terms of technology. The Company’s core trading system for the securities industry, investment management system for buy side industries such as funds, comprehensive wealth management system for banking, and TA system for relevant fields are all highly regarded by customers. These advantages allow the Company to benefit to some degree from economies of scale, improving marginal returns. At the same time, the Company is also continuously expanding its new areas of business, such as in bond market issuance networks and core insurance systems, via mergers and acquisitions and the establishment of joint ventures, and is improving its data business, with the aim of gaining a technological lead in those new businesses within a short period. In recent years, the Company has been rapidly catching up with the leading international FinTech giants, narrowing their

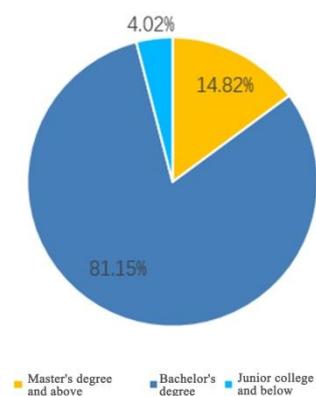
lead to rank 38th in the IDC Fintech Rankings 2021, with an overall upward trend in its ranking.



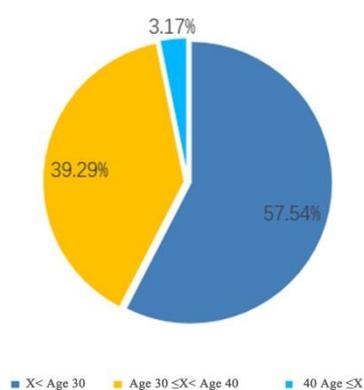
Strong brand influence. The FinTech industry imposes exacting technical requirements. Compared with industry entrants, the Company has over 20 years of experience as a going concern, during which it gained knowledge of customers’ businesses and accumulated capabilities in providing them with comprehensive services, making its products highly regarded amongst customers. Moreover, financial institutions’ need for stable, safe, long-term and high-quality services, also implies that customers tend to prefer the products and services of industry-leading technology companies.

Outstanding ability in innovation. The Company continuously recruits the industry’s top talents and has built complete R&D and product systems and teams. At present, the Company has 899 employees with a master’s degree or above (including doctoral degrees). In 2021, the Company invested a total of RMB2.139 billion in R&D, accounting for 38.92% of its revenue, making it an industry-leading enterprise in terms of R&D expenditure.

Level of Education of R&D Personnel



Age Composition of R&D Personnel



V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

During the Reporting Period, the Company recorded revenue of RMB5,496,578,624.88, representing an increase of 31.73% year-on-year. Its net profit attributable to shareholders amounted to RMB1,463,538,930.14, representing an increase of 10.73% year-on-year.

(I) Analysis of principal businesses

1. Analysis on Changes of Relevant Items in Statement of Profit or Loss and Statement of Cash Flows

Unit: Yuan Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)
Revenue	5,496,578,624.88	4,172,645,156.56	31.73
Cost of sales	1,484,602,486.66	955,906,825.10	55.31
Selling and distribution expenses	557,934,967.43	353,806,789.89	57.69
General and administrative expenses	681,453,467.57	539,490,612.30	26.31
Finance costs	-906,045.34	-6,942,521.87	N/A
R&D expenses	2,139,296,366.07	1,496,058,838.32	43.00
Net cash flows from operating activities	956,789,306.14	1,397,902,270.41	-31.56
Net cash flows from investing activities	-423,425,969.13	-791,305,394.02	N/A
Net cash flows from financing activities	-174,082,923.91	-550,797,168.68	N/A

The change in the revenue is mainly due to the growth of the Company's business during the period.

The change in the cost of sales is mainly due to the increase in the Company's business and labor costs.

The change in selling and distribution expenses is mainly due to the increase in employees and their remuneration during the period.

The change in general and administrative expenses is mainly due to the increase in employees' remuneration during the period.

The change in finance costs is mainly due to the increase in exchange loss and interest expense during the period compared with the same period last year.

The change in R&D expenses is mainly due to the increase in employees and their remuneration during the period.

The change in net cash flows from operating activities is mainly due to the significant increase in the remuneration paid to employees during the period compared with the same period last year.

The change in net cash flows from investing activities is mainly due to the decrease in cash paid by the Company for investment during the period compared with the same period last year.

The change in net cash flows from financing activities is mainly due to the increase in bank loans obtained by the Company during the period.

Detailed explanation of major changes in the Company's business type, profit composition or profit source during the period

Applicable Not Applicable

2. Analysis on revenue and costs

Applicable Not Applicable

See below for details

(1). Performance of principal businesses by segment, by product, by region and by sales model

Principal Businesses by Segment						
By segment	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue from last year (%)	Increase/decrease in the cost of sales from last year (%)	Increase/ decrease in the gross profit margin from last year (%)
Big retail IT business	2,111,138,786.79	642,111,363.26	69.58	39.79	75.58	Decreased by 6.20%
Big asset management IT business	1,706,117,915.25	304,358,188.06	82.16	39.84	78.12	Decreased by 3.84%
Data risk and infrastructure IT business	353,668,302.36	151,359,671.52	57.20	18.59	60.11	Decreased by 11.10%
Banking and industrial IT business	353,719,292.45	181,466,873.42	48.70	-2.54	12.67	Decreased by 6.92%
Internet innovation business	803,916,108.12	160,308,152.43	80.06	33.69	45.56	Decrease by 1.62%
Non-financial business	163,451,862.47	44,469,792.58	72.79	-6.47	-16.36	Increased by 3.21%
Total	5,492,012,267.44	1,484,074,041.27	72.98	31.78	55.32	Decreased by 4.09%
Principal Businesses by Product						
By product	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue from last year (%)	Increase/decrease in the cost of sales from last year (%)	Increase/decrease in the gross profit margin from last year (%)
Revenue from software	5,408,195,325.14	1,420,423,285.41	73.74	32.14	59.98	Decreased by 4.57%
Revenue from hardware	66,608,294.30	60,291,366.47	9.48	2.81	-0.67	Increased by 3.16%
Revenue from science park	17,208,648.00	3,359,389.39	80.48	72.87	-51.31	Increased by 49.79%
Total	5,492,012,267.44	1,484,074,041.27	72.98	31.78	55.32	Decreased by 4.09%
Principal Businesses by Region						
By region	Revenue	Cost of sales	Gross profit margin (%)	Increase/decrease in revenue from last year (%)	Increase/decrease in the cost of sales from last year (%)	Increase/decrease in the gross profit margin from last year (%)
Mainland China	5,268,862,680.55	1,440,685,304.55	72.66	33.40	58.89	Decreased by 4.38%
Overseas	223,149,586.89	43,388,736.72	80.56	2.37	-10.97	Increased by 2.92%
Total	5,492,012,267.44	1,484,074,041.27	72.98	31.78	55.32	Decreased by 4.09%

Explanation on the performance of principal businesses by segment, by product, by region and by sales model

See Section "Business Development during the Reporting Period" for details.

(2). Analysis Statement of Production and Sales Volume

Applicable Not Applicable

(3). Performance of Major Procurement Contracts and Sales Contracts

Applicable Not Applicable

(4). Statement of Cost Analysis

Unit: Yuan

Cost by Segment

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By segment	Cost components	Amount for the current period	Proportion of amount for the current period in total cost (%)	Amount for the same period last year	Proportion of amount for the same period last year in total cost (%)	Change in the amount for the current period compared with the same period last year (%)	Description
Big retail IT business	Cost of sales	642,111,363.26	43.26	365,705,114.18	38.28	75.58	Mainly due to the increase in the cost of labor for business growth and the growth of newly acquired businesses in 2021.
Big asset management IT business	Cost of sales	304,358,188.06	20.51	170,867,764.37	17.88	78.12	Mainly due to the increase in the cost of labor for business growth and the growth of newly acquired businesses in 2021.
Data risk and infrastructure IT business	Cost of sales	151,359,671.52	10.20	94,536,256.19	9.89	60.11	Mainly due to the increase in the cost of labor for business growth.
Banking and industrial IT business	Cost of sales	181,466,873.42	12.23	161,062,185.98	16.86	12.67	
Internet innovation business	Cost of sales	160,308,152.43	10.80	110,132,936.64	11.53	45.56	Mainly due to the increase in the cost of labor for business growth.
Non-financial business	Cost of sales	44,469,792.58	3.00	53,164,919.31	5.56	-16.36	
Total		1,484,074,041.27	100.00	955,469,176.67	100.00	55.32	
Cost by Product							
By product	Cost components	Amount for the current period	Proportion of amount for the current period in total cost (%)	Amount for the same period last year	Proportion of amount for the same period last year in total cost (%)	Change in the amount for the current period compared with the same period last year (%)	Description
Revenue from software	Cost of sales	1,420,423,285.41	95.71	887,872,191.31	92.93	59.98	Mainly due to the increase in the cost of labor for business growth and the growth of newly acquired businesses in 2021.
Revenue from hardware	Cost of sales	60,291,366.47	4.06	60,697,191.12	6.35	-0.67	
Revenue from science park	Cost of sales	3,359,389.39	0.23	6,899,794.24	0.72	-51.31	Mainly due to the decrease in

							the cost of sales as a result of the decrease in revenue from the science park rental business.
Total		1,484,074,041.27	100.00	955,469,176.67	100.00	55.32	

(5). Changes in the Scope of Consolidation due to Changes in the Shareholdings of Major Subsidiaries during the Reporting Period

Applicable Not Applicable

(6). Major Changes or Adjustments in the Company's Business, Products or Services during the Reporting Period

Applicable Not Applicable

(7). Key Customers and Key Suppliers

A. Key Customers of the Company

Sales to the Company's top five customers amounted to RMB248,922,600, accounting for 4.53% of the total sales in the year. Among the sales to the top five customers, the sales to their affiliates amounted to RMB0, accounting for 0% of the total sales in the year

During the Reporting Period, there were cases in which sales to a single customer exceed 50% of the total, there are new customers among the top five customers, or the Company is heavily dependent on a few customers

Applicable Not Applicable

B. Key Suppliers of the Company

Purchases from the Company's top five suppliers amounted to RMB 201,782,400, accounting for 21.83% of the total purchases in the year. Among the purchases to the top five customers, the purchases to their affiliates amounted to RMB40,892,500, accounting for 4.42% of the total purchases in the year

During the Reporting Period, there were cases in which purchases to a single supplier exceed 50% of the total, there are new suppliers among the top five suppliers, or the Company is heavily dependent on a few suppliers

Applicable Not Applicable

3. Expense

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)	Reasons for change
Selling and distribution expenses	557,934,967.43	353,806,789.89	57.69	Mainly due to the increase in employees and their remuneration during the period
General and administrative expenses	681,453,467.57	539,490,612.30	26.31	Mainly due to the increase in employees and their remuneration during the period
R&D expenses	2,139,296,366.07	1,496,058,838.32	43.00	Mainly due to the increase in employees and their remuneration during the period
Finance costs	-906,045.34	-6,942,521.87	N/A	Mainly due to the increase in exchange loss and interest expense during the period compared with the same period last year.

4. R&D Investment**(1). Statement of R&D Investment**√Applicable Not Applicable

Unit: Yuan

Expensed R&D investment for the current period	2,139,296,366.07
Capitalized R&D investment for the current period	0
Total R&D investment	2,139,296,366.07
Proportion of total R&D investment in revenue (%)	38.92
Proportion of capitalized R&D investment in total R&D investment (%)	0

(2). R&D Personnel√Applicable Not Applicable

Number of R&D personnel	6,065
Proportion of the number of R&D personnel in the headcount (%)	45.6
Educational Level of R&D Personnel	
Educational level	Number
Doctor's Degree	8
Master's Degree	891
Bachelor's Degree	4,922
Junior college	238
High school or below	6
Age Composition of R&D Personnel	
Age composition	Number
Under the age of 30 (excluding 30)	3,490
Age 30-40 (including 30 and excluding 40)	2,383
Age 40-50 (including 40 and excluding 50)	186
Age 50-60 (including 50 and excluding 60)	5
Age 60 or above	1

(3). Description√Applicable Not Applicable

The Company continuously recruits top talents in the industry and has built various sound systems and dedicated teams for research and development as well as its products. In 2021, the Company invested a total of RMB2.139 billion in R&D, accounting for 38.92% of revenue. The Company is a top-ranked enterprise in terms of R&D expenses.

(4). Reasons for Significant Changes in the Composition of R&D Personnel and Impact on the Company's Future DevelopmentApplicable √Not Applicable**5. Cash Flow**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Items in the statement of cash flows	During the period	During the corresponding period last year	Change (%)	Reasons for change
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2021 Annual Report

Sub-total of cash inflows from operating activities	6,193,014,080.29	5,350,358,436.16	15.75	Mainly due to the increase in cash received from sales of goods and provision of services during the period compared to the same period last year.
Sub-total of cash outflows for operating activities	5,236,224,774.15	3,952,456,165.75	32.48	Mainly due to the increase in employees and their remuneration and the increase in the purchase of goods and receipt of services during the period compared to the same period last year.
Net cash flows from operating activities	956,789,306.14	1,397,902,270.41	-31.56	Mainly due to the fact that the increase in cash inflows from operating activities was less than that in cash outflows for operating activities during the period.
Sub-total of cash inflows from investing activities	5,762,984,326.05	6,211,972,149.70	-7.23	Mainly due to the decrease in investment returns during the period compared to the same period last year.
Sub-total of cash outflows for investing activities	6,186,410,295.18	7,003,277,543.72	-11.66	Mainly due to the decrease in cash paid for investments during the period compared to the same period last year.
Net cash flows from operating activities	-423,425,969.13	-791,305,394.02	N/A	
Sub-total of cash inflows from financing activities	1,923,543,622.44	523,466,670.28	267.46	Mainly due to the increase in bank loans during the period compared to the same period last year.
Sub-total of cash outflows for financing activities	2,097,626,546.35	1,074,263,838.96	95.26	Mainly due to the share repurchase and the increase in bank loan repayment during the period compared to the same period last year.
Net cash flows from financing activities	-174,082,923.91	-550,797,168.68	N/A	
Net increase in cash and cash equivalents	353,405,536.94	52,096,797.72	578.36	Mainly due to the decrease in net cash outflows for investing activities and financing activities during the period compared to the same period last year.

(II) Significant Changes in the Profit from Non-Principal Business

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	During the period	During the corresponding period last year	Change (%)	Description
Gain from changes in fair value	414,401,157.02	103,091,491.83	301.97	Mainly due to the significant changes in the fair value of the Company's financial assets at fair value during the period.
Investment income	275,837,269.79	584,205,393.33	-52.78	Mainly due to the increase in gains generated from the disposal of the Company's subsidiary, Luofeng Network.

(III) Analysis of Assets and Liabilities

√Applicable □Not Applicable

1. Assets and Liabilities

Item	Amount at the end of the current period	Proportion of amount at the end of the current period in total assets (%)	Amount at the end of the previous period	Proportion of amount at the end of the previous period in total assets (%)	Year-on-year change (%)	Description
Cash and bank balances	1,727,704,846.60	14.30	1,374,842,591.24	13.79	25.67	No significant changes
Held-for-trading financial assets	1,991,523,094.74	16.49	2,723,350,172.04	27.31	-26.87	No significant changes
Accounts receivable	762,916,207.50	6.32	523,273,534.51	5.25	45.80	Mainly due to the growth of the Company's business and the increase in accounts receivable from subsidiaries newly included in the scope of consolidation during the period.
Inventories	466,992,190.19	3.87	351,690,935.90	3.53	32.78	Mainly due to the increase in executory costs as a result of the increase in employees and their remuneration during the period.
Other debt investments	65,681,018.23	0.54	83,845,382.74	0.84	-21.66	No significant changes
Long-term equity investments	1,110,946,777.17	9.20	738,974,733.43	7.41	50.34	Mainly due to the Company's investment in Nanjing Pengxi and its subsidiary Hundsun Holdings Limited's investment in N2N CONNECT BERHAD during the period.
Other non-current financial assets	2,981,720,276.86	24.68	2,229,463,162.16	22.36	33.74	Mainly due to the increase in non-current financial assets purchased by the Company during the period.
Investment properties	127,524,968.93	1.06	111,411,248.79	1.12	14.46	No significant changes
Fixed assets	1,679,515,491.95	13.90	472,506,719.88	4.74	255.45	Mainly due to the transfer of the Hundsun Cloud Production Base to fixed assets.
Construction in progress	26,357,513.90	0.22	732,254,664.28	7.34	-96.40	Mainly due to the transfer of the Hundsun Cloud Production Base to fixed assets.
Right-of-use assets	32,023,105.44	0.27			N/A	Mainly due to the implementation of

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						the new leasing standards during the period.
Intangible assets	376,460,020.43	3.12	161,012,651.89	1.61	133.81	Mainly due to the purchase of intangible assets from abroad during the period.
Goodwill	367,492,126.98	3.04	312,158,890.50	3.13	17.73	No significant changes
Deferred income tax assets	163,436,491.51	1.35	71,410,701.28	0.72	128.87	Mainly due to the inconsistency between the Corporate Income Tax Law and the new income standards.
Other non-current assets	112,816,169.61	0.93	441,999.00	0.00	25,424.08	Mainly due to the payment of Summit software to Finastra by the subsidiary, Cloudwing Network.
Short-term borrowings	178,028,314.11	1.47	46,718,265.90	0.47	281.07	Mainly due to the increase in borrowings from banks during the period.
Accounts payable	503,758,715.18	4.17	192,172,938.77	1.93	162.14	Mainly due to the increase in the payment to suppliers for "Hundsun Cloud Production Base" during the period compared with the end of the previous year.
Contract liabilities	3,203,414,609.69	26.52	3,107,149,920.44	31.16	3.1	No significant changes
Employee compensation payable	774,996,501.71	6.42	647,448,189.72	6.49	19.70	No significant changes
Taxes payable	196,064,942.41	1.62	187,413,250.40	1.88	4.62	No significant changes
Other payables	170,804,176.79	1.41	128,629,520.86	1.29	32.79	Mainly due to the pre-receipt of equity disposal from the subsidiary Hangzhou Xinglu during the period.
Current portion of non-current liabilities	154,496,614.61	1.28			N/A	Mainly due to the current portion of long-term bank borrowings during the period.
Other current liabilities	305,258,151.46	2.53	305,258,151.46	3.06	0	No significant changes
Long-term borrowings	228,454,065.70	1.89	206,090,358.06	2.07	10.85	No significant changes
Deferred income tax liabilities	68,201,491.05	0.56	42,478,589.07	0.43	60.55	Mainly due to the significant changes in the fair

							value of the Company's financial assets at fair value during the period.
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2. Overseas Assets

√Applicable □Not Applicable

(1) Asset scale

Including: overseas assets were 822,731,972.19 (Unit: Yuan Currency: RMB), accounting for 6.82% of the total assets.

Item	Reason	Asset scale	Location	Operation pattern	Control measures to safeguard asset security	Revenue	Proportion of overseas assets in total assets (%)	Whether there is significant impairment risk
Japan Hundsun Software Inc.	Established by the Company	43,087,407.06	Japan	Autonomous operation	Corporate governance, financial management, audit regulatory, performance assessment	635,919.61	0.36	N
Hundsun Holdings Limited	Established by the Company	726,627,786.49	Hong Kong	Autonomous operation	Corporate governance, financial management, audit regulatory, performance assessment	54,093,813.83	6.02	N
Hundsun Intercontinental Holdings (HK) Limited	Established by the Company	41,065,733.06	Hong Kong	Autonomous operation	Corporate governance, financial management, audit regulatory, performance assessment	29,468.71	0.34	N
Hundsun IHS Markit China (Hong Kong) Technologies Limited	Established by the Company	1,059,893.93	Hong Kong	Autonomous operation	Corporate governance, financial management, audit regulatory, performance assessment	-300,732.02	0.01	N
GenSys Technology (International) Limited	Business combination not under common control	10,891,151.65	Hong Kong	Autonomous operation	Corporate governance, financial management, audit regulatory, performance assessment	-1,185,270.31	0.09	N

(2) Notes to the High Proportion of Oversea Assets

□Applicable √Not Applicable

3. Restriction on Major Assets as at the End of the Reporting Period

√Applicable □Not Applicable

Unit: Yuan

Item	Carrying amount at the end of the period	Reason
Cash and bank balances	4,270,755.00	Guarantee deposit
Intangible assets	73,153,291.09	Pledged to secure bank borrowings
Construction in progress	25,139,995.40	Pledged to secure bank borrowings
Fixed assets	1,117,020,509.26	Pledged to secure bank borrowings
Other debt investments	65,681,018.23	Pledged to secure bank borrowings
Total	1,285,265,568.98	

4. Other notes

□Applicable √Not Applicable

(IV) Analysis of the Industry Operation Information

√Applicable □Not Applicable

Please refer to Section "Discussion and Analysis on Business Operations" for details.

(V) Analysis of Investments**Overall Analysis of External Equity Investments**

√Applicable □Not Applicable

Please refer to the "M&A and Investment" in Section "Discussion and Analysis on Business Operations" for details.

1. Major equity investment

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Investee	Principal business	Investment cost	Shareholding ratio at the end of the period (%)	Source of funds	Investment profit or loss during the period	Lawsuit involved or not
N2N CONNECT BERHAD	Provide OTCBB and marketing intelligence services for brokers in Southeast Asia	15,868.40	23.657	Self-owned capital	450.23	N
Nanjing Pengxi Equity Investment Center (L.P.)	Equity investment	12,000.00	40	Self-owned capital	-331.57	N

2. Major non-equity investment

□Applicable √Not Applicable

3. Financial assets at fair value

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Item	Initial investment cost	Purchase during the Reporting	Disposal during the Reporting	Closing balance	Closing balance	Investment income	Changes in fair value
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		Period	Period				
Stocks	21,290	72,583	55,722	38,150	65,601	781	24,316
Funds	50,369	74,103	34,790	89,682	90,397	2,227	1,759
Trusts	257,578	232,173	380,608	109,142	146,945	6,629	15,813
Others	2,925	3,780	2,020	4,685	6,039	0	52
Financial bonds	8,160		1,839	6,321	6,568	266	
Debt instruments	2,800		2,800			-318	-88
Financial products	27,245	109,700	58,075	78,870	78,870	2,898	
Equity instruments	91,465	21,632	3,479	109,618	109,472	2,063	
Total	461,831	513,970	539,333	436,469	503,892	14,546	41,852

4. Specific progress of major asset restructuring and integration during the Reporting Period

□Applicable √Not Applicable

(VI) Disposal of Major Assets and Equity

□Applicable √Not Applicable

(VII) Analysis of Major Companies Controlled and Invested in by the Company

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Full company name	Nature of business	Registered capital	Total assets	Net assets	Revenue	Net profit
Hangzhou Hundsun Cloud Investment Holding Co., Ltd.	Industrial investment	16,500.00	54,450.11	22,148.59	1,654.79	850.78
Japan Hundsun Software Inc.	Software	JPY 7,850.00	4,308.74	2,023.68	5,188.95	-213.63
Hangzhou Cloudyee Network Technology Co., Ltd.	Software	10,000.00	23,563.53	16,408.33	14,207.26	6,005.21
Hundsun Holdings Limited	Investment management	HKD 10,000.00	72,662.78	58,123.72	17,160.17	5,428.01
Hangzhou Cloudbroker Network Technology Co., Ltd.	Software	5,176.50	7,678.01	3,673.92	4,810.88	-235.75
Hangzhou Cloudwing Network Technology Co., Ltd.	Software	46,606.11	39,736.41	33,436.92	2,929.41	-1,143.81
Hangzhou Hundsun Wengine Network Technology Co., Ltd.	Software	1,250.00	20,787.11	10,882.20	9,243.12	5,266.35
Hangzhou Xinglu Equity Investment Partnership (L.P.)	Investment management	24,100.00	10,560.04	6,413.87		-422.82
Zhejiang Jingteng Network Technology Co., Ltd.	Software	5,428.58	11,927.40	6,131.88	11,791.57	148.23
Wuxi Xinglu Tiancheng Investment Management Partnership (L.P.)	Investment management	30,100.00	2,402.51	2,402.51		-347.67
Shanghai Gildata Inc	Software	12,250.00	26,412.47	9,820.54	29,062.17	851.58

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Full company name	Nature of business	Registered capital	Total assets	Net assets	Revenue	Net profit
Business Intelligence Info. Tech. (Hangzhou) Co., Ltd.	Software	2,793.58	7,849.76	3,263.74	7,463.35	65.44
Shanghai Genus-Finance Information Technology Co., Ltd.	Software	2,122.03	9,353.74	6,717.23	5,158.58	484.22
Nanjing Xingcheng Equity Investment Partnership (L.P.)	Investment management	30,300.00	29,532.77	29,532.77		-950.60
Hundsun&IHS Markit China Technologies Co., Ltd.	Software	7,000.00	5,453.09	5,271.40	21.28	-1,024.59
Hundsun iBontal (Guangdong) Technology Co., Ltd.	Software	8,000.00	8,980.72	6,516.42	8,092.43	-3,393.00
Zhejiang Xunchang Wendao Network Information Technology Co., Ltd.	Software	5,000.00	4,201.32	3,606.21	440.16	-1,393.79
Shanghai Dworld AI Technology Co., Ltd.	Software	2,161.00	4,928.60	4,511.62	632.58	-366.30
Shenzhen Ricequant Technology Co., Ltd.	Software	1,140.63	2,094.96	1,871.07	1,409.27	-863.17
Ant (Hangzhou) Funds Sales Co., Ltd.	Finance	15,562.00	1,084,851.54	100,081.17	1,212,421.85	50,386.38
Shenzhen Trade Blazer Technology Co., Ltd.	Software	3,546.97	15,098.27	14,322.46	3,393.84	1,732.86
Hundsun Cloud Financing Network Technology Co., Ltd.	Software	6,870.00	10,780.29	4,319.27	11,461.61	-2,929.65

(VIII) Status of Structured Entity Controlled by the Company

Applicable Not Applicable

VI. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT**(I) Industry pattern and trends**

Applicable Not Applicable

In 2021, the Company continued to be suffered from the effects of the COVID-19 pandemic. In the financial industry, efforts to combat the pandemic led to the rapid development of "non-contact" financial services, with banks and other financial institutions attempting to provide users with services such as account opening, transfer, repayment, investment and wealth management via various electronic channels. The pandemic has thus become a long-term "driver" of the financial industry's digital transformation, which is spreading from products and channels to organizational transformation and the upgrading of IT architecture.

FinTech has gone through three stages of development and is now moving into the digital era. The first stage, during 2000-2010, was the application of electronics in finance, i.e., the application of technological tools to replace manpower, mainly for handling transactions. Technology was mainly applied in the form of databases and middleware, and the technical goal of the whole financial industry was the provision of solutions support for back-office business systems.

The second stage was the application of Internet technology in finance, which mainly resolved difficulties in information discovery through technology, focusing on delivery and links. These technical

capabilities and achievements were embodied in the mobile Internet, cloud computing and distributed computing, with technology playing the role of business driver.

The third stage is the advent of financial digitalization. Technology can now replace mental work, focusing mainly on data processing and content analysis, to make final business decisions, and more attention is being paying to active push. The main technical capabilities and achievements of this stage lie in big data, AI, information distribution & delivery, and data security, In this stage, the mutual empowerment of technology and business is making achieving relevant goals via technology or business alone difficult, with a spiraling process of technology and business integration more often suitable, i.e., the process of financial digitalization.

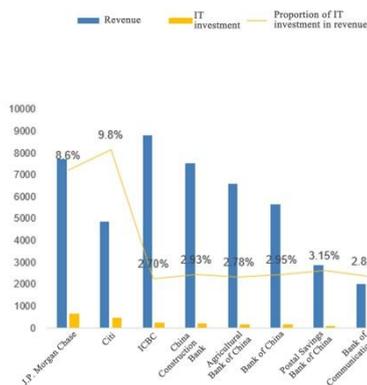
1. Regulatory environment and trends

On January 4, 2022, the Central Bank issued the *FinTech Development Plan (2022-2025)*, proposing whole-process integration of digitalization into financial services, the adoption of digital thinking for all stages of business operations and a focus on technology-driven, data-enabled financial innovation via strengthened application of financial data, for the main purposes of deepening structural reform of the financial supply side, accelerating the digital transformation of financial institutions, strengthening prudential regulation of FinTech, and thus achieving a leap forward in the industry's overall standards and core competitiveness by 2025. The Plan aims to emphasize the digital transformation of financial institutions and prudential regulation of FinTech, as well as the solution of problems such as FinTech's unbalanced and insufficient development, so as to promote a sound FinTech governance system and the deeper integration and more sustainable development of finance and technology, improve digital infrastructure, and better meet the new requirements and tasks presented by the era of the digital economy.

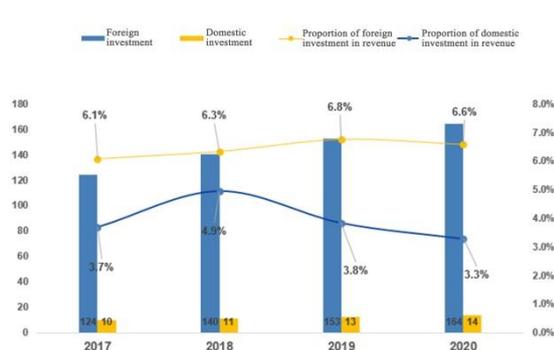
2. FinTech patterns and trends in financial institutions

A wide gap in technological investment between foreign and domestic financial institutions remains. Taking the securities industry as an example, in 2020, the average IT investment of top 10 overseas investment banks accounted for 6.6% of their revenue, while that of the top 10 domestic brokers accounted for only 3.3%. In the same year, the IT investment of global commercial banks J.P. Morgan Chase and Citi accounted for 8.6% and 9.8% of their revenue respectively, while that of the top six domestic banks accounted for only 2.89% on average. As the domestic economy has developed, leading domestic financial institutions have gradually caught up with overseas giants in revenue terms, but the wide gap in IT investment remains. In the context of deepening financial reform and an increasingly open domestic financial market, domestic financial institutions must continuously increase their FinTech investment in order to compete with their foreign financial counterparts.

IT investment: Global Commercial Banks VS Six Major State-Owned Banks in 2020 (USD 100 million)



IT Investment: Top 10 Global Investment Banks VS Top 10 Domestic Brokers (USD 100 million)



The market competition in FinTech has also become more intense, mainly in the following ways. Leading financial institutions have continued to increase their investment in independent R&D, and to export FinTech to the outside world. Leading FinTech companies have been providing technical empowerment to financial institutions in the form of scenario-enabled technology. And foreign-funded financial institutions have been entering China's financial market to set up foreign FinTech companies.

Facing these new patterns of competition, Hundsun will continue to increase its R&D investment to maintain a leading position in the industry, and strengthen cooperative innovation, building innovation labs together with customers in order to achieve mutual benefit and win-win results

3. Development trends in new technologies

Hundsun, together with a number of financial institutions, released the *FinTech Trends Report 2022*, the first such report addressed to the industry analyzing and forecasting new technological trends in data, AI, efficiency and security.

- Data: Big data platforms are gradually developing from application in projects/departments to application across enterprises; open-source and domestic databases are gradually being applied to core financial systems, and NoSQL databases are becoming increasingly dominant; privacy enhancement technologies are helping the data asset ecosystem move towards federalization.
- AI: AI algorithms are increasingly highly-engineered and multi-modality, with reduced resource and data requirements ushering financial "digital intelligence" into a new phase. The integration of RPA and AI technology is expanding the scenarios covered by digital operation, and many "digital employees" are set to be put to use in financial institutions. The development of AI for research and investment requires "one core and three levels of integration" i.e., core industrial chain knowledge graph technology, plus integration in terms of investment & research, data and supply & demand. AIOps will enhance the depth and breadth of financial institutions' operation and maintenance through dynamic, optimized insight strategies.
- Efficiency: Enterprise-level applications are generally being reconstructed on cloud-native platforms. Achieving high performance and low latency requires the correct combination of hardware and software, leveraging the potential of FPGAs, DPUs, nonvolatile memory, and other hardware. Low-code platforms will become more common as enterprise-level development platforms, permitting rapid innovation. Multi-experience and composable services will provide the foundation of the digitalized experience.
- Security: Data security has become core to information security systems, with institutions shifting to

guarantee data asset security compliance via secure operating systems. Zero trust will be the best method of protecting the financial system in future. The increasingly complex software ecosystem is exacerbating supply chain security risks, with open-source technology becoming a key target of information security protection efforts.

As a leading Chinese FinTech company, Hundsun has made rich achievements in the application of new technologies as follow.

- Beginning cooperation with pioneering labs. Based on actual business capability scenarios, pioneering labs will actively explore technological, business and integrated innovations that combine domestic high-end technical achievements, accelerate the implementation of industrial innovation topics and standards, help to form a consensus on innovation within the industry, and promote the industry's overall progress. At present, cooperation with pioneer labs includes areas such as the introduction of IT application innovation and high-performance ecosystems, incubation of scenario-based innovation, databases and AI, academic cooperation, research into AI investment, and joint development of business event standards. Through its cooperation with pioneering labs, the Company hopes to make cutting-edge technologies more suitable for application in the financial industry, finally permitting realization of their engineering application within the industry.
- Databases. Hundsun released its LightDB enterprise database product, completed testing and certification of its IT application innovation hardware and software platform, and jointly constructed an IT application innovation model using its next generation TA, initially putting this online in Soochow Securities.
- High performance. Hundsun released LDP, a next-generation low-latency, and high-availability distributed technology platform, improving its communications and memory access performance in 2021 via platform encapsulation. In August 2021, the LDP platform's end-to-end delay broke through 100ns to rank first in the industry.
- Artificial intelligence. Hundsun's Financial Knowledge Graph Tool Platform 1.0 offers customers a localized platform implementation providing computing and data services locally. These include equity, suspected actual controller, suspected beneficial owner, persons acting in concert, graph relational data services, and group accounts.
- Blockchain. During the year, Hundsun released two blockchain products, H-BaaS 1.0 and FTCU Chain Digital Asset Platform 1.0 and contracted with 24 customers. It completed the application of the two products in government and industry, and completed the first blockchain credit financing business. In future, in addition to continuing its efforts in existing businesses such as FinTech and supply chain finance, Hundsun also plans continue to further research blockchain area application scenarios based on regulatory technology.
- Establishment of Post-Doctoral Research Center. After establishing the Research Center with Zhejiang Provincial Department of Human Resources and Social Security approval, the first batch of postdoctoral researchers started their research in the Center, which Hundsun is using as its innovation platform, promoting its overall capacity for scientific research and providing greater technological empowerment to China's capital market. In 2021, Hundsun's first postdoctoral researcher at the Center completed his/her research, with the result, "A Cross-Sentence Event Detection Network", selected for the Annual

Meeting of the Association of Computational Linguistics (ACL). At the same time, Hundsun's doctoral team also obtained achievements in the macro investment research, financial risk management and stock risk research areas.

(II) Company development strategies

√Applicable Not Applicable

1. Customer satisfaction first, product quality first

"Customer first, quality first" was Hundsun's original vision and remains its strategic cornerstone for future development. Hundsun was founded on the basis of customers' needs and has grown together with its customers. Hundsun can only succeed by satisfying customers, depending on excellent products. Hundsun's aim is to improve its products, service capability and organizational capability in all aspects, including strategic planning, organizational optimization, process systems and team membership, to truly embody its "customer first" core values, exceed customer expectations, and develop into a world-leading FinTech company.

2. Product-oriented strategy

The Company will continue to focus on its product-oriented strategy to maintain its core product lines' overall leadership and the comprehensive strength of its competitive product lines, to strive for excellence in terms of its product lines, and to expand and strengthen its Bank Insurance Fund (BIF) business and international business.

3. Digital intelligence strategy

The Company aims to establish the top brand in data intelligence, promote its construction of market data and customer data centers, and establish technological leadership via digital intelligence in its core business.

4. Light strategy

Hundsun will continue to construct its unified Light technology brand ecosystem to fully empower the digital transformation of finance via industry leading technologies. In future, the Company will continue its investments in cloud-native architecture, low latency systems, hardware and software systems integration, hybrid clouds, low code development, front-end micro-application systems, information technology application innovation industry databases, big data real-time computing, AI in RPA, blockchain technology, and other cutting-edge technologies. The Company will continue to make the Light technology platform available to the industry, issue complete white papers on technical standards, and operate the developer ecosystem, to building up a highly influential FinTech technology brand.

5. EAAS strategy

The Company will focus on developing wealth management cloud and private equity cloud services, data & component subscription services, and wealth management BPO & KPO services, striving to increase the proportion of revenues derived from its value-added services.

(III) Operation plan

√Applicable Not Applicable

Based on the Company's new strategic plan and organizational restructuring, together with the outlook for the market and regulatory policies in 2022, the Company's main business revenues for 2022 are budgeted to increase by approximately 25% year on year, while costs and expenses for 2022 are budgeted

to increase by approximately 30% year on year.

(IV) Potential risks

Applicable Not Applicable

The main risks faced by the Company are policy and regulatory risks, market competition and HR risks, and technological risks. Financial regulatory policies on the one hand have a significant impact on the Company's customers' business development, in turn affecting their demand and revenue sources, and on the other hand may affect the Company's efforts to invest in innovative products and technologies, in addition to the formulation and implementation of the Company's strategies. The Company's response to policy and regulatory risks is to "embrace regulation & secure innovation" with a focus on compliance in its construction, and strict control and prevention of operational risks.

In terms of market competition and HR risks, the Company mainly faces competition from new market players in the industry, such as niche business competitors and the FinTech subsidiaries of traditional financial institutions. The competition for outstanding FinTech talents may, in particular, adversely affect the Company's human resources. The Company's responses include strengthening new product research and development, improving employees' compensation levels, the development of a sound performance incentive system and the establishment of a multi-tiered medium and long-term incentive system.

In terms of technological risks, due to the rapid development of emerging technology trends, such as AI, blockchain, big data and cloud computing, the Company needs to keep abreast of technological trends, and maintaining sufficient investment in research and development in order to avoid lagging behind. The Company's responses include actively monitoring cutting-edge technologies, improving its R&D system and team, and conducting training on various new technologies.

(V) Others

Applicable Not Applicable

VII. CIRCUMSTANCES OF AND REASONS FOR THE COMPANY FAILING TO MAKE DISCLOSURES IN ACCORDANCE WITH THE RELEVANT STANDARDS FOR SPECIAL REASONS, SUCH AS THE NON-APPLICABILITY OF STANDARDS, STATE SECRETS OR TRADE SECRETS

Applicable Not Applicable

Section IV Corporate Governance

I. EXPLANATION OF CIRCUMSTANCES RELEVANT TO CORPORATE GOVERNANCE

Applicable Not Applicable

Through observing its "Customer First, Integrity, Professionalism, Openness, Cooperation & Continuous Growth" core values and upholding its mission to "Make Finance Easy", Hundsun is committed to developing into the world's leading FinTech company. Since its establishment, Hundsun has been actively undertaking social responsibility as a corporate citizen and continuously promoting both its own sustainable development and that of society. In accordance with the relevant national laws and regulations, and with its Articles of Association, the Company has defined the organizational hierarchy of the Board & Supervisory Board, its management & internal departments, staffing, responsibilities &

authority, working procedures, and related requirements. The Company continues to improve its corporate governance structure, standardize its operations and enhance its corporate governance in strict accordance with the provisions of the Company Law, Securities Law, Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant laws and regulations, as well as the requirements of its Articles of Association, Procedural Rules for Shareholders' General Meetings, Procedural Rules for Board Meetings, Procedural Rules for Supervisors' Meetings, Management Rules for External Guarantees, Management Rules for Internal Audit and other rules and regulations.

(1) Shareholders and shareholders' general meetings. During the Reporting Period, the Company held four shareholders' general meetings in total. The convening, holding and voting procedures of these meetings were in line with the provisions of the Company Law and the Company's Articles of Association and Procedural Rules for Shareholders' General Meetings, with lawyers attending the meetings and issuing legal opinion attesting to their legality. The Company kept communication channels with its shareholders open, treated all shareholders equally, and ensured that shareholders could fully exercise their rights, enjoying their right to be informed and to participate in decision-making on major matters.

(2) Directors and the Board. The number and composition of the Company's Board meet legal and regulatory requirements, and the Directors are all responsible and diligent. There are a total of 11 directors, including four independent directors; two accounting experts, one financial expert and one legal expert (female). The independent directors do not hold positions in the Company other than as director, in accordance with the relevant regulations.

During the Reporting Period, the Company held six board meetings, the convening, holding and voting procedures of which were in line with the provisions of the *Company Law* and the Company's Articles of Association and Procedural Rules for Board Meetings. The Board has established four special committees, the Strategy & Investment Committee, Audit Committee, Nomination Committee, and Remuneration & Evaluation Committee, and formulated terms of reference and implementation rules for each committee designed to fully leverage its professional strengths in order to guarantee the legitimacy, scientific nature and correctness of the Board's collective decisions and reduce the operational risk faced by the Company. The Board is always eager to keep up to date with documents issued by the Party Central Committee and, during the period during which board meetings were held, based on the recommendations of the Company's Party Committee, studied documents related to the 10th meeting of the Central Committee for Financial and Economic Affairs of the CPC and the Implementation Plan for the High-Quality Development and Construction of a Demonstration Zone for Common Prosperity in Zhejiang.

(3) Supervisors and Supervisory Board. The Supervisory Board consists of a Chairman and three members, including one employee supervisor (female). During the Reporting Period, the Company held five Supervisory meetings in total, the convening, holding and voting procedures of which were in line with the provisions of the Company Law, the Company's Articles of Association and Procedural Rules for Supervisors' Meetings. The Supervisory Board was able to earnestly perform its duties and supervise the legitimacy and compliance of the Company's Directors and Senior Management in the performance of their duties, safeguarding the legitimate rights and interests of Shareholders.

(4) Information disclosure and transparency. The Company fulfills its social responsibilities mainly via ensuring faithful, accurate, timely and complete disclosure of information. In strict accordance with the

regulations relating to information disclosure, the Company makes faithful, accurate, timely and complete disclosures in the form of periodic reports and interim announcements, paying special attention to the delivery of more effective information to market investors.

Since its listing, the Company has increased the efforts relating to the development of its information disclosure regulations. Based on actual working requirements, and the relevant CSRC and Shanghai Stock Exchange requirements, the Company has developed a series of information disclosure regulations and management measures, including Hundsun's Regulations on Information Disclosure, Hundsun's Regulations on Registration of Insiders Who Have Access to Insider Information, Hundsun's Regulations on Internal Reporting of Significant Information, and Hundsun's Regulations on the Management of External Information Reporting and Use. These regulations ensure that all departments and persons in charge fulfill their respective duties and guarantee the unimpeded disclosure of information. In 2021, a series of rules and guidelines were issued at regulatory level to regulate the operation of the Company and improve corporate governance. The Company organized study activities in response to the policies and regulations issued by the CSRC and conducted in depth study of newly issued or revised rules such as the Measures for Administrating the Information Disclosure of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the CSRC's relevant regulatory guidelines, relevant self-regulatory guidelines issued by the Shanghai Stock Exchange, and sample annual and semi-annual reports. The Company increased its proactivity of information disclosure, making timely and complete disclosures to the market concerning its business operations and development strategies, and ensured that the information disclosed was true, accurate, complete, concise, clear and comprehensible.

(5) Investor relations management. The Company attaches importance to investor relations management and has formulated its Regulations on Investor Relations Management. It receives visits from individual investors and institutional investors via its investor hotline, email address open to investors, and SSE E-Interactive platform, and maintains investor relationships through participation in securities companies' exchange summits. During the Reporting Period, the Company directly communicated its strategic planning goals and confidence concerning its future sustainable development to investors via holding its 2020 Earnings Communication Conference and 2021 Semi-annual Earnings Communication Conference, which allowed investors to learn more about the Company and maintained its relationship with investors. The Company strengthens communication with investors via information disclosure and communication, increasing investors' knowledge of and approval for the Company, enhancing corporate governance, maximizing its overall interests, and protecting the legitimate rights and interests of its investors.

Whether there are material differences between corporate governance and the provisions of laws, administrative regulations and the CSRC on the governance of listed companies; if so, the reasons should be given

Applicable Not Applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, DEPARTMENTS AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK SCHEDULE AND FOLLOW-UP WORK PLANS AFFECTING THE

COMPANY'S INDEPENDENCE

Applicable Not Applicable

Where the Controlling Shareholder, the Actual Controller and other companies under their control are engaged in the same or similar business as the Company, the impact of horizontal competition or significant changes in the horizontal competition facing the Company, solutions adopted, progress and follow-up solutions

Applicable Not Applicable

III. INTRODUCTION TO SHAREHOLDERS' GENERAL MEETING

Session of meeting	Date	Media in which resolutions were disclosed	Date of disclosure	Resolutions
2020 annual general meeting	June 3, 2021	www.sse.com.cn	June 4, 2021	The Full Text and Summary of the 2020 Annual Report, the 2020 Annual Work Report of the Board, the 2020 Annual Work Report of the Supervisory Committee, the 2020 Annual Final Accounting Report, the Self-evaluation Report on Internal Control in 2020, the Profit Distribution Plan for 2020, the Proposal on the Further Employment of Pan-China Certified Public Accountants LLP and its Remuneration, and the Proposal on the Joint Subscription of Nanjing Xingding Equity Investment Partnership (L.P.) by the Company and its Associated Corporations were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-027.
2021 first extraordinary general meeting	September 14, 2021	www.sse.com.cn	September 15, 2021	The Proposal on the Related Transaction of Providing Performance Guarantee of Business Contracts for the Subsidiaries, the Proposal on the Related Party Transactions of Joint Investment in Hundsun Holdings Limited by the Company and its Associated Corporations, and the Proposal on the Election of Independent Directors were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-045.
2021 second extraordinary general meeting	November 16, 2021	www.sse.com.cn	November 17, 2021	The Proposal on Revising the Investment and Management Measures of Key Employees Buying Shares in Hundsun's Innovative Business Subsidiaries and the Proposal on the Election of Supervisors were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-054.
2021 third extraordinary general meeting	December 14, 2021	www.sse.com.cn	December 15, 2021	The Proposal on the Related Party Transactions of Increasing Investment in the Subsidiary Cloudwing Network and the Proposal on the Election of Directors were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-062.

The preferred shareholders with resumed voting rights request for an extraordinary general meeting

Applicable Not Applicable

Information of Shareholders' General Meetings

Applicable Not Applicable

All the proposals were not rejected but adopted at the above general meetings through deliberation. The convening and holding procedures, the qualification of the convener, the qualification of the attendees and the voting procedures were in line with the provisions of the Company Law and the Company's Articles of Association, and the resolutions made at the meetings were legally valid.

IV. Directors, Supervisors and Senior Management

(I) Changes in Shareholding and Remuneration of Directors, Supervisors and Senior Management Currently in Office and Resigned during the Reporting Period

√Applicable □Not Applicable

Unit: share

Name	Position (Note)	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the Reporting Period	Reasons	Total pre-tax remuneration received from the Company during the Reporting Period (RMB 10,000)	Whether to receive compensation from related parties of the Company
Peng Zhenggang	Chairman	Male	53	2007-02-16	2022-04-18	11,518,000	15,000,000	3,482,000	Decrease in shareholdings after equity distribution of the Company in 2020	454.49	N
Liu Shufeng	Vice Chairman and General Manager	Male	52	2013-02-04	2022-04-18	8,667,435	12,134,409	3,466,974	Equity distribution of the Company in 2020	473.67	N
Jiang Jiansheng	Director	Male	51	2007-02-16	2022-04-18	19,871,806	27,820,528	7,948,722	Equity distribution of the Company in 2020	344.13	N
Jing Xiandong	Director	Male	50	2014-10-31	2022-04-18						
Han Xinyi	Director	Male	45	2016-02-03	2022-04-18						
Hu Xi	Director	Male	41	2019-04-19	2021-11-27						
Zhu Chao	Director	Male	42	2019-04-19	2022-04-18						
Yu Bin	Director	Male	45	2021-12-14	2022-04-18						
Wang Xiangyao	Independent Director	Male	65	2020-04-21	2022-04-18					24.00	
Liu Xiaolun	Independent Director	Male	50	2019-04-19	2022-04-18					24.00	
Liu Lanyu	Independent Director	Female	56	2016-02-03	2022-04-18					24.00	
Ding Wei	Independent Director	Male	62	2021-09-14	2022-04-18					7.10	
Guo Tianyong	Independent	Male	54	2019-04-19	2021-09-14					16.92	

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Name	Position (Note)	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the Reporting Period	Reasons	Total pre-tax remuneration received from the Company during the Reporting Period (RMB 10,000)	Whether to receive compensation from related parties of the Company
	Director										
Huang Chenli	Chairman of Supervisory Committee	Male	42	2016-02-03	2022-04-18						
Zhao Ying	Supervisor	Female	49	2016-02-03	2021-10-29						
Xie Lijuan	Supervisor	Female	40	2019-05-22	2022-04-18					69.51	
Fan Jingwu	Deputy General Manager	Male	51	2007-10-26	2022-04-18	908,629	1,272,080	363,451	Equity distribution of the Company in 2020	344.94	N
Guan Xiaolan	Deputy General Manager	Male	51	2007-10-26	2022-04-18	1,745,264	2,153,329	408,065	Decrease in shareholdings after equity distribution of the Company in 2020	274.44	N
Ni Shouqi	Deputy General Manager	Male	48	2014-01-22	2022-04-18			0		168.64	N
Tong Chenghui	Deputy General Manager	Male	50	2010-02-08	2022-04-18					151.10	N
Fu Meiyang	Deputy General Manager	Female	67	2019-04-19	2022-04-18			0		221.58	N
Wang Feng	Deputy General Manager	Male	45	2016-02-03	2022-04-18			0		190.14	N
Zhang Guoqiang	Deputy General Manager	Male	45	2016-02-03	2022-04-18			0		256.92	N
Zhang Yong	Deputy General Manager	Male	45	2017-03-24	2022-04-18			0		256.31	N
Zhou Feng	Deputy General Manager	Male	59	2019-04-19	2022-04-18			0		147.70	N
Zhang Xiaodong	Deputy General Manager	Male	54	2019-04-19	2022-04-18	169	237	68	Equity distribution of the Company in 2020	165.63	N
Yao Manying	Head of Finance	Female	47	2018-03-23	2022-04-18			0		98.31	N
Tu Haiyan	Secretary of the	Female	52	2020-03-18	2022-04-18			0		89.35	N

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Name	Position (Note)	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the Reporting Period	Reasons	Total pre-tax remuneration received from the Company during the Reporting Period (RMB 10,000)	Whether to receive compensation from related parties of the Company
	Board										
Total	/	/	/	/	/	42,711,303	58,380,583	15,669,280		3,802.88	/

Name	Major work experience
Peng Zhenggang	one of the co-founders who founded the Company in 1995 and currently serves as the Company's Chairman.
Liu Shufeng	one of the co-founders who founded the Company in 1995 and currently serves as the Company's Vice Chairman and General Manager
Jiang Jiansheng	one of the co-founders who founded the Company in 1995 and currently serves as the Company's Executive Director
Jing Xiandong	the Chairman and CEO of Ant Technology Group Co., Ltd.
Han Xinyi	the CFO of Ant Technology Group Co., Ltd. and the legal representative of Hangzhou Handsome Electronics Group Co., Ltd.
Yu Bin	the General Manager of CTO Digital Technology Division of Ant Technology Group Co., Ltd.
Zhu Chao	the senior director and head of the Corporate Development Department of Ant Technology Group Co., Ltd.
Huang Chenli	the head of the Corporate Finance Department of Ant Technology Group Co., Ltd.
Chen Zhijie	the director of the Investment and Corporate Development Department of Ant Technology Group Co., Ltd.
Ding Wei	Born in 1960, he graduated from the Finance Department of Renmin University of China in 1982, studied for a doctoral degree in the Department of Economics of the University of Texas at Austin with the Fulbright scholarship from 1984 to 1987, and completed the executive training course at Harvard Business School in 1998. With extensive experience in banking and finance, he worked for the World Bank, Deutsche Bank, CICC, Temasek and other organizations and institutions, is currently the founder and chairman of Borun Capital, and has been an independent director of the Company since September 2021.
Wang Xiangyao	Born in 1957, he is a senior accountant, Chinese CPA, doctor of economics, accounting professor, and doctoral supervisor. He has won the first and second prizes of the Higher Teaching Achievement Award of Zhejiang Province, the Outstanding Achievement Award of Philosophy and Social Sciences of Zhejiang Province, and many other awards. He is also the deputy director of the Accounting Standards Professional Committee of the Chinese Accounting Association, an academic member of the Internal Audit Society, and an independent director of BeingMate Co., Ltd. and the Company.
Liu Xiaolun	Born in 1972, he has a Ph.D. in Business Management (Corporate Governance) and is currently the executive director of the Institute of Finance of Beijing National Accounting Institute, the professor in charge of the risk management and internal control program/China Financial Industry CRO Training Program, and the supervisor of master students of Beijing National Accounting Institute/Tsinghua University/Ministry of Finance Academy of Finance. He was the senior auditor and senior experienced auditor of PricewaterhouseCoopers and Andersen • Hua Qiang Certified Public Accountant and the first and second director of the Institute of Audit and Risk Management of the National Accounting Institute and is also a member of the 7 th Committee on Internal Control Standards of China Accounting Society, a member of the 8 th Fundamental Accounting Theory Committee of China Accounting Society, a non-practicing member of CICPA, a member of the Association of Certified Fraud Examiners (ACFE), and an honorary member of the Institute of Management Accountants (IMA).
Liu Lanyu	Born in 1966, she has a master's degree in civil law from Renmin University of China, and is currently a lawyer of Beijing Haiyun Law Firm and a member of the First Listing Committee and the First M&A and Corporate Restructuring Committee of the Shenzhen Stock Exchange GEM. She has been engaged in financial and securities legal services for many years, with a solid legal theoretical foundation and rich practical experience.
Xie Lijuan	joined the Company in 2010 and is currently the director of the Company's audit office.

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Fan Jingwu	joined the Company in 1996 and is currently the Deputy General Manager of the Company
Guan Xiaolan	joined the Company in 1996 and is currently the Deputy General Manager of the Company
Ni Shouqi	joined the Company in 1998 and is currently the Deputy General Manager of the Company
Tong Chenghui	joined the Company in 2002 and is currently the Deputy General Manager of the Company
Fu Meiyang	joined the Company in 2000 and is currently the Deputy General Manager of the Company
Wang Feng	joined the Company in 2001 and is currently the Deputy General Manager of the Company
Zhang Guoqiang	joined the Company in 1999 and is currently the Deputy General Manager of the Company
Zhang Yong	joined the Company in 2004 and is currently the Deputy General Manager of the Company
Zhou Feng	joined the Company in 1999 and is currently the Deputy General Manager of the Company
Zhang Xiaodong	joined the Company in 2000 and is currently the Deputy General Manager of the Company
Yao Manying	joined the Company in 2000 and is currently the Head of Finance of the Company.

Other information

Applicable Not Applicable

(II) Positions of Directors, Supervisors and Senior Management Currently in Office and Resigned during the Reporting Period

1. Position in the Shareholder's Entity

Applicable Not Applicable

Name of officer	Name of the Shareholder's entity	Position in the Shareholder's entity	Date of term commencement	Date of term expiration
Han Xinyi	Hangzhou Hundsun Electronics Group Co., Ltd.	Executive Director, General Manager, and Legal Representative	September 10, 2018	
Explanation on position in the shareholder's entity	None			

(III) Compensation of Directors, Supervisors and Senior Management

Applicable Not Applicable

Decision-making process of compensation of Directors, Supervisors and Senior Management	During the Reporting Period, the remuneration of Directors, Supervisors and Senior Management who receive remuneration from the Company is determined in accordance with the regulations on remuneration assessment established by the Company.
Basis for determining the remuneration of Directors, Supervisors and Senior Management	Based on the wage base and appraisal principles determined by the Board, annual remuneration is paid based on the results of the annual performance appraisal.
Actual payment of remuneration to Directors, Supervisors and Senior Management	Please refer to Section "Changes in Shareholding and Remuneration of Directors, Supervisors and Senior Management Currently in Office and Resigned during the Reporting Period" for details
Total payment of remuneration before tax to Directors, Supervisors and Senior Management as at the end of the Reporting Period	See notes for details

(IV) Change of Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Name	Position	Changes	Reasons
Hu Xi	Director	Resigned	Job transfer
Yu Bin	Director	Elected	By-election
Zhao Ying	Supervisor	Resigned	Job transfer
Chen Zhijie	Supervisor	Elected	By-election
Guo Tianyong	Independent Director	Resigned	Term expires
Ding Wei	Independent Director	Elected	By-election

(V) Details of Fines Imposed by Securities Regulatory Bodies In the Past Three Years

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session of meeting	Date	Resolutions
16 th meeting of the Seventh Board	March 18, 2021	The Proposal on Provision for Impairment of Assets, the Proposal on Financial Assistance to Subsidiaries and Related Party Transactions, the Proposal on the Application for Comprehensive Credit Line for 2021, and the Proposal on Related Party Transactions Concerning Daily Operations Expected in 2021 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-008.
17 th meeting of the	April 23, 2021	The Full Text and Summary of the 2020 Annual Report, the Work Report of

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Session of meeting	Date	Resolutions
Seventh Board		General Managers in 2020, the 2020 Annual Work Report of the Board, the 2020 Annual Final Accounting Report, the 2020 Annual Work Report of the Audit Committee, the 2020 Annual Work Report of the Remuneration and Evaluation Committee, the 2020 Annual Work Report of the Strategy and Investment Committee, the 2020 Annual Work Report of the Nominations Committee, the Self-evaluation Report on Internal Control in 2020, the Proposal on the Further Employment of Pan-China Certified Public Accountants LLP and its Remuneration, the Profit Distribution Plan for 2020, the 2020 Social Responsibility Report of Hundsun, the Proposal on the Joint Subscription of Xingding Fund by the Company and its Associated Corporations, the Proposal on the Application for Bank Loan Credit for the Hundsun Cloud Production Base Project Phase II, the Proposal on the By-election of Members of Relevant Special Committees of the Board and the Proposal on the Request for Convening the Shareholders' General Meetings for 2020 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-018.
18 th meeting of the Seventh Board	April 27, 2021	The First Quarterly Report of 2021 and the Q1 Work Report of General Managers in 2020 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-024.
19 th meeting of the Seventh Board	August 24, 2021	The Full Text and Summary of the 2021 Semi-annual Report, the 2020 Semi-annual Work Report of General Managers in 2020, the Proposal on the Related Transaction of Providing Performance Guarantee of Business Contracts for the Subsidiaries, the Proposal on the Related Party Transactions of Joint Investment in Hundsun Holdings Limited by the Company and its Associated Corporations, the Proposal on Increasing Construction Budget for the Hundsun Cloud Production Base Project Phase II, the Proposal on the Nomination of Candidates for Independent Directors and the Proposal on the Request for Convening the First Extraordinary General Meeting of Shareholders for 2021 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-037.
20 th meeting of the Seventh Board	October 27, 2021	The Third Quarterly Report of 2021, the Q3 Work Report of General Managers in 2021, the Proposal on Revising the Investment and Management Measures of Key Employees Buying Shares in Hundsun's Innovative Business Subsidiaries, the Proposal on Revising the Implementation Measures of Employee Stock Ownership Scheme of Hundsun's Innovative Business Subsidiaries, the Proposal on Related Party Transactions of Increasing Investment in the Subsidiary (Hundsun iBontal), the Proposal on By-election of Members of Relevant Special Committees of the Board, and the Proposal on the Request for Convening the Second Extraordinary General Meeting of Shareholders for 2021 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-047.
21 st meeting of the Seventh Board	November 26, 2021	The Proposal on the Increase of Loan Limit for the Phase II Project of Hundsun Financial Cloud Base, the Proposal on the Nomination of Candidates for Directors, the Proposal on the Acquisition of Summit Business of Finastra by the Company's Subsidiary Cloudwing Network, the Proposal on the Related Party Transactions of Increasing Investment in the Subsidiary Cloudwing Network, and the Proposal on the Request for Convening the Third Extraordinary General Meeting of Shareholders for 2021 were adopted at the meeting through deliberation. Details of the above resolutions are set out in the Company's Announcement No. 2021-056.

VI. THE PERFORMANCE OF DIRECTORS' DUTIES

(I) The Attendance of Directors at Board Meetings and General Meetings

Director Name	Independent director or not	Attendance at Board meetings	Attendance at general meetings
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		Number of Board meetings to be attended this year	Number of meetings attended in person	Number of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of Absence	Two consecutive Board meetings not attended in person or not	Number of general meetings attended
Peng Zhenggang	N	6	6	3	0	0	N	2
Liu Shufeng	N	6	6	3	0	0	N	4
Jiang Jiansheng	N	6	6	3	0	0	N	4
Jing Xiandong	N	6	6	3	0	0	N	0
Han Xinyi	N	6	6	3	0	0	N	0
Hu Xi	N	6	6	3	0	0	N	0
Zhu Chao	N	6	6	3	0	0	N	0
Yu Bin	N	0	0	0	0	0	N	0
Guo Tianyong	Yes	4	4	2	0	0	N	0
Wang Xiangyao	Yes	6	6	3	0	0	N	2
Liu Xiaolun	Yes	6	6	3	0	0	N	0
Liu Lanyu	Yes	6	6	3	0	0	N	0
Ding Wei	Yes	2	2	1	0	0	N	0

Note: On December 14, 2021, Director Yu Bin was elected at the general meeting through deliberation, and after that, no Board meeting was held by the Company until the end of 2021.

Explanation on non-attendance in person by Directors at two consecutive Board meetings

Applicable Not Applicable

Number of Board meetings held during the year	6
Including: Number of on-site meetings	0
Number of meetings held by way of telecommunication	3
Number of meetings held by a combination of on-site and telecommunication	3

(II) Objection to Related Matters of the Company by Independent Directors

Applicable Not Applicable

(III) Others

Applicable Not Applicable

VII. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not Applicable

(1) Membership of special committees under the Board

Name of special committee	Member name
Audit Committee	Liu Xiaolun, Zhu Chao, Ding Wei, Wang Xiangyao, Jiang Jiansheng
Nominations Committee	Ding Wei, Jiang Jiansheng, and Liu Lanyu
Remuneration and Evaluation Committee	Wang Xiangyao, Jing Xiandong, Liu Lanyu, Liu Xiaolun, and Jiang Jiansheng
Strategy Committee	Peng Zhenggang, Jing Xiandong, Han Xinyi, Liu Shufeng, and Jiang Jiansheng

(2) The Strategy Committee held one meeting during the Reporting Period

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Date	Meeting content	Important comments and suggestions	Other performance of duties
April 23, 2021	To deliberate the 2020 Annual Work Report of the Strategy and Investment Committee	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	

(3) The Audit Committee held six meetings during the Reporting Period

Date	Meeting content	Important comments and suggestions	Other performance of duties
March 8, 2021	1. To deliberate the Proposal on Provision for Impairment of Assets; 2. To deliberate the Proposal on Financial Assistance to Subsidiaries and Related Party Transactions; 3. To deliberate the Proposal on Related Party Transactions Concerning Daily Operations Expected in 2021	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
April 22, 2021	1. To deliberate the Full Text and Summary of the 2020 Annual Report; 2. To deliberate the Self-evaluation Report on Internal Control in 2020; 3. To deliberate the Proposal on the Further Employment of Pan-China Certified Public Accountants LLP and its Remuneration; 4. To deliberate the Profit Distribution Plan for 2020; 5. To deliberate the Proposal on the Joint Subscription of Xingding Fund by the Company and its Associated Corporations	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
April 27, 2021	1. To deliberate the First Quarterly Report of 2021	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
August 24, 2021	1. To deliberate the Full Text and Summary of the 2021 Semi-Annual Report; 2. To deliberate the Proposal on the Related Transaction of Providing Performance Guarantee of Business Contracts for the Subsidiaries; 3. To deliberate the Proposal on the Related Party Transactions of Joint Investment in Hundsun Holdings Limited by the Company and its Associated Corporations	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
October 15, 2021	1. To deliberate the Third Quarterly Report of 2021; 2. To deliberate the Proposal on Related Party Transactions of Increasing Investment in the Subsidiary (Hundsun iBontal)	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
November 22, 2021	1. To deliberate the Proposal on the Related Party Transactions of Increasing Investment in the Subsidiary Cloudwing Network	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	

(4) The Remuneration and Evaluation Committee held one meeting during the Reporting Period

Date	Meeting content	Important comments and suggestions	Other performance of duties
April 23, 2021	The 2020 Annual Work Report of the Remuneration and Evaluation Committee was adopted at the meeting through deliberation.	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	

(5) The Nominations Committee held two meetings during the Reporting Period

Date	Meeting content	Important comments and suggestions	Other performance of duties
August 13, 2021	To deliberate the Proposal on the Nomination of Candidates for Independent Directors	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	
November 22, 2021	To deliberate the Proposal on the Nomination of Candidates for Directors	The attending members adopted the Proposal through serious discussion and deliberation and agreed to submit the Proposals to the Board for deliberation.	

(6) Details of matters in question

Applicable Not Applicable

VIII. EXPLANATION ON EXISTENCE OF RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

Applicable Not Applicable

The Supervisory Committee had no objection to the matters supervised during the Reporting Period.

IX. EMPLOYEES OF THE PARENT COMPANY AND MAIN SUBSIDIARIES AT THE END OF THE REPORTING PERIOD**(I) Employees**

Number of employees in the parent company	8,329
Number of employees in main subsidiaries	4,981
Total number of employees on job	13,310
Number of the retired staff with expenses borne by the parent company and main subsidiaries	
Professions	
Type of professions	Number of employees
On-site implementation	1,413
Product technology	8,659
Marketing and sales	369
Functional management	499
Customer services	2,370
Total	13,310
Level of education	
Level of education	Number of employees
Master's degree and above	1,418
Bachelor's Degree	10,671
Junior college and below	1,221
Total	13,310

(II) Remuneration Policy

Applicable Not Applicable

The remuneration of the Company's employees includes salaries, bonuses and other benefit plans. In compliance with relevant PRC laws and regulations, the Company implements different remuneration standards for different employees based on their positions, abilities, performance and other factors.

(III) Training Plan

Applicable Not Applicable

The Company focuses on improving the overall quality of the workforce and formulates talents training plans according to the development needs of various talents so that the Company's management level and human resources can be continuously improved.

(IV) Labor Outsourcing

Applicable Not Applicable

Total hours outsourcing	14,456.96 hours per capita per month
Total payment for labor outsourcing	RMB244,772,575.11

X. PLAN FOR PROFIT DISTRIBUTION OR CONVERSION OF COMMON RESERVE FUND INTO SHARE CAPITAL

(I) Formulation, Implementation or Adjustment to the Cash Dividend Policy

Applicable Not Applicable

During the Reporting Period, the Company implemented the Profit Distribution Plan for 2020. On July 12, 2021, the Company disclosed the Announcement on the Implementation of the Dividend Distribution Plan for 2020, with a specific distribution plan of a cash dividend of RMB0.1 per share and 0.4 bonus shares per share. As the actual number of shares for profit distribution was 1,043,674,314, the total cash dividend distributed by the Company was RMB104,367,431.4 (including tax) and the number of bonus shares distributed was 417,469,726. The Company had 1,461,560,480 shares outstanding after the share distribution.

(II) Special Explanation on Cash Dividend Policy

Applicable Not Applicable

Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of the general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend standard and proportion are well defined and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete and sound;	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the Independent Directors have performed their duties and played their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the minority shareholders have the opportunity to fully express their opinions and demands and whether their legitimate rights and interests are fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the Company was Profitable during the Reporting Period and the Parent Recorded Profits Distributable to the Shareholders, but No Cash Profit Distribution Plan was Proposed, the Company shall Disclose in Detail the Reasons for Non-Distribution as Well as the Use and Future Plans of the Undistributed Profits

Applicable Not Applicable

XI. THE COMPANY'S EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND THE IMPACT THEREOF

(I) Incentives Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not Applicable

Summary of events	Enquiry index
Announcement on the Completion of Non-trade Stock Transfer under the	Announcement No. 2021-031 www.sse.com.cn

2020 Employee Stock Ownership Scheme	
Announcement of Resolutions of the First Holders' Meeting under the 2020 Employee Stock Ownership Scheme	Announcement No. 2021-034 www.sse.com.cn

(II) Incentives Undisclosed in Temporary Announcements or with Progress in Subsequent Implementation

Equity incentives

Applicable Not Applicable

Other notes

Applicable Not Applicable

Employee Stock Ownership Scheme

Applicable Not Applicable

Other incentives

Applicable Not Applicable

(III) Equity Incentives Granted to Directors and Senior Management during the Reporting Period

Applicable Not Applicable

(IV) Establishment and Implementation of Appraisal Mechanism and Incentive Mechanism for Senior Management during the Reporting Period

Applicable Not Applicable

XII. Establishment and Implementation of Internal Control System during the Reporting period

Applicable Not Applicable

For details, please refer to the Company's Internal Control Self-assessment Report 2021 as disclosed on the website of the Shanghai Stock Exchange at www.sse.com.cn.

Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Not Applicable

XIII. MANAGEMENT CONTROL OVER THE SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not Applicable

According to the Company Law, the Articles of Association and other relevant laws, regulations and rules, as well as the provisions of the Management Rules for Subsidiaries of Management Rules, the Company guided, managed and supervised its subsidiaries, and explicitly required the subsidiaries to operate in a standardized manner, to make financial management and operation decisions in compliance, to extend their efforts in reporting related party transactions, external guarantees, foreign investments and other important matters to the Company in advance, and to strengthen the collaborative management of

technology, research and development, sales and other aspects to jointly safeguard the Company's rights and interests.

During the Reporting Period, Hundsun Lirong, Hundsun iBontal, Dworld AI and Genus-Finance became the Company's subsidiaries. The details are as follows.

Genus-Finance. After completing the merger and acquisition of Genus-Finance, the Company incorporated this subsidiary's HR, finance and information construction departments into its unified control system, specially assigned persons to take charge of these departments, and integrated this subsidiary's businesses into its asset management business to make business cooperation with other departments. Thanks to the smooth integration process, Genus-Finance is now operating normally.

Dworld AI. After completing the merger and acquisition of Dworld AI, the Company incorporated this subsidiary's HR, finance and information construction departments into its unified control system, specially assigned persons to take charge of these departments, and integrated this subsidiary's businesses into its management of data risk and infrastructure business committee to make business cooperation with another subsidiary Gildata. Thanks to the smooth integration process, Dworld AI is now operating normally.

Hundsun Lirong. Because the businesses and customers of Cloudwing Network and Hundsun Lirong overlap to some extent, Cloudwing Network had acquired 76.01% shares of Hundsun Lirong held by Hundsun Electronics, so as to eliminate internal competition and to share and integrate the assets, business, HR, financial and other resources of the two subsidiaries.

Hundsun iBontal. After completing the merger and acquisition of Hundsun iBontal, the Company appointed the chairman of this subsidiary, specially assigned persons to take charge of relevant departments, and integrated this subsidiary's HR management, financial management, market contract management and information synergy management into the control system of the parent company. The Company also successfully introduced new strategic investors to this subsidiary and made a breakthrough in the R&D of core life insurance systems and market exploitation. Through one year of integration, Hundsun iBontal is now operating its market exploitation and various businesses well.

XIV. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

Applicable Not Applicable

Whether or not to disclose the audit report of internal control: Yes

Type of opinion on the audit report on internal control: Standard unqualified opinion

XV. RECTIFICATION OF PROBLEMS IDENTIFIED IN THE SELF-INSPECTION OVER THE COMPANY'S SPECIAL GOVERNANCE MEASURES

The Company had rectified several problems identified in the self-inspection in a targeted manner. At present, there is only the problem of requiring Independent Directors to work on the spot, which cannot be rectified temporarily due to the COVID-19 epidemic.

XVI. Others

Applicable Not Applicable

Section V Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

(I) Explanation on Environmental Protection of Companies and Their Significant Subsidiaries Classified as the Key Pollutant Discharging Entities Announced by the Environmental Protection Department

Applicable Not Applicable

(II) Environmental Protection of the Companies Other than Key Pollutant Discharging Entities

Applicable Not Applicable

1. Administrative penalties imposed for environmental problems

Applicable Not Applicable

2. Disclosure of other environmental information with reference to key pollutant discharging entities

Applicable Not Applicable

The Company is mainly engaged in providing software products and services to domestic financial institutions, in which the resources used are mainly human resources, and the products produced are mainly software, systems, data and various platform services, so there is almost no environmental pollution.

3. Reasons for failure to disclose other environmental information

Applicable Not Applicable

(III) Relevant information that is conducive to ecological protection, pollution prevention and environmental responsibility fulfillment

Applicable Not Applicable

(V) Measures taken to reduce carbon emissions during the Reporting Period and their effectiveness

Applicable Not Applicable

II. SOCIAL RESPONSIBILITY

Applicable Not Applicable

For details, please refer to the Environmental, Social and Governance (ESG) Report and Corporate Social Responsibility Report of the Company as disclosed on the website of the Shanghai Stock Exchange at www.sse.com.cn.

III. DETAILS ON THE COMPANY CONSOLIDATING AND EXPANDING ITS ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

Applicable Not Applicable

In 2021, the Company participated in the poverty alleviation by developing industries and education development project of the Henan Province Foundation for Poverty Alleviation (HNFPA) in Luo Chen

Village, Guangshan County, donated educational resources to the poverty alleviation project of in-service teachers in Yufeng Primary School, provided assistance in the construction of reading rooms in impoverished mountainous schools in Sichuan Province, participated in the educational poverty alleviation and education assistance project of Zhanlei Primary School in Leshan County, Guizhou Province, and subsidized various needy families, with a total investment of approximately RMB840,000.

Section VI Significant Events

I. PERFORMANCE OF COMMITMENTS

(I) Commitments of the Actual Controller, Shareholders, Related Parties, Acquiring Parties of the Company and the Company and Other Parties Involved During the Reporting Period or Subsisting to the Reporting Period

Applicable Not Applicable

(II) If the Company Has Made a Profit Forecast as to Its Assets or Projects, and the Reporting Period is within the Profit Estimate Period, the Company's Explanation on whether Its Assets or Projects Meet Its Previous Profit Forecast and the Reasons

Meet Not meet Not Applicable

(III) Fulfillment of the Performance Commitment and Its Impact on the Goodwill Impairment Test

Applicable Not Applicable

II. FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS MISAPPROPRIATED BY THE CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not Applicable

III. ILLEGAL GUARANTEE

Applicable Not Applicable

IV. THE COMPANY'S NOTES ON THE "NON-STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRMS

Applicable Not Applicable

V. ANALYSIS AND EXPLANATION OF THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY OR REMEDIES FOR MAJOR ACCOUNTING ERRORS

(I) Explanations of the Company on the Reasons for and Effects of Changes in the Accounting Policies and Accounting Estimates

Applicable Not Applicable

1. Changes in significant accounting policies

(1) Changes in accounting policies caused by changes in the Accounting Standards for Business Enterprises

1) The Company implemented the revised Accounting Standards for Business Enterprises No.

21- Leases (hereinafter referred to as the new lease standards) from January 1, 2021 (hereinafter referred to as the First Implementation Date).

① For contracts that existed before the First Implementation Date, the Company chose not to reassess whether these contracts are lease contracts or contracts containing provisions on leases.

② For leases in which the Company was the lessee, the Company adjusted the retained earnings and the amount of other relevant items in financial statements at the beginning of the Reporting Period with regard to the cumulative impact of applying the new lease standards and the previous standards on the First Implementation Date, without adjusting the items during comparable periods. The specific process is as follows.

For operating leases before the First Implementation Date, the Company measured the lease liabilities on the First Implementation Date based on the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as of the First Implementation Date, and measured the right-of-use assets by the carrying value obtained as if the Company adopted the new lease standards from the commencement date of the lease term (discounted at the Company's incremental borrowing rate as of the First Implementation Date) and the properly adjusted advance rental payments.

On the First Implementation Date, the Company conducted an impairment test on the right-of-use assets and carries out corresponding accounting in accordance with the provisions of Note V (30) to the financial statements.

A. The principal effects of the implementation of the new lease standards on the Company's financial statements as of January 1, 2021 are as follows.

Item	Balance Sheet		
	December 31, 2020	Adjustment effects of new lease standards	January 1, 2021
Right-of-use assets		10,271,192.32	10,271,192.32
Prepayments	9,007,186.01	-834,932.30	8,172,253.71
Lease liabilities		2,654,639.37	2,654,639.37
Current portion of non-current liabilities		7,111,829.18	7,111,829.18
Provision for liabilities	12,147,826.09	100,000.00	12,247,826.09
Surplus reserve	195,947,299.77	-4,502.28	195,942,797.49
Undistributed profits	2,893,625,565.93	-291,827.99	2,893,333,737.94
Minority interests	483,731,488.14	-133,878.26	483,597,609.88

B. The weighted average of the Company's incremental borrowing rates used for lease liabilities charged to the Balance Sheet on the First Implementation Date was 4.71%.

C. Operating leases before the First Implementation Date were simplified

a. The Company simplified leases that had been completed within 12 months after the First Implementation Date, with right-of-use assets and lease liabilities not recognized.

b. The Company adopted the same discount rate for lease contracts with similar characteristics when measuring the lease liabilities.

c. No initial direct costs were included in the measurement of right-to-use assets.

d. The Company determined the term of the lease based on the actual exercise of the renewal option or termination option before the First Implementation Date and other updates.

e. As an alternative to the impairment test of the right-of-use assets, the Company assessed whether the contracts containing provisions on leases were onerous contracts before the First Implementation Date in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies, and adjusted the right-of-use assets by the amount of the provision for losses charged on the balance sheet date before the First Implementation Date.

f. In case of any changes in leases before the First Implementation Date, the Company carried out accounting based on the final arrangement of the changes in leases.

The simplifications above had no significant impact on the Company's financial statements.

③ The Company simplified operating lease contracts with low-value assets that existed before the First Implementation Date, with the right-of-use assets and lease liabilities not recognized, and carried out accounting in accordance with the new lease standards from the First Implementation Date.

④ For lease contracts in which the Company was the lessor, the Company carried out accounting in accordance with the new lease standards from the First Implementation Date.

2) On January 26, 2021, the Company implemented the Interpretation No. 14 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, and this change in accounting policies had no impact on the Company's financial statements.

3) On December 31, 2021, the Company implemented the provisions of the Interpretation No. 15 of Accounting Standard for Business Enterprises issued by the Ministry of Finance, and this change in accounting policies had no impact on the Company's financial statements.

(II) Analysis and Explanation of the Reasons for and Effects of the Company's Remedies for Major Accounting Errors

Applicable Not Applicable

(III) Communication with Former Accounting Firms

Applicable Not Applicable

(IV) Other Notes

Applicable Not Applicable

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: 10,000 yuan Currency: RMB

	Current appointment
Name of domestic accounting firm	Pan-China Certified Public Accountants LLP
Remuneration for domestic accounting firm	161
Term of audit by domestic accounting firm	19

	Name	Remuneration
Accounting firm for internal control audit	Pan-China Certified Public Accountants LLP	35

Explanation on Appointment and Dismissal of Accounting Firms

Applicable Not Applicable

Change of the accounting firms during the Audit Period

Applicable Not Applicable

VII. FACING THE RISK OF SUSPENSION OF LISTING

(I) Reasons for Suspension of Listing

Applicable Not Applicable

(II) Measures Taken by the Company

Applicable Not Applicable

(III) SITUATION AND REASONS FOR TERMINATION OF LISTING

Applicable Not Applicable

VIII. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Applicable Not Applicable

IX. MAJOR LITIGATION AND ARBITRATION MATTERS

Major litigation and arbitration matters in this year No major litigation and arbitration matters

X. PENALTIES ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLER DUE TO SUSPECTED VIOLATION OF LAWS AND REGULATIONS, AND RECTIFICATION

Applicable Not Applicable

XI. EXPLANATION ON THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD

Applicable Not Applicable

XII. MAJOR RELATED PARTY TRANSACTIONS

(I) Related Party Transactions Related to Daily Operations

1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not Applicable

Summary of events	Enquiry index
The Announcement on Expected Related Party Transactions Related to Daily Operations in 2021	For the Announcement No. 2021-013, please refer to www.sse.com.cn

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not Applicable

3. Events Undisclosed in the Temporary Announcements

Applicable Not Applicable

(II) Related Party Transactions from Acquisition and Disposal of Assets or Equity**1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation**

Applicable Not Applicable

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not Applicable

3. Events Undisclosed in the Temporary Announcements

Applicable Not Applicable

4. The Performance Achievements during the Reporting Period Shall be Disclosed if Undertakings on Performance are Involved

Applicable Not Applicable

(III) Material Related Party Transactions involving Joint Foreign Investments**1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation**

Applicable Not Applicable

Summary of events	Enquiry index
Related party transactions on the joint subscription of Nanjing Xingding Equity Investment Partnership (L.P.) by the Company and its associated corporations	For the Announcement No. 2021-022, please refer to www.sse.com.cn
Related party transactions on the joint investment in Hundsun Holdings Limited by the Company and its Associated Corporations	For the Announcement No. 2021-040, please refer to www.sse.com.cn
Related party transactions on increasing investment in the Holding Subsidiary Hundsun iBontal	For the Announcement No. 2021-049, please refer to www.sse.com.cn
Related party transactions on increasing investment in the Holding Subsidiary Cloudwing Network	For the Announcements No. 2021-059 and No. 2021-063, please refer to www.sse.com.cn

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not Applicable

3. Events Undisclosed in the Temporary Announcements

Applicable Not Applicable

(IV) Claims and Liabilities between Related Parties**1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation**

Applicable Not Applicable

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not Applicable

3. Events Undisclosed in the Temporary Announcements

Applicable Not Applicable

(V) Financial Business between the Company and Related Financial Companies, Holding Financial Companies and Related Parties

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contracting and Leasing

1. Trust

Applicable Not Applicable

2. Contracting

Applicable Not Applicable

3. Leasing

Applicable Not Applicable

(II) Guarantee

√Applicable □Not Applicable

Unit: yuan Currency: RMB

External guarantee (excluding guarantees provided to subsidiaries)														
Guarantor	Relation between guarantor and the Company	Secured party	Guarantee amount	Date of guarantee (agreement signing date)	Valid from	Expired at	Type of guarantee	Collateral (if any)	Guarantee has been performed or not	Guarantee is overdue or not	Amount override	Counter-guarantee	Guarantee provided to related parties or not	Relation
None														
Total guarantee amount during the Reporting Period (excluding guarantees provided to subsidiaries)										0				
Balance of total guarantees at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)										0				
Guarantees provided by the Company and its subsidiaries to subsidiaries														
Total guarantee amount to subsidiaries during the Reporting Period										0				
Balance of total guarantees to subsidiaries at the end of the Reporting Period (B)										278,000,000				
Total guarantee amount (including guarantees to subsidiaries) provided by the Company														
Total guarantee amount (A+B)										278,000,000				
Proportion of total guarantee amount in the Company's net assets (%)										4.88%				
Including:														
Amount of guarantees provided by the Company to its shareholders, Actual Controller and related parties (C)										0				
Amount of debt guarantees provided directly or indirectly by the Company to secured parties with an asset-liability ratio exceeding 70% (D)										0				
Total guarantee amount exceeding 50% of the net assets (E)										0				
Total amount of above three guarantees (C+D+E)										0				
Explanation of possible joint and several liabilities for unexpired guarantee										None				
Notes for guarantees										(1) The proposal on the provision of business contract performance guarantees of up to RMB168 million in total to eight subsidiaries from FY2019 to FY2021 was adopted through deliberation at the 26 th meeting of the Sixth Board of the Company. (Please refer to the Company's Announcement No. 2019-017 for details.) (2) The proposal on the provision of a loan credit guarantee of RMB80 million to Hundsun Ayers Technologies Limited, Hundsun Ayers Technologies Limited, from FY2020 to FY2022 was adopted through deliberation at the 6 th Meeting of the Seventh Board of the Company. (Please refer to the Company's Announcement No. 2020-012				

for details.)

(3) The proposal on the provision of business contract performance guarantees of up to RMB58 million in total to Cloudyee Network and Jingteng Network, subsidiaries of the Company, from FY2022 to FY2023 was adopted through deliberation at the 19th meeting of the Seventh Board of the Company. (Please refer to the Company's Announcement No. 2021-039 for details.)

(III) Entrustment of Asset Management**1. Entrusted wealth management****(1) Overall entrusted wealth management**√Applicable Not Applicable

Unit: 10,000 yuan Currency: RMB

Type	Source of funds	Amount incurred	Outstanding balance	Amount overdue but uncollected
Bank wealth management products	Self-owned fund	107,020.00	78,870.00	0
Trust wealth management products	Self-owned fund	216,850.00	46,200.00	0
Total		323,870.00	125,070.00	0

OthersApplicable Not Applicable**(2) Impairment provision for entrusted wealth management**Applicable Not Applicable**2. Entrusted loan****(1) Overall entrusted loan**Applicable Not Applicable**Others**Applicable Not Applicable**(2) Single entrusted loan**Applicable Not Applicable**Others**Applicable Not Applicable**(3) Impairment provision for entrusted loans**Applicable Not Applicable**3. Others**Applicable Not Applicable**(IV) Other Material Contracts**Applicable Not Applicable**XIV. OTHER SIGNIFICANT EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS'****VALUE JUDGMENTS AND INVESTMENT DECISIONS**Applicable Not Applicable

Section VII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHAREHOLDING OF SHARES

(I) Statement of Changes in Shares

1. Statement of Changes in Shares

Unit: share

	Before this change		Increase (+)/decrease (-) in this change					After this change	
	Number	Proportion (%)	Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Sub-total	Number	Proportion (%)
I. Shares not subject to selling restrictions	1,044,090,754	100		+417,469,726			417,469,726	1,461,560,480	100
1. RMB-denominated ordinary shares	1,044,090,754	100		+417,469,726			417,469,726	1,461,560,480	100
II. Total number of shares	1,044,090,754	100		+417,469,726			417,469,726	1,461,560,480	100

2. Particulars of Changes in Shares

Applicable Not Applicable

The Company adopted the Profit Distribution Plan for 2020 through deliberation at the 17th meeting of the Seventh Board held on April 23, 2021, and then adopted the Plan through deliberation at the shareholders' general meeting held on June 3, 2021. The change in shares in the Profit Distribution Plan is that the Company will distribute a cash dividend of RMB1.00 (including tax) for every 10 shares and 4 bonus shares for every 10 shares to all shareholders based on the shares outstanding registered on the date of registration of the implementation of the equity distribution less the number of shares in the special securities repurchase account of the Company. Based on 1,035,695,014 shares, being 1,044,090,754 shares outstanding less 8,395,740 shares in the Company's special securities repurchase account, the Company will distribute the total cash dividend of RMB103,569,501.40 (including tax) and 414,278,006 bonus shares. If the shares outstanding for the profit distribution change, the Company will adjust the total shares to be distributed at the same distribution ratio per share.

On June 28, 2021, the Company received the Confirmation of Transfer Registration issued by China Securities Depository and Clearing Corporation Limited, 7,979,300 shares in 8,395,740 shares in the Company's special securities repurchase account were transferred to the Company's account under the 2020 Employee Stock Ownership Scheme through non-trade transfer on June 25, 2021 (please refer to Announcement No. 2021-031 for details). There were 416,440 shares remaining in the Company's special securities repurchase account. As a result of the above, the basic shares for profit distribution were changed to 1,043,674,314 from 1,035,695,014. In accordance with the Profit Distribution Plan for 2020 adopted through deliberation at the 2020 Annual General Meeting of the Company, and the principle of "adjusting the total shares to be distributed at the same distribution ratio per share", i.e., distributing a cash dividend of RMB1.00 for every 10 shares (including tax) and 4 bonus shares for every 10 shares to all shareholders, Company adjusted the total cash dividend to RMB104,367,431.4 (including tax) and the total bonus shares

to 417,469,726. The Company had 1,461,560,480 shares outstanding after the share distribution.

3. Effect of Changes in Shares on Financial Indicators such as Earnings per Share and Net Assets per Share for the Recent Year and the Recent Period (if any)

Applicable Not Applicable

The Company announced the implementation of the 2020 annual equity distribution on July 12, 2021, stipulating that the share registration date was July 15, 2021, the ex-dividend date was July 16, 2021, and the additional shares not subject to selling restrictions were listed on July 19, 2021. After the completion of the share distribution, the Company had 1,461,560,480 shares in total. The effect of the share change on the relevant financial indicators is as follows.

Key financial indicators	January to September 2021	The same period last year (after changes of shares)	The same period last year (before changes of shares)
Basic earnings per share (RMB/share)	0.47	0.90	1.27
Diluted earnings per share (RMB/share)	0.47	0.90	1.27
Net assets per share attributable to shareholders of the Company (RMB/ share)	3.07	3.12	4.36

4. Other Information that the Company Deems Necessary or as Required by Securities Regulators

Applicable Not Applicable

(II) Changes in Restricted Shares

Applicable Not Applicable

II. SECURITY ISSUANCE AND LISTING

(I) Security Issuance during the Reporting Period

Applicable Not Applicable

Explanation on the issuance of securities during the Reporting Period (please describe bonds with different interest rates during the duration separately):

Applicable Not Applicable

(II) Changes in Number of Shares and Shareholding of the Company's Shares and the Changes in Structure of its Balance Sheet

Applicable Not Applicable

Please refer to "Particulars of Changes in Shares" above

(III) Existing Internal Staff Shares

Applicable Not Applicable

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Total Number of Shareholders

Total number of ordinary Shareholders at the end of the Reporting Period (Nr.)	88,641
Total number of ordinary shareholders at the end of last month before the disclosure date of the Annual Report (Nr.)	100,924

(II) Shareholding of the Top 10 Shareholders and Top 10 Outstanding Shareholders (or Holders of Unrestricted Shares) at the End of the Reporting Period

Unit: share

Shareholding of the Top 10 Shareholders							
Name of Shareholder (Full Name)	Increase or Decrease during the Reporting Period	Number of Shares Held At the End of the Period	Proportion (%)	Number of Restricted Shares	Pledged, Marked or Frozen Shares		Nature of Shareholder
					Status of Shares	Number	
Hangzhou Hundsun Electronics Group Co., Ltd.	86,536,942	302,879,298	20.72	0	None		Domestic non-state-owned corporate
Hong Kong Securities Clearing Company Limited	132,532,565	223,754,436	15.31	0	Unknown		Overseas corporate
Jiang Jiansheng	7,948,722	27,820,528	1.90	0	None		Domestic natural person
Zhou Lingen	7,577,967	25,892,883	1.77	0	Unknown		Unknown
China Securities Finance Corporation Limited	1,049,517	19,182,439	1.31	0	Unknown		State-owned corporate
Peng Zhenggang	3,482,000	15,000,000	1.03	0	None		Overseas natural person
China Merchants Bank Co., Ltd. - BOCOM Schroeder New Growth Hybrid Securities Investment Fund	New shareholding during Reporting Period	14,683,859	1.00	0	Unknown		State-owned corporate
Industrial and Commercial Bank of China Limited - Guangfa Multi-factor Flexible Allocation Hybrid Securities Investment Fund	New shareholding during Reporting Period	12,865,307	0.88	0	Unknown		State-owned corporate
Liu Shufeng	3,466,974	12,134,409	0.83	0	None		Domestic natural person
Chen Hong	3,141,864	12,009,025	0.82	0	Unknown		Unknown
Shareholding of the Top 10 Shareholders without Restrictions							
Name of Shareholder	Number of Outstanding Shares without Restrictions	Type and Number of Shares					
		Type	Number				
Hangzhou Hundsun Electronics Group Co., Ltd.	302,879,298	Ordinary shares denominated in RMB	302,879,298				
Hong Kong Securities Clearing Company Limited	223,754,436	Ordinary shares denominated in RMB	223,754,436				
Jiang Jiansheng	27,820,528	Ordinary shares denominated in RMB	27,820,528				
Zhou Lingen	25,892,883	Ordinary shares denominated in RMB	25,892,883				
China Securities Finance Corporation Limited	19,182,439	Ordinary shares denominated in RMB	19,182,439				
Peng Zhenggang	15,000,000	Ordinary shares denominated in RMB	15,000,000				

China Merchants Bank Co., Ltd. - BOCOM Schroeder New Growth Hybrid Securities Investment Fund	14,683,859	Ordinary shares denominated in RMB	14,683,859
Industrial and Commercial Bank of China Limited - Guangfa Multi-factor Flexible Allocation Hybrid Securities Investment Fund	12,865,307	Ordinary shares denominated in RMB	12,865,307
Liu Shufeng	12,134,409	Ordinary shares denominated in RMB	12,134,409
Chen Hong	12,009,025	Ordinary shares denominated in RMB	12,009,025
Special securities repurchase account of the top 10 Shareholders	None		
The above Shareholders entrust and waive their voting rights or are entrusted with the voting right	Unknown		
Related relationship or acting in concert among the above Shareholders	Unknown		

Shareholdings of Top 10 Shareholders with Trading Restrictions and Conditions of Such Restrictions

Applicable Not Applicable

(III) Strategic Investors or General Corporations Becoming Top 10 Shareholders Due to the Placement of New Shares

Applicable Not Applicable

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling Shareholder

1 Corporation

Applicable Not Applicable

Name	Hangzhou Hundsun Electronics Group Co., Ltd.
Person in charge or legal representative	Han Xinyi
Incorporation date	September 28, 1998
Principal Operating Business	Services: non-financial technology project investment, corporate financial management consulting, technology development of integrated circuits and communication equipment, technical consulting, and transfer of achievements; wholesale and retail: communication equipment, and groceries; import and export of goods (except for those prohibited by laws and administrative regulations, and those restricted by laws and administrative regulations can be operated only after obtaining a license). (Projects approved by law can be operated only after obtaining the approval of relevant authority)
Shareholding of other domestic and overseas listed companies controlling and holding shares during the Reporting Period	None
Others	None

2 Natural person

Applicable Not Applicable

3 Special explanation on no controlling shareholders of the Company

Applicable Not Applicable

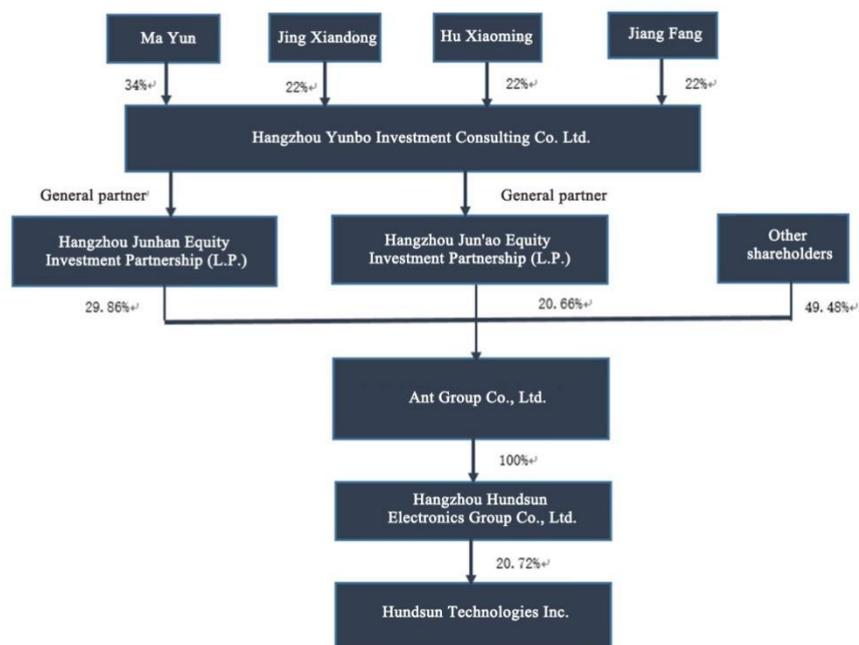
4 Changes in controlling shareholders during the Reporting Period

Applicable Not Applicable

5 Block diagram of property rights and control relationship between the Company and the

Controlling Shareholder

√Applicable □Not Applicable

**(II) Actual Controller****1 Corporation**

□Applicable √Not Applicable

2 Natural person

√Applicable □Not Applicable

Name	Ma Yun
Nationality	China
Right of residence in other countries or regions acquired or not	N
Main occupation and title	Founder of Alibaba Group
Domestic and foreign listed companies held thereby in the past 10 years	None

3 Special explanation on no actual controllers of the Company

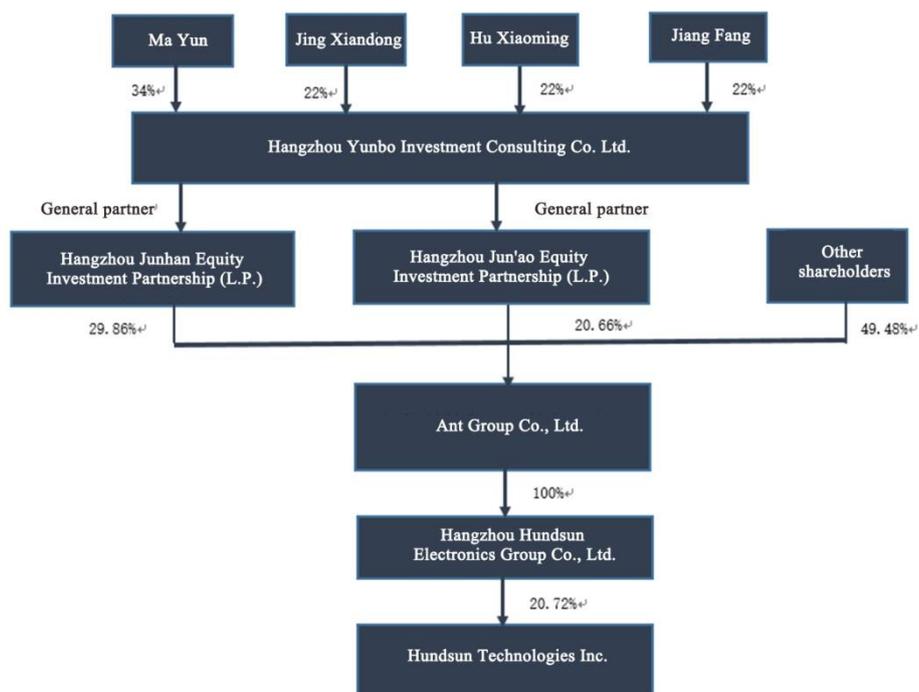
□Applicable √Not Applicable

4 Changes in the Company's control rights during the Reporting Period

□Applicable √Not Applicable

5 Block diagram of property rights and control relationship between the Company and the Actual Controller

√Applicable □Not Applicable



6 Actual Controller controlling the Company by way of trust or other asset management methods

Applicable Not Applicable

(III) Summary of Other Facts about the Controlling Shareholder and Actual Controller

Applicable Not Applicable

V. THE COMPANY'S CONTROLLING SHAREHOLDER OR THE FIRST MAJORITY SHAREHOLDER AND ITS CONCERT PARTIES PLEDGED A TOTAL OF 80% OR MORE OF THEIR SHAREHOLDINGS IN THE COMPANY

Applicable Not Applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH OVER 10% OF SHAREHOLDING IN THE COMPANY

Applicable Not Applicable

VII. DETAILS ON RESTRICTION ON SHAREHOLDING REDUCTION

Applicable Not Applicable

VIII.SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of Share Repurchase Scheme	Announcement on the Proposal to Repurchase the Company's Shares in Call Auction Trading
Date of disclosure	December 9, 2020
Number of shares to be repurchased and the	Under the condition that the price of repurchased shares does not exceed RMB120 per share, the number of shares to be repurchased is expected to be

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proportion (%) in total shares outstanding	about 6,666,667, accounting for about 0.64 of the Company's total shares outstanding, based on the upper limit of the repurchase amount of RMB800 million, and is expected to be about 5,000,000, accounting for about 0.48 of the Company's total shares outstanding, based on the lower limit of the repurchase amount of RMB600 million
Proposed amount for repurchase	Not less than RMB600 million (inclusive) and not more than RMB800 million (inclusive)
Proposed repurchase term	(1) The term of the share repurchase shall be 12 months from the date of approval of the Share Repurchase Scheme by the Board. The Company will repurchase at its discretion and in accordance with market conditions during the repurchase term as determined by the Board. The repurchase term shall expire earlier if the following conditions occur or are met: (i) if the funds for repurchase used reaches the upper limit of the repurchase amount during the term, the Share Repurchase Scheme shall be completed, i.e., the repurchase term shall expire earlier from such date; (ii) if the Board of the Company decides to terminate the Scheme, the repurchase term shall expire earlier from the date of the resolution of the Board to terminate the Scheme. (2) The Company shall not repurchase its shares during the following periods: (i) within 10 trading days prior to the announcement of the Company's regular report, earnings preannouncement or preliminary earnings estimate; (ii) within 2 trading days from the date of occurrence or during the decision-making process of a material matter that may have a significant impact on the trading price of the Company's shares to the date of disclosure according to law; (iii) other circumstances as prescribed by the CSRC and the Shanghai Stock Exchange. During the implementation of the repurchase, if the Company's shares are delisted for more than 10 consecutive trading days due to the planning of major events, the Share Repurchase Scheme will be postponed to implement and disclosed in a timely manner upon the resumption of trading of shares.
Repurchase purpose	For the employee stock ownership scheme
Number of shares repurchased (share)	8,395,740
Number of repurchased shares as a percentage of the underlying shares under the share incentive scheme (%) (if any)	
Progress of the Company's share repurchase reduction in call auction trading	None

Section VIII Preferred Shares

Applicable Not Applicable

Section IX Corporate Bonds

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENT OF NON-FINANCIAL ENTERPRISES

Applicable Not Applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not Applicable

Section X Financial Report

I. AUDITOR'S REPORT

Applicable Not Applicable

Auditor's Report

TJS [2022] No. 1658

To all shareholders of Hundsun Technologies Inc.

I. OPINION

We have audited the financial statements of Hundsun Technologies Inc. (hereinafter referred to as Hundsun Technologies), including the consolidated and parent company's balance sheets as of December 31, 2021, the consolidated and parent company's income statements, cash flow statements and statements of retained earnings for 2021, and related notes to the financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and parent company's financial position of Hundsun Technologies as of December 31, 2021, and the consolidated and the parent company's records of performance and cash flow statements for 2021, prepared in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We have conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Section "Auditor's Responsibilities for the Audit of the Financial Statements" of our report. We are independent of Hundsun Technologies in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, we consider to be most significant to the audit of the financial statements for the period. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters individually.

(I) Revenue Recognition

1. Introduction

The revenue of Hundsun Technologies mainly comes from the provision of overall software solutions and network services for securities, futures, funds, trusts, insurance, banks, exchanges, private equity firms and other institutions. Hundsun Technologies recorded revenue of RMB5,496,578,600 in 2021, of which revenue from software product sales and services accounted for 99.60%. As disclosed in the significant accounting policies and accounting estimates (XXVI) set out in Note III to the financial statements, Hundsun Technologies applies different revenue recognition methods to revenue from sales of self-developed software products, revenue from sales of customized software and revenue from software services. Revenue is one of the key performance indicators of Hundsun Technologies and involves significant judgment of Hundsun Technologies' management (hereinafter referred to as Management), and

revenue may be recognized in inappropriate accounting periods, thus we considered revenue recognition as a key audit matter.

2. Audit Response

The audit procedures we implement for revenue recognition mainly include:

(1) Understanding the key internal controls related to revenue recognition, evaluating the design of these controls, determining whether these controls are implemented, and testing the implementation effectiveness of related internal controls;

(2) Obtaining Company's sales revenue account, analyzing the growth rate of revenue over the same period, identifying whether there are major or abnormal fluctuations at the overall level based on monthly and product type analysis procedures, and finding out the causes of fluctuations;

(3) Testing details, sampling sales contracts and related completion orders for which revenues are recognized during the period, and checking whether projects are completed and whether the service term is consistent according to the completion conditions and service term agreed in the contracts;

(4) Sampling projects for on-the-spot inspection to understand the progress of project implementation;

(5) Implementing confirmation procedures for key customers to confirm information such as accounts receivable, contract assets and debt balances, sales revenue for the period, project progress and service terms;

(6) Performing cut-off tests for revenues recognized before and after the balance sheet date to evaluate whether revenues are recognized in the appropriate period;

(7) Checking whether the information relating to revenue has been properly presented in the financial statements.

(II) Goodwill Impairment Test

1. Introduction

As of December 31, 2021, Hundsun Technologies recorded the original carrying value of goodwill of RMB539,186,500 and the provision for impairment of RMB171,694,300, resulting in a carrying value of RMB367,492,100. As described in the significant accounting policies and accounting estimates (XX) in Note III to the financial statements, the Management is required to perform annual impairment tests on goodwill resulting from business combinations, regardless of whether impairment exists, and to adjust the carrying value of goodwill based on the test results. The Management tests goodwill for impairment in conjunction with the asset group or combination of asset groups related thereto, and the recoverable amount of the related asset group or combination of asset groups is determined based on the present value of projected future cash flows. Significant judgments and assumptions made by the Management, such as the estimation of the revenue growth rate, profit margin, appropriate discount rate and other indicators, are considered in the determination of the present value of future cash flows and therefore we considered the goodwill impairment test as a key audit matter.

2. Audit Response

The audit procedures we implement for goodwill impairment tests mainly include:

(1) Understanding the key internal controls related to goodwill impairment tests, evaluating the design of these controls, determining whether these controls are implemented, and testing the implementation

effectiveness of related internal controls;

(2) Reviewing the Management's projections of the present value of future cash flows and actual results of operations for prior years and evaluating the accuracy of the Management's historical projections;

(3) Understanding the historical performance and development plans for each asset group, as well as the macroeconomic and development trends of the industries to which they belong;

(4) Understanding and evaluating the competency, professionalism and objectivity of the external valuation experts engaged by the Management;

(5) Evaluating the reasonableness and consistency of the methods used by Management in the impairment test;

(6) Reviewing the reasonableness of the level of cash flow projections and the discount rate adopted, including the growth rate of future sales revenue, projected profit margin and related expenses of the corresponding asset group, and conducting a comparative analysis with the historical data of the corresponding asset group and future market trends;

(7) Testing the accuracy of the Management's calculation of the present value of projected future cash flows;

(8) Checking whether the information relating to goodwill impairment has been properly presented in the financial statements.

IV. OTHER INFORMATION

The Management is responsible for other information. Other information includes the information covered in the Annual Report but excludes the financial statements and our auditor's report.

Our audit opinion on the financial statements does not cover other information, and we do not express an assurance conclusion of any kind on other information

In conjunction with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with, or appears to be materially misstated in, the financial statements or what we have learned during the audit.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. We do not have any matters to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management shall be responsible for preparing financial statements that present fairly the data in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing and maintaining the internal controls as the Management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Management is responsible for assessing Hundsun Technologies' continuing operating capacity, disclosing matters relating to continuing operations (if applicable) and applying the continuing operating assumptions unless there are plans to liquidate Hundsun Technologies and cease to operate or no realistic alternative is available.

Those charged with governance of Hundsun Technologies (hereinafter referred to as the Governance)

is responsible for overseeing the financial reporting process of Hundsun Technologies.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards can always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

We exercised professional judgment and maintain professional skepticism in carrying out our audit in accordance with the Auditing Standards. We also carried out the following works:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit. The risk of failing to detect a material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls.

(II) Understand the internal controls related to the audit to formulate appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies adopted by and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the continuing operating assumptions made by the Management and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hundsun Technologies' ability to continue as a going concern. If we conclude that a material uncertainty exists, according to the auditing standards, we are required to draw the attention of statement users to the relevant disclosures in the financial statements in our auditor's report or, if such disclosures are inadequate, we should express our non-unqualified opinion. Our conclusions are based on the audit evidence obtained as of the date of our auditor's report. However, future events or conditions may cause Hundsun Technologies to cease.

(V) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements fairly present the underlying transactions and events.

(VI) Obtain sufficient and appropriate audit evidence about the financial information of the entities or operations in Hundsun Technologies to express our audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit and accept full responsibility for the audit opinion.

We communicate with the Governance regarding, among other matters, the planned scope and schedule of the audit and significant audit findings, including any internal control deficiencies of concern that we found during our audit.

We also provide the Governance with a statement regarding compliance with ethical requirements related to independence and communicate with the Governance about all relationships and other matters

that could reasonably be considered to affect our independence, as well as related precautions (if applicable).

Among matters about which we had communicated with the Governance, we determined which matters are the most important to audit the current period's financial statements, therefore, such matters are key audit matters. We described these matters in our auditor's report, except in those cases where public disclosure of such matters is prohibited by law or regulation, or in those rare cases where we determine not to communicate with the Governance about a matter in our auditor's report if we reasonably expect that the adverse consequences of communicating about such matter in our auditor's report would outweigh the benefits in the public interest.

Pan-China Certified Public Accountants LLP
(Engagement Partner)

CPA of China:

Hangzhou, China

CPA of China:

March 29, 2022

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

December 31, 2021

Prepared by: Hundsun Technologies Inc.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Cash and bank balances	VII.1	1,727,704,846.60	1,374,842,591.24
Balances with clearing companies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	VII.2	1,991,523,094.74	2,723,350,172.04
Derivative financial assets			
Bills receivable	VII.4	636,600.00	194,609.13
Accounts receivable	VII.5	762,916,207.50	523,273,534.51
Receivables financing			
Prepayments	VII.7	11,856,440.88	9,007,186.01
Premium receivables			
Reinsurance account receivables			
Deposit receivables from reinsurance contracts			
Other receivables	VII.8	30,706,405.33	27,411,805.19
Including: Interest receivables			
Dividend receivables			
Financial assets held under resale agreements			
Inventories	VII.9	466,992,190.19	351,690,935.90
Contract assets	VII.10	33,668,468.37	34,180,843.24
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	VII.13	8,672,321.71	10,342,520.82
Total current assets		5,034,676,575.32	5,054,294,198.08
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments	VII.15	65,681,018.23	83,845,382.74
Long-term receivables			
Long-term equity investments	VII.17	1,110,946,777.17	738,974,733.43
Other equity instrument investments			
Other non-current financial assets	VII.19	2,981,720,276.86	2,229,463,162.16
Investment properties	VII.20	127,524,968.93	111,411,248.79
Fixed assets	VII.21	1,679,515,491.95	472,506,719.88
Construction in progress	VII.22	26,357,513.90	732,254,664.28
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII.25	32,023,105.44	
Intangible assets	VII.26	376,460,020.43	161,012,651.89
Development expenditure			
Goodwill	VII.28	367,492,126.98	312,158,890.50
Long-term prepaid expense	VII.29	1,257,776.43	3,370,336.31
Deferred income tax assets	VII.30	163,436,491.51	71,410,701.28
Other non-current assets	VII.31	112,816,169.61	441,999.00
Total non-current assets		7,045,231,737.44	4,916,850,490.26

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Total assets		12,079,908,312.76	9,971,144,688.34
Current liabilities:			
Short-term borrowings	VII.32	178,028,314.11	46,718,265.90
Borrowings from the central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	VII.36	503,758,715.18	192,172,938.77
Advances from customers	VII.37	2,283,715.48	1,491,017.37
Contract liabilities	VII.38	3,203,414,609.69	3,107,149,920.44
Financial assets sold under repurchase agreements			
Deposits from banks and other financial institutions			
Customer deposits for securities trading			
Customer deposits for securities underwriting			
Employee compensation payable	VII.39	774,996,501.71	647,448,189.72
Taxes payable	VII.40	196,064,942.41	187,413,250.40
Other payables	VII.41	170,804,176.79	128,629,520.86
Including: Interest payable			
Dividends payable			
Handling charges and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities	VII.43	154,496,614.61	
Other current liabilities	VII.44	305,258,151.46	305,258,151.46
Total current liabilities		5,489,105,741.44	4,616,281,254.92
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VII.45	228,454,065.70	206,090,358.06
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII.47	23,298,204.05	
Long-term accounts payable			
Long-term employee remuneration payable			
Provision for liabilities	VII.50	17,316,775.77	12,147,826.09
Deferred income	VII.51	38,210,906.29	56,385,848.47
Deferred income tax liabilities	VII.30	68,201,491.05	42,478,589.07
Other non-current liabilities			
Total non-current liabilities		375,481,442.86	317,102,621.69
Total liabilities		5,864,587,184.30	4,933,383,876.61
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	VII.53	1,461,560,480.00	1,044,090,754.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII.55	272,730,547.65	545,385,635.52
Less: Treasury stocks	VII.56	39,676,146.96	117,376,268.28
Other comprehensive income	VII.57	-19,063,233.86	-7,643,663.35
Special reserves			
Surplus reserves	VII.59	322,432,343.76	195,947,299.77
General risk reserve			
Undistributed profits	VII.60	3,697,047,060.46	2,893,625,565.93

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Total equity attributable to owners (or shareholders) of the parent company		5,695,031,051.05	4,554,029,323.59
Minority interests		520,290,077.41	483,731,488.14
Total owners' equity (or shareholders' equity)		6,215,321,128.46	5,037,760,811.73
Total liabilities and owners' equity (or shareholders' equity)		12,079,908,312.76	9,971,144,688.34

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Balance Sheet of Parent Company

December 31, 2021

Prepared by: Hundsun Technologies Inc.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2021	December 31, 2020
Current assets:			
Cash and bank balances		908,419,084.93	628,498,594.80
Held-for-trading financial assets		1,012,890,244.13	1,833,907,601.08
Derivative financial assets			
Bills receivable		636,600.00	194,609.13
Accounts receivable	XVII.1	557,715,998.70	427,331,540.43
Receivables financing			
Prepayments		8,933,838.72	30,871,016.72
Other receivables	XVII.2	66,212,431.56	43,769,249.04
Including: Interest receivables			
Dividend receivables			
Inventories		427,163,074.94	325,151,655.77
Contract assets		27,841,320.54	31,553,316.68
Held-for-sale assets			
Current portion of non-current assets			
Other current assets			5,647,177.34
Total current assets		3,009,812,593.52	3,326,924,760.99
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	3,230,955,642.19	2,419,704,939.59
Other equity instrument investments			
Other non-current financial assets		2,740,664,539.46	2,050,871,495.84
Investment properties		7,736,779.02	8,184,029.66
Fixed assets		1,354,919,216.28	399,589,221.27
Construction in progress		25,139,995.40	456,818,577.02
Productive biological assets			
Oil and gas assets			
Right-of-use assets		24,756,019.73	
Intangible assets		237,628,836.54	146,164,296.77
Development expenditure			
Goodwill			
Long-term prepaid expense		131,567.10	2,380,469.45
Deferred income tax assets		187,252,839.81	91,506,512.97
Other non-current assets			441,999.00
Total non-current assets		7,809,185,435.53	5,575,661,541.57
Total assets		10,818,998,029.05	8,902,586,302.56
Current liabilities:			
Short-term borrowings		150,862,784.72	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		528,701,393.13	197,656,300.15
Advances from customers			
Contract liabilities		2,844,015,508.61	2,795,258,134.72
Employee compensation payable		606,636,561.56	515,782,981.89

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Taxes payable		146,989,441.53	152,414,189.43
Other payables		89,229,544.02	83,908,718.54
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		149,878,491.45	
Other current liabilities			
Total current liabilities		4,516,313,725.02	3,745,020,324.73
Non-current liabilities:			
Long-term borrowings		148,159,511.11	122,536,819.73
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		21,129,263.20	
Long-term accounts payable			
Long-term employee remuneration payable			
Provision for liabilities		16,258,263.99	11,269,713.18
Deferred income		38,094,994.90	56,183,143.62
Deferred income tax liabilities		65,662,318.43	39,723,311.77
Other non-current liabilities			
Total non-current liabilities		289,304,351.63	229,712,988.30
Total liabilities		4,805,618,076.65	3,974,733,313.03
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)		1,461,560,480.00	1,044,090,754.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		16,659,761.86	284,304,968.23
Less: Treasury stocks		39,676,146.96	117,376,268.28
Other comprehensive income		346,075.73	346,075.73
Special reserves			
Surplus reserve		671,500,924.20	533,516,976.26
Undistributed profits		3,902,988,857.57	3,182,970,483.59
Total owners' equity (or shareholders' equity)		6,013,379,952.40	4,927,852,989.53
Total liabilities and owners' equity (or shareholders' equity)		10,818,998,029.05	8,902,586,302.56

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Consolidated Income Statement

January to December 2021

Unit: Yuan Currency: RMB

Item	Notes	2021	2020
I. Total revenue		5,496,578,624.88	4,172,645,156.56
Including: Revenue	VII.61	5,496,578,624.88	4,172,645,156.56
Interest income			
Premiums earned			
Handling charges and commission income			
II. Total cost of sales		4,922,774,631.17	3,392,825,437.84
Including: Cost of sales	VII.61	1,484,602,486.66	955,906,825.10
Interest expenses			
Handling charges and commission expenses			
Payments on surrender			
Net claim expenses			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Reinsurance costs			
Taxes and surcharges	VII.62	60,393,388.78	54,504,894.10
Selling and distribution expenses	VII.63	557,934,967.43	353,806,789.89
General and administrative expenses	VII.64	681,453,467.57	539,490,612.30
R&D expenses	VII.65	2,139,296,366.07	1,496,058,838.32
Finance costs	VII.66	-906,045.34	-6,942,521.87
Including: Interest expenses		10,507,675.01	2,855,157.07
Interest income		-17,150,371.61	-11,939,357.58
Add: Other incomes	VII.67	289,880,269.30	227,428,386.00
Investment income (loss denoted by "-")	VII.68	275,837,269.79	584,205,393.33
Including: Share of results of associates and joint ventures		91,328,055.87	10,473,834.46
Derecognition of income from financial assets measured at amortized cost			
Exchange gains (loss denoted by "-")			
Gains from net exposure to hedging (loss denoted by "-")			
Gain from changes in fair value (loss expressed with "-")	VII.70	414,401,157.02	103,091,491.83
Credit impairment Losses (loss denoted by "-")	VII.71	-30,961,258.63	-15,087,185.55
Impairment of assets (loss denoted by "-")	VII.72	-11,858,839.61	-239,011,710.38
Gains from the disposal of assets (loss to be listed with "-")	VII.73	-552,528.07	577,248.05
III. Operating profit (loss denoted by "-")		1,510,550,063.51	1,441,023,342.00
Add: Non-operating income	VII.74	2,491,487.26	1,847,341.17
Less: Non-operating expenses	VII.75	3,318,935.14	5,155,492.52
IV. Total profit (total loss denoted by "-")		1,509,722,615.63	1,437,715,190.65
Less: Income tax expenses	VII.76	19,593,930.63	74,562,836.44
V. Net profit (net loss denoted by "-")		1,490,128,685.00	1,363,152,354.21
(I) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by "-")		1,490,128,685.00	1,363,152,354.21
2. Net profit from discontinued operations (net loss denoted by "-")			
(II) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the parent company (net loss denoted by "-")		1,463,538,930.14	1,321,735,522.48
2. Profit and loss of minority shareholders (net loss)		26,589,754.86	41,416,831.73

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denoted by "-")			
VI. Other comprehensive income, net of tax	VII.77	-13,786,289.23	-18,814,662.97
(I) Other comprehensive income attributable to owners of the parent company, net of tax		-11,419,570.51	-17,307,209.29
1. Other comprehensive income not to be subsequently reclassified to profit or loss			
(1) Amount of change arising from remeasurement of the defined benefit plan			
(2) Other comprehensive income not to be reclassified to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value attributable to changes in credit risk			
2. Other comprehensive income to be subsequently reclassified to profit or loss		-11,419,570.51	-17,307,209.29
(1) Other comprehensive income to be reclassified to profit or loss under the equity method			
(2) Changes in fair value of other debt investments		-25,707.87	557,500.45
(3) Amount of financial assets reclassified and charged to other comprehensive incomes			
(4) Credit loss impairment of other debt investments			
(5) Cash flow hedge reserve			
(6) Foreign currency translation difference in the statements		-11,393,862.64	-17,864,709.74
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-2,366,718.72	-1,507,453.68
VII. Total comprehensive income		1,476,342,395.77	1,344,337,691.24
(I) Total comprehensive income attributable to the owners of the parent company		1,452,119,359.63	1,304,428,313.19
(II) Total comprehensive income attributable to minority shareholders		24,223,036.14	39,909,378.05
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		1.01	0.90
(II) Diluted earnings per share (RMB/share)		1.01	0.90

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Income Statement of the Parent Company

January to December 2021

Unit: Yuan Currency: RMB

Item	Notes	2021	2020
I. Revenue	XVII.4	4,540,414,080.82	3,479,724,560.56
Less: Cost of sales	XVII.4	1,281,192,903.55	804,381,909.99
Taxes and surcharges		48,187,613.26	44,090,921.30
Selling and distribution expenses		401,894,792.45	256,336,398.72
General and administrative expenses		502,017,276.69	424,746,766.49
R&D expenses	XVII.6	1,811,641,736.55	1,262,846,986.40
Finance costs		2,316,928.82	-8,575,348.42
Including: Interest expenses		9,835,206.38	436,333.33
Interest income		-13,406,287.93	-9,511,502.38
Add: Other incomes		271,497,389.32	202,214,267.06
Investment income (loss denoted by "-")	XVII.5	265,504,833.35	322,590,071.86
Including: Share of results of associates and joint ventures		90,518,351.65	10,437,512.44
Derecognition of income from financial assets measured at amortized cost			
Gains from net exposure to hedging (loss denoted by "-")			
Gain from changes in fair value (loss expressed with "-")		419,730,141.73	99,518,213.82
Credit impairment Losses (loss denoted by "-")		-20,000,010.63	-8,697,979.82
Impairment of assets (loss denoted by "-")		-52,631,912.66	-236,331,294.32
Gains from the disposal of assets (loss to be listed with "-")		-517,980.17	568,970.50
II. Operating profits (loss denoted by "-")		1,376,745,290.44	1,075,759,175.18
Add: Non-operating income		1,727,963.18	1,703,213.73
Less: Non-operating expenses		2,578,075.83	4,815,965.78
III. Total profit (total loss denoted by "-")		1,375,895,177.79	1,072,646,423.13
Less: Income tax expenses		-3,989,324.37	48,636,564.95
IV. Net profit (net loss denoted by "-")		1,379,884,502.16	1,024,009,858.18
(I) Net profit from continuing operations (net loss denoted by "-")		1,379,884,502.16	1,024,009,858.18
(II) Net profit from discontinued operations (net loss denoted by "-")			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
1. Amount of change arising from remeasurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Changes in fair value attributable to changes in credit risk			
(II) Other comprehensive income to be subsequently reclassified to profit or loss			
1. Other comprehensive income to be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amount of financial assets reclassified and charged to other comprehensive income			
4. Credit loss impairment of other debt investments			

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5. Cash flow hedge reserve			
6. Foreign currency translation difference in the statements			
7. Others			
VI. Total comprehensive income		1,379,884,502.16	1,024,009,858.18
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Consolidated Cash Flow Statement

January to December 2021

Unit: Yuan Currency: RMB

Item	Notes	2021	2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		5,844,844,692.26	5,027,045,459.45
Net increase in deposits from customers and placements from banks and other financial institutions			
Net increase in borrowings from the central bank			
Net increase in placements from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance operations			
Net increase in policyholders' deposits and investments			
Cash received from interest, handling charges and commission			
Net increase in placements from banks and other financial institutions			
Net increase in capital for repurchase			
Net cash received from securities trading agency services			
Tax rebate received		227,091,597.48	183,938,205.09
Cash received from other operating activities	VII.78	121,077,790.55	139,374,771.62
Sub-total of cash inflows from operating activities		6,193,014,080.29	5,350,358,436.16
Cash paid for goods and services		429,996,599.28	264,686,930.17
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other financial institutions			
Cash paid for claims on original insurance contracts			
Net increase in placements with banks and other financial institutions			
Cash paid for interest, handling charges and commission			
Cash paid for policyholders' dividend			
Cash paid to and on behalf of employees		3,523,292,673.44	2,407,934,548.23
Cash paid for taxes and dues		573,426,098.40	513,810,513.17
Cash paid for other operating activities	VII.78	709,509,403.03	766,024,174.18
Sub-total of cash outflows for operating activities		5,236,224,774.15	3,952,456,165.75
Net cash flows from operating activities		956,789,306.14	1,397,902,270.41
II. Cash flows from investing activities:			
Cash received from disposal of investments		5,671,375,826.88	6,100,880,297.34
Cash received from investment income		91,272,753.60	107,965,090.44
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		335,745.57	876,150.00
Net cash received from the disposal of subsidiaries and other operating entities			121.84
Cash received from other investment activities	VII.78		2,250,490.08
Sub-total of cash inflows from investing activities		5,762,984,326.05	6,211,972,149.70
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		684,126,691.10	482,188,248.36
Cash paid for investments		5,354,401,853.32	6,418,659,009.01
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other		147,881,750.76	101,506,128.82

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operating entities			
Cash paid for other investing activities	VII.78		924,157.53
Sub-total of cash outflows for investing activities		6,186,410,295.18	7,003,277,543.72
Net cash flows from operating activities		-423,425,969.13	-791,305,394.02
III. Cash flow from financing activities:			
Cash received from capital contributions		104,148,194.52	135,304,016.20
Including: Cash received by subsidiaries from capital contributions of minority shareholders		92,113,044.45	135,304,016.20
Cash received from borrowings		1,457,773,551.92	388,162,654.08
Cash received from other financing activities	VII.78	361,621,876.00	
Sub-total of cash inflows from financing activities		1,923,543,622.44	523,466,670.28
Cash paid for repayment of debts		1,154,950,725.42	354,029,904.68
Cash paid for distribution of dividends or profits or settlement of interest		165,693,795.60	500,966,359.80
Including: Dividends and profits paid by the subsidiaries to non-controlling interests		40,942,500.00	66,441,700.00
Cash paid for other financing activities	VII.78	776,982,025.33	219,267,574.48
Sub-total of cash outflows for financing activities		2,097,626,546.35	1,074,263,838.96
Net cash flows from financing activities		-174,082,923.91	-550,797,168.68
IV. Effect of changes in exchange rates on cash and cash equivalents		-5,874,876.16	-3,702,909.99
V. Net increase in cash and cash equivalents		353,405,536.94	52,096,797.72
Add: Opening balance of cash and cash equivalents		1,370,028,554.66	1,317,931,756.94
VI. Closing balance of cash and cash equivalents		1,723,434,091.60	1,370,028,554.66

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Cash Flow Statement of the Parent Company

January to December 2021

Unit: Yuan Currency: RMB

Item	Notes	2021	2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		4,888,058,491.22	4,278,115,680.39
Tax rebate received		215,981,764.66	174,769,339.66
Cash received from other operating activities		182,379,629.26	196,124,272.73
Sub-total of cash inflows from operating activities		5,286,419,885.14	4,649,009,292.78
Cash paid for goods and services		712,654,259.84	464,291,427.61
Cash paid to and on behalf of employees		2,507,969,694.70	1,810,974,944.77
Cash paid for taxes and dues		474,127,303.70	443,681,780.76
Cash paid for other operating activities		687,191,064.00	708,261,496.85
Sub-total of cash outflows for operating activities		4,381,942,322.24	3,427,209,649.99
Net cash flows from operating activities		904,477,562.90	1,221,799,642.79
II. Cash flows from investing activities:			
Cash received from disposal of investments		3,446,679,775.75	4,508,170,797.85
Cash received from investment income		125,221,208.23	193,176,895.95
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		281,848.77	851,150.00
Net cash received from the disposal of subsidiaries and other operating entities			
Cash received from other investment activities		189,562,371.40	7,140,331.25
Sub-total of cash inflows from investing activities		3,761,745,204.15	4,709,339,175.05
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		474,359,557.11	232,296,921.00
Cash paid for investments		3,579,910,798.63	5,020,267,961.11
Net cash paid for acquisition of subsidiaries and other operating entities			
Cash paid for other investing activities		206,222,100.00	6,924,157.53
Sub-total of cash outflows for investing activities		4,260,492,455.74	5,259,489,039.64
Net cash flows from operating activities		-498,747,251.59	-550,149,864.59
III. Cash flow from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		1,338,000,000.00	246,000,000.00
Cash received from other financing activities		561,621,876.00	
Sub-total of cash inflows from financing activities		1,899,621,876.00	246,000,000.00
Cash paid for repayment of debts		1,016,260,000.00	211,600,000.00
Cash paid for distribution of dividends or profits or settlement of interest		123,094,675.57	431,976,856.57
Cash paid for other financing activities		885,804,607.30	117,376,268.28
Sub-total of cash outflows for financing activities		2,025,159,282.87	760,953,124.85
Net cash flows from financing activities		-125,537,406.87	-514,953,124.85
IV. Effect of changes in exchange rates on cash and cash equivalents			
		-265,047.73	-225,026.89
V. Net increase in cash and cash equivalents			
		279,927,856.71	156,471,626.46
Add: Opening balance of cash and cash equivalents		625,673,073.22	469,201,446.76
VI. Closing balance of cash and cash equivalents			
		905,600,929.93	625,673,073.22

Chairman of the Company: Peng Zhenggang Financial Controller: Yao Manying Head of the Accounting Firm: Yao Manying

Consolidated Statement of Retained Earnings

January to December 2021

Unit: Yuan Currency: RMB

Item	2021													Minority interests	Total owners' equity
	Owners' equity attributable to the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits	Others	Sub-total		
Preferred shares		Perpetual bonds	Others												
I. Closing balance of the previous year	1,044,090,754.00				545,385,635.52	117,376,268.28	-7,643,663.35		195,947,299.77		2,893,625,565.93		4,554,029,323.59	483,731,488.14	5,037,760,811.73
Add: Changes in accounting policies								-4,502.28		-291,827.99		-296,330.27	-133,878.26	-430,208.53	
Correction of prior period errors															
Business combination under common control															
Others															
II. Opening balance of the current year	1,044,090,754.00				545,385,635.52	117,376,268.28	-7,643,663.35		195,942,797.49		2,893,333,737.94		4,553,732,993.32	483,597,609.88	5,037,330,603.20
III. Increases/decreases in the current period (decreases denoted by "-")	417,469,726.00				-272,655,087.87	-77,700,121.32	-11,419,570.51		126,489,546.27		803,713,322.52		1,141,298,057.73	36,692,467.53	1,177,990,525.26
(I) Total comprehensive income							-11,419,570.51				1,463,538,930.14		1,452,119,359.63	24,223,036.14	1,476,342,395.77
(II) Capital contributed and reduced by owners					-272,655,087.87	-77,700,121.32			-11,498,903.95				-206,453,870.50	53,411,931.39	-153,041,939.11
1. Ordinary shares contributed by owners														28,188,068.18	28,188,068.18
2. Capital contributed by the holders of other equity instruments															
3. Amount of share-based payments charged to owners' equity					-289,923,619.47	-77,700,121.32							-212,223,498.15		-212,223,498.15
4. Others					17,268,531.60				-11,498,903.95				5,769,627.65	25,223,863.21	30,993,490.86
(III) Profit distribution	417,469,726.00								137,988,450.22		-659,825,607.62		-104,367,431.40	-40,942,500.00	-145,309,931.40
1. Appropriation to surplus reserve									137,988,450.22		-137,988,450.22				

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2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)	417,469,726.00									-521,837,157.40		-104,367,431.40	-40,942,500.00	-145,309,931.40	
4. Others															
(IV) Internal transfers of owners' equity															
1. Capital (or share capital) transferred from capital reserve															
2. Capital (or share capital) transferred from surplus reserve															
3. Recovery of losses by surplus reserve															
4. Retained earnings transferred from changes in defined benefit plans															
5. Retained earnings transferred from other comprehensive income															
6. Others															
(V) Special reserve															
1. Appropriation in the current period															
2. Utilized in the current period															
(VI) Others															
IV. Closing balance in the current period	1,461,560,480.00				272,730,547.65	39,676,146.96	-19,063,233.86		322,432,343.76		3,697,047,060.46		5,695,031,051.05	520,290,077.41	6,215,321,128.46

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Item	2020													Minority interests	Total owners' equity
	Owners' equity attributable to the parent company														
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits	Others	Sub-total		
Preferred shares		Perpetual bonds	Others												
I. Closing balance of the previous year	803,146,734.00				472,118,644.41		9,663,545.94		186,920,340.97		3,007,114,120.04		4,478,963,385.36	414,413,594.24	4,893,376,979.60
Add: Changes in accounting policies									-72,096,457.53		-666,211,301.75		-738,307,759.28	-10,682,109.25	-748,989,868.53
Correction of prior period errors															
Business combination under common control															
Others															
II. Opening balance of the current year	803,146,734.00				472,118,644.41		9,663,545.94		114,823,883.44		2,340,902,818.29		3,740,655,626.08	403,731,484.99	4,144,387,111.07
III. Increases/decreases in the current period (decreases denoted by "-")	240,944,020.00				73,266,991.11	117,376,268.28	-17,307,209.29		81,123,416.33		552,722,747.64		813,373,697.51	80,000,003.15	893,373,700.66
(I) Total comprehensive income							-17,307,209.29				1,321,735,522.48		1,304,428,313.19	39,909,378.05	1,344,337,691.24
(II) Capital contributed and reduced by owners					73,266,991.11	117,376,268.28			-21,277,569.49				-65,386,846.66	106,532,325.10	41,145,478.44
1. Ordinary shares contributed by owners														75,703,547.00	75,703,547.00
2. Capital contributed by the holders of other equity instruments															
3. Amount of share-based payments charged to owners' equity						117,376,268.28							-117,376,268.28		-117,376,268.28
4. Others					73,266,991.11				-21,277,569.49				51,989,421.62	30,828,778.10	82,818,199.72
(III) Profit distribution	240,944,020.00								102,400,985.82		-769,012,774.84		-425,667,769.02	-66,441,700.00	-492,109,469.02
1. Appropriation to surplus reserve									102,400,985.82		-102,400,985.82				
2. Appropriation to general risk provision															
3. Distribution to owners (or	240,944,020.00										-666,611,789.02		-425,667,769.02	-66,441,700.00	-492,109,469.02

Statement of Retained Earnings of the Parent Company

January to December 2021

Unit: Yuan Currency: RMB

Item	2021										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the previous year	1,044,090,754.00				284,304,968.23	117,376,268.28	346,075.73		533,516,976.26	3,182,970,483.59	4,927,852,989.53
Add: Changes in accounting policies									-4,502.28	-40,520.56	-45,022.84
Correction of prior period errors											
Others											
II. Opening balance of the current year	1,044,090,754.00				284,304,968.23	117,376,268.28	346,075.73		533,512,473.98	3,182,929,963.03	4,927,807,966.69
III. Increases/decreases in the current period (decreases denoted by "-")	417,469,726.00				-267,645,206.37	-77,700,121.32			137,988,450.22	720,058,894.54	1,085,571,985.71
(I) Total comprehensive income										1,379,884,502.16	1,379,884,502.16
(II) Capital contributed and reduced by owners					-267,645,206.37	-77,700,121.32					-189,945,085.05
1. Ordinary shares contributed by owners											
2. Capital contributed by the holders of other equity instruments											
3. Amount of share-based payments charged to owners' equity					-289,477,689.92	-77,700,121.32					-211,777,568.60
4. Others					21,832,483.55						21,832,483.55
(III) Profit distribution	417,469,726.00								137,988,450.22	-659,825,607.62	-104,367,431.40
1. Appropriation to surplus reserve									137,988,450.22	-137,988,450.22	
2. Distribution to owners (or shareholders)	417,469,726.00									-521,837,157.40	-104,367,431.40
3. Others											

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(IV) Internal transfers of owners' equity											
1. Capital (or share capital) transferred from capital reserve											
2. Capital (or share capital) transferred from surplus reserve											
3. Recovery of losses by surplus reserve											
4. Retained earnings transferred from changes in defined benefit plans											
5. Retained earnings transferred from other comprehensive income											
6. Others											
(V) Special reserve											
1. Appropriation in the current period											
2. Utilized in the current period											
(VI) Others											
IV. Closing balance in the current period	1,461,560,480.00				16,659,761.86	39,676,146.96	346,075.73		671,500,924.20	3,902,988,857.57	6,013,379,952.40

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Item	2020										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the previous year	803,146,734.00				245,949,078.60		346,075.73		503,212,447.97	3,576,841,517.98	5,129,495,854.28
Add: Changes in accounting policies									-72,096,457.53	-648,868,117.73	-720,964,575.26
Correction of prior period errors											
Others											
II. Opening balance of the current year	803,146,734.00				245,949,078.60		346,075.73		431,115,990.44	2,927,973,400.25	4,408,531,279.02
III. Increases/decreases in the current period (decreases denoted by "-")	240,944,020.00				38,355,889.63	117,376,268.28			102,400,985.82	254,997,083.34	519,321,710.51
(I) Total comprehensive income										1,024,009,858.18	1,024,009,858.18
(II) Capital contributed and reduced by owners					38,355,889.63	117,376,268.28					-79,020,378.65
1. Ordinary shares contributed by owners											
2. Capital contributed by the holders of other equity instruments											
3. Amount of share-based payments charged to owners' equity						117,376,268.28					-117,376,268.28
4. Others					38,355,889.63						38,355,889.63
(III) Profit distribution	240,944,020.00								102,400,985.82	-769,012,774.84	-425,667,769.02
1. Appropriation to surplus reserve									102,400,985.82	-102,400,985.82	
2. Distribution to owners (or shareholders)	240,944,020.00									-666,611,789.02	-425,667,769.02
3. Others											
(IV) Internal transfers of owners' equity											

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1. Capital (or share capital) transferred from capital reserve											
2. Capital (or share capital) transferred from surplus reserve											
3. Recovery of losses by surplus reserve											
4. Retained earnings transferred from changes in defined benefit plans											
5. Retained earnings transferred from other comprehensive income											
6. Others											
(V) Special reserve											
1. Appropriation in the current period											
2. Utilized in the current period											
(VI) Others											
IV. Closing balance in the current period	1,044,090,754.00				284,304,968.23	117,376,268.28	346,075.73		533,516,976.26	3,182,970,483.59	4,927,852,989.53

Chairman of the Company: Peng Zhenggang

Financial Controller: Yao Manying

Head of the Accounting Firm: Yao Manying

III. GENERAL INFORMATION OF THE COMPANY

1. Company Profile

√Applicable Not Applicable

Hundsun Technologies Inc. (hereafter referred to as the “Company”) is a joint-stock limited company established by 15 individual shareholders, including Hangzhou Hundsun Electronics Group Co., Ltd., China National Investment & Guaranty Co., Ltd. and Huang Dacheng, on the basis of the original Hundsun Technologies Inc., which was registered with the Industrial and Commercial Administration of Zhejiang Province on December 13, 2000, with the approval of the Listing Affair Team of the People’s Government of Zhejiang Province through the document (ZSS [2000] 48). The Company now holds a business license with USCI: 913300002539329145, and the registered capital of RMB1,461,560,480 divided into a total of 1,461,560,480 shares (RMB1 for each share), all of which are outstanding shares without selling restrictions. The Company's shares were listed on The Shanghai Stock Exchange on December 16, 2003.

The Company operates in the software and information technology service industry. The Company's business covers technology development, consultancy, services and results transfer of computer software; computer systems integration; design, contracting and installation of automation and control engineering; sales of computers and accessories; production and sales of electronic equipment, communication equipment, computer hardware and external devices; leases of self-owned premises; import and export business. Main products or services provided by the Company cover development and sales of computer software products and system integration for securities, finance, transportation and other industries; and sales of computers and accessories.

The financial statements have been approved for publication at the 24th meeting of the Seventh Board of the Company on March 29, 2022.

2. Scope of the Consolidated Financial Statements

√Applicable Not Applicable

The subsidiaries included in the Company’s consolidated financial statements for the current period are shown below, please refer to Notes VIII and IX to these financial statements for details.

S/N	Full company name	Abbreviation	Remark
1	Hangzhou Hundsun Cloud Investment Holding Co., Ltd.	Cloud Investment	Subsidiary
1-1	Hangzhou Hundsun Science Park Development Co., Ltd. [Note 1]	Hundsun Science Park	Subsidiary of Cloud Investment
1-1-1	Nanjing Hundsun Science Park Operation Management Co., Ltd.	Nanjing Hundsun	Subsidiary of Hundsun Science Park
1-1-2	Quzhou Hundsun Science Park Operation Management Co., Ltd. [Note 2]	Quzhou Hundsun	Subsidiary of Hundsun Science Park
1-1-3	Shaoxing Keqiao Henghui Phoenix Science Park Operation Management Co., Ltd.	Shaoxing Henghui	Subsidiary of Hundsun Science Park
2	Wuxi Henghua Technology Development Co., Ltd.	Wuxi Henghua	Wholly-owned subsidiary
3	Hangzhou Hundsun Data Security Technology Co., Ltd.	Data Security	Subsidiary
4	Jinrui Software Technology (Hangzhou) Co., Ltd.	Jinrui Software	Wholly-owned subsidiary
5	Beijing Qiantang Hundsun Technology Co., Ltd.	Beijing Qiantang	Wholly-owned subsidiary
6	Shanghai Yirui Management Consulting Co., Ltd.	Shanghai Yirui	Subsidiary
7	Japan Hundsun Software Inc.	Japan Hundsun	Subsidiary
7-1	Hangzhou Beiying Technology Co., Ltd.	Hangzhou Beiying	Subsidiary of Japan

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S/N	Full company name	Abbreviation	Remark
			Hundsun
8	Hundsun International Technologies Holding Limited	Hundsun International Technologies	Subsidiary
9	Hundsun Holdings Limited	Hundsun Holdings	Subsidiary
9-1	Hundsun Ayers Technologies Limited	Hundsun Ayers	Subsidiary of Hundsun Holdings
9-2	Ayers Technologies(Singapore) Private Limited	Ayers Technologies (Singapore)	Subsidiary of Hundsun Ayers
9-3	Hundsun.Com Co., Limited	Hundsun HK	Subsidiary of Hundsun Ayers
9-4	Shenzhen Yungang Technology Co., Ltd.	Shenzhen Yungang	Subsidiary of Hundsun Ayers
10	Shanghai Liming Technology Co., Ltd.	Shanghai Liming	Wholly-owned subsidiary
11	Shanghai Gildata Inc	Shanghai Gildata	Subsidiary
11-1	Hangzhou Gildata Information Technology Co., Ltd.	Hangzhou Gildata	Subsidiary of Shanghai Gildata
12	Hangzhou Yunhui Investment Management Co., Ltd.	Hangzhou Yunhui	Wholly-owned subsidiary
13	Hangzhou Cloudwing Network Technology Co., Ltd.	Cloudwing Network	Subsidiary
13-1	Hangzhou Hundsun Lirong Software Co., Ltd.	Hundsun Lirong	Subsidiary of Cloudwing Network
14	Hangzhou Securities Investment Network Technology Co., Ltd.	Securities investment Network	Subsidiary
15	Hangzhou Cloudyee Network Technology Co., Ltd.	Cloudyee Network	Subsidiary
16	Hangzhou Yunyong Network Technology Co., Ltd.	Yunyong Network	Subsidiary
17	Hangzhou Cloudbroker Network Technology Co., Ltd.	Cloudbroker Network	Subsidiary
18	Hangzhou Yunlian Network Technology Co., Ltd.	Yunlian Network	Subsidiary
19	Hangzhou Shanshang Network Technology Co., Ltd.	Shanshang Network	Subsidiary
19-1	Beijing Xinruanfu Information Technology Co., Ltd. [Note 3]	Beijing Xinruanfu	Subsidiary of Shanshang Network
20	Hangzhou Yima Investment Management Co., Ltd.	Hangzhou Yima	Wholly-owned subsidiary
21	Hangzhou Hundsun Wengine Network Technology Co., Ltd.	Wengine Network	Subsidiary
22	Hundsun Intercontinental Holdings (HK) Limited	Intercontinental Holdings	Wholly-owned subsidiary
22-1	Hundsun Global Services Inc.	Hundsun U.S.	Subsidiary of Intercontinental Holdings
22-2	Chain Next Technologies Limited	Chain Next	Subsidiary of Intercontinental Holdings
22-3	Hundsun International (PTC) Ltd	Hundsun International	Subsidiary of Intercontinental Holdings
23	Guangdong Institute of Financial Innovation	Guangdong Institute of Finance	Subsidiary
24	Hangzhou Xinglu Equity Investment Partnership (L.P.)	Hangzhou Xinglu	Subsidiary
25	Business Intelligence Info. Tech. (Hangzhou) Co., Ltd.	Business Intelligence (Hangzhou)	Subsidiary
26	Shanghai Hunsun Shengtian Network Technology Co., Ltd.	Shengtian Network	Wholly-owned subsidiary
27	Hangzhou Zhigu Network Technology Co., Ltd.	Zhigu Network	Subsidiary
28	Zhejiang Jingteng Network Technology Co., Ltd.	Jingteng Network	Subsidiary
29	Wuxi Xinglu Tiancheng Investment Management Partnership (L.P.)	Wuxi Xinglu	Subsidiary
30	Hundsun IHS Markit China Technologies Co., Ltd.	IHS Markit	Subsidiary
30-1	Hundsun IHS Markit China (Hong Kong) Technologies Limited	IHS Markit (Hong Kong)	Subsidiary of IHS Markit
31	BusinessMatrix Software Technology Ltd.	BusinessMatrix	Subsidiary
32	Nanjing Xingcheng Equity Investment Partnership (L.P.)	Nanjing Xingcheng	Subsidiary
33	Shanghai Genus-Finance Information Technology Co., Ltd.	Shanghai Genus	Subsidiary

S/N	Full company name	Abbreviation	Remark
33-1	GenSys Technology (International) Limited	GenSys Technology	Subsidiary of Shanghai Genus
34	Shanghai Dworld AI Tech Co., Ltd.	Shanghai Dworld	Subsidiary
34-1	Changsha Dworld AI Technology Co., Ltd.	Changsha Dworld	Subsidiary of Shanghai Dworld
35	Hundsun iBontal (Guangdong) Technology Co., Ltd.	Hundsun iBontal	Subsidiary
36	Zhejiang Xunchang Wendao Network Information Technology Co., Ltd.	Xunchang Wendao	Subsidiary
37	Nanjing Xingding Equity Investment Partnership (L.P.)	Nanjing Xingding	Subsidiary

[Note 1] Formerly known as Hangzhou Hundsun Baichuan Technology Co., Ltd.

[Note 2] Quzhou Hundsun completed the company cancellation procedures on September 15, 2021.

[Note 3] Beijing Xinruanfu completed the company cancellation procedures on September 15, 2021.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

The financial statements of the Company are presented on a continuing operation basis.

2. Continuing Operation

Applicable Not Applicable

There were no events or circumstances that would give rise to material doubt about the Company's ability to continue as a going concern during 12 months from the Reporting Period.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes to specific accounting policies and accounting estimates:

Applicable Not Applicable

Important Note: The Company has formulated specific accounting policies and accounting estimates for transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-to-use assets, amortization of intangible assets and recognition of income according to the actual production and operation characteristics.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company are prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and truly and fully present the information such as the financial position, business performance, changes in shareholders' equity and cash flows of the Company.

2. Accounting Period

The accounting year of the Company is from January 1 to December 31.

3. Operating Cycle

Applicable Not Applicable

The Company adopts 12 months to identify the current nature of assets and liabilities since the operating cycle is too short for the Company's business.

4. Functional Currency

Renminbi ("RMB") is adopted by the Company as the functional currency.

The Company and its domestic subsidiaries adopt RMB as their functional currency, and its overseas subsidiaries such as Japan Hundsun, Hundsun International Technologies, Hundsun Holdings, Hundsun Ayers, Hundsun HK, Ayers Technologies (Singapore), Intercontinental Holdings, Hundsun U.S., Chain Next, Hundsun International, Hundsun Holdings, IHS Markit (Hong Kong) and GenSys Technology, which engaged in overseas operations, adopt the currency of their specific economic environments as their functional currency.

5. Accounting Methods for Business Combination under and Not under Common Control

Applicable Not Applicable

1. Accounting method for business combination under common control

Assets and liabilities obtained by the Company in the business combination are recognized at their carrying amounts at the combination date as recorded by the acquiree. The Company adjusts its capital reserves by the difference between the carrying amount of the owners' equity in the acquiree accounted for in the consolidated financial statements of the ultimate controlling party and the carrying amount of the consideration paid for the business combination (or aggregate carrying amount of the shares issued). If the balance of the capital reserve is insufficient for the written-off, the retained profits will be adjusted accordingly.

2. Accounting method for business combination not under common control

Where the combination cost exceeds the fair value of the acquiree's identifiable net assets on the combination date in the business combination, the difference is recognized as goodwill. Where the combination cost is less than the fair value of the acquiree's identifiable net assets in the business combination, the measurement of the fair value of various identifiable assets, liabilities and contingent liabilities acquired from the acquirees and the combination cost will be reviewed first and the difference is charged to the current profit or loss in the event the combination cost by the acquirer is still less than the fair value of the acquiree's identifiable net assets in the business combination after review.

6. Preparation of Consolidated Financial Statements

Applicable Not Applicable

The parent company includes all subsidiaries under its control in the consolidation scope for consolidated financial statements, which are prepared by the parent company pursuant to Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements based on the financial statements of the parent company and its subsidiaries and other relevant information.

7. Classification of Joint Arrangement and Accounting Method for Joint Operation

Applicable Not Applicable

- (1) A joint arrangement is divided into joint operation and joint venture.
- (2) When the Company is a party of a joint operation, the following items associated with the interest

share of the joint operation will be recognized:

- 1) the assets separately held and the assets jointly held according to the holding shares;
- 2) the liabilities separately assumed and the liabilities jointly assumed according to the holding shares;
- 3) the revenue arising from the recognition of the share of the joint operation attributable to the disposal company;
- 4) the revenue arising from the disposal of assets of the joint operation recognized according to the holding shares of the Company;
- 5) the expenses recognized unilaterally and the expenses in the joint operation recognized according to the holding shares.

8. Recognition Standards for Cash and Cash Equivalents

Cash equivalents represent the enterprises' short-term (generally maturing within three months from the date of purchase) and highly liquid investments that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

9. Translation of Foreign Currency Operations and Foreign Currency Statements

Applicable Not Applicable

(1) Translation of foreign currency operations

Upon initial recognition, foreign currency transactions are translated into amounts in RMB at exchange rates that approximate the spot exchange rates on the dates of transactions. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The translation differences arising from different exchange rates, except those relating to the principle of and interests on the foreign currency borrowings for the acquisition, construction or production of assets eligible for capitalization, are charged to the current profit or loss. Also on the balance sheet date, foreign currency non-monetary items measured at historical cost continue to be translated at the rates that approximate the spot exchange rates on the dates of transactions and it does not change its carrying amount in RMB. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the fair value recognition date. The differences arising from the above translations are charged to the current profit or loss or other comprehensive income for the current period.

(2) Foreign currency translation in the statements

Assets and liabilities on the balance sheet are translated at the spot exchange rate on the balance sheet date; owners' equity items except for "undistributed profits" are translated at the spot exchange rates on the dates of transactions; income and expenses in the income statement are translated at the spot exchange rate on the balance sheet date. The foreign currency translation differences in the statements arising from the above translations are charged to other comprehensive income.

10. Financial Instruments

Applicable Not Applicable

(1) Classification of financial assets and financial liabilities

The Company classifies its financial assets into the following three categories at initial recognition: 1) financial assets at amortized cost; 2) financial assets at fair value through other comprehensive income; 3) financial assets at fair value through profit or loss (FVTPL).

The Company classifies its financial liabilities into the following four categories at initial recognition: 1) financial liabilities at FVTPL; 2) financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or continuing involvement in the transferred financial assets; 3) financial guarantee contracts not classified as those specified in the above item 1) or 2), and loan commitment for loans to be granted at an interest rate below the market rate which is not classified as those specified in the above item 1); 4) financial liabilities at amortized cost.

(2) Recognition, measurement and derecognition of financial assets and financial liabilities

1) Basis of recognition and initial measurement method of financial assets and financial liabilities

The Company recognizes a financial asset or a financial liability when being one party to a financial instrument contract. Financial assets or financial liabilities are initially recognized at fair value. For financial assets or financial liabilities at FVTPL, the relevant transaction costs are directly recognized in profit or loss for the period; for other financial assets or financial liabilities, the relevant transaction costs are recognized in their initial recognition amount. However, accounts receivable without a significant financing component initially recognized by the Company, or financing components not considered by the Company in a contract valid for less than one year, are initially measured at transaction price as defined in the Accounting Standards for Business Enterprises No.14 - Revenue.

2) Subsequent measurement of financial assets

① Financial assets at amortized cost

These financial assets are subsequently measured at amortized cost, using the effective interest method. Any gains or losses on financial assets at amortized cost which are not part of the hedging relationship are charged to the current profit or loss at derecognition, reclassification, amortization using the effective interest method, or recognition of impairment.

② Debt instrument investments at fair value through other comprehensive income

These debt instrument investments are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are charged to the current profit or loss, while other gains or losses are charged to other comprehensive income. At derecognition, cumulative gains or losses previously charged to other comprehensive income are transferred from other comprehensive income and charged to the current profit or loss.

③ Equity instrument investments at fair value through other comprehensive income

These equity instrument investments are subsequently measured at fair value. Dividends obtained (excluding those obtained as investment costs recovered) are charged to the current profit or loss, while other gains or losses are charged to other comprehensive income. At derecognition, cumulative gains or losses previously charged to other comprehensive income are transferred from other comprehensive income and charged to retained earnings.

④ Financial assets at FVTPL

These financial assets are subsequently measured at fair value, and any gains or losses therefrom

(including interest and dividend incomes) are charged to the current profit or loss unless such financial assets are part of the hedging relationship

3) Subsequent measurement method of financial liabilities

① Financial liabilities at FVTPL

These financial liabilities include held-for-trading liabilities (including derivative instruments classified as financial liabilities) and financial liabilities designated as at FVTPL. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated at FVTPL as a result of changes in the Company's own credit risk are charged to other comprehensive income unless this approach creates or enlarges an accounting mismatch in the profit or loss. Other gains or losses on such financial liabilities (including interest expenses and changes in fair value other than as a result of changes in the Company's own credit risk) are charged to the current profit or loss unless such financial liabilities are part of the hedging relationship. At derecognition, cumulative gains or losses previously charged to other comprehensive income are transferred from other comprehensive income and charged to retained earnings.

② Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or continuing involvement in the transferred financial assets are measured in accordance with the Accounting Standards for Business Enterprises No.23 -Transfer of Financial Assets.

③ Financial guarantee contracts not classified as those specified in the above item ① or ② , and loan commitment for loans to be granted at an interest rate below the market rate which is not classified as those specified in the above item ①

After initial recognition, the amounts in the above two cases are subsequently measured at the higher of I) provisions for losses determined according to requirements on the impairment of financial instruments; II) the initially recognized amount less accumulated amortization determined according to Accounting Standards for Business Enterprises No. 14 - Revenue.

④ Financial liabilities at amortized cost

These financial liabilities are measured at amortized cost, using the effective interest method. Any gains or losses on financial liabilities at amortized cost and not part of any hedging relationship are charged to the current profit or loss at derecognition, or amortization using the effective interest method.

4) Derecognition of financial assets and financial liabilities

① Financial assets are derecognized when:

I) the contractual rights to the cash flows from the financial assets expire;

II) the financial assets have been transferred, and such transfer meets the requirements of the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets on the derecognition of financial assets.

② Financial liabilities (or part thereof) are derecognized if present obligations for the financial liabilities (or part thereof) are released.

(3) Recognition basis and measurement method for transfer of financial assets

When transferring substantially all the risks and rewards of ownership of the financial assets, the Company shall derecognize the financial assets and recognize separately as assets or liabilities any rights

and obligations created or retained in the transfer. When retaining substantially all the risks and rewards of ownership of the financial assets, the Company shall continue to recognize the financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and (1) if the Company has not retained control of the financial asset, it shall derecognize the financial assets and recognize any rights and obligations created or retained in the transfer separately as assets or liabilities; (2) if the Company has retained control of the financial asset, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset, and relevant liabilities accordingly.

If a transfer of financial assets in their entirety qualifies for derecognition, the difference between the following two items shall be charged to the current profit or loss: (1) the carrying amount of the transferred financial assets at the date of derecognition; (2) the sum of the consideration received for the transfer of financial assets and the portion of accumulated fair value adjustments previously charged to other comprehensive income which is derecognized (with the transferred assets being debt instrument investments at fair value through other comprehensive income). If a part of the financial assets is transferred, and such transferred portion qualifies for derecognition in its entirety, the carrying amount of the financial asset prior to the transfer is allocated between the portion derecognized and the portion retained, at their respective relative fair values on the date of transfer, and the difference between the following two items is charged to the current profit or loss: (1) the carrying amount of the portion derecognized; (2) the sum of the consideration of the portion derecognized, and the portion of accumulated fair value adjustments previously charged to other comprehensive income which is derecognized (with the transferred assets being debt instrument investments at fair value through other comprehensive income).

(4) Determination of fair value of financial assets and financial liabilities

The Company recognizes the fair values of relevant financial assets and financial liabilities by adopting valuation techniques that are currently applicable and have sufficient data available and other information support. The Company categorizes inputs of the valuation techniques into the following levels:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities available for entities on the measurement date;

2) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the relevant asset or liability, either directly or indirectly; including similar quoted prices of assets and liabilities in active markets, the same or similar quoted prices of assets and liabilities in non-active markets, other significant inputs other than quoted prices such as observable interest rate curves and return curves in the normal quoting intervals, and the inputs verified by the markets;

3) Level 3 inputs are unobservable inputs for the relevant asset or liability, including interest rate, volatility in equity prices, future cash flows in respect of the abandoned obligations committed in the business combination, and financial predictions using own data, which cannot be directly observed or verified by observable market data.

(5) Impairment of financial instruments

Measurement of and accounting for impairment of financial instruments

Based on expected credit losses, the Company accounts for the impairment of, and recognizes provisions for losses on, financial assets at amortized cost, debt instrument investments at fair value

through other comprehensive income, contract assets, lease receivables, loan commitment not classified as financial liabilities at fair value through profit or loss, and financial guarantee contracts not classified as financial liabilities at fair value through profit or loss or financial liabilities arising from the transfer of financial assets not qualify for derecognition or continuing involvement in the transferred financial assets.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, namely, the present value of all cash shortages. Among them, purchased or originated credit-impaired financial assets shall be discounted at the adjusted effective interest rate of the financial assets.

For purchased or originated credit-impaired financial assets, the Company recognizes as loss reserves on the balance sheet date, only the cumulative changes in lifetime expected credit losses from initial recognition.

For lease receivables, and receivables and contract assets arising from a transaction under the Accounting Standards for Business Enterprises No. 14 - Revenue, the Company calculates the loss reserves based on the lifetime expected credit loss using a simplified measurement method.

In addition to financial assets in respect of which the aforesaid measurement approaches are adopted, the Company assesses whether there has been a significant increase in its credit risk, on each balance sheet date. If there has been a significant increase in the credit risk since initial recognition, the loss reserves are measured at the lifetime expected credit loss. If there has not been a significant increase in the credit risk since initial recognition, the loss reserves are measured at the 12-month expected credit loss.

Whether there has been a significant increase in the credit risk on a financial instrument since initial recognition is determined, using available, reasonable and supportable information including forward-looking information, and by comparing the risk of default on the financial instrument on the balance sheet date with that on the date of initial recognition.

The Company assumes that there has not been a significant increase in the credit risk if a financial instrument is determined to have a low credit risk on the balance sheet date.

The Company assesses the expected credit risk and measures the expected credit losses on the basis of an individual financial instrument or a portfolio of financial instruments. When conducting an assessment and measurement based on a portfolio of financial instruments, the Company categorizes financial instruments into various groups based on common characteristics of risks.

Expected credit losses are remeasured on each balance sheet date, and any increase or reversal of loss reserves arising therefrom is charged to the current profit or loss as impairment losses or gains. For a financial asset at amortized cost, the loss reserve reduces the carrying amount of the financial asset as presented in the balance sheet. For a debt instrument investment at fair value through other comprehensive income, the loss reverse is recognized in other comprehensive income without reducing the carrying amount of the financial asset.

(6) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately from each other in the balance sheet and are not offset. However, financial assets and financial liabilities are offset and the net amount is

presented in the balance sheet when both of the following conditions are met: 1) the Company has a legal right to set off the recognized amounts and the legal right is currently enforceable; 2) the Company intends either to settle on a net basis or to realize the financial assets and settle the financial liabilities simultaneously.

When the transfer of financial assets fails to meet the derecognition conditions, the Company shall not offset such transferred financial assets with the relevant liabilities.

11. Bills receivable

Determination Method and Accounting Method of Expected Credit Loss of Bills Receivable

Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Bank acceptance bill receivable	Bill Type	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.
Commercial acceptance bill receivable		

12. Accounts receivable

Determination Method and Accounting Method of Expected Credit Loss of Accounts Receivable

Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Accounts receivable - grouped by aging	Aging	A table of aging of accounts receivable and lifetime expected credit loss rates is prepared, and the expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectations of future economic conditions.
Accounts receivable - grouped by related party transactions in the consolidation scope	Nature	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.

Accounts Receivable - A Table of Aging of Accounts Receivable and Lifetime Expected Credit Loss Rates Grouped by Aging

Aging	Accounts receivable Expected credit loss rate (%)
Within 1 year (inclusive, the same below)	5.00
1-2 years	10.00
2-3 years	30.00
Over 3 years	100.00

13. Receivables financing

Applicable Not Applicable

14. Other receivables**Determination Method and Accounting Method of Expected Credit Loss of Other Receivables**√Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Other receivables - grouped by related party transactions in the consolidation scope	Nature	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and 12-month or lifetime expected credit loss rate.
Other receivables - grouped by aging	Aging	

15. Inventories√Applicable Not Applicable**(1) Classification of inventories**

Inventories are finished goods or merchandise held for sale in the ordinary course of business, products in production, or materials or supplies to be consumed in production or in the rendering of services.

(2) Cost of inventories transferred out

The cost of inventories transferred out is determined using the individual pricing method.

(3) Basis for determining the net realizable value of inventories

On the balance sheet date, inventories are carried at the cost or net realizable value (whichever is lower). Any excess of the cost over the net realizable value of each item/class of inventories is recognized as a provision for diminution in the value of inventories. For inventories directly for sale, net realizable value is determined based on the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. For inventories that need processing, net realizable value is determined based on the estimated selling price of finished goods in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. On the balance sheet date, for an item of inventories where a portion is subject to contractual price while the remainder is not, their net realizable values are determined and compared with their corresponding costs respectively to recognize the amount of provision, or reversal of provision, for diminution in the value of inventories.

(4) Inventory system

The Company maintains a perpetual inventory system.

(5) Amortization methods for consumables including low-value consumables and packaging materials**1) Low-value consumables**

Low-value consumables are amortized in full when received for use.

2) Packaging materials

Low-value consumables are amortized in full when received for use.

16. Contract assets**(1). Recognition methods and standards of contract assets**√Applicable Not Applicable

The Company presents its right to receive consideration from customers unconditionally (i.e. only depending on the passage of time) as receivables and the right to receive consideration for the transfer of goods to customers (which depends on other factors other than the passage of time) as a contract asset.

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company will present the net amount after offsetting the contract assets with the contract liabilities under the same contract.

(2). Determination method and accounting method of expected credit loss of contract assets

Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Contract assets – grouped by aging	Aging	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.
Contract assets – grouped by related party transactions in the consolidation scope	Nature	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.

17. Held-for-sale assets

Applicable Not Applicable

18. Debt investments

(1). Determination method and accounting method of expected credit loss of debt investments

Applicable Not Applicable

19. Other debt investments

(1). Recognition method and accounting method of expected credit losses of other debt investments

Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Other debt investments - grouped by government debts	Type of debts	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and 12-month or lifetime expected credit loss rate.
Other debt investments - grouped by financial debts		
Other debt investments - grouped by enterprise debts		

20. Long-term receivables

(1). Recognition method and accounting method of expected credit losses of long-term receivables

Applicable Not Applicable

21. Long-term equity investments

Applicable Not Applicable

(1) Judgment on joint control and significant influence

Joint control is recognized as control held for a certain arrangement under the relevant agreement, the relevant activity of which should be unanimously agreed by the parties sharing the control. The influence is deemed as significant if there involves the power of participating in decision-making on the financial and operational policies of the investee, but the power cannot control or jointly control with other parties the formulation of the policies.

(2) Recognition of investment costs

1) If formed through a business combination under joint control, and the consideration for such combination is settled by cash payment, transfer of non-cash assets, debt obligation and issuance of equity securities by the acquirer, the initial investment cost shall be the Company's share of the carrying amount of shareholders' equity of the acquiree presented in the consolidated financial statement of the equities under common control on the combination date. The difference between the initial investment cost of long-term equity investment and the carrying value of the paid combination consideration or total par value of issued shares adjusts the capital reserve. Retained earnings shall be adjusted if the capital reserve is not sufficient for offset.

The Company realizes long-term equity investment formed through business combination under joint control by trading step by step and judges whether the transaction is categorized as a "package deal" or not. If so, all transactions will be treated as control transactions in accounting. If not, the initial investment cost shall be the share of the carrying amount presented in the consolidated financial statement of the equities under common control based on the net assets of the acquiree after combination on the combination date. The difference between the initial investment cost of long-term equity investment on the combination date and the carrying amount of the long-term equity investment before combination plus the carrying amount of new share consideration further obtained on the combination date shall be adjusted to capital reserve. Retained earnings shall be adjusted if the capital reserve is not sufficient for offset.

2) If formed through a business combination under common control, the initial investment cost is the fair value of the consideration given for combination at the combination date.

As for business combinations that involve enterprises not under common control and are carried out in stages, the separate financial statements and the consolidated financial statements shall be treated separately in accounting:

① In the separate financial statements, the initial investment cost accounted for using the newly adopted cost method is the sum of the carrying value of equity investment originally held and the addition of investment cost.

② The Company judges whether the transaction is categorized as a "package deal" for the purpose of the consolidated financial statements. If so, all transactions will be treated as control transactions in accounting. If not, the equity interest of the acquiree held before the date of acquisition is re-measured according to its fair value at the date of acquisition. The difference between the fair value and its carrying amount is charged to the investment income of the applicable period. If the equity of the acquiree held before the date of acquisition involves other comprehensive income accounted for using the equity accounting method, they are transferred to income for the period covering the date of acquisition together with the relevant other comprehensive income, excluding other comprehensive income resulting from changes in net liabilities or net assets arising from the defined benefit plan through the re-measurement on

the investee.

3) The initial investment cost acquired otherwise than through a business combination is initially recognized at the actual consideration paid if the investment is acquired by cash, or at the fair value of the equity securities issued if the investment is acquired by issuing equity securities. The initial investment costs acquired through debt restructuring are recognized pursuant to the Accounting Standard for Business Enterprises No.12 - Debt Restructuring. The initial investment costs acquired through the exchange of non-monetary assets are recognized pursuant to the Accounting Standard for Business Enterprises No. 7 - Exchange of Non-monetary Assets.

(3) Subsequent measurement and recognition of profit or loss

When the Company controls the investee, the cost method is adopted for long-term equity investment while the equity method is adopted for long-term equity investment of associates and joint ventures in accounting.

(4) Step-by-step disposal of investment in subsidiaries through a series of transactions to loss of control

1) Separate financial statements

For the disposal of equity, the difference between the carrying amount and the actual consideration obtained is charged to the current profit or loss. The equity method is adopted for the remaining equities that have a significant influence on the investee or perform joint control with other parties in accounting. The remaining equities that do not control, jointly control or have a significant influence on the investee shall be calculated according to the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

2) Consolidated financial statements

① For the disposal of investment in a subsidiary to loss of its right to control in stages through a series of transactions that are not categorized as a "package deal"

Prior to the loss of the right to control, the capital reserve (capital premium) is adjusted with the difference between the consideration of the disposal and the entitled share of the net assets of the subsidiary that would have been entitled to by the disposal of long-term equity investment and continuously accounted for from the acquisition date or combination date. If the balance of the capital premium is insufficient for the written-off, then the retained earnings will be written off accordingly.

When the right to control the former subsidiary is lost, the remaining equities are re-measured at fair value on the date when the right to control is lost. The sum of the consideration obtained from disposal and the fair value of the remaining equities less the share of the net assets of the subsidiary that would have been entitled to and continuously accounted for according to the original shareholding percentage from the acquisition date or combination date is charged to the investment income for the period covering the date of loss of control, offsetting the goodwill at the same time. Other comprehensive income related to the equity investment in the former subsidiary shall be transferred to the investment income for the period covering the date of loss of control.

② For the disposal of investment in a subsidiary to loss of its right to control in stages through various transactions that are categorized as a "package deal"

The transactions are treated as one single transaction of disposal of a subsidiary and loss of the right to control. However, prior to the loss of the right to control, the difference between each of the consideration

of disposal and the share of net assets of that subsidiary that would have been entitled to by the disposal of investment is recognized in other comprehensive income in the consolidated financial statements and transferred to profit or loss for the period covering the date of loss of control.

22. Investment properties

(1). If the cost method is adopted:

Depreciation or amortization method

Investment properties are depreciated or amortized, using a method similar to that for fixed assets and intangible assets.

23. Fixed assets

(1). Recognition condition

Applicable Not Applicable

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, leasing or operation, and management, with an age exceeding one fiscal year. Fixed assets are recognized when economic benefits are likely to flow in and costs can be measured reliably.

(2). Depreciation method

Applicable Not Applicable

Class	Depreciation method	Depreciable life (years)	Residual ratio	Annual depreciation rate
Buildings	Straight-line depreciation	5-50	5.00%	1.90%-19.00%
Electronic equipment	Straight-line depreciation	3-5	5.00%	19.00%-31.67%
Vehicles	Straight-line depreciation	5	5.00%	19.00%
Other equipment	Straight-line depreciation	3-12	5.00%	7.92%-31.67%

(3). Appraisal Basis, Pricing and Depreciation Method of the Financing Leased Fixed Assets

Applicable Not Applicable

24. Construction in progress

Applicable Not Applicable

(1) When the inflow of economic benefits is probable and the cost can be reliably measured, construction-in-progress is recognized and measured at the actual cost incurred till it is ready for its intended use.

(2) Construction-in-progress is transferred into fixed assets at the actual cost when it is ready for its intended use. For a completed project ready for its intended use but the final accounts for completion have not been made, the asset is transferred into fixed assets at an estimated value. After the final accounts for completion have been made, the previously estimated value is adjusted at the actual cost, but there is no need to adjust the depreciation retrospectively.

25. Borrowing Costs

Applicable Not Applicable

(1) Recognition principle for capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or origination of assets qualified for capitalization are capitalized as part of the cost of those assets. Other borrowing costs are expensed and charged to the current profit or loss when incurred.

(2) Timing of borrowing costs capitalization

1) Borrowing costs shall be capitalized when: ① capital expenditures have been incurred; ② borrowing costs have been incurred; ③ activities relating to the acquisition, construction or origination of assets necessary to make the asset ready for its intended use or sale have commenced.

2) Capitalization of borrowing costs should be suspended during periods in which abnormal interruption has lasted for more than three months in the acquisition, construction or origination of assets qualified for capitalization. The borrowing costs incurred during interruption are recognized as current expenses until the acquisition, construction or origination activities resume.

3) The capitalization of borrowing costs ceases when the acquired, constructed or originated assets qualified for capitalization are ready for their intended use or sale.

(3) Capitalization rate and amount of borrowing costs

For specific borrowings used to acquire, construct or originate assets qualified for capitalization, the amount of interest costs (including amortization of discount or premium determined by the effective interest method) actually incurred on such borrowings for the period shall be capitalized after deducting any interest earned from depositing the unused borrowings in the bank or any investment income arising from the temporary investment of those borrowings. For general borrowings used to acquire, construct or originate assets qualified for capitalization, the capitalized amount of interests on general borrowings shall be determined by multiplying the weighted average (of the excess of cumulative assets expenditures over the specific borrowings) by the capitalization rate (of used general borrowings).

26. Biological assets

Applicable Not Applicable

27. Oil and gas assets

Applicable Not Applicable

28. Right-of-use assets

Applicable Not Applicable

The right-of-use shall be initially measured at costs, including 1) the initial measured amount of lease liabilities; 2) the lease amount paid on or before the commencement date of the lease term (in case of lease incentives, the amount related to the lease incentives already enjoyed shall be deducted); 3) the initial and direct costs borne by the lessee; 4) costs expected to incur from the lessee's dismantling and removing the leased assets, recovering the original site of the leased assets, or restoring the leased assets to the state as specified in the lease provisions.

The Company depreciates the right-to-use assets by the straight-line method. Where the ownership of the leased assets can be reasonably determined at the end of the lease term, the Company shall depreciate

the leased assets during the remaining life of such assets. In case of a failure to determine the ownership of the leased assets reasonably at the end of the lease term, the Company shall depreciate the leased assets within the lease term or the remaining life of such assets, whichever is shorter.

29. Intangible assets

(1). Pricing method, life and impairment test

Applicable Not Applicable

1) Intangible assets, including land use rights, patent rights and non-patented technologies, are initially measured at cost.

2) Intangible assets with a definite life are systematically and reasonably amortized during the life in accordance with the expected realization of economic benefits related to the intangible assets. Intangible assets whose economic benefits realization cannot be reliably determined are amortized on a straight-line basis during the following life:

Item	Amortization life (years)
Land use rights	40-50
Trademark rights	10
Management software and copyright	5-10
Patent rights	10
Non-patented technologies	5

(2). Accounting policy of internal research and development expenditure

Applicable Not Applicable

Expenditures for internal research and development activities are charged to the current profit and loss when incurred. The expenditures for internal research and development projects in the development stage are recognized in intangible assets when all of the following conditions are met: 1) the completion of such intangible assets for use or sale is technically feasible; 2) the Company has the intention to use or sell the intangible assets upon completion; 3) the way in which the intangible assets bring economic benefits shows that there exists consumption market for the products produced by these intangible assets or the intangible assets themselves, or that the assets are useful in case of internal utilization; 4) the Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them ready for use or sale; 5) the expenditures attributable to such intangible assets can be measured reliably in the development stage.

Specific criteria for the Company to distinguish the expenditures in the research stage from the development stage of a research and development project: the research stage involves activities carried out for planned investigation for acquiring new technology and knowledge, and the preparation of information and related aspects for further development activities, with great uncertainty about whether it will be transferred to development in the future and whether it will form intangible assets after development. The development stage, as opposed to the research stage, involves activities completed in the research stage, to a large extent that the basic conditions for the formation of a new product or technology are in place.

30. Long-term asset impairment

Applicable Not Applicable

The recoverable amount of long-term assets, such as long-term equity investments, investment property measured at cost, fixed assets, construction in progress, and intangible assets with a finite life, is estimated where there is evidence of impairment on the balance sheet date. An annual impairment test shall be carried out on goodwill arising from business combination and intangible assets with an indefinite life, whether where there is evidence of impairment. An impairment test is carried out on goodwill together with its relevant asset group or portfolio of asset groups.

When the recoverable amount of such long-term assets is less than the carrying amount thereof, the difference is recognized as the asset impairment reserve and charged to the current profit or loss.

31. Long-term prepaid expense

Applicable Not Applicable

Long-term deferred expenses are expenses that have been recognized with an amortization period over one year (excluding one year). These expenses are recorded as actually incurred, and amortized evenly over the benefit period or specified period. If the long-term deferred expenses fail to benefit the future accounting period, their amortized values are all included in the current profit or loss.

32. Contract liabilities

(1). Recognition method of contract liabilities

Applicable Not Applicable

The Company presents as a contract liability the obligation to transfer goods to customers for consideration received or receivable from customers.

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company will present the net amount after offsetting the contract assets with the contract liabilities under the same contract.

33. Employee compensation

(1). Accounting method for short-term remuneration

Applicable Not Applicable

During the accounting period when employees provide services to the Company, the actual short-term remuneration is recognized as liabilities and charged to the current profit or loss or the cost of related assets.

(2). Accounting method for post-employment benefits

Applicable Not Applicable

Post-employment benefits are divided into the defined contribution plan and the defined benefit plan.

1) The amounts deposited are recognized as debts according to the defined contribution plan and charged to the current profit or loss or relevant assets cost when employees provide services to the Company.

2) The accounting method in the defined benefit plan generally includes the following procedures:

① According to the projected unit credit method, the unbiased and mutually agreed actuarial assumptions are adopted by the Company to estimate the relevant demographic variables and financial variables, calculate the obligations arising from the defined benefit plan and determine the period of relevant obligations belonging thereto. Meanwhile, the obligation arising from the defined benefit plan is discounted to determine the present value of such obligation under the defined benefit plan and the service cost for the current period;

② Where there are assets in the defined benefit plan, the deficit or surplus from the present value of the defined benefit plan less the fair value of the defined benefit plan is recognized as a net debt or asset of a defined benefit plan. Where there is a surplus in the defined benefit plan, the surplus of the defined benefit plan and the upper limit of the assets (whichever is lower) will be adopted to calculate the net assets of the defined benefit plan;

③ At the end of the period, the cost of employee compensation under the defined benefit plan will be recognized as the service cost, the net interest on the net assets or net debts under the defined benefit plan and the changes arising from the remeasurement of the net assets or net debts under the defined benefit plan. The service cost and the net interest on the net assets or net debts under the defined benefit plan will be recognized in the current profit or loss or relevant assets cost. The changes arising from the remeasurement of the net assets or net debts under the defined benefit plan will be recognized in other comprehensive income and shall not be reversed to the profit or loss in subsequent accounting periods, but the amounts recognized in other comprehensive income can be transferred within the scope of interests.

(3). Accounting method for dismissal benefits

Applicable Not Applicable

When there is a plan to provide dismissal benefits to employees, the employee compensation debts arising from the recognition of dismissal benefits will be recognized in the current profit or loss at the earlier of: (1) when the Company cannot unilaterally withdraw the dismissal benefits for the release of the labor relationship or the dismissal proposal; (2) when the Company recognized relevant costs or expenses associated with the reorganization of the payment of the dismissal benefits.

(4). Accounting method for other long-term benefits

Applicable Not Applicable

Other long-term benefits provided by the Company to employees, when meeting the conditions of the defined contribution plan, will be subjected to accounting under the defined contribution plan. Other long-term benefits other than the above benefits will be subjected to accounting under the defined benefit plan. To simplify corresponding accounting methods, the employee compensation costs incurred are recognized as the service cost and the total net amount of the components such as net interest amount of net liabilities or net assets in terms of other long-term employees' benefits, and changes arising from re-measuring the net liabilities or net assets in terms of other long-term employees' benefits are recognized in the current profit or loss or relevant cost of assets.

34. Lease liabilitiesApplicable Not Applicable

On the inception date of the lease term, the Company will recognize the present value of the outstanding lease payments as lease liabilities. In the process of calculating the present value of lease payments, the interest rate set out in the lease contract is taken as the discount rate. If such an interest rate is not available, the incremental borrowing rate shall be adopted. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, and the interest expense is recognized at the discount rate of the present value of the recognized lease payments during each period of the lease term and is charged to the current profit or loss. Variable lease payments not considered in the measurement of lease liabilities are charged to the current profit or loss when actually incurred.

In case of any changes in the amount of substantive fixed payments, the amount expected to be payable for the residual guarantee, the index or rate used to determine the lease payments, or the evaluation result or actual exercise of the call option, renewal option or termination option after the inception date of the lease term, the Company will remeasure the lease liabilities at the present value of the changed lease payments and adjust the carrying amount of the right-of-use assets accordingly. If the carrying amount of the right-of-use assets is reduced to zero but the lease liabilities still need to be further reduced, the remaining amount is recognized in the current profit or loss.

35. Provision for liabilitiesApplicable Not Applicable

(1) Where the Company has a present obligation as a result of contingencies such as the provision of external guarantee, litigation, product quality warranty, and loss-making contract, the performance of the obligations may result in the outflow of economic benefits, and the amount of the obligations can be measured reliably, such obligation is recognized as the provisions for liabilities.

(2) Provisions are initially measured at the best estimate of the expenditure required for performing the present obligation. Carrying amounts of all provisions for liabilities will be reviewed on the balance sheet date.

36. Share-based paymentApplicable Not Applicable**(1) Types of share-based payment**

The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(2) Accounting method for implementation, modification and termination of share-based payment**1) Equity-settled share-based payment**

As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be charged to the relevant cost or expense and the capital reserves shall be adjusted accordingly. As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each

balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be charged to the relevant costs or expenses at the fair value of the equity instruments on the date of the grant, and the capital reserves shall be adjusted accordingly.

Equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of the services rendered by other parties on the receiving date if such fair value can be reliably measured. If the fair value of the services rendered by other parties cannot be reliably measured, equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of equity instruments on the date of receiving services and charged to relevant costs or expenses and shareholders' equity is credited accordingly, provided that the fair value of equity instruments can be reliably measured.

2) Cash-settled share-based payments

As to a cash-settled share-based payment instruments in return for services of employee, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company shall, on the date of the grant, be charged to the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment in return for services of employee, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the vesting conditions, be charged to the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company.

3) Share-based payment plan modification and termination

When the Company modifies the share-based payment plan, if the fair value of the distributed equity instrument is increased due to the modification, the increment of the obtained services shall be recognized accordingly; if the quantity of the distributed equity instrument is increased due to the modification, the increment of obtained services shall be recognized accordingly. If the Company modifies the vesting conditions on terms favorable to its employees, it will consider the vesting conditions after modification when dealing with the conditions.

If the modification decreases the fair value of equity instruments granted, the Company continues to recognize the value of service obtained based on the equity instruments' fair value on the grant date without any consideration of the decrease on equity instrument's fair value. If the modification decreases the quantity of equity instruments, the Company records the decrease in conformity with the cancellation of equity instruments granted. If the Company modifies the vesting conditions on terms not favorable to its employees, it will not consider the vesting conditions after modification when dealing with the conditions.

If the granted equity instruments are canceled or settled within the vesting period (except that canceled due to failure to meet the vesting conditions), the Company shall regard the canceling or settlement as acceleration of the vest, and immediately recognize the amount supposed to be recognized within the residual vesting period.

37. Other financial instruments including preferred shares and perpetual bonds

Applicable Not Applicable

38. Revenue

(1). Accounting policies for revenue recognition and measurement

Applicable Not Applicable

1) Revenue recognition principles

The Company will evaluate a contract on the effective date of the contract, identify all performance obligations contained in the contract and determine whether these performance obligations are to be performed within a certain period of time or at a certain time point.

A performance obligation is satisfied within a certain period of time if one of the following criteria is met, otherwise it is satisfied at a certain time point: ① the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; ② the Company's performance creates goods or services that the customer controls as the goods are created; ③ the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date during the term of the contract.

In the case of an obligation satisfied within a certain period of time, the Company shall recognize revenue the revenue within that period according to the performance progress. If the Company fails to do so reasonably and expects to recover the costs incurred, the revenue is recognized in line with cost incurred, until the performance progress can be reasonably determined. In the case of a performance obligation satisfied at a certain time point, the revenue is recognized at a certain time point when a customer obtains control of relevant goods or services. To determine the time point at which a customer obtains control of goods, the Company considers the following indicators: ① the Company has a present right to payment for the goods, or the customer has the present obligation to pay for the goods; ② the Company has transferred the legal title to the goods to the customer, or the customer has legal title to the goods; ③ the Company has transferred physical possession of the goods to the customer, or the customer has physical possession of the goods; ④ the Company has transferred the significant risks and rewards of ownership of the goods to the customer, or the customer has the significant risks and rewards of ownership of the asset; ⑤ the customer has accepted the goods; ⑥ other indicators that the customer obtains control of the goods.

2) Revenue measurement principles

① The Company recognizes revenue at the transaction price apportioned to each individual performance obligation. Transaction price is the amount of consideration in a contract to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties or expected to be refunded to a customer.

② If a contract has variable consideration, the Company determines the appropriate estimate based on the expected value or the most likely amount, provided that a transaction price including variable consideration shall not exceed the amount of cumulative revenue recognized which is highly unlikely to be subject to significant reversal when the uncertainty associated with the variable consideration is

subsequently resolved.

③ If a contract contains a significant financing component, the Company determines the transaction price based on the amount that a customer would have paid when it obtains control of goods or services. The difference between the transaction price and the contract consideration is amortized during the term of the contract using the effective interest method.

④ If there are two or more performance obligations under a contract, the Company shall, at contract inception, apportion the transaction price to each performance obligation in proportion to the stand-alone selling prices of goods underlying each performance obligation.

3) Specific methods for revenue recognition

① Revenue from sales of self-developed software products

The Company recognizes revenue when the software product is delivered to the customer and the customer obtains control over the product as a performance obligation to be performed at a certain time point, usually after taking into account the following factors: I) the Company has a present right to payment for the goods; II) the Company has transferred the significant risks and rewards of ownership of the goods to the customer; III) the Company has transferred the legal title to the goods to the customer; IV) the Company has transferred physical possession of the goods to the customer; V) the customer has accepted the goods.

For the software products within the warranty period stipulated in the contract, the Company shall accrue the software maintenance cost at 0.5% of revenue while recognizing revenue.

② Revenue from sales of customized software

The Company recognizes revenue when the software product is delivered to the customer and the customer obtains control of the product as a performance obligation to be performed at a point in time, usually after taking into account the following factors: I) the Company has a present right to payment for the goods; II) the Company has transferred the significant risks and rewards of ownership of the goods to the customer; III) the Company has transferred the legal title to the goods to the customer; IV) the Company has transferred physical possession of the goods to the customer; V) the customer has accepted the goods.

For the software products within the warranty period stipulated in the contract, the Company shall accrue the software maintenance cost at 0.5% of revenue while recognizing revenue.

③ Revenue from software services

For software service contracts where I) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; II) or the customer can control the goods or services in progress during the Company's performance; III) or the software services provided by the Company during the Company's performance have alternative use, and the Company has an enforceable right to payment for performance completed to date, the Company recognizes revenue as a performance obligation to be performed within a period of time in accordance with the progress of performance, except when the progress of the performance cannot be reasonably determined. The Company determines the progress of the performance of services provided in accordance with the input method, based on the costs incurred or the time schedule. When the progress of the performance cannot be

reasonably determined, and the costs incurred by the Company are expected to be compensated, the revenue will be recognized based on the amount of costs incurred, until the progress of the performance can be reasonably determined. For services that do not meet the above requirements for revenue recognition according to the performance progress, the Company recognizes revenue when the services have been provided, the price has been received or evidence of collection has been obtained.

④ Revenue from sales of outsourced goods

Outsourced goods include outsourced software and hardware goods. The Company recognizes revenue as a performance obligation to be performed at a certain time point, usually when the outsourced goods are delivered to the customer and the customer obtains control over the goods, taking into account the following factors: I) the Company has a present right to payment for the goods; II) the Company has transferred the significant risks and rewards of ownership of the goods to the customer; III) the Company has transferred the legal title to the goods to the customer; IV) the Company has transferred physical possession of the goods to the customer; V) the customer has accepted the goods.

⑤ Revenue from sales of Science Park Project

The sale of the Company's science park properties is a performance obligation to be performed at a certain time point and revenue is recognized when the customer has accepted delivery, the price has been received or the right to receive payment has been obtained and the related economic benefits are likely to flow in.

⑥ Revenue from property management

The Company's provision of property management services is a performance obligation to be performed within a certain period of time. The Company determines the progress of the performance of the service provided based on the proportion of costs incurred to the estimated total costs and recognizes revenue based on the progress of the performance. When the progress of the performance cannot be reasonably determined, and the costs incurred by the Company are expected to be compensated, the revenue will be recognized based on the amount of costs incurred, until the progress of the performance can be reasonably determined.

⑦ Revenue from property rental

The Company's principles for recognizing the revenue from property rental are detailed in Note V(42) to the financial statements.

⑧ Revenue from other businesses

The performance obligations under contracts are fulfilled in accordance with the relevant contracts and agreements, i.e., revenue is recognized when the customer obtains the right to control the relevant goods.

(2). Differences in accounting policies for revenue recognition due to different business models for the same type of business

Applicable Not Applicable

39. Contract costs

Applicable Not Applicable

Assets related to contract costs include contract acquisition costs and contract performance costs.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognized as an asset. The contract acquisition cost with an amortization period not exceeding one year is directly charged to the current profit or loss when incurred.

The costs incurred by the Company for the performance of the contract which does not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognized as an asset as contract performance costs when the following conditions are met:

(1) Such cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by the customer and other costs incurred solely due to the contract;

(2) Such cost increases the resources of the Company to fulfill its performance obligations in the future.

(3) Such cost is expected to be recovered.

The Company will amortize assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset, and charged the cost to the current profit or loss when incurred.

If the fair value of assets related to contract costs exceeds the remaining consideration expected to be obtained due to the transfer of goods or services related to the assets less estimated costs to be incurred, a provision for impairment is made for the excess, which is recognized as impairment losses on assets. If the remaining consideration expected to be obtained due to the transfer of goods or services related to the assets less estimated costs to be incurred exceeds the fair value of assets, due to subsequent changes in impairment conditions existing in prior periods, the provision previously made for impairment of the assets is reversed and recorded in the current profit or loss, provided that the carrying amount of the assets after the reversal is not more than the carrying amount of the assets which would have been recorded at the date of reversal if the provision for impairment had not been made.

40. Government grants

Applicable Not Applicable

(1) The government grants are recognized when 1) the Company is able to comply with the conditions attaching to the government grants; 2) the Company is able to receive the government grants. Government grants which are monetary assets are measured at the amount received or receivable. Government grants which are non-monetary assets are measured at fair value, or at nominal amount if the fair value cannot be reliably measured.

(2) Judgment basis and accounting methods for government grants related to assets

Government grants which shall be used for constructing or otherwise forming long-term assets as specified in government documents are classified as government grants related to assets. In the absence of specific requirements in government documents, the determination is made according to basic conditions for obtaining the grants; if constructing or otherwise forming long-term assets is treated as a basic condition, the grants are classified as government grants related to assets. Government grants relating to assets are

offset against the carrying amount of such assets or recognized as deferred income. Government grants relating to assets recognized as deferred income are charged to the profit or loss on a reasonable and systematic basis over the useful lives of the relevant assets. Government grants measured at notional amount are directly charged to the current profit or loss. For assets sold, transferred, disposed or damaged prior to the end of their useful lives, balance of undistributed deferred income is transferred to the current profit or loss from asset disposal.

(3) Judgment basis and accounting methods for the government grants related to revenue

Other than government grants related to assets, other government grants are government grants related to revenue. The Company classifies government grants that contain both assets-related and revenue-related portion or those that are difficult to distinguish as the ones related to revenue on an entire basis. Government grants related to revenue and applied to the reimbursement of related costs or losses in subsequent periods are recognized as deferred income and charged to the current profit or loss or offset against the related costs for the period in which the related costs or losses are recognized. Government grants, applied to the reimbursement of related costs or losses already incurred, are directly charged to the current profit or loss or offset against the related costs.

(4) Government grants related to the Company's daily operations are charged to other income or offset against relevant expenses according to the economic nature of business. Government grants not related to the Company's daily operations are charged to the non-operating income or expenses.

41. Deferred tax assets / deferred tax liabilities

Applicable Not Applicable

(1) Deferred tax assets or deferred tax liabilities are recognized based on the difference between the carrying amounts of the assets or liabilities and their tax bases (or, for an item not recognized as assets or liabilities but whose tax base can be determined under tax laws, the difference between the tax base and the carrying amount), and are calculated at the tax rates expected to apply to the period in which the assets are recovered or the liabilities are settled.

(2) Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. On the balance sheet date, deferred tax assets unrecognized in prior periods are recognized to the extent that there is obvious evidence that it has become probable that sufficient taxable profit will be available in subsequent periods against which the deductible temporary differences can be utilized.

(3) The carrying amount of deferred tax assets is reviewed on the balance sheet date and written down to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be utilized. Such amount is written back to the extent that it has become probable that sufficient taxable profit will be available.

(4) The Company's current and deferred income taxes are charged to the current profit or loss as tax expense or profit, excluding income tax arising from 1) the business combination, and 2) transactions or items directly recognized in equity.

42. Leases

(1). Accounting method for operating leases

Applicable Not Applicable

(2). Accounting method for finance leases

Applicable Not Applicable

(3). Lease recognition and accounting methods under the new lease standards

Applicable Not Applicable

1) The Company as the lessee

On the commencement date of the lease term, the Company recognizes leases with a lease term of not more than 12 months and without a purchase option as short-term leases and leases with a lower value when the single leased asset is a brand-new asset as leases of low-value assets. Where the Company subleases or intends to sublease the leased asset, the original lease shall not be recognized as a lease of low-value assets.

For all short-term leases and leases of low-value assets, the Company charges lease payments on a straight-line basis over the respective periods of the lease term to the cost of the related assets or to the current profit or loss.

Except for the above short-term leases and leases of low-value assets that are simplified, the Company recognizes right-of-use assets and lease liabilities for leases at the beginning of the lease term.

2) The Company as the lessor

On the commencement date of the lease term, the Company recognizes a lease that transfers substantially all the risks and rewards associated with the ownership of the leased asset as a finance lease, except for those that are recognized as operating leases.

① Operating leases

During each period of the lease term, the Company recognizes lease receipts as rental income on a straight-line basis, and capitalizes and apportions the initial direct costs incurred on the same basis as rental income, which shall be charged to the current profit or loss. The variable lease receipts obtained by the Company related to operating leases and not charged to the lease receipts shall be charged to the current profit and loss when actually incurred.

② Finance leases

On the commencement date of the lease term, the Company recognizes finance lease receipts at the net lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the commencement date of the lease term discounted at the interest rate of the lease) and derecognizes the finance lease assets. During each period of the lease term, the Company calculates and recognizes interest income at the interest rate of the lease.

Variable lease payments obtained by the Company but not considered in the measurement of net investment in leases are recognized in the current profit or loss when actually incurred.

3) Leaseback

① The Company as the lessee

The Company assesses and determines whether the transfer of assets in leaseback transactions can be recognized as sales in accordance with the provisions of the ASBE No. 14 - Revenue.

If so, the Company measures the right-of-use assets from the leaseback at the portion of the original asset's carrying amount related to the right of use acquired by the leaseback and recognizes gains or losses related to the right transferred to the lessor only.

If not, the Company continues to recognize the transferred assets as well as a financial liability equal to the transfer proceeds and carries out accounting on the financial liability in accordance with the ASBE No. 22 - Recognition and Measurement of Financial Instruments.

② The Company as the leaser

The Company assesses and determines whether the transfer of assets in leaseback transactions can be recognized as sales in accordance with the provisions of the ASBE No. 14 - Revenue.

If so, the Company carries out accounting on the purchase of assets in accordance with other applicable ASBEs and on the lease of assets in accordance with the ASBE No. 21 - Leases.

If not, the Company does not recognize the transferred assets but recognizes a financial asset equal to the transfer proceeds and carries out accounting on the financial asset in accordance with the ASBE No. 22 - Recognition and Measurement of Financial Instruments.

43. Other significant accounting policies and accounting estimates

Applicable Not Applicable

(1) Accounting method for maintenance funds

According to the relevant provisions at the location of the developed projects, the maintenance funds should be withdrawn from the purchaser and stated by the Company as development costs of relevant developed projects at the time of sale (presale) of the developed projects and uniformly turned in to the maintenance fund management department.

(2) Accounting method for quality assurance funds

The quality assurance funds should be deducted from the project funds for the construction contractor according to the construction contracts. Maintenance expenses incurred in the warranty period of the developed projects should be written down by the quality assurance funds. The balance of the quality assurance funds should be returned to the construction contractor upon the expiry of the specified warranty period in the development of products.

(3) Segment reporting

The Company determines the operating segments on the basis of the internal organizational structure, management requirements and internal reporting system. The operating segment of the Company refers to the component that meets all of the following conditions:

- 1) The component can generate incomes and incur expenses in daily activities;
- 2) The management can regularly evaluate the operating results of the component to determine the allocation of resources and assess its performance;
- 3) The financial position, operating results, cash flow and other relevant accounting information of the component can be obtained through analysis.

(4) Accounting method related to repurchase of the Company's shares

If the Company's shares are repurchased due to a reduction in registered capital or reward for employees, the amount actually paid should be regarded as treasury shares and registered for reference. If the shares repurchased are canceled, the capital reserve will be written down by the difference between the total par value of shares calculated from the par value and the number of the canceled shares and the amount actually paid for repurchase. If the capital reserve is insufficient to be written down, retained earnings shall be written down. If the repurchased shares are awarded to the Company's employees as equity-settled share payment, the cost of treasury shares delivered to the employees and the accumulative amount of capital reserve (other capital reserves) during the vesting period should be written off when the employees receive the payment for purchasing the shares of the Company through the exercise of their rights. Meanwhile, the capital reserve (equity premium) is adjusted based on the difference.

44. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

Applicable Not Applicable

Other Description

Accounting policy changes caused by changes in enterprise accounting standards:

1) The Company implemented the revised Accounting Standards for Business Enterprises No. 21 - Leases (hereinafter referred to as the new lease standards) from January 1, 2021 (hereinafter referred to as the First Implementation Date).

① For contracts that existed before the First Implementation Date, the Company chose not to reassess whether these contracts are lease contracts or contracts containing provisions on leases.

② For leases in which the Company was the lessee, the Company adjusted the retained earnings and the amount of other relevant items in financial statements at the beginning of the Reporting Period with regard to the cumulative impact of applying the new lease standards and the previous standards on the First Implementation Date, without adjusting the items during comparable periods. The specific process is as follows.

For operating leases before the First Implementation Date, the Company measured the lease liabilities on the First Implementation Date based on the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as of the First Implementation Date, and measured the right-of-use assets by the carrying value obtained as if the Company adopted the new lease standards from the commencement date of the lease term (discounted at the Company's incremental borrowing rate as of the First Implementation Date) and the properly adjusted advance rental payments.

On the First Implementation Date, the Company conducted an impairment test on the right-of-use assets and carries out corresponding accounting in accordance with the provisions of Note V (30) to the financial statements.

A. The principal effects of the implementation of the new lease standards on the Company's financial statements as of January 1, 2021 are as follows.

Unit: Yuan Currency: RMB

Item	Balance Sheet		
	December 31, 2020	Adjustment effects of new	January 1, 2021

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		lease standards	
Right-of-use assets		10,271,192.32	10,271,192.32
Prepayments	9,007,186.01	-834,932.30	8,172,253.71
Lease liabilities		2,654,639.37	2,654,639.37
Current portion of non-current liabilities		7,111,829.18	7,111,829.18
Provision for liabilities	12,147,826.09	100,000.00	12,247,826.09
Surplus reserve	195,947,299.77	-4,502.28	195,942,797.49
Undistributed profits	2,893,625,565.93	-291,827.99	2,893,333,737.94
Minority interests	483,731,488.14	-133,878.26	483,597,609.88

B. The weighted average of the Company's incremental borrowing rates used for lease liabilities charged to the Balance Sheet on the First Implementation Date was 4.71%.

C. Operating leases before the First Implementation Date were simplified

a. The Company simplified leases that had been completed within 12 months after the First Implementation Date, with right-of-use assets and lease liabilities not recognized.

b. The Company adopted the same discount rate for lease contracts with similar characteristics when measuring the lease liabilities.

c. No initial direct costs were included in the measurement of right-to-use assets.

d. The Company determined the term of the lease based on the actual exercise of the renewal option or termination option before the First Implementation Date and other updates.

e. As an alternative to the impairment test of the right-of-use assets, the Company assessed whether the contracts containing provisions on leases were onerous contracts before the First Implementation Date in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies, and adjusted the right-of-use assets by the amount of the provision for losses charged on the balance sheet date before the First Implementation Date.

f. In case of any changes in leases before the First Implementation Date, the Company carried out accounting based on the final arrangement of the changes in leases.

The simplifications above had no significant impact on the Company's financial statements.

③ The Company simplified operating lease contracts with low-value assets that existed before the First Implementation Date, with the right-of-use assets and lease liabilities not recognized, and carried out accounting in accordance with the new lease standards from the First Implementation Date.

④ For lease contracts in which the Company was the lessor, the Company carried out accounting in accordance with the new lease standards from the First Implementation Date.

2) On January 26, 2021, the Company implemented the Interpretation No. 14 of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, and this change in accounting policies had no impact on the Company's financial statements.

3) On December 31, 2021, the Company implemented the provisions of the Interpretation No. 15 of Accounting Standard for Business Enterprises issued by the Ministry of Finance, and this change in accounting policies had no impact on the Company's financial statements.

(2). Changes in significant accounting estimates

Applicable Not Applicable

(3). Changes in the financial statements at the beginning of the year when the New Lease Standards were first implemented in 2021

√Applicable □Not Applicable

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

Item	December 31, 2020	January 1, 2021	Adjustments
Current assets:			
Cash and bank balances	1,374,842,591.24	1,374,842,591.24	
Balances with clearing companies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	2,723,350,172.04	2,723,350,172.04	
Derivative financial assets			
Bills receivable	194,609.13	194,609.13	
Accounts receivable	523,273,534.51	523,273,534.51	
Receivables financing			
Prepayments	9,007,186.01	8,172,253.71	-834,932.30
Premium receivables			
Reinsurance account receivables			
Deposit receivables from reinsurance contracts			
Other receivables	27,411,805.19	27,411,805.19	
Including: Interest receivables			
Dividend receivables			
Financial assets held under resale agreements			
Inventories	351,690,935.90	351,690,935.90	
Contract assets	34,180,843.24	34,180,843.24	
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	10,342,520.82	10,342,520.82	
Total current assets	5,054,294,198.08	5,053,459,265.78	-834,932.30
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments	83,845,382.74	83,845,382.74	
Long-term receivables			
Long-term equity investments	738,974,733.43	738,974,733.43	
Other equity instrument investments			
Other non-current financial assets	2,229,463,162.16	2,229,463,162.16	
Investment properties	111,411,248.79	111,411,248.79	
Fixed assets	472,506,719.88	472,506,719.88	
Construction in progress	732,254,664.28	732,254,664.28	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		10,271,192.32	10,271,192.32
Intangible assets	161,012,651.89	161,012,651.89	
Development expenditure			
Goodwill	312,158,890.50	312,158,890.50	
Long-term prepaid expense	3,370,336.31	3,370,336.31	
Deferred income tax assets	71,410,701.28	71,410,701.28	
Other non-current assets	441,999.00	441,999.00	

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Total non-current assets	4,916,850,490.26	4,927,121,682.58	10,271,192.32
Total assets	9,971,144,688.34	9,980,580,948.36	9,436,260.02
Current liabilities:			
Short-term borrowings	46,718,265.90	46,718,265.90	
Borrowings from the central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	192,172,938.77	192,172,938.77	
Advances from customers	1,491,017.37	1,491,017.37	
Contract liabilities	3,107,149,920.44	3,107,149,920.44	
Financial assets sold under repurchase agreements			
Deposits from banks and other financial institutions			
Customer deposits for securities trading			
Customer deposits for securities underwriting			
Employee compensation payable	647,448,189.72	647,448,189.72	
Taxes payable	187,413,250.40	187,413,250.40	
Other payables	128,629,520.86	128,629,520.86	
Including: Interest payable			
Dividends payable			
Handling charges and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		7,111,829.18	7,111,829.18
Other current liabilities	305,258,151.46	305,258,151.46	
Total current liabilities	4,616,281,254.92	4,623,393,084.10	7,111,829.18
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	206,090,358.06	206,090,358.06	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		2,654,639.37	2,654,639.37
Long-term accounts payable			
Long-term employee remuneration payable			
Provision for liabilities	12,147,826.09	12,247,826.09	100,000.00
Deferred income	56,385,848.47	56,385,848.47	
Deferred income tax liabilities	42,478,589.07	42,478,589.07	
Other non-current liabilities			
Total non-current liabilities	317,102,621.69	319,857,261.06	2,754,639.37
Total liabilities	4,933,383,876.61	4,943,250,345.16	9,866,468.55
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	1,044,090,754.00	1,044,090,754.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	545,385,635.52	545,385,635.52	
Less: Treasury stocks	117,376,268.28	117,376,268.28	
Other comprehensive income	-7,643,663.35	-7,643,663.35	
Special reserves			

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Surplus reserve	195,947,299.77	195,942,797.49	-4,502.28
General risk reserve			
Undistributed profits	2,893,625,565.93	2,893,333,737.94	-291,827.99
Total equity attributable to owners (or shareholders) of the parent company	4,554,029,323.59	4,553,732,993.32	-296,330.27
Minority interests	483,731,488.14	483,597,609.88	-133,878.26
Total owners' equity (or shareholders' equity)	5,037,760,811.73	5,037,330,603.20	-430,208.53
Total liabilities and owners' equity (or shareholders' equity)	9,971,144,688.34	9,980,580,948.36	9,436,260.02

Description of adjustments of each item:

Applicable Not Applicable

Balance Sheet of Parent Company

Unit: Yuan Currency: RMB

Item	December 31, 2020	January 1, 2021	Adjustments
Current assets:			
Cash and bank balances	628,498,594.80	628,498,594.80	
Held-for-trading financial assets	1,833,907,601.08	1,833,907,601.08	
Derivative financial assets			
Bills receivable	194,609.13	194,609.13	
Accounts receivable	427,331,540.43	427,331,540.43	
Receivables financing			
Prepayments	30,871,016.72	30,532,426.68	-338,590.04
Other receivables	43,769,249.04	43,769,249.04	
Including: Interest receivables			
Dividend receivables			
Inventories	325,151,655.77	325,151,655.77	
Contract assets	31,553,316.68	31,553,316.68	
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	5,647,177.34	5,647,177.34	
Total current assets	3,326,924,760.99	3,326,586,170.95	-338,590.04
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2,419,704,939.59	2,419,704,939.59	
Other equity instrument investments			
Other non-current financial assets	2,050,871,495.84	2,050,871,495.84	
Investment properties	8,184,029.66	8,184,029.66	
Fixed assets	399,589,221.27	399,589,221.27	
Construction in progress	456,818,577.02	456,818,577.02	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		7,423,409.28	7,423,409.28
Intangible assets	146,164,296.77	146,164,296.77	
Development expenditure			
Goodwill			
Long-term prepaid expense	2,380,469.45	2,380,469.45	
Deferred income tax assets	91,506,512.97	91,506,512.97	
Other non-current assets	441,999.00	441,999.00	
Total non-current assets	5,575,661,541.57	5,583,084,950.85	7,423,409.28

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Total assets	8,902,586,302.56	8,909,671,121.80	7,084,819.24
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	197,656,300.15	197,656,300.15	
Advances from customers			
Contract liabilities	2,795,258,134.72	2,795,258,134.72	
Employee compensation payable	515,782,981.89	515,782,981.89	
Taxes payable	152,414,189.43	152,414,189.43	
Other payables	83,908,718.54	83,908,718.54	
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	3,745,020,324.73	3,745,020,324.73	
Non-current liabilities:			
Long-term borrowings	122,536,819.73	122,536,819.73	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		7,129,842.08	7,129,842.08
Long-term accounts payable			
Long-term employee remuneration payable			
Provision for liabilities	11,269,713.18	11,269,713.18	
Deferred income	56,183,143.62	56,183,143.62	
Deferred income tax liabilities	39,723,311.77	39,723,311.77	
Other non-current liabilities			
Total non-current liabilities	229,712,988.30	236,842,830.38	7,129,842.08
Total liabilities	3,974,733,313.03	3,981,863,155.11	7,129,842.08
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	1,044,090,754.00	1,044,090,754.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	284,304,968.23	284,304,968.23	
Less: Treasury stocks	117,376,268.28	117,376,268.28	
Other comprehensive income	346,075.73	346,075.73	
Special reserves			
Surplus reserve	533,516,976.26	533,512,473.98	-4,502.28
Undistributed profits	3,182,970,483.59	3,182,929,963.03	-40,520.56
Total owners' equity (or shareholders' equity)	4,927,852,989.53	4,927,807,966.69	-45,022.84
Total liabilities and owners' equity (or shareholders' equity)	8,902,586,302.56	8,909,671,121.80	7,084,819.24

Description of adjustments of each item:

Applicable Not Applicable

(4). Note on retroactive adjustments of previous comparative data when the New Lease Standards were first implemented in 2021

Applicable Not Applicable

45. Others

Applicable Not Applicable

VI. TAXES

1. Main taxes and rates

Main taxes and rates

Applicable Not Applicable

Taxes	Tax basis	Tax rate
Value-added tax (VAT)	The output VAT is calculated from the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input VAT that is allowed to be deducted in the current period, the difference is VAT payable	3%、5%、6%、9%、13%
Urban maintenance and construction tax	Turnover tax actually paid	1%、7%
Enterprise income tax	Taxable income	For details, please refer to the disclosure statement of taxable entities with different corporate income tax rates
Land appreciation tax	Appreciation tax resulting from the paid transfer of use right of state-owned land, and property right of above-ground structures and other attachments	According to the document GSF [2010] No. 53 issued by the State Taxation Administration and the relevant regulations of local tax bureaus where real estate projects are developed, subsidiaries engaged in real estate development accrue and prepay land appreciation tax based on a certain percentage of real estate sales revenue and advance receipts and apply to the tax authorities for liquidation after the projects are fully completed and sales target is achieved.
Property tax	For ad valorem collection, 1.2% of the remaining value after 30% of the original value of the property is deducted by lump sum; for rent-based collection, 12% of the rental income	1.2%、12%
Educational surcharge	Turnover tax actually paid	3%
Local education surcharges	Turnover tax actually paid	2%

Disclosure statement of taxable entities with different corporate income tax rates

Applicable Not Applicable

Name of taxable entity	Income tax rate (%)
The Company	10%
Quzhou Hundsun, Shaoxing Henghui, Wuxi Henghua, Beijing Qiantang, Shanghai Yirui, Hangzhou Beiying, Shanghai Liming, Hangzhou Yunhui, Yunlian Network, Shanshang Network, Beijing Xinruanfu, Hangzhou Yima, Guangdong Institute of Finance, Shenzhen Softbi, Shengtian Network, and Shenzhen Yungang [Note 7]	
Data Security, Shanghai Gildata, Hangzhou Gildata, Cloudwing Network, Yunyong Network, Cloudbroker Network, Jingteng Network, Shanghai Genus, and Hundsun iBontal	15%
Cloudyee Network, and Wengine Network	12.5%
Hangzhou Xinglu, Wuxi Xinglu, Nanjing Xingcheng, and Nanjing Xingding [Note 8]	
Overseas subsidiaries Japan Hundsun, Hundsun International Technologies, Hundsun Ayers, Hundsun HK, Ayers Technologies	

(Singapore), Hundsun U.S., Intercontinental Holdings, Chain Next, Hundsun International, Hundsun Holdings, Hundsun IHS Markit (Hong Kong), and GenSys [Note 9]	
Other taxable entities other than the above	25%

[Note 7] Taxes are paid at the prescribed rate for small and micro enterprises.

[Note 8] These subsidiaries are partnership enterprises and the income tax rate is not applicable.

[Note 9] Taxes are paid at the rates prescribed by the jurisdictions in which they operate.

2. Tax preferences

Applicable Not Applicable

(1) In accordance with the requirements of the document (CS [2011] No. 100) issued by the Ministry of Finance and the State Taxation Administration, the taxes of sales of software products (sales of self-developed and produced software products and not accompanied by a transfer of copyrights and ownership) of the Company and its subsidiaries and software service revenue (version upgrade services) shall be paid at a rate of 13%, and the refund policies will be applied for the excess of the actual tax burden over 3% upon verification by the competent tax authorities.

(2) As certified by Zhejiang Provincial Development and Reform Commission, the Company is a key software enterprise within the national planning layout. In accordance with the relevant provisions of the Notice on Issues Concerning Preferential Policies on Corporate Income Tax for Software and Integrated Circuit Industry (CS [2016] No. 49) issued by the Ministry of Finance and the State Taxation Administration, the Company is entitled to the preferential income tax policy for key software and integrated circuit design enterprises within the national planning layout. The corporate income tax was paid at a rate of 10% in the current period.

(3) In accordance with the relevant provisions of Measures for the Administration of the Recognition of High-tech Enterprises (GKFH [2016] No. 32) and the Guidelines for the Recognition Management of High-tech Enterprises (GKFH [2016] No. 195) issued by the Ministry of Science and Technology, the Ministry of Finance and State Taxation Administration, Data Security, Yunyong Network, Cloudbroker Network have been recognized as high-tech enterprises since 2018, with a valid period of three years, the Company applied for the review of the valid period in the current period and thus these subsidiaries paid their corporate income taxes at a temporary rate of 15% in the current period. Shanghai Gildata and Shanghai Genus have been recognized as high-tech enterprises since 2019, with a valid period of three years. Cloudwing Network, Hangzhou Gildata and Hangzhou Gildata have been recognized as high-tech enterprises since 2020, with a valid period of three years, and paid their corporate income taxes at a rate of 15% in the current period.

(4) According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (CS[2019] No. 13) and the Announcement on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (SAT Announcement No. 8 of 2021), Shanghai Yirui, Beijing Qiantang, Hangzhou Beiying, Shanghai Liming, Hangzhou Yunhui, Yunlian Network, Shanshang Network, Beijing Xinruanfu, Hangzhou Yima, Guangdong Institute of Finance, Business Intelligence (Hangzhou), Shengtian Network,

Quzhou Hundsun, Shaoxing Henghui, Wuxi Henghua and Shenzhen Yungang were qualified as small and micro enterprises in the current period. Small low-profit enterprises with an annual taxable income not exceeding RMB1 million shall reduce their taxable income by 12.5% and be subject to a corporate income tax at a rate of 20%. Those with an annual taxable income exceeding RMB1 million but not exceeding RMB3 million shall reduce their taxable income by 50% and be subject to a corporate income tax at a rate of 20%.

(5) In accordance with the provisions of the Announcement on Corporate Income Tax Policies for Integrated Circuit Design and Software Industries [2019 No. 68] issued by the Ministry of Finance and State Taxation Administration, software enterprises, established in accordance with the law and eligible for the preferential period calculated from the profit-making year before December 31, 2018, shall be exempt from corporate income tax from the first year to the second year and pay corporate income tax at a reduced statutory tax rate of 25% from the third year to the fifth year. The current period is the third profit-making year of Wengine Network, so this subsidiary is exempt from income tax. The current period is the fourth profit-making year of Cloudyee Network, so this subsidiary pays half of its income tax.

(6) In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on the Policies and Catalogue of Income Tax Preferences for Enterprises in Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone (CS [2014] No. 26) issued by Ministry of Finance and the State Administration of Taxation, enterprises in encouraged industries located in Hengqin New Zone, Pingtan Comprehensive Experimental Zone and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone shall pay their corporate income tax at a reduced rate of 15% till December 31, 2020. In accordance with the provisions of the Administrative Rules of Shenzhen Municipality on the Making of Normative Documents of Administrative Organizations (Order 305 of the Shenzhen Municipal People's Government), it is decided through deliberation to renew the Operational Guidelines on Recognizing the Enterprises Enjoying Reduced CIT in Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone (Trial) (SQHG [2018] No. 4), which is effective from August 1, 2020 to December 31, 2021. Therefore, Hundsun iBontal paid its corporate income tax at a reduced rate of 15% at a discount of 10% in the current period.

3. Others

Applicable Not Applicable

VII. NOTES ON THE MAIN ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	365,020.30	680,095.55
Bank deposits	1,707,660,259.64	1,271,428,003.78
Other cash and bank balances	19,679,566.66	102,734,491.91
Total	1,727,704,846.60	1,374,842,591.24

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Item	Closing balance	Opening balance
Including: total amount deposited abroad	112,690,519.32	92,131,259.64

Other Description

(1) Centralized management of funds

Hundsun iBontal, a subsidiary incorporated into the scope of consolidation during the period, has entered into the Group Funds Pooling Agreement with its former controlling shareholder, Shenzhen Sunline Tech Co., Ltd., which has not been dissolved as of December 31, 2021, so there is no balance of funds allocated to or from Hundsun iBontal. Other than the above, the Company does not manage its funds in a centralized manner.

(2) Other notes

Other cash and bank balances at the end of the period include a guarantee deposit of RMB 4,270,755.00, which is restricted in use.

2. Held-for-trading financial assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,991,523,094.74	2,723,350,172.04
Including:		
Equity instrument investment	23,523,040.35	203,584,270.32
Debt instrument investment		32,058,053.43
Short-term bank wealth management products and fund trust etc	1,968,000,054.39	2,487,707,848.29
Total	1,991,523,094.74	2,723,350,172.04

Other notes:

Applicable Not Applicable

3. Derivative financial assets

Applicable Not Applicable

4. Bills receivable**(1). Bills receivable by category**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	636,600.00	194,609.13
Total	636,600.00	194,609.13

(2). Pledged bills receivable by the Company as at the end of the period

Applicable Not Applicable

(3). Bills receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Applicable Not Applicable

(4). Bills receivable transferred to accounts receivable by the Company due to non-performance by the drawer at the end of the period

Applicable Not Applicable

(5). Disclosure by categories by means of allowance for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Closing balance					Opening balance				
	Book balance		Allowance for bad debts		Carrying value	Book balance		Allowance for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Allowance for bad debts made on a collective basis	636,600.00	100.00			636,600.00	194,609.13	100.00			194,609.13
Including:										
Commercial acceptance bill receivable	636,600.00	100.00			636,600.00	194,609.13	100.00			194,609.13
Total	636,600.00	/		/	636,600.00	194,609.13	/		/	194,609.13

Allowance for bad debts made on an individual basis:

Applicable Not Applicable

Allowance for bad debts made on a collective basis:

Applicable Not Applicable

Item for which allowance was made on a collective basis: commercial acceptance bills receivable

Unit: Yuan Currency: RMB

Name	Closing balance		
	Bills receivable	Allowance for bad debts	Provision (%)
Commercial acceptance bill receivable	636,600.00		
Total	636,600.00		

Recognition criteria and description of allowance for bad debts made on a collective basis

Applicable Not Applicable

Expected credit losses are calculated by referring to historical credit loss experience and based on current conditions and forecasts of future economic conditions through default exposures and expected credit loss rates throughout the duration.

If allowance for bad debts is made as per the general model of ECL, please refer to the disclosure of other receivables:

Applicable Not Applicable

(6). Allowance for bad debts

Applicable Not Applicable

(7). Actual write-off of bills receivable in the current period

Applicable Not Applicable

Other Description

Applicable Not Applicable

5. Accounts receivable

(1). Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance
Sub-total within 1 year	629,478,391.81
1-2 years	147,974,035.69
2-3 years	49,134,360.65
Over 3 years	119,133,613.87
Total	945,720,402.02

(2). Disclosure by category by means of allowance for bad debts

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Class	Closing balance					Opening balance				
	Book balance		Allowance for bad debts		Carrying value	Book balance		Allowance for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Allowance for bad debts made on an individual basis	52,964,932.39	5.60	52,964,932.39	100.00		71,904,016.32	10.35	71,904,016.32	100.00	
Including:										
Allowance for bad debts made on a collective basis	892,755,469.63	94.40	129,839,262.13	14.54	762,916,207.50	623,053,966.31	89.65	99,780,431.80	16.01	523,273,534.51
Including:										
Aging portfolio	892,755,469.63	94.40	129,839,262.13	14.54	762,916,207.50	623,053,966.31	89.65	99,780,431.80	16.01	523,273,534.51
Total	945,720,402.02	/	182,804,194.52	/	762,916,207.50	694,957,982.63	/	171,684,448.12	/	523,273,534.51

Allowance for bad debts made on an individual basis

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Allowance for bad debts	Provision (%)	Reasons
Amount of other software services	52,964,932.39	52,964,932.39	100.00	
Total	52,964,932.39	52,964,932.39	100.00	/

Allowance for bad debts made on an individual basis:

Applicable √Not Applicable

Allowance for bad debts made on a collective basis:

√Applicable Not Applicable

Item for which allowance was made on a collective basis: grouped by aging

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Allowance for bad debts	Provision (%)
Within 1 year	629,478,391.81	31,473,919.62	5.00
1-2 years	146,876,326.22	14,687,632.61	10.00
2-3 years	46,747,202.44	14,024,160.74	30.00
Over 3 years	69,653,549.16	69,653,549.16	100.00
Total	892,755,469.63	129,839,262.13	14.54

Recognition criteria and description of allowance for bad debts made on a collective basis:

√Applicable Not Applicable

A table of aging of accounts receivable and lifetime expected credit loss rates is prepared, and the expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectations of future economic conditions.

If allowance for bad debts is made as per the general model of ECL, please refer to the disclosure of other receivables:

Applicable √Not Applicable**(3). Allowance for bad debts**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Opening balance	Change during the current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Allowance for bad debts made on an individual basis	71,904,016.32	1,066,721.15		20,005,805.08		52,964,932.39

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Class	Opening balance	Change during the current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Allowance for bad debts made on a collective basis	99,780,431.80	30,058,830.33				129,839,262.13
Total	171,684,448.12	31,125,551.48		20,005,805.08		182,804,194.52

The significant amount of provision reversal and recovery of bad debts in the current period:

Applicable Not Applicable

(4). Actual accounts receivable written off in the current period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off
Actual accounts receivable written off	20,005,805.08

Write-off of significant account receivables

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Nature of accounts receivable	Write-off	Reason for write-off	Write-off procedures adopted	From related party transactions or not
HOMS software sales receivable	Software sales receivable	19,696,640.08	Expected unrecoverable	Management approval	N
Total	/	19,696,640.08	/	/	/

Notes on write-off of accounts receivable:

Applicable Not Applicable

(5). Top five account receivables according to closing balances grouped by the debtor

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Proportion in the total closing balance of accounts receivable (%)	Closing balance of allowance for bad debts
Customer 1	16,516,367.34	1.75	1,202,762.61
Customer 2	15,030,256.40	1.59	751,512.82
Customer 3	14,448,854.85	1.53	880,042.74
Customer 4	14,440,000.00	1.53	722,000.00
Customer 5	14,215,692.40	1.50	873,218.89
Total	74,651,170.99	7.90	4,429,537.06

(6). Accounts receivable derecognized due to the transfer of financial assets

Applicable Not Applicable

(7). Amount of assets or liabilities due to the transfer of accounts receivable and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

6. Receivables financing

Applicable Not Applicable

7. Prepayments

(1). Disclosure by aging

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	11,098,252.30	93.61	7,457,443.42	91.25
1-2 years	747,155.77	6.30	268,613.92	3.29
2-3 years	11,032.81	0.09	76,108.43	0.93
Over 3 years			370,087.94	4.53
Total	11,856,440.88	100.00	8,172,253.71	100.00

Explanation of reasons for delayed settlement of important prepayments with aging over 1 year:

[Note 10] The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V (44) 1) of the financial statements.

(2). Top five prepayments according to closing balances grouped by preparers

Applicable Not Applicable

Item	Closing balance	Proportion in the total closing balance of prepayments (%)
Customer 1	1,679,245.29	14.16
Customer 2	1,281,742.00	10.81
Customer 3	845,178.90	7.13
Customer 4	745,283.02	6.29
Customer 5	522,282.38	4.41
Total	5,073,731.59	42.80

Other Description

Applicable Not Applicable

8. Other receivables

Item

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Other receivables	30,706,405.33	27,411,805.19
Total	30,706,405.33	27,411,805.19

Other notes:

Applicable Not Applicable

Interest receivable**(1). Classification of interest receivable**

Applicable Not Applicable

(2). Significant overdue interest

Applicable Not Applicable

(3). Allowance for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Dividend receivables**(4). Dividend receivables**

Applicable Not Applicable

(5). Significant dividends receivable with the aging over 1 year

Applicable Not Applicable

(6). Allowance for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Other receivables**(7). Disclosure by aging**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance
Sub-total within 1 year	24,814,884.87
1-2 years	4,359,327.23
2-3 years	4,684,100.30
Over 3 years	16,723,206.21
Total	50,581,518.61

(8). Other receivables by nature

Applicable Not Applicable

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	35,970,661.72	28,336,515.98
Imprest fund	13,371,823.96	16,131,549.56
Current payments		2,200,000.00
Equity transfer payment		400,000.00
Others	1,239,032.93	541,210.83

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Nature	Closing book balance	Opening book balance
Total	50,581,518.61	47,609,276.37

(9). Allowance for bad debts√Applicable Not Applicable

Unit: Yuan Currency: RMB

Allowance for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss ("ECL") over the next 12 months	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance as of January 1, 2021	949,777.35	934,546.27	18,313,147.56	20,197,471.18
Balance as of January 1, 2021 during the period				
- Transfer to stage 2	-217,966.36	217,966.36		
- Transfer to stage 3		-558,410.03	558,410.03	
- Reverse to stage 2				
- Reverse to stage 1				
Provision in the period	508,933.27	-158,169.88	-515,056.21	-164,292.82
Reversal in the period			-50,000.00	-50,000.00
Write-off in the period				
Cancellation in the period			39,211.91	39,211.91
Other changes			-168,853.17	-168,853.17
Balance as of December 31, 2021	1,240,744.26	435,932.72	18,198,436.30	19,875,113.28

[Note 11]: Other changes represent transfers from business combinations, write-off transfers and the exchanges in the exchange rate.

Notes on significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the current period:

Applicable Not Applicable

Amount of allowance for bad debts for the current period and basis for evaluating whether the credit risk of financial instruments increases significantly:

Applicable Not Applicable

(10). Allowance for bad debts√Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Opening balance	Change during the current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Allowance for bad debts made on an individual basis	383,333.33	100,000.00				483,333.33
Allowance for bad debts made on a collective basis	19,814,137.85	-264,292.82	-50,000.00	39,211.91	-168,853.17	19,391,779.95
Total	20,197,471.18	-164,292.82	-50,000.00	39,211.91	-168,853.17	19,875,113.28

The significant transfers or reversals with allowance for bad debts during the current period:

Applicable Not Applicable

(11). Other receivables actually written off in the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off
Other receivables actually written off	39,211.91

Write-off of significant other receivables:

Applicable Not Applicable

Notes on write-off of other receivables:

Applicable Not Applicable

(12). Top five other receivables according to closing balances grouped by the debtor

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Nature	Closing balance	Aging	Proportion in the total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Customer 1	Deposits	7,771,000.00	Over 3 years	15.36	7,771,000.00
Customer 2	Deposits	2,570,069.22	The amounts are RMB990,911.12 for less than 1 year, RMB559,896.79 for 1-2 years, RMB377,374.32 for 2-3 years and RMB641,886.99 for over 3 years, respectively	5.08	860,634.52
Customer 3	Deposits	1,711,300.41	Within 1 year	3.38	85,565.02
Customer 4	Deposits and advances	1,560,079.27	Within 1 year	3.08	78,003.96
Customer 5	Deposits	1,509,817.02	2-3 years	2.98	452,945.11
Total	/	15,122,265.92	/	29.88	9,248,148.61

(13). Receivables involving government grants

Applicable Not Applicable

(14). Other receivables derecognized due to the transfer of financial assets

Applicable Not Applicable

(15). Amount of assets or liabilities due to the transfer of other receivables and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

9. Inventories**(1). Classification of inventories**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for price reduction of inventories/ impairment provision for contract performance cost	Carrying value	Book balance	Provision for price reduction of inventories/impairment provision for contract performance cost	Carrying value
Raw materials	52,630.18	14,565.00	38,065.18	32,435.38	6,487.08	25,948.30
Finished goods	46,678,737.87	2,307,524.53	44,371,213.34	37,099,707.37	2,613,622.50	34,486,084.87
Contract performance costs	425,709,305.22	3,236,969.83	422,472,335.39	317,035,369.52		317,035,369.52
Consigned processing materials	124,488.30	13,912.02	110,576.28	179,416.51	35,883.30	143,533.21
Total	472,565,161.57	5,572,971.38	466,992,190.19	354,346,928.78	2,655,992.88	351,690,935.90

(2). Provision for price reduction of inventories and impairment provision for contract performance cost√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	6,487.08	15,236.04		7,158.12		14,565.00
Finished goods	2,613,622.50	472,454.36		778,552.33		2,307,524.53
Contract performance costs		3,236,969.83				3,236,969.83
Consigned processing materials	35,883.30	13,912.02		35,883.30		13,912.02
Total	2,655,992.88	3,738,572.25		821,593.75		5,572,971.38

(3). Amount of capitalized borrowing costs included in the closing balance of inventoriesApplicable Not Applicable**(4). Amortization amount of contract performance cost in the current period**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Amortization in the period	Impairment provision in the period [Note 12]	Closing balance
Employee compensation	190,355,811.63	880,614,131.91	804,162,688.77	3,236,969.83	263,570,284.94
Travel expenses	39,774,847.51	125,435,003.08	102,749,424.74		62,460,425.85
Consulting fee for special items	82,833,777.75	192,660,239.60	182,033,472.51		93,460,544.84
Others	4,070,932.63	14,159,819.63	15,249,672.50		2,981,079.76
Sub-total	317,035,369.52	1,212,869,194.22	1,104,195,258.52	3,236,969.83	422,472,335.39

[Note 12] It is the amount of impairment provision for each item of contract performance cost

Other Description

Applicable Not Applicable

10. Contract assets

(1). Contract assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying value	Book balance	Impairment provision	Carrying value
Retention receivables	36,392,215.79	2,723,747.42	33,668,468.37	36,404,323.30	2,223,480.06	34,180,843.24
Total	36,392,215.79	2,723,747.42	33,668,468.37	36,404,323.30	2,223,480.06	34,180,843.24

(2). Amount and reasons for significant changes in carrying value during the Reporting Period

Applicable Not Applicable

(3). Provision for impairment of contract assets in the current period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Provision in the period	Reversal in the period	Cancellation /write-off in the current period	Reason
Provision made on a collective basis	500,267.36			The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.
Total	500,267.36			/

If allowance for bad debts is made as per the general model of ECL, please refer to the disclosure of other receivables:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Contract assets with impairment provision made on a collective basis: Unit: Yuan Currency: RMB

Item	Closing balance		
	Book balance	Impairment provision	Proportion (%)
Aging portfolio	36,392,215.79	2,723,747.42	7.48
Including: within 1 year	23,434,775.09	1,171,738.75	5.00
1-2 years	11,676,117.70	1,167,611.77	10.00
2-3 years	1,281,323.00	384,396.90	30.00
Sub-total	36,392,215.79	2,723,747.42	7.48

11. Held-for-sale assets

Applicable Not Applicable

12. Current portion of non-current assets

Applicable Not Applicable

Significant debt investments and other debt investments as at the end of the period:

Applicable Not Applicable

Other Description

13. Other current assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Prepaid taxes	2,194,044.75	6,020,315.27
Input VAT to be deducted	6,478,276.96	4,322,205.55
Total	8,672,321.71	10,342,520.82

14. Debt investments**(1). Debt investments**

Applicable Not Applicable

(2). Significant debt investments at the end of the period

Applicable Not Applicable

(3). Provision for impairment

Applicable Not Applicable

Amount of provision for impairment for the current period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable Not Applicable

Other Description

Applicable Not Applicable

15. Other debt investments**(1). Other debt investments**

Applicable Not Applicable

Item	Opening balance	Accrued interest	Changes in fair value in the current period	Closing balance	Cost	Interest adjustment	Accumulated changes in fair value	Accumulated allowance for losses recognized in other comprehensive income	Remark
Financial bonds	83,845,382.74	582,743.09	-50,507.13	65,681,018.23	63,214,598.80	-302,830.41	2,186,506.75		
Total	83,845,382.74	582,743.09	-50,507.13	65,681,018.23	63,214,598.80	-302,830.41	2,186,506.75		/

(2). Significant other debt investments at the end of the period

Applicable Not Applicable

(3). Provision for impairment

Applicable Not Applicable

Amount of provision for impairment for the current period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable Not Applicable

Other notes:

Applicable Not Applicable

All other debt investments in the current period are financial bonds purchased from UBS Switzerland AG (UBS) by Hundsun Ayers. As of December 31, 2021, the carrying value of bonds held by Hundsun Ayers in a leased status amounted to RMB19,400,458.33.

16. Long-term receivables**(1). Long-term receivables**

Applicable Not Applicable

(2). Allowance for bad debts

Applicable Not Applicable

Amount of allowance for bad debts for the current period and basis for evaluating whether the credit risk of financial instruments increases significantly

Applicable Not Applicable

(3). Long-term receivables derecognized due to the transfer of financial assets

Applicable Not Applicable

(4). Amount of assets or liabilities due to the transfer of long-term receivables

Applicable Not Applicable

Other Description

Applicable Not Applicable

17. Long-term equity investments

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Investee	Opening balance	Changes in the current period								Closing balance	Closing balance of impairment provision	
		Increase in investment	Decrease in investment	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Others			
I. Joint ventures												
Sub-total												
II. Associates												
Ant (Hangzhou) Funds Sales Co., Ltd.	13,547.81			12,079.21		23.64					25,650.66	
Hangzhou Hundsun Century Industry Co., Ltd.	3,981.77			-427.61							3,554.16	
Shenzhen Trade Blazer Technology Co., Ltd.	5,034.21			397.37		47.90	896.64				4,582.84	4,132.51
Hangzhou Rongdu Science & Technology Co., Ltd.	892.53			-194.51							698.02	1,647.27
Zhejiang Santan Technology Co., Ltd.	1,817.30			-492.55							1,324.75	
Zhejiang Hundsun Changyun Network Technology Co., Ltd.	743.31		661.50	58.98						-140.79		
Hangzhou Hundsun Yuntai Network Technology Co., Ltd.	3,288.42		3.70	-2,226.06		1,135.21				0.58	2,194.45	
Guangdong Yuecai Internet Finance Co., Ltd.	460.86			10.44							471.30	
Beijing Hongtian Rongda Information Technology Co., Ltd.	15.38			-15.38								235.09
Golden State Investment Services Co., Ltd.	2,746.73			422.08							3,168.81	
Shenzhen Ricequant Technology Co., Ltd.	2,009.96			-186.76							1,823.20	4,765.12
Fujian Trading Market Registration and Settlement Center Co., Ltd.	776.05			-42.69							733.36	

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Hundsun Cloud Financing Network Technology Co., Ltd.	1,697.50			-164.16		865.43				2,398.77	
Hangzhou Fupu Gongjin Investment Partnership (L.P.)	2,332.02			410.62						2,742.64	
Hangzhou HISOME Digital Equipment Technology Co., Ltd.	2,455.68			594.40						3,050.08	
Jiangxi Lianjiaoyun Registration and Settlement Center Co., Ltd.	126.35			48.12						174.47	
Guangdong Yuecai Net Small Loan Microfinance Co., Ltd.	2,178.81			16.79						2,195.60	
Shanghai Leanwork Financial Information Service Co., Ltd.	742.15			-23.31		17.64		101.00		635.48	1,148.60
Hangzhou Wanming Digital Technology Co., Ltd.	491.71			-3.66						488.05	
Beijing Hezhi Xingtu Technology Co., Ltd.	5,940.98			-462.78		191.09				5,669.29	
Shanghai Dworld AI Tech Co., Ltd.	168.92	6,574.79	6,948.71	-197.44				402.44			
Hanzhou Eceyes Internet Financial Co., Ltd.	6,450.66			350.13		-147.68				6,653.11	
Zhejiang Zhongjin Xinzhi Investment Management Co., Ltd.	362.34	70.00		339.55			166.08			605.81	
Beijing Yuntu Hanxing Information Technology Co., Ltd.	1,054.31			11.25				661.00		404.56	661.00
Zhejiang Baiying Technology Co., Ltd.	2,768.45			-206.35						2,562.10	
Hangzhou National Software Industry Base Co., Ltd.	270.99			-39.03						231.96	
Zhejiang Institute of Modern Capital and Industry	2.91			-0.02						2.89	

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Beijing Tongchuang Yongyi Technology Development Co., Ltd.	5,240.51			-683.82		56.70				4,613.39	
Shanghai Qianyun Information Technology Co., Ltd.	2,948.39			-158.32						2,790.07	
Databaker (Beijing) Technology Co., Ltd.	3,350.45			-154.60						3,195.85	
N2N CONNECT BERHAD		15,868.40		450.23			819.17			15,499.46	
Shanghai Yitongtou Technology Co., Ltd.		1,350.00		-40.30		1.43				1,311.13	
Nanjing Pengxi Equity Investment Center (L.P.)		12,000.00		-331.57						11,668.43	
Sub-total	73,897.46	35,863.19	7,613.91	9,138.25		2,191.36	1,881.89	762.00	262.23	111,094.69	12,589.59
Total	73,897.46	35,863.19	7,613.91	9,138.25		2,191.36	1,881.89	762.00	262.23	111,094.69	12,589.59

18. Other equity instrument investments**(1). Investments in other equity instruments**

□Applicable √Not Applicable

(2). Investments in non-trading equity instruments

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

19. Other non-current financial assets

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial assets at FVTPL	2,981,720,276.86	2,229,463,162.16
Including: Investments in equity instruments	1,740,015,513.31	1,082,289,046.68
Trust plans, other funds, etc.	1,241,704,763.55	1,147,174,115.48
Total	2,981,720,276.86	2,229,463,162.16

Other notes:

□Applicable √Not Applicable

20. Investment properties

Measurement model of investment properties

(1). Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Houses and buildings	Land use rights	Total
I. Original carrying value			
1. Opening balance	124,080,175.09	213,096.60	124,293,271.69
2. Increase in the current period	22,908,485.39		22,908,485.39
(1) Outsourcing			
(2) Transferred from inventories, fixed assets or construction in progress	22,908,485.39		22,908,485.39
(3) Increase from business combination			
3. Decrease in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Closing balance	146,988,660.48	213,096.60	147,201,757.08
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	12,803,519.95	78,502.95	12,882,022.90
2. Increase in the current period	6,789,297.65	5,467.60	6,794,765.25
(1) Provision or amortization	3,665,073.08	5,467.60	3,670,540.68
(2) Transfer to fixed assets	3,124,224.57		3,124,224.57
3. Decrease in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Closing balance	19,592,817.60	83,970.55	19,676,788.15

III. Provision for impairment			
1. Opening balance			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Closing balance			
IV. Carrying value			
1. Closing carrying value	127,395,842.88	129,126.05	127,524,968.93
2. Opening carrying value	111,276,655.14	134,593.65	111,411,248.79

[Note 13] Houses and buildings include land use rights that have been leased but cannot be measured separately.

(2). Investment properties without the title certificates

Applicable Not Applicable

Other Description

Applicable Not Applicable

21. Fixed assets

Item

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	1,679,515,491.95	472,506,719.88
Total	1,679,515,491.95	472,506,719.88

Other notes:

Applicable Not Applicable

Fixed assets

(1). Fixed assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Buildings	Electronic equipment	Vehicles	Other equipment	Total
I. Original carrying value:					
1. Opening balance	435,780,902.06	257,193,424.47	12,276,984.60	69,733,338.71	774,984,649.84
2. Increase in the current period	1,124,188,866.43	77,790,130.55	1,088,735.41	92,812,285.17	1,295,880,017.56
(1) Purchase	3,270,662.29	77,452,962.98	1,088,735.41	5,940,193.36	87,752,554.04
(2) Transfer to construction in progress	1,120,918,204.14			86,774,294.09	1,207,692,498.23
(3) Increase from business combination		541,967.34		117,229.59	659,196.93
(4) Effects from translation of financial statements in foreign currency		-204,799.77		-19,431.87	-224,231.64

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3. Decrease in the current period	23,135,772.89	5,617,118.30	836,221.40	2,300,104.67	31,889,217.26
(1) Disposal or retirement	227,287.50	5,617,118.30	836,221.40	2,300,104.67	8,980,731.87
(2) Transfer to investment properties	22,908,485.39				22,908,485.39
(3) Consolidated Transfer-out					
(4) Effects from translation of financial statements in foreign currency					
4. Closing balance	1,536,833,995.60	329,366,436.72	12,529,498.61	160,245,519.21	2,038,975,450.14
II. Accumulated depreciation					
1. Opening balance	93,957,222.83	155,476,628.78	7,243,647.95	45,800,176.39	302,477,675.95
2. Increase in the current period	18,067,519.90	43,386,259.79	1,408,111.80	5,237,528.04	68,099,419.53
(1) Provision	18,124,822.10	43,219,816.54	1,340,121.88	5,094,427.59	67,779,188.11
(2) Increase from business combination		330,122.61	67,989.92	159,253.87	557,366.40
(3) Effects from translation of financial statements in foreign currency	-57,302.20	-163,679.36		-16,153.42	-237,134.98
3. Decrease in the current period	3,351,512.07	5,291,892.44	746,286.75	1,727,700.04	11,117,391.30
(1) Disposal or retirement	227,287.50	5,291,892.44	746,286.75	1,727,700.04	7,993,166.73
(2) Transfer to investment properties	3,124,224.57				3,124,224.57
(3) Effects from translation of financial statements in foreign currency					
4. Closing balance	108,673,230.66	193,570,996.13	7,905,473.00	49,310,004.39	359,459,704.18
III. Provision for impairment					
1. Opening balance				254.01	254.01
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal or retirement					
4. Closing balance				254.01	254.01
IV. Carrying value					
1. Closing carrying value	1,428,160,764.94	135,795,440.59	4,624,025.61	110,935,260.81	1,679,515,491.95
2. Opening carrying value	341,823,679.23	101,716,795.69	5,033,336.65	23,932,908.31	472,506,719.88

[Note 14] Houses and buildings include land use rights that cannot be measured separately.

(2). Temporary idle fixed assets

Applicable Not Applicable

(3). Fixed assets rented in through financing lease

Applicable Not Applicable

(4). Fixed assets rented out through operating lease

Applicable Not Applicable

(5). Fixed assets without the title certificate

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Carrying value	Reason
Hundsun Cloud Production Base (Phase I)	847,466,919.52	In process

Other notes:

Applicable Not Applicable

Disposal of fixed assets

Applicable Not Applicable

22. Construction in progress

Items

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	26,357,513.90	732,254,664.28
Total	26,357,513.90	732,254,664.28

Other notes:

Applicable Not Applicable

Construction in progress

(1). Construction in progress

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying value	Book balance	Impairment provision	Carrying value
Hundsun Cloud Production Base (Phase I)				455,668,473.90		455,668,473.90
Hundsun Cloud Production Base (Phase II)	25,139,995.40		25,139,995.40	1,150,103.12		1,150,103.12
Wong Chuk Hang Office Building in Hong Kong				275,436,087.26		275,436,087.26
Sporadic projects	1,217,518.50		1,217,518.50			
Total	26,357,513.90		26,357,513.90	732,254,664.28		732,254,664.28

(2). Significant changes in CIP during the period

Applicable Not Applicable

Item	Budget	Opening balance	Increase in the current period	Amount transferred into fixed assets during the period	Other decreases during the period	Closing balance	Proportion of cumulative project investment in budget (%)	Construction progress	Accumulated amount of capitalized interest	Including: Amount of capitalized interest during the period	Cap rate of interest during the period (%)	Source of funds
Hundsun Cloud Production Base (Phase I)	117,478.00	45,566.85	47,857.27	93,424.12			79.52	100.00	2,038.37	1,010.70	4.14	Self-owned capital and bank loan
Hundsun Cloud Production Base (Phase II)	79,930.00	115.01	2,398.99			2,514.00	3.15	3.15				Self-owned capital and bank loan
Wong Chuk Hang Office Building in Hong Kong	33,332.70	27,543.61		27,345.13	198.48		82.63	100.00	63.00	43.91	1.06	Self-owned capital and bank loan
Sporadic projects			121.75			121.75						Self-owned circulating fund
Total	230,740.70	73,225.47	50,378.01	120,769.25	198.48	2,635.75			2,101.37	1,054.61		

[Note 15] Other decreases in the current period are the differences in translation of financial statements in foreign currency due to changes in exchange rates.

(3). Provision for impairment of CIP during the period

Applicable Not Applicable

Other Description

Applicable Not Applicable

Construction materials

(4). Construction materials

Applicable Not Applicable

23. Productive biological assets

(1). Productive biological assets measured at cost

Applicable Not Applicable

(2). Productive biological assets measured at fair value

Applicable Not Applicable

Other Description

Applicable Not Applicable

24. Oil and gas assets

Applicable Not Applicable

25. Right-of-use assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Buildings	Total
I. Original carrying value		
1. Opening balance	20,989,007.40	20,989,007.40
2. Increase in the current period	34,379,116.88	34,379,116.88

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Item	Buildings	Total
3. Decrease in the current period		
4. Closing balance	55,368,124.28	55,368,124.28
II. Accumulated depreciation		
1. Opening balance	10,717,815.08	10,717,815.08
2. Increase in the current period	12,627,203.76	12,627,203.76
(1) Provision	12,627,203.76	12,627,203.76
3. Decrease in the current period		
(1) Disposal		
4. Closing balance	23,345,018.84	23,345,018.84
III. Provision for impairment		
1. Opening balance		
2. Increase in the current period		
(1) Provision		
3. Decrease in the current period		
(1) Disposal		
4. Closing balance		
IV. Carrying value		
1. Closing carrying value	32,023,105.44	32,023,105.44
2. Opening carrying value	10,271,192.32	10,271,192.32

Other notes:

[Note 16] The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V(44) 1) of the financial statements.

26. Intangible assets

(1). Intangible assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Land use rights	Trademark rights	Patent rights	Non-patented technologies	Management software and copyright	Total
I. Original carrying value						
1. Opening balance	87,062,404.13	6,946,400.00	2,700,000.00	5,105,263.72	156,459,393.82	258,273,461.67
2. Increase in the current period				459,716.28	247,479,608.19	247,939,324.47
(1) Purchase				459,716.28	217,051,378.05	217,511,094.33
(2) Effects from translation of financial statements in foreign currency					-964,448.98	-964,448.98
(3) Increase from business combination					31,392,679.12	31,392,679.12
3. Decrease in the current period				664,980.00	305,392.15	970,372.15
(1) Disposal				664,980.00	305,392.15	970,372.15
4. Closing balance	87,062,404.13	6,946,400.00	2,700,000.00	4,900,000.00	403,633,609.86	505,242,413.99
II. Accumulated amortization						

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Item	Land use rights	Trademark rights	Patent rights	Non-patented technologies	Management software and copyright	Total
1. Opening balance	8,344,657.95	6,946,400.00	2,288,333.38	2,328,596.89	70,658,300.11	90,566,288.33
2. Increase in the current period	1,748,840.12		259,999.98		30,013,437.12	32,022,277.22
(1) Provision	1,748,840.12		259,999.98		25,980,944.49	27,989,784.59
(2) Effects from translation of financial statements in foreign currency					-349,869.29	-349,869.29
(3) Increase from business combination					4,382,361.92	4,382,361.92
3. Decrease in the current period				205,263.72	157,929.60	363,193.32
(1) Disposal				205,263.72	157,929.60	363,193.32
4. Closing balance	10,093,498.07	6,946,400.00	2,548,333.36	2,123,333.17	100,513,807.63	122,225,372.23
III. Provision for impairment						
1. Opening balance				2,776,666.83	3,917,854.62	6,694,521.45
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period					137,500.12	137,500.12
(1) Disposal					137,500.12	137,500.12
4. Closing balance				2,776,666.83	3,780,354.50	6,557,021.33
IV. Carrying value						
1. Closing carrying value	76,968,906.06		151,666.64		299,339,447.73	376,460,020.43
2. Opening carrying value	78,717,746.18		411,666.62		81,883,239.09	161,012,651.89

The proportion of intangible assets formed through internal research and development in the balance of intangible assets at the end of the period was 0

(2). Land use rights without the title certificates

Applicable Not Applicable

Other notes:

Applicable Not Applicable

27. Development expenditure

Applicable Not Applicable

28. Goodwill

(1). Original carrying value of goodwill

Applicable Not Applicable

Investees or items that generate goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Arising from business combination		Disposal		
Hundsun Global Services Inc.	1,110,721.19					1,110,721.19
Business Intelligence (Hangzhou)	14,091,467.31					14,091,467.31
Hundsun Holdings	340,974,202.26					340,974,202.26
Hundsun Baichuan	9,156,921.06					9,156,921.06
BusinessMatrix	67,765,537.97					67,765,537.97
Shanghai Genus	50,754,368.23					50,754,368.23
Hundsun Lirong		12,242,732.96				12,242,732.96
Shanghai Dworld		33,547,864.43				33,547,864.43
Hundsun iBontal		9,542,639.09				9,542,639.09
Total	483,853,218.02	55,333,236.48				539,186,454.50

(2). Provision for impairment of goodwill√Applicable Not Applicable

Unit: Yuan Currency: RMB

Investees or items that generate goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision		Disposal		
Hundsun Global Services Inc.	1,110,721.19					1,110,721.19
Hundsun Holdings	132,138,046.09					132,138,046.09
Hundsun Baichuan	9,156,921.06					9,156,921.06
BusinessMatrix	29,288,639.18					29,288,639.18
Total	171,694,327.52					171,694,327.52

(3). Information on asset groups or combination of asset groups including goodwill√Applicable Not Applicable

1) Combination of asset groups of Business Intelligence (Hangzhou)

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Business Intelligence (Hangzhou)
Carrying value of asset groups or combination of asset groups	-11,862,591.81
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	45,456,346.15
Carrying value of asset groups or combination of asset groups including goodwill	33,593,754.34
Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes

2) Combination of asset groups of Hundsun Holdings

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Hundsun Holdings
Carrying value of asset groups or combination of asset groups	304,267,066.69
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	381,783,721.43
Carrying value of asset groups or combination of asset groups including goodwill	686,050,788.12

Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes
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3) Combination of asset groups of BusinessMatrix

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of BusinessMatrix
Carrying value of asset groups or combination of asset groups	18,540,198.68
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	45,266,939.76
Carrying value of asset groups or combination of asset groups including goodwill	63,807,138.44
Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes

4) Combination of asset groups of Shanghai Genus

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Shanghai Genus
Carrying value of asset groups or combination of asset groups	15,622,760.74
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	88,408,241.19
Carrying value of asset groups or combination of asset groups including goodwill	104,031,001.93
Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes

5) Combination of asset groups of Hundsun Lirong

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Hundsun Lirong
Carrying value of asset groups or combination of asset groups	90,003,976.54
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	12,242,732.96
Carrying value of asset groups or combination of asset groups including goodwill	102,246,709.50
Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes

6) Combination of asset groups of Shanghai Dworld

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Shanghai Dworld
Carrying value of asset groups or combination of asset groups	946,143.56
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	51,275,146.70
Carrying value of asset groups or combination of asset groups including goodwill	52,221,290.26
Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes

7) Combination of asset groups of Hundsun iBontal

Composition of asset groups or combination of asset groups	Goodwill assets and liabilities of Hundsun iBontal
Carrying value of asset groups or combination of asset groups	43,015,832.58
Carrying value and allocation method of goodwill allocated to asset groups or combination of asset groups	10,905,873.25
Carrying value of asset groups or combination of asset groups including goodwill	53,921,705.83

Are asset groups or combination of asset groups consistent with those determined in the goodwill impairment test on the acquisition date in the previous year	Yes
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(4). Note on the process of goodwill impairment test, key parameters (such as forecast growth rate, steady growth rate, profit margin, discount rate, forecast period (if applicable) in estimating the present value of future cash flow) and recognition method of impairment loss on goodwill

Applicable Not Applicable

1) Combination of asset groups of Business Intelligence (Hangzhou)

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 11.96%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software service revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

2) Combination of asset groups of Hundsun Holdings

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 12.28%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

3) Combination of asset groups of BusinessMatrix

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 14.52%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

After tests, the recoverable amount of the asset group or combination of asset groups including goodwill was RMB65,928,200.00, higher than the carrying value of RMB65,635,158.44, and thus there was no impairment loss on goodwill.

4) Combination of asset groups of Shanghai Genus

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 12.41%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

5) Combination of asset groups of Hundsun Lirong

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 15.23%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

6) Combination of asset groups of Shanghai Dworld

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 14.40%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

7) Combination of asset groups of Hundsun iBontal

The recoverable amount of goodwill is calculated by the present value of the expected future cash flow. The expected cash flows are based on the five-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 13.16%, which is basically approximate to the discount rates adopted by companies in the same industry.

Other key data used in the impairment test include software sales revenue, staff costs and other related expenses. The Company determines the above key data based on historical experience and market development forecast. The discount rate adopted by the Company is the pretax rate reflecting the time value of the current market currency and the specific risk of the relevant asset group.

The recoverable amount of the asset group or combination of asset groups including goodwill was tested to be higher than the carrying value and there was no impairment loss on goodwill.

(5). Effect of goodwill impairment test

Applicable Not Applicable

Other Description

Applicable Not Applicable

29. Long-term prepaid expense

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decreases	Closing balance
Renovation expense of leased fixed assets	3,370,336.31	610,846.31	2,723,406.19		1,257,776.43
Total	3,370,336.31	610,846.31	2,723,406.19		1,257,776.43

30. Deferred tax assets/deferred tax liabilities**(1). Deferred tax assets before offset**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for asset impairment	265,075,656.77	26,992,920.46	259,018,386.82	26,250,497.02
Deferred income	38,094,994.90	3,809,499.49	56,183,143.62	5,618,314.36
Accrued expenses	55,298,353.65	5,588,772.82	51,273,907.00	5,186,725.76
Provision for liabilities	16,523,860.93	1,665,818.79	11,052,089.47	1,116,409.31
Share-based payments	123,794,153.23	12,487,113.82	19,292,637.23	1,929,263.72
Software development tax difference [Note 17]	1,122,853,556.52	112,285,355.65	313,094,911.11	31,309,491.11
Changes in fair value of held-for-trading financial assets	3,762,656.15	607,010.48		

Total	1,625,403,232.15	163,436,491.51	709,915,075.25	71,410,701.28
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[Note 17] The difference was due to the fact that the Company's software development projects were performance obligations to be performed at a certain time point in accordance with the new revenue standards. The revenue is recognized upon completion and acceptance of the projects, while the tax revenue is recognized in accordance with the progress of project development, so the difference is the difference in the amount of revenue under the two standards.

(2). Deferred tax liabilities before offset

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in the fair value of financial assets at FVTPL	678,407,174.31	67,840,717.44	419,942,441.33	42,109,481.78
Changes in fair value of debt investments charged to other comprehensive income	2,186,506.75	360,773.61	2,237,013.88	369,107.29
Total	680,593,681.06	68,201,491.05	422,179,455.21	42,478,589.07

(3). Deferred tax assets or liabilities presented in the net amount after offset

Applicable Not Applicable

(4). Breakdown of unrecognized deferred tax assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	269,295,856.20	372,717,354.02
Deductible losses	735,174,456.32	672,110,717.25
Total	1,004,470,312.52	1,044,828,071.27

(5). Deductible losses of unrecognized deferred income tax assets due in the following year

Applicable Not Applicable

Other notes:

Applicable Not Applicable

31. Other non-current assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying value	Book balance	Impairment provision	Carrying value
Prepayment for acquisition [Note 18]	112,816,169.61		112,816,169.61			
Prepayment for investment				441,999.00		441,999.00
Total	112,816,169.61		112,816,169.61	441,999.00		441,999.00

[Note 18] For details, please refer to Note XIV (1) 3) to the financial statements.

32. Short-term borrowings

(1). Classification of short-term borrowings

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Mortgage loans	27,165,529.39	46,718,265.90
Loans in credit	150,862,784.72	
Total	178,028,314.11	46,718,265.90

Notes on the classification of short-term borrowings:

Mortgage loans refer to loans from UBS Switzerland AG (UBS) to Hundsun Ayers to meet the daily working capital needs. According to the loan agreement signed between Hundsun Ayers and UBS, the loan obtained by Hundsun Ayers is secured by other debt investments that Hundsun Ayers can freely trade in UBS's account.

(2). Short-term loans overdue and outstanding

Applicable Not Applicable

The short-term loans overdue and outstanding are as follows:

Applicable Not Applicable

Other Description

Applicable Not Applicable

33. Held-for-trading financial liabilities

Applicable Not Applicable

34. Derivative financial liabilities

Applicable Not Applicable

35. Bills payable

(1). Breakdown of bills payable

Applicable Not Applicable

36. Accounts payable

(1). Breakdown of accounts payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Accounts payable for goods and material purchase	37,530,321.62	18,157,821.13
Accounts payable for long-term asset acquisition	333,841,308.45	94,415,085.61
Cost and expense payments	132,387,085.11	79,600,032.03

Total	503,758,715.18	192,172,938.77
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(2). Significant accounts payable with the aging over one year

Applicable Not Applicable

Other Description

Applicable Not Applicable

37. Advances from customers**(1). Breakdown of advances from customers**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advances from house leases	2,283,715.48	1,491,017.37
Total	2,283,715.48	1,491,017.37

(2). Significant advances from customers with the aging over one year

Applicable Not Applicable

Other Description

Applicable Not Applicable

38. Contract liabilities**(1). Contract liabilities**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Payments for software sales and services	3,203,414,609.69	3,107,149,920.44
Total	3,203,414,609.69	3,107,149,920.44

(2). Amount and reasons for significant changes in carrying value during the Reporting Period

Applicable Not Applicable

Other notes:

Applicable Not Applicable

39. Employee compensation payable**(1). Breakdown of employee remuneration payable**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	618,666,867.09	3,534,518,717.61	3,412,930,693.56	740,254,891.14
II. Post-employment benefits-defined contribution plans	3,604,724.39	104,501,905.36	102,469,171.62	5,637,458.13
III. Termination benefits	509,405.00	3,187,747.56	3,697,152.56	

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IV. Other benefits due within one year				
V. Share-based payments	24,667,193.24	11,882,474.32	7,445,515.12	29,104,152.44
VI. Non-competition compensation		3,525,187.63	3,525,187.63	
Total	647,448,189.72	3,657,616,032.48	3,530,067,720.49	774,996,501.71

[Note 19] Increase in transfer from consolidation was RMB 3,787,914.30 in the current period.

(2). Breakdown of short-term compensation

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages, bonuses, allowances and subsidies	479,820,007.13	3,147,044,760.78	3,018,091,144.77	608,773,623.14
II. Employee benefits		61,205,311.05	61,205,311.05	
III. Social insurance premiums	3,556,577.15	69,715,266.37	69,385,248.84	3,886,594.68
Including: Medical insurance	3,502,625.07	67,314,753.86	67,011,273.21	3,806,105.72
Work-related injury insurance	49,157.79	1,568,370.06	1,537,647.85	79,880.00
Maternity insurance	4,794.29	832,142.45	836,327.78	608.96
IV. Housing provident fund	358,849.89	243,412,301.88	243,319,976.99	451,174.78
V. Trade union funds and staff education funds	134,931,432.92	13,141,077.53	20,929,011.91	127,143,498.54
Total	618,666,867.09	3,534,518,717.61	3,412,930,693.56	740,254,891.14

(3). Details of defined contribution plan

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	3,481,681.19	101,000,454.63	99,036,346.24	5,445,789.58
2. Unemployment insurance	123,043.20	3,501,450.73	3,432,825.38	191,668.55
3. Enterprise annuity				
Total	3,604,724.39	104,501,905.36	102,469,171.62	5,637,458.13

Other notes:

Applicable Not Applicable

40. Taxes payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	119,462,002.58	144,713,671.10
Enterprise income tax	26,806,846.66	17,056,046.41
Individual income tax	18,287,729.35	11,454,770.16
Urban maintenance and construction	15,514,925.91	5,065,134.65

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tax		
Educational surcharge	6,666,440.13	3,159,389.55
Property tax	2,634,194.57	2,463,560.46
Land use tax	1,192,807.59	743,113.13
Local education surcharges	4,396,774.09	2,058,740.31
Stamp duty	1,098,117.24	695,715.38
Disabled security fund	3,044.75	3,109.25
Local water conservancy fund	2,059.54	
Total	196,064,942.41	187,413,250.40

41. Other payables**Item**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Other payables	170,804,176.79	128,629,520.86
Total	170,804,176.79	128,629,520.86

Other notes:

Applicable Not Applicable

Interests payable**(1). Details of classification**

Applicable Not Applicable

Dividends payable**(2). Details of classification**

Applicable Not Applicable

Other payables**(1). Other accounts payable by nature of payment**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Temporary receipts payable	21,204,885.84	26,957,978.00
Deposits and construction quality guarantee deposit	41,226,333.93	32,994,546.24
Outstanding operating expenses settled	41,592,644.51	35,316,837.87
Equity transfer payable [NAote 20]	60,751,425.87	28,589,770.87
Current payments	1,279,679.27	2,200,000.00
Others	4,749,207.37	2,570,387.88
Total	170,804,176.79	128,629,520.86

[Note 20] RMB12,189,841.00 out of the equity transfer payable represents the outstanding equity transfer from the original shareholders of BusinessMatrix, RMB41,461,706.00 represents the payment for equity acquisition that has not met the delivery conditions, and the remaining RMB7,099,878.87 represents the outstanding equity transfer from the employees of the shareholding platform. The outstanding amount

of equity transfer from the employees of the shareholding platform of RMB7,099,878.87 is detailed in Note XIV (2)1) to the financial statements.

(2). Other significant accounts payable with the aging over one year

Applicable Not Applicable

Other notes:

Applicable Not Applicable

42. Held-for-sale liabilities

Applicable Not Applicable

43. Current portion of non-current liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Current portion of long-term borrowings	145,804,947.56	
Current portion of lease liabilities	8,691,667.05	7,111,829.18
Total	154,496,614.61	7,111,829.18

Other notes:

(1) The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V (44) 1) of the financial statements.

(2) The current portion of long-term borrowings of RMB143,802,792.00 was secured by mortgages provided by the Company for the Hundsun Cloud Production Base Project and its land use rights.

44. Other current liabilities

Other current liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Withholding of land appreciation tax	305,258,151.46	305,258,151.46
Total	305,258,151.46	305,258,151.46

[Note 21] The withholding of land appreciation tax is detailed in Note XVI (7) to the financial statements.

Changes in short-term bonds payable:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

45. Long-term borrowings

(1). Classification of long-term borrowings

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Mortgage loans	77,523,804.59	206,090,358.06
Guaranteed loan	2,770,750.00	
Loans in credit	148,159,511.11	
Total	228,454,065.70	206,090,358.06

[Note 22] Mortgage loans are secured by the mortgage of the Wong Chuk Hang office building project under construction in Hong Kong.

Other notes, including the interest rate collar:

Applicable Not Applicable

46. Bonds payable

(1). Bonds payable

Applicable Not Applicable

(2). Changes in bonds payable: (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Applicable Not Applicable

(3). Conditions and timing of conversion for convertible bonds

Applicable Not Applicable

(4). Other financial instruments classified as financial liabilities

Basic information on preference shares, perpetual bonds and other financial instruments outstanding at the end of the period

Applicable Not Applicable

Changes in preference shares, perpetual bonds and other financial instruments outstanding at the end of period

Applicable Not Applicable

Basis for classifying other financial instruments as financial liabilities:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

47. Lease liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Outstanding lease payments	24,699,694.62	2,725,018.12
Less: Unrecognized financial charges	-1,401,490.57	-70,378.75
Total	23,298,204.05	2,654,639.37

[Note 23] The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V (44) 1) of the financial statements.

48. Long-term accounts payable

Item

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Long-term accounts payable

(1). Long-term accounts payable by nature

Applicable Not Applicable

Specific accounts payable

(2). Specific accounts payable by nature

Applicable Not Applicable

49. Long-term employee remuneration payable

Applicable Not Applicable

(1). Long-term employee remuneration payable

Applicable Not Applicable

(2). Changes in defined benefit plans

Present value of obligations under defined benefit plans:

Applicable Not Applicable

Assets under plans:

Applicable Not Applicable

Net liabilities (net assets) under defined benefit plans

Applicable Not Applicable

Notes on the content of defined benefit plans, relevant risks and influence on the future cash flow, time and uncertainty of the Company:

Applicable Not Applicable

Notes on major actuarial assumptions and sensitive analysis results of defined benefit plans

Applicable Not Applicable

Other notes:

Applicable Not Applicable

50. Provision for liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Reason
Pending litigation	438,483.82		
Product quality guarantee	11,709,342.27	15,685,038.46	It is due to the provision of software maintenance expense at 0.5% of software revenue (measured based on actual historical data) in accordance with the terms of the software sales contract signed between the Company and the customer regarding the commitment of free maintenance.
Recovery fee	100,000.00	1,631,737.31	The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V (44) 1) of the financial statements.
Total	12,247,826.09	17,316,775.77	/

51. Deferred income

Deferred income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason
Government grants	56,385,848.47	1,363,500.00	19,538,442.18	38,210,906.29	
Total	56,385,848.47	1,363,500.00	19,538,442.18	38,210,906.29	/

Items related to government grants:

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Liability item	Opening balance	Increase in grants for the period	Amount charged to non-operating income for the period	Amount charged to other income for the period	Other changes	Closing balance	Asset/revenue-related
Cloud computing project	111,306.30			111,306.30			Asset-related
Construction project of provincial key enterprise institute [Note 25]	10,000,000.00					10,000,000.00	Asset-related
Software development and industrialization project of tool set based on financial industry information knowledge base	873,928.08			686,412.00		187,516.08	Asset-related
National demonstration project on research and	5,000,000.00			5,000,000.00			

development and application of securities security and safety business system							
Financial cloud computing service platform and financial big data support platform development and application project	1,072,723.36			665,710.34		407,013.02	Asset-related
Strategic emerging industry project IPV6 project in 2015	156,260.39			156,260.39			Asset-related
Financial big data infrastructure project	2,477,214.80			1,637,048.25		840,166.55	Asset-related
Hundsun Cloud Production Base [Note 25]	16,710,000.00					16,710,000.00	Asset-related
Crossover service design methods and key technologies	618,000.00	82,000.00				700,000.00	Asset-related
Crossover service integration methods and support carriers	584,800.00	85,200.00				670,000.00	Asset-related
Major big data-based intelligent investment advisory service platform	1,175,210.69			434,145.16		741,065.53	Asset-related
Intelligent service adaptation theory and key technologies	663,700.00	36,300.00				700,000.00	Asset-related
Full process supply chain and enterprise service platform development and application project	1,740,000.00	1,160,000.00		120,000.00		2,780,000.00	Asset-related
Innovation and application projects of key information infrastructure in securities industry	15,000,000.00			10,640,766.28		4,359,233.72	Asset-related
Support the	202,704.85			86,793.46		115,911.39	Asset-related

construction of Lujiazui internet emerging financial gathering platform - Lujiazui hedge fund quantitative algorithmic trading service platform project							
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[Note 24] The amount of government grants charged to the current profit or loss is detailed in Note VII (84) to the financial statements.

[Note 25] As of 31 December 2021, none of these projects had been accepted.

[Note 26] The amortization of the full process supply chain and enterprise service platform development and application project in the current period was paid to the joint R&D party.

Other notes:

Applicable Not Applicable

52. Other non-current liabilities

Applicable Not Applicable

53. Share capital

Applicable Not Applicable

Unit: Yuan Currency: RMB

	Opening balance	Increase (+)/decrease (-) for the period					Closing balance
		Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Sub-total	
Total shares	1,044,090,754.00		417,469,726.00			417,469,726.00	1,461,560,480.00

Other notes:

According to the profit distribution plan adopted at the Company's 2020 annual general meeting on June 3, 2021, the Company intends to distribute a cash dividend of RMB1.00 (including tax) for every 10 shares and 4 bonus shares for every 10 shares to all shareholders based on the shares outstanding registered on the date of registration of the implementation of the equity distribution less the number of shares in the special securities repurchase account of the Company. As of July 19, 2021, the Company distributed a cash dividend of RMB1.00 (including tax) for every 10 shares and 4 bonus shares for every 10 shares to all shareholders based on the shares outstanding registered on the date (July 15, 2021) of registration of the implementation of the equity distribution less the number of shares in the special securities repurchase account of the Company, with a total cash dividend of RMB104,367,431.40 (including tax) and 417,469,726 bonus shares distributed. The above transfer was audited by Pan-China Certified Public Accountants LLP, which issued the Capital Verification Report (TJY [2021] No. 401).

54. Other equity instruments**(1). Basic information on preference shares, perpetual bonds and other financial instruments outstanding at the end of the period**

Applicable Not Applicable

(2). Changes in preference shares, perpetual bonds and other financial instruments outstanding at the end of period

Applicable Not Applicable

Changes in other equity instruments during the period, the reasons for the changes, and the basis for the related accounting:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

55. Capital reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other capital reserves	545,385,635.52	128,512,870.93	401,167,958.80	272,730,547.65
Total	545,385,635.52	128,512,870.93	401,167,958.80	272,730,547.65

Other notes, including changes in the current period and reasons for the changes:

Increase for the period:

1) Share-based payment:

According to the Investment and Management Measures of Hundsun's Key Employees Subscribing Shares of Hundsun's Innovative Business Subsidiaries adopted through deliberation at the Company's 21st meeting of the Fifth Board on February 12, 2015, the Company granted the corresponding equity interests in the subsidiary to the key employees of its subsidiary Shanghai Gildata. The above equity-settled share-based payment amounted to RMB2,190,521.64 calculated in proportion to the Company's shareholding, increasing the capital reserve-other capital reserve.

According to the Proposal on Hundsun's 2020 Employee Stock Ownership Scheme (Draft) and its Summary and the Proposal on Hundsun's Management Measures for 2020 Employee Stock Ownership Scheme (hereinafter referred to as the 2020 Employee Stock Ownership Scheme) adopted through deliberation at the Company's 15th board meeting of the Fifth Board held on December 8, 2020 and the third extraordinary general meeting of 2020 held on December 25, 2020, the above equity-settled share-based payment amounted to RMB106,488,455.61 calculated in proportion to the Company's shareholding, increasing the capital reserve-other capital reserve.

2) The Company's share of other changes in owners' equity arising from associates other than net profit or loss and profit distribution amounted to RMB18,417,249.85 calculated in proportion to the Company's shareholding, increasing capital reserve - other capital reserve.

3) The Company's share of other changes held by Company's shareholding platform in the ownership interests of subsidiaries within the scope of the Company's consolidation for the period other than net profit or loss and profit distribution amounted to RMB1,416,643.83 in the consolidated statements of income through cross-shareholding in subsidiaries, increasing capital reserve - other capital reserve.

Decrease for the period:

1) The Company acquired the control of Shanghai Dworld, a former associate, as a result of additional investment. Other comprehensive income and other changes in owner's equity of RMB2,565,362.08 related to the original holding prior to the date of purchase were transferred to investment income, decreasing capital reserve - other capital reserve.

2) Other decrease in capital reserve of RMB398,602,596.72 is described in Note VII (56) to the financial statements.

56. Treasury shares

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Share repurchase	117,376,268.28	682,524,351.40	760,224,472.72	39,676,146.96
Total	117,376,268.28	682,524,351.40	760,224,472.72	39,676,146.96

Other notes, including changes in the current period and reasons for the changes:

According to the Company's 2020 Employee Stock Purchase Scheme, the Company proposed to repurchase some shares of the public with its own funds through call auction trading for its Employee Stock Ownership Scheme. During the period, the Company paid RMB682,524,351.40 for the repurchase of 7,190,295 shares. As of December 31, 2021, the Company paid a total of RMB799,900,619.68 for the repurchase of a total of 8,395,740 shares, and transferred 7,979,300 repurchased shares through non-trade stock transfer to the account of the Company's 2020 Employee Stock Purchase Scheme at a price of RMB45.32 per share, with 416,440 shares retained in its special securities repurchase account. The Company received a total of RMB361,621,876.00 from the Scheme Participants for the share subscription, carried forward RMB760,224,472.72 of treasury shares at the average repurchase price, and accordingly decreased capital reserve - other capital reserve by RMB398,602,596.72.

57. Other comprehensive income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred in the current period						Closing balance
		Amount incurred before income tax in the current period	Less: Amount charged to other comprehensive income in the previous period but transferred to the current profit or loss	Less: Amount charged to in other comprehensive income in the previous period but transferred to the current retained earnings	Less: Income tax expenses	Post-tax amount attributable to the parent company	After-tax amount attributable to minority shareholders	
I. Other comprehensive income not to be reclassified into profit and loss								
Including: Amount of change arising from remeasurement of the defined benefit plan								
Other comprehensive income not to be reclassified into profit or loss by the equity method								
Changes in fair value of other equity instrument investments								
Changes in the fair value of the Company's own credit risk								
II. Other comprehensive income to be subsequently reclassified into profit or loss	-7,643,663.35	-13,786,289.23				-11,419,570.51	-2,366,718.72	-19,063,233.86
Including: Other comprehensive income to be reclassified into profit or loss by the equity method	1,248,972.79							1,248,972.79

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Changes in fair value of other debt investments	1,801,595.88	-26,654.09				-25,707.87	-946.22	1,775,888.01
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Foreign currency translation difference in the statements	-10,694,232.02	-13,759,635.14				-11,393,862.64	-2,365,772.50	-22,088,094.66
Total other comprehensive income	-7,643,663.35	-13,786,289.23				-11,419,570.51	-2,366,718.72	-19,063,233.86

58. Special reserves

Applicable Not Applicable

59. Surplus reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	195,942,797.49	137,988,450.22	11,498,903.95	322,432,343.76
Total	195,942,797.49	137,988,450.22	11,498,903.95	322,432,343.76

[Note 27] The differences between the opening balances and the closing balances of the previous year (December 31, 2020) are detailed in Note V (44) 1) of the financial statements.

Note on surplus reserves, including changes (increase or decrease) during the current period and reasons for such changes:

Cloudbroker Network: According to the Equity Transfer Agreement signed between the Company and Ningbo High-tech Zone Shanzhao Equity Investment Management Partnership (L.P.), the Company acquired 1,745,000 shares of Cloudbroker Network held by Shanzhao Equity Investment with RMB5,251,770.00 during the period. The surplus reserve - statutory surplus reserve was written down by Cloudbroker Network's net asset share difference of RMB4,026,285.16 calculated by the Company between the acquisition cost and the percentage of shares acquired.

Hundsun Lirong: According to the Capital Increase Agreement signed between the Company and Hangzhou Hengxin Juchuang Enterprise Management Partnership (L.P.) (Hengxin Juchuang), Hengxin Juchuang paid RMB44.4 million for the subscription of Hundsun Lirong's new registered capital of RMB28.4 million and the Company paid RMB140 million for the subscription of Hundsun Lirong's new registered capital of RMB70 million. As of December 31, 2021, Hengxin Juchuang paid RMB20.4 million for capital increase (corresponding to a registered capital of RMB14.4 million) and the Company paid RMB140 million for capital increase (corresponding to a registered capital of RMB70 million). The surplus reserve - statutory surplus reserve was written down by Hundsun Lirong's net asset share difference of RMB2,627,760.30 calculated by the Company between the paid-in capital contribution ratios before and after the capital increase.

Shanghai Genus: According to the Share Transfer Agreement entered into by the Company, Wuxi Meisa Enterprise Management Partnership (L.P.), Cloud Plain Holdings Ltd. and Hangzhou Senchuan Information Consulting Partnership (L.P.), the Company transferred 636,610 shares of Shanghai Genus to Hangzhou Senchuan for RMB2,250,000.00, and carried forward the investment cost of RMB4,377,613.16 according to the transfer ratio. At the same time, according to the Share Transfer Agreement entered into by the Company and the Dazi Huashi Venture Capital Management Co., Ltd., the Company acquired 636,610 shares of Shanghai Genus held by Dazi Huashi with RMB 7 million. The surplus reserve - statutory surplus reserve was written down by the net asset share difference of RMB2,622,386.84 of Shanghai Genus calculated by the Company between the net acquisition cost and the percentage of shares acquired. According to the Supplemental Agreement to the

Investment Agreement entered into between the Company and Ye Zhiyun, Ye Zhiyun transferred 110,000 shares held thereby in Shanghai Genus to the Company for RMB1,767,997.00. The surplus reserve - statutory surplus reserve was written down by the net asset share difference of RMB1,431,851.85 of Shanghai Genus calculated by the Company between the net acquisition cost and the percentage of shares acquired.

Hundsun iBontal: According to the Share Transfer Agreement entered into between the Company and Xiong Wei, Xiong Wei transferred 2,925,000 shares held thereby in Hundsun iBontal to the Company for RMB3,802,500.00. The surplus reserve - statutory surplus reserve was written down by Hundsun iBontal's net asset share difference of RMB1,002,499.37 calculated by the Company between the acquisition cost and the percentage of shares acquired.

Cloudwing Network: According to the Capital Increase Agreement signed by the Company, Ningbo High-tech Zone Yunhan Equity Investment Management Partnership (L.P.) and Ningbo High-tech Zone Shanying Equity Investment Management Partnership (L.P.), the Company paid RMB630 million for the subscription of Cloudwing Network's new registered capital of RMB446,061,116. As of December 31, 2021, the Company paid RMB300 million for the capital increase (corresponding to a registered capital of RMB212,410,100). The surplus reserve - statutory surplus reserve was written down by Cloudwing Network's net asset share difference of RMB-211,879.57 calculated by the Company between the paid-in capital contribution ratios before and after the capital increase.

60. Undistributed profits

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profits at the end of the previous period before adjustment	2,893,625,565.93	3,007,114,120.04
Total amount of undistributed profits at the beginning of the period (adjustment +/-)	-291,827.99	-666,211,301.75
Undistributed profits at the beginning of the period after adjustment	2,893,333,737.94	2,340,902,818.29
Add: Net profit attributable to owners of the parent company during the period	1,463,538,930.14	1,321,735,522.48
Less: Statutory surplus reserves appropriated	137,988,450.22	102,400,985.82
Dividends payable on ordinary shares	104,367,431.40	425,667,769.02
Ordinary shares dividends transferred to share capital	417,469,726.00	240,944,020.00
Undistributed profits at the end of the period	3,697,047,060.46	2,893,625,565.93

Breakdown of adjustments to undistributed profits at the beginning of the period

1) Due to the retrospective adjustment made under the Accounting Standards for Business Enterprises and its related new regulations, the undistributed profits at the beginning of the period were RMB-291,827.99.

61. Revenue and cost of sales

(1). Revenue and cost of sales

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	5,492,012,267.44	1,484,074,041.27	4,167,541,269.62	955,469,176.67
Other businesses	4,566,357.44	528,445.39	5,103,886.94	437,648.43
Total	5,496,578,624.88	1,484,602,486.66	4,172,645,156.56	955,906,825.10

(2). Revenue from contracts√Applicable Not Applicable

Unit: Yuan Currency: RMB

Classification of contract	Reporting segment	Total
By type of product		
Software	5,476,020,294.42	5,476,020,294.42
Real estate	17,208,648.00	17,208,648.00
By operating regions		
Mainland China	5,270,079,355.53	5,270,079,355.53
Overseas	223,149,586.89	223,149,586.89
By time of transfer of goods		
Revenue recognized at a certain time point	3,929,729,359.16	3,929,729,359.16
Revenue recognized within a certain period of time	1,563,499,583.26	1,563,499,583.26
Total	5,493,228,942.42	5,493,228,942.42

[Note 28] Excluding lease income.

Breakdown of revenue from contracts:

Applicable Not Applicable**(3). Contract performance obligations**√Applicable Not Applicable

The Company's revenue mainly comes from sales of self-made and customized software, software services, outsourced goods, and properties in the science park. Sales of self-made and customized software, outsourced goods and properties in the science park are performance obligations to be performed at a certain time point, and the revenue shall be recognized when the products are delivered to the customer and the customer obtains control of the products. Sales of software services are performance obligations to be performed within a certain time period and the revenue shall be recognized in accordance with the performance progress.

(4). Apportionment to remaining performance obligationsApplicable Not Applicable

Other notes:

The revenue recognized in the opening carrying value of contract liabilities during the current period was RMB2,105,149,298.90.

62. Taxes and surcharges

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Business tax		-1,470,001.70
Urban maintenance and construction tax	28,527,494.06	25,820,737.49
Educational surcharge	12,182,314.06	11,065,177.78
Local education surcharges	8,121,542.84	7,376,785.23
Property tax	5,452,932.31	5,100,723.01
Consumption tax in Japan	1,628,529.47	2,239,484.55
Land use tax	729,325.55	881,561.64
Vehicle and vessel use tax	25,870.00	27,535.00
Stamp duty	3,720,809.02	2,239,558.21
Land appreciation tax	4,571.47	1,223,332.89
Total	60,393,388.78	54,504,894.10

63. Selling and distribution expenses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	444,391,580.88	282,463,214.14
Share-based payment	19,704,377.96	255,411.12
Travel expenses	34,511,742.58	26,201,096.68
Consulting fee for special items	30,657,327.35	11,625,924.75
Marketing and promotion expenses	14,775,781.58	18,971,122.20
Communication expenses	897,106.94	3,347,054.70
Office expenses	6,785,409.66	5,805,283.27
Depreciation and amortization	2,133,005.47	1,702,648.49
Vehicle expenses	3,021,727.32	2,661,534.00
Others	1,056,907.69	773,500.54
Total	557,934,967.43	353,806,789.89

64. General and administrative expenses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	324,789,305.66	255,282,698.49
Share-based payment	28,633,427.21	-264,997.88
Office expenses	75,040,330.93	82,476,056.02
Business expenses	91,028,682.21	89,378,472.94
Depreciation and amortization	72,829,790.22	42,200,199.15
Consulting fee for special items	48,770,432.11	22,268,759.62
Communication expenses	7,740,488.59	15,500,091.10
Intermediary fees	8,593,720.23	13,232,800.46
Travel expenses	8,847,865.25	4,918,274.52
Vehicle expenses	8,533,686.99	4,072,402.15
Taxes and dues	6,314,399.80	4,422,166.76
Others	331,338.37	6,003,688.97
Total	681,453,467.57	539,490,612.30

65. R&D expenses√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	1,774,143,884.49	1,338,577,793.78
Share-based payment	51,150,543.46	1,216,497.17
Technology development costs	125,425,990.49	9,716,452.90
Travel expenses	61,614,651.88	48,578,631.43
Communication expenses	84,448,221.60	70,739,666.41
Depreciation and amortization	28,998,005.21	19,424,213.73
Vehicle expenses	4,615,782.70	3,695,690.10
Office expenses	7,839,989.02	3,108,667.69
Intermediary fees	725,072.46	785,336.06
Business expenses	334,224.76	215,889.05
Total	2,139,296,366.07	1,496,058,838.32

66. Finance costs√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Interest expenses	10,507,675.01	2,855,157.07
Interest income	-17,150,371.61	-11,939,357.58
Net foreign exchange gain or loss	4,365,039.81	447,462.46
Others	1,371,611.45	1,694,216.18
Total	-906,045.34	-6,942,521.87

67. Other income√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Asset-related government grants	8,818,442.18	7,603,569.04
Revenue-related government grants	275,629,010.51	214,339,135.66
Refund of handling charges for withholding individual income tax	3,623,437.38	3,996,499.34
Weighted deduction of input VAT	1,809,379.23	1,489,181.96
Total	289,880,269.30	227,428,386.00

[Note 29] The government grants charged to other income during the current period are detailed in Note VII (84) to the financial statements.

68. Investment income√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Income from long-term equity investments calculated by the equity method	91,328,055.87	10,473,834.46
Investment income from the disposal of long-term equity investments	39,045,988.68	345,063,119.66

Item	Amount in the current period	Amount in the previous period
Investment income from holding held-for-trading financial assets	71,473,085.31	84,736,954.27
Investment income from holding other debt investments	2,963,365.04	4,474,153.77
Investment income from disposal of held-for-trading financial assets	71,330,011.84	139,284,717.55
Investment income from disposal of other debt investments	-303,236.95	172,613.62
Total	275,837,269.79	584,205,393.33

69. Gain from Net Exposure to Hedging

Applicable Not Applicable

70. Gain from changes in fair value

Applicable Not Applicable

Unit: Yuan Currency: RMB

Source of gain from changes in fair value	Amount in the current period	Amount in the previous period
Held-for-trading financial assets	418,521,750.89	104,618,869.06
Gain from changes in fair value of cash-settled share-based payment liabilities	-4,120,593.87	-1,527,377.23
Total	414,401,157.02	103,091,491.83

71. Credit impairment losses

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Bad debt loss of accounts receivable	-31,125,551.48	-9,469,468.45
Bad debt loss of other receivables	164,292.85	-5,617,717.10
Total	-30,961,258.63	-15,087,185.55

72. Asset impairment losses

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
II. Loss on diminution in value of inventories and impairment loss on contract performance cost	-3,738,572.25	-1,259,970.58
III. Impairment loss on long-term equity investments	-7,620,000.00	-76,950,746.90
X. Impairment loss on intangible assets		-3,037,351.54
XI. Impairment loss on goodwill		-157,089,435.82
XIII. Impairment loss on contract assets	-500,267.36	-674,205.54
Total	-11,858,839.61	-239,011,710.38

73. Gain from disposal of assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Gain from disposal of fixed assets	-552,528.07	577,248.05
Total	-552,528.07	577,248.05

74. Non-operating income

Non-operating income

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period	Amount charged to non-recurring profit or loss
Total income from disposal of non-current assets	82,710.62	1,650.00	82,710.62
Including: Income from disposal of fixed assets	82,710.62	1,650.00	82,710.62
Waiver of accounts payable	93,751.00	900,000.00	93,751.00
Income from compensation and penalty	332,526.79	839,290.00	332,526.79
Others	1,982,498.85	106,401.17	1,982,498.85
Total	2,491,487.26	1,847,341.17	2,491,487.26

Government grants charged to the current profit or loss

Applicable Not Applicable

Other notes:

Applicable Not Applicable**75. Non-operating expenses**Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period	Amount charged to non-recurring profit or loss
Total losses on disposal of non-current assets	140,120.31	1,086,449.50	140,120.31
Including: Loss on disposal of fixed assets	55,844.81	1,086,449.50	55,844.81
Loss on disposal of intangible assets	84,275.50		84,275.50
Compensation and penalty	79,653.38	109,230.02	79,653.38
Donation	2,425,000.00	2,649,720.00	2,425,000.00
Indemnities	75,424.13	1,275,876.00	75,424.13
Local water conservancy fund	2,439.61		2,439.61
Others	596,297.71	34,217.00	596,297.71
Total	3,318,935.14	5,155,492.52	3,318,935.14

76. Income tax expenses**(1). Income tax expenses**Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
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Current income tax expenses	85,888,485.20	27,528,138.18
Deferred income tax expenses	-66,294,554.57	47,034,698.26
Total	19,593,930.63	74,562,836.44

(2). Process of adjusting accounting profit and income tax expense√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	
Total profit	1,509,722,615.63	
Income tax expenses based on statutory/applicable tax rate	150,972,261.56	
Effects of different tax rates applied to subsidiaries	-2,418,007.77	
Effect of income tax during the period before adjustment	35,386,471.26	
Effects of non-taxable income	-15,000,523.39	
Effects of non-deductible costs, expenses and losses	7,891,914.14	
Effect of deductible loss arising from deferred income tax assets not previously recognized	-62,599,518.66	
Effect of deductible temporary difference or deductible loss arising from deferred income tax assets unrecognized during the period	26,718,232.09	
Effect of weighted deduction on R&D expenses and salaries of disabled employees	-121,356,898.60	
Income tax expenses	19,593,930.63	

Other notes:

Applicable Not Applicable**77. Other comprehensive income**√Applicable Not Applicable

See notes for details

78. Items in the statement of cash flows**(1). Cash received from other operating activities**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Temporary receipts payable	1,310,239.45	1,855,155.09
Security deposit received	49,245,279.78	61,221,858.62
Government grants	39,325,041.86	50,037,993.45
Guarantee deposit received	2,508,515.00	5,425,921.00
Cash received from rental properties	3,836,914.23	3,433,499.33
Interest income	17,096,437.51	11,939,357.58
Others	7,755,362.72	5,460,986.55
Total	121,077,790.55	139,374,771.62

(2). Cash paid for other operating activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Administration expenses paid by cash	235,290,504.46	267,462,251.44
R&D expenses paid by cash	309,100,150.16	285,360,121.23
Selling expenses paid by cash	99,380,929.65	124,863,263.26
Security deposit paid	50,448,072.97	53,269,550.18
Temporary receipts payable	3,704,922.27	26,238,152.81
Guarantee deposit paid	2,163,955.00	4,074,515.00
Others	9,420,868.52	4,756,320.26
Total	709,509,403.03	766,024,174.18

(3). Cash received from other investing activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Net cash paid for acquisition of subsidiaries and other business entities		1,185,670.07
Release of frozen cash and bank balances for investment matters involving litigation		1,064,820.01
Total		2,250,490.08

(4). Cash paid for other investing activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Return of dividends to Hangzhou Everfine Photo-E-Info Co., Ltd.		924,157.53
Total		924,157.53

(5). Cash received from other financing activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Contributions received under the Employee Stock Ownership Scheme	361,621,876.00	
Total	361,621,876.00	

(6). Cash paid for other financing activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Share repurchase	682,624,959.25	117,376,268.28
Payment by subsidiaries to minority interests for capital reduction	63,504,870.16	59,600,469.20
Acquisition of minority interests	19,366,414.00	42,290,837.00
Payment for lease of right-to-use assets	11,485,781.92	
Total	776,982,025.33	219,267,574.48

79. Supplementary information of the cash flow statement**(1). Supplementary information of the cash flow statement**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,490,128,685.00	1,363,152,354.21
Add: Asset impairment provision	11,858,839.61	239,011,710.38
Credit impairment losses	30,961,258.63	15,087,185.55
Depreciation of fixed assets, oil and gas assets and productive biological assets	71,444,261.19	60,309,062.80
Amortization of right-of-use assets	12,627,203.76	
Amortization of intangible assets	27,995,252.05	9,959,601.28
Amortization of long-term prepaid expenses	2,723,406.19	2,142,752.90
Losses on the disposal of fixed assets, intangible assets and other long-term assets (gain denoted by "-")	552,528.07	-577,248.05
Losses on write-off of fixed assets (gain denoted by "-")	57,409.69	1,084,799.50
Loss on changes in fair value (gain denoted by "-")	-414,401,157.02	-103,091,491.83
Financial expenses (gain denoted by "-")	14,872,714.82	3,234,619.54
Investment losses (gain denoted by "-")	-275,837,269.79	-584,205,393.33
Decrease in deferred income tax assets (increase denoted by "-")	-92,025,790.23	36,291,029.31
Increases in deferred income tax liabilities (decrease denoted by "-")	25,731,235.65	10,877,462.83
Decrease in inventories (increase denoted by "-")	-108,500,758.56	-127,928,212.71
Decrease in operating receivables (increase denoted by "-")	-211,237,984.73	-258,805,686.82
Increase in operating items payable (decrease denoted by "-")	257,247,872.00	732,553,018.83
Others	112,591,599.81	-1,193,293.98
Net cash flows from operating activities	956,789,306.14	1,397,902,270.41
2. Major investing and financing activities not involving cash receipts and payments:		
Conversion of debts into capital		
Current portion of convertible corporate bonds		
Financing leased fixed assets		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,723,434,091.60	1,370,028,554.66
Less: Opening balance of cash	1,370,028,554.66	1,317,931,756.94
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	353,405,536.94	52,096,797.72

[Note 30]: Others represent the amount of equity-settled share-based payments in exchange for employee services.

(2). Net cash paid for acquisition of subsidiaries in the current period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

	Amount
Cash or cash equivalents paid in the current period for business combinations in the current period:	186,250,000.00
Including: Shanghai Dworld	50,000,000.00

Hundsun Lirong	40,000,000.00
Hundsun iBontal	96,250,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of acquisition	47,668,300.24
Including: Shanghai Dworld	28,410,070.57
Hundsun Lirong	111,533.90
Hundsun iBontal	19,146,695.77
Add: Cash or cash equivalents paid in the current period for business combinations in the previous period	9,300,051.00
Including: BusinessMatrix	7,313,904.00
Shanghai Genus	1,986,147.00
Net cash paid to acquire subsidiaries	147,881,750.76

(3). Net cash received from the disposal of subsidiaries during the current period

Applicable Not Applicable

(4). Composition of cash and cash equivalents

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	1,723,434,091.60	1,370,028,554.66
Including: Cash on hand	365,020.30	680,095.55
Bank deposits readily available for payment	1,707,660,259.64	1,271,229,282.20
Other cash and bank balances readily available for payment	15,408,811.66	98,119,176.91
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	1,723,434,091.60	1,370,028,554.66
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries under the Group		

Other notes:

Applicable Not Applicable

The Item "closing balance of cash and cash equivalents" in the consolidated cash flow statement was RMB1,723,434,091.60 and the Item "closing cash and bank balances" in the balance sheet was RMB1,727,704,846.60. The difference was due to the deduction of the guarantee deposit of RMB4,270,755.00 not meeting the standard of cash and cash equivalents from the "closing balance of cash and cash equivalents" in the Company's cash flow statement.

The Item "opening balance of cash and cash equivalents" in the consolidated cash flow statement was RMB1,370,028,554.66 and the Item "opening cash and bank balances" in the balance sheet was RMB1,374,842,591.24. The difference was due to the deduction of the guarantee deposit of RMB4,615,315.00 not meeting the standard of cash and cash equivalents and the bank deposits restricted in use of RMB198,721.58 from the "opening balance of cash and cash equivalents" in the Company's cash flow statement.

80. Notes to items in the Statement of Retained Earnings

Explanation of the name of the Item "others" that adjusted the closing balance of the previous year and the amount of adjustment:

Applicable Not Applicable

81. Assets with restricted ownership or right-of-use

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the period	Reason
Cash and bank balances	4,270,755.00	Guarantee deposit
Intangible assets	73,153,291.09	Pledged to secure bank borrowings
Construction in progress	25,139,995.40	Pledged to secure bank borrowings
Fixed assets	1,117,020,509.26	Pledged to secure bank borrowings
Other debt investments	65,681,018.23	Pledged to secure bank borrowings
Total	1,285,265,568.98	/

82. Foreign currency monetary items**(1). Foreign currency monetary items**

Applicable Not Applicable

Unit: Yuan

Item	Foreign currency closing balance	Exchange rate	Closing balance in RMB balance
Cash and bank balances	-	-	
Including: USD	130,593.92	6.3757	832,627.66
JPY	684,891,253.79	0.055415	37,953,248.83
HKD	44,020,954.68	0.81760	35,991,532.55
SGD	122,497.27	4.7179	577,929.87
MYR	7,105,134.88	1.52667	10,847,196.27
Accounts receivable	-	-	
Including: JPY	63,831,273.10	0.055415	3,537,210.00
HKD	46,934,755.71	0.81760	38,373,856.27
Other receivables			
Including: JPY	51,920,928.88	0.055415	2,877,198.27
HKD	2,205,864.08	0.81760	1,803,514.47
Short-term borrowings			
Including: HKD	33,225,941.03	0.81760	27,165,529.39
Accounts payable			
Including: JPY	96,077,624.73	0.055415	5,324,141.57
HKD	2,888,026.00	0.81760	2,361,250.06
Other payables			
Including: JPY	246,699,113.72	0.055415	13,670,831.39
HKD	2,083,968.47	0.81760	1,703,852.62
Long-term borrowings	-	-	
Including: HKD	94,818,743.38	0.81760	77,523,804.59
JPY	50,013,537.91	0.055415	2,771,500.20

(2). Information of overseas operating entities, in which main business location, recording currency and

basis of selection shall be disclosed for significant overseas operating entities, and the reason shall be disclosed in case of changes in recording currency

√Applicable Not Applicable

Company name	Place of registration	Functional Currency	Basis of selection
Japan Hundsun	Tokyo, Japan	JPY	Common currency of the place of business
Hundsun International Technologies	Hong Kong	HKD	Common currency of the place of business
Hundsun Ayers	Hong Kong	HKD	Common currency of the place of business
Hundsun HK	Hong Kong	HKD	Common currency of the place of business
Ayers Technologies (Singapore)	Singapore	SGD	Common currency of the place of business
Intercontinental Holdings	Hong Kong	HKD	Common currency of the place of business
Hundsun U.S.	Delaware, USA	USD	Common currency of the place of business
Chain Next	Hong Kong	HKD	Common currency of the place of business
Hundsun International	British Virgin Islands	USD	Common currency of the place of business
Hundsun Holdings	Hong Kong	HKD	Common currency of the place of business
IHS Markit (Hong Kong)	Hong Kong	HKD	Common currency of the place of business
GenSys Technology	Hong Kong	HKD	Common currency of the place of business

83. Hedging

Applicable Not Applicable

84. Government grants

(1). Basic information of government grants

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Type	Amount	Item presented	Amount charged to the current profit or loss
Asset-related government grants	38,210,906.29	Deferred income	8,938,442.18
Revenue-related government grants used to compensate the Company for related costs or losses in future periods		Deferred income	10,600,000.00
Revenue-related government grants used to compensate the Company for related costs or losses incurred	265,029,010.51	Other income	265,029,010.51

(2). Refund of government grants

Applicable Not Applicable

85. Others

□Applicable √Not Applicable

VIII. Changes in the Scope of Consolidation**1. Business combination not under common control**

√Applicable □Not Applicable

(1). Business combinations not under common control in the current period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of acquiree	Acquisition date	Acquisition cost	Shareholding percentage (%)	Acquisition method	Purchase date	Determination basis of purchase date	Income of the acquiree from the purchase date to the end of the period	Net profits of acquiree from the purchase date to the end of the period
Shanghai Dworld	2018.12.11	4,000,000.00	15.43	Established by investment	2021.5.31	Acquisition of control	6,325,751.48	-3,663,012.75
	2021.5.20	50,000,000.00	50.00	Capital increase				
Hundsun Lirong	2021.5.24	40,000,000.00	100.00	Share transfer	2021.5.31	Acquisition of control	27,052,995.34	-14,857,631.04
Hundsun iBontal	2021.1.20	96,250,000.00	87.50	Share transfer and capital increase	2021.1.31	Acquisition of control	80,924,321.04	-33,929,955.87

(2). Consolidated cost and goodwill

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Consolidated cost	Shanghai Dworld	Hundsun Lirong	Hundsun iBontal
--Cash	50,000,000.00	40,000,000.00	96,250,000.00
--Fair value of shares held before the purchase date	15,462,727.93		
Total consolidated cost	65,462,727.93	40,000,000.00	96,250,000.00
Less: Fair value of net identifiable assets acquired	31,914,863.50	27,757,267.04	86,707,360.91
Amount of goodwill/consolidated cost less than the fair value of identifiable net assets acquired	33,547,864.43	12,242,732.96	9,542,639.09

Recognition method of the fair value of consolidated cost or contingent consideration and change thereof:

According to the Capital Increase Agreement entered between the Company, Shanghai Dworld and its original shareholders in April 2021, the Company increased its capital by RMB50 million with cash and bank balances in Shanghai Dworld, including the newly increased registered capital of RMB10.9 million and the capital reserve of RMB39.1 million. Upon completion of the capital increase, the company held a total of 65.43% of the shares of Shanghai Dworld, including 55.07% held by itself and 10.36% held through Hangzhou Xinglu, and thus acquired control over Shanghai Dworld. The transaction price was determined based on the Asset Appraisal Report on the Value of All Shareholders' Interests in Shanghai Dworld AI Tech Co., Ltd. Involved in the Proposed

Capital and Share Increase by Hundsun Technologies Inc. (TYPBZ [2021] No. 0107) issued by Shaoxing Tianyuan Asset Evaluation Co., Ltd. on the valuation date of December 31, 2020.

According to the Share Transfer Agreement entered into between the Company and Hangzhou Xinli Technology Co., Ltd. in March 2021, Hangzhou Xinli transferred its full shares, i.e., 20 million shares, in Hundsun Lirong to the Company for RMB40 million. Upon completion of the share transfer, the Company held 100.00% of the shares of Hundsun Lirong and thus acquired control over Hundsun Lirong. The transaction price was determined based on the Asset Appraisal Report on the Value of Certain Assets and Liabilities of Hangzhou Xinli Technology Co., Ltd. Involved in the Assets to be Verified by Hangzhou Xinli Software Co., Ltd. (WLPBZ [2021] No.10321) issued by Shanghai Wanlong Asset Evaluation Co., Ltd. on the valuation date of December 31, 2020.

According to the Share Transfer Agreement and the Capital and Share Increase Framework Agreement entered into between the Company and Hundsun iBontal and its original shareholders, the original shareholders of Hundsun iBontal transferred 16 million shares held thereby in Hundsun iBontal to the Company for RMB22 million. At the same time, the Company increased its capital by RMB74.25 million with cash and bank balances in Hundsun iBontal, including the newly increased registered capital of RMB54 million and the capital reserve of RMB20.25 million. Upon completion of the share transfer and capital increase, the Company held 87.50% of the shares of Hundsun iBontal and thus acquired control over Hundsun iBontal. The transaction price was determined based on the Asset Appraisal Report on the Value of All Shareholders' Interests in Hundsun iBontal Involved in the Proposed Capital Increase in Hundsun iBontal by Hundsun Technologies Inc. (TYPBZ [2021] No. 0137) issued by Shaoxing Tianyuan Asset Evaluation Co., Ltd. on the valuation date of December 31, 2020.

(3). Identifiable assets and liabilities of the acquiree on the purchase date

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

	Shanghai Dworld		Hundsun Lirong		Hundsun iBontal	
	Fair value on the	Book value on the	Fair value on the	Book value on	Fair value on the	Book value on
Assets:	51,814,549.44	51,301,360.12	31,088,240.45	31,088,240.45	113,088,538.03	108,254,075.07
Cash and bank balances	28,410,070.57	28,410,070.57	111,533.90	111,533.90	19,146,695.77	19,146,695.77
Accounts receivable	357,184.80	357,184.80	25,631,799.40	25,631,799.40	24,186,991.63	24,186,991.63
Prepayments	6,000.00	6,000.00	284,492.00	284,492.00		
Other receivables	20,096,325.82	20,096,325.82	77,800.27	77,800.27	39,368,735.71	39,368,735.71
Inventories	2,278,162.96	2,278,162.96	945,648.07	945,648.07	7,224,491.15	7,224,491.15
Contract assets					392,815.42	392,815.42
Other current assets			389.13	389.13		
Fixed assets	153,615.97	153,615.97	12,989.35	12,989.35	86,026.34	86,026.34
Intangible assets	513,189.32		4,023,588.33	4,023,588.33	22,473,539.55	17,639,076.59
Deferred income tax assets					209,242.46	209,242.46
Liabilities:	3,035,310.11	3,035,310.11	3,330,973.41	3,330,973.41	13,994,411.28	13,994,411.28
Accounts payable			2,192,613.63	2,192,613.63	40,176.02	40,176.02
Advances from					4,377,212.30	4,377,212.30

customers						
Contract liabilities	2,388,226.19	2,388,226.19			4,575,754.24	4,575,754.24
Employee compensation payable	592,446.36	592,446.36	1,138,359.78	1,138,359.78	1,981,037.71	1,981,037.71
Taxes payable	25,179.75	25,179.75			2,029,944.66	2,029,944.66
Other payables	21,200.00	21,200.00			22,752.16	22,752.16
Provision for liabilities	8,257.81	8,257.81			967,534.19	967,534.19
Net assets	48,779,239.33	48,266,050.01	27,757,267.04	27,757,267.04	99,094,126.75	94,259,663.79
Less: Minority interests	16,864,375.83	16,962,182.30			12,386,765.84	11,782,457.97
Net assets acquired	31,914,863.50	31,303,867.71	27,757,267.04	27,757,267.04	86,707,360.91	82,477,205.82

Recognition methods of the fair value of identifiable assets and liabilities:

The fair value of identifiable assets of Shanghai Genus was determined based on the Asset Appraisal Report on the Value of All Shareholders' Interests in Shanghai Dworld AI Tech Co., Ltd. Involved in the Proposed Capital and Share Increase by Hundsun Technologies Inc. (TYPBZ [2021] No. 0107) issued by Shaoxing Tianyuan Asset Evaluation Co., Ltd. on March 25, 2021.

The fair value of identifiable assets of Hundsun Lirong was determined based on the Asset Appraisal Report on the Value of Certain Assets and Liabilities of Hangzhou Xinli Technology Co., Ltd. Involved in the Assets to be Verified by Hangzhou Xinli Software Co., Ltd. (WLPBZ [2021] No.10321) issued by Shanghai Wanlong Asset Evaluation Co., Ltd. on February 26, 2021.

The fair value of identifiable assets of Hundsun iBontal was determined based on the Asset Appraisal Report on the Value of All Shareholders' Interests in Hundsun iBontal Involved in the Proposed Capital Increase in Hundsun iBontal by Hundsun Technologies Inc. (TYPBZ [2021] No. 0137) issued by Shaoxing Tianyuan Asset Evaluation Co., Ltd. on April 12, 2021.

(4). Gains or losses arising from the remeasurement at the fair value of shares held before the purchase date

Whether there are multiple transactions that realize business combination step by step and acquire control in the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of acquiree	Carrying value of the original shares held before the purchase date	Fair value of the original shares held before the purchase date	Gains or losses arising from the remeasurement at the fair value of original shares held before the purchase date	Method and main assumptions for determining the fair value of the original shares held before the purchase date	Amount of other comprehensive income related to the original shares held before the purchase date transferred to the investment income
Shanghai Dworld	-285,189.76	15,462,727.93	15,747,917.69	Asset Appraisal Report	2,565,362.09

(5). Notes related to the inability to reasonably determine the merger consideration or the fair value of the

acquiree's identifiable assets and liabilities on the purchase date or at the end of the period of the merger

Applicable Not Applicable

(6). Other Description

Applicable Not Applicable

2. Business combination under common control

Applicable Not Applicable

3. Counter purchase

Applicable Not Applicable

4. Disposal of subsidiaries

Is there any circumstance that the control is lost due to the disposal of subsidiaries in investment

Applicable Not Applicable

Other notes:

Applicable Not Applicable

5. Changes in the scope of consolidation due to other reasons

Changes in the scope of consolidation due to other reasons (such as establishing new subsidiaries, liquidating subsidiaries) and related information:

Applicable Not Applicable

(1) Expanded scope of consolidation

Unit: Yuan Currency: RMB

Company name	Acquisition method	Acquisition date	Amount of contribution	Proportion of contribution
Xunchang Wendao	Established by investment	2021.4.8	35,000,000.00	70.00%
Nanjing Xingding	Established by investment	2021.4.13	27,955,000.00	58.33%

(2) Narrowed scope of consolidation

Unit: Yuan Currency: RMB

Company name	Share disposal method	Date of disposal	Net assets as of the disposal date	Net profit from the beginning of the period to the disposal date
Quzhou Hundsun	Cancellation	2021.9.15	952,196.52	1,291,374.08
Beijing Xinruanfu	Cancellation	2021.9.15	-500,029.52	161,143.80

6. Others

Applicable Not Applicable

IX. Equity in Other Entities**1. Equity in subsidiaries****(1). Composition of the Group**

√Applicable □Not Applicable

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method
				Direct	Indirect	
Hangzhou Hundsun Cloud Investment Holding Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Industrial investment	69.70		Establishment
Wuxi Henghua Technology Development Co., Ltd.	Wuxi, Jiangsu	Wuxi, Jiangsu	Real estate	100.00		Establishment
Hangzhou Hundsun Data Security Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	87.70		Establishment
Jinrui Software Technology (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	100.00		Establishment
Beijing Qiantang Hundsun Technology Co., Ltd.	Beijing	Beijing	Software	94.00	6.00	Establishment
Shanghai Yirui Management Consulting Co., Ltd.	Shanghai	Shanghai	Management consulting	70.00		Establishment
Japan Hundsun Software Inc.	Japan	Japan	Software	48.95		Establishment
Hundsun International Technologies Holding Limited	Hong Kong	Hong Kong	Investment management	96.45	1.33	Business combination not under common control
Shanghai Liming Technology Co., Ltd.	Shanghai	Shanghai	Software	100.00		Business combination not under common control
Shanghai Gildata Inc	Shanghai	Shanghai	Software	63.19	5.91	Business combination not under common control
Hangzhou Yunhui Investment Management Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Investment management	100.00		Establishment
Hangzhou Cloudwing Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	96.56	1.13	Establishment
Hangzhou Securities Investment Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	60.00	13.39	Establishment
Hangzhou Cloudyee Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	56.43	11.72	Establishment
Hangzhou Yunyong Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	60.00	13.12	Establishment
Hangzhou Cloudbroker Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	57.93	10.64	Establishment
Hangzhou Yunlian Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	60.00	23.57	Establishment
Hangzhou Shanshang	Hangzhou,	Hangzhou,	Software	60.00	23.57	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method
				Direct	Indirect	
Network Technology Co., Ltd.	Zhejiang	Zhejiang				
Hangzhou Hundsun Wengine Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	70.00		Establishment
Hangzhou Yima Investment Management Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Investment management	100.00		Establishment
Hundsun Intercontinental Holdings (HK) Limited	Hong Kong	Hong Kong	Investment management	100.00		Establishment
Guangdong Institute of Financial Innovation	Guangzhou, Guangdong	Guangzhou, Guangdong	Academic exchange and discussion; cultivation of high-end financial talents	60.00		Establishment
Hangzhou Xinglu Equity Investment Partnership (L.P.)	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Investment management	75.10		Establishment
Business Intelligence Info. Tech. (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	60.49	6.16	Business combination not under common control
Shanghai Hunsun Shengtian Network Technology Co., Ltd.	Shanghai	Shanghai	Software	100.00		Establishment
Hangzhou Zhigu Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	60.00	13.38	Establishment
Zhejiang Jingteng Network Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	59.21	12.12	Establishment
Wuxi Xinglu Tiancheng Investment Management Partnership (L.P.)	Wuxi, Jiangsu	Wuxi, Jiangsu	Investment management	60.13		Establishment
Hundsun IHS Markit China Technologies Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	67.00		Establishment
Nanjing Xingcheng Equity Investment Partnership (L.P.)	Nanjing, Jiangsu	Nanjing, Jiangsu	Investment management	59.41	0.99	Establishment
Hundsun Holdings Limited	Hong Kong	Hong Kong	Investment management	96.45	1.33	Establishment
BusinessMatrix Software Technology Ltd.	Guangzhou, Guangdong	Guangzhou, Guangdong	Software	85.00		Business combination not under common control
Shanghai Genus-Finance Information Technology Co., Ltd.	Shanghai	Shanghai	Software	57.93	17.54	Business combination not under common control
Hundsun iBontal (Guangdong) Technology Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Software	91.16		Business combination not under common control
Zhejiang Xunchang Wendao Network Information Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	70.00		Establishment
Shanghai Dworld AI Tech Co., Ltd.	Shanghai	Shanghai	Software	55.07	10.36	Business combination not under common

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method
				Direct	Indirect	
						control
Nanjing Xingding Equity Investment Partnership (L.P.)	Nanjing, Jiangsu	Nanjing, Jiangsu	Investment management	58.33	2.09	Establishment

The basis for the Company's control over the investee when holding half or less of the voting rights and the Company's control over the investee when holding more than half of the voting rights:

The Company holding 48.95% of the shares of Japan Hundsun is the largest shareholder of this subsidiary. The Board of Japan Hundsun has three Directors, among which two are appointed by the Company, thus the Company has substantial control over this subsidiary. Therefore, Japan Hundsun is incorporated into the scope of the consolidated financial statements

(2). Significant non-wholly owned subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding percentage of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority interests at the end of the period
Cloud Investment	30.30	3,190,300.62	1,440,000.00	60,070,496.35
Japan Hundsun	51.05	-1,090,576.21		10,330,875.50
Cloudyee Network	31.85	19,129,268.72	30,502,500.00	52,267,846.96
Cloudbroker Network	31.43	-740,972.93		11,054,551.31
Wengine Network	30.00	15,799,047.28	9,000,000.00	32,646,613.69
Hangzhou Xinglu	24.90	-1,052,660.98		15,968,151.00
Jingteng Network	28.67	424,932.00		17,578,054.46
Wuxi Xinglu	39.87	-1,386,067.90		9,578,111.12
Shanghai Gildata	30.90	2,631,224.57		29,124,354.44
Business Intelligence (Hangzhou)	33.35	218,252.11		10,750,680.37
Shanghai Genus	24.53	829,804.25		15,567,012.44
IHS Markit	33.00	-3,381,146.92		17,395,611.17
Nanjing Xingcheng	39.60	-3,788,043.29		116,961,480.23
Cloudwing Network	2.31	79,098.80		31,509,604.76
Hundsun Holdings	2.22	1,204,877.45		12,751,304.97
Hundsun iBontal	8.84	-3,823,808.85		5,762,956.36
Xunchang Wendao	30.00	-4,181,380.14		10,818,619.86
Shanghai Dworld	34.57	-1,266,408.10		15,597,967.73

Notes on the difference between the shareholding percentage of minority shareholders of subsidiaries and the voting rights ratio:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

(3). Main financial information of significant non-wholly owned subsidiaries

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Cloud Investment	40,695	13,755	54,450	32,302		32,302	40,626	14,049	54,675	33,157	18	33,175
Japan Hundsun	4,266	43	4,309	2,008	277	2,285	4,807	41	4,848	2,267	27	2,294
Cloudyee Network	23,177	386	23,563	7,155		7,155	22,587	560	23,147	5,920	2	5,922
Cloudbroker Network	7,289	389	7,678	4,003	1	4,004	5,574	548	6,122	2,317	1	2,318
Wengine Network	20,618	169	20,787	9,879	26	9,905	18,384	177	18,561	9,925	21	9,946
Hangzhou Xinglu	122	10,438	10,560	4,146		4,146	1,297	17,063	18,360			
Jingteng Network	8,571	3,356	11,927	5,765	31	5,796	8,528	3,780	12,308	6,522	13	6,535
Wuxi Xinglu	77	2,325	2,402				6,294	4,906	11,200			
Shanghai Gildata	24,017	2,395	26,412	16,530	61	16,591	20,353	1,930	22,283	13,624		13,624
Business Intelligence (Hangzhou)	7,810	40	7,850	4,557	29	4,586	6,641	43	6,684	3,543	15	3,558
Shanghai Genus	6,631	2,723	9,354	2,625	12	2,637	6,048	3,071	9,119	2,862	20	2,882
IHS Markit	5,425	28	5,453	182		182	6,425	30	6,455	214		214
Nanjing Xingcheng	124	29,409	29,533				2,102	20,042	22,144			
Cloudwing Network	15,326	24,410	39,736	6,293	7	6,300	4,686	3	4,689	2,148		2,148
Hundsun Holdings	10,401	62,262	72,663	6,748	7,791	14,539	8,127	49,291	57,418	11,471	8,395	19,866
Hundsun iBontal	7,003	1,978	8,981	2,392	72	2,464						
Xunchang Wendao	3,778	424	4,202	487	108	595						
Shanghai Dworld	4,869	59	4,928	416	1	417						

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Name of subsidiary	Amount in the current period				Amount in the previous period			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Cloud Investment	1,655	851	851	-85	922	1,854	1,854	-72
Japan Hundsun	5,189	-214	-214	-447	6,487	64	64	-1,075
Cloudyee Network	14,207	6,005	6,005	5,440	8,889	3,461	3,461	4,905
Cloudbroker Network	4,811	-236	-236	525	2,246	-1,484	-1,484	-843
Wengine Network	9,243	5,266	5,266	3,872	7,833	4,381	4,381	5,970
Hangzhou Xinglu		-423	-423	-2		-2,031	-2,031	-241
Jingteng Network	11,792	148	148	-765	12,594	3,030	3,030	4,633
Wuxi Xinglu		-348	-348	-2		277	277	-2
Shanghai Gildata	29,062	852	852	3,046	21,460	732	732	1,883
Business Intelligence (Hangzhou)	7,463	65	65	-680	4,133	24	24	713
Shanghai Genus	5,159	484	484	338				
IHS Markit	21	-1,025	-1,025	-1,191	77	-756	-760	-733
Nanjing Xingcheng		-951	-951	-300				
Cloudwing Network	2,929	-1,144	-1,144	-1,278	4,646	1,620	1,620	720
Hundsun Holdings	17,160	5,428	5,428	5,586	15,657	5,409	5,409	6,936
Hundsun iBontal	8,092	-3,393	-3,393	-1,664				
Xunchang Wendao	440	-1,394	-1,394	-1,118				
Shanghai Dworld	633	-366	-366	-336				

(4). Substantial restriction on the usage of assets or the settlement of liabilities of the Group

Applicable Not Applicable

(5). Financial support or other support provided to structured entities within the scope of the consolidated financial statement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

2. Transactions in which the owners' equity in a subsidiary has changed and the subsidiary is still under control

Applicable Not Applicable

(1). Changes in the owners' equity in subsidiaries

Applicable Not Applicable

Name of subsidiary	Date of change	Shareholding percentage before change	Shareholding percentage after change
Cloudbroker Network	2021.6.24	64.60%	68.57%
Shanghai Genus	2021.5.25\2021.7.9	57.41%	75.47%
Hundsun iBontal	2021.9.29	87.50%	91.16%
Cloudwing Network	2021.12.16	72.38%	97.69%
Hundsun Lirong	2021.12.22	100.00%	86.21%

(2). Effect of transactions on minority equity and owners' equity attributable to the parent company

Applicable Not Applicable

Unit: Yuan Currency: RMB

	Cloudbroker Network	Shanghai Genus	Hundsun iBontal	Cloudwing Network	Hundsun Lirong
Acquisition cost/disposal consideration					
--Cash	5,251,770.00	4,390,383.84	3,802,500.00	300,000,000.00	140,000,000.00
-- Fair value of non-cash assets					
Total acquisition cost/disposal consideration	5,251,770.00	4,390,383.84	3,802,500.00	300,000,000.00	140,000,000.00
Less: Share of net assets of subsidiaries based on the percentage of shares acquired/disposed	1,225,484.84	336,145.15	2,800,000.63	300,211,879.57	137,372,239.70
Difference	4,026,285.16	4,054,238.69	1,002,499.37	-211,879.57	2,627,760.30
Including: Adjustment to capital reserves					
Adjustment to surplus reserves	-4,026,285.16	-4,054,238.69	-1,002,499.37	211,879.57	-2,627,760.30
Adjustment to undistributed profits					

Other Description

Applicable Not Applicable

3. Equity in joint ventures or associates√Applicable Not Applicable**(1). Significant joint ventures or associates**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of joint venture or associate	Principal place of business	Place of registration	Nature of business	Shareholding percentage (%)		Accounting methods for the investment in joint ventures or associates
				Direct	Indirect	
Shenzhen Ricequant Technology Co., Ltd. (hereinafter referred to as Shenzhen Ricequant)	Shenzhen	Shenzhen	Software	17.25	4.38	Equity method
Ant (Hangzhou) Fund Sales Co., Ltd. (hereinafter referred to as Ant Fund)	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Finance	24.10		Equity method
Shenzhen Tradeblazer Technology Co., Ltd. (hereinafter referred to as Shenzhen Tradeblazer)	Shenzhen	Shenzhen	Software	28.02	6.99	Equity method
Hundsun Cloud Financing Network Technology Co., Ltd. (hereinafter referred to as Cloud Financing Network)	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software	21.80	4.83	Equity method

(2). Main financial information of significant joint venturesApplicable Not Applicable

(3). Main financial information of significant associates

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

	Closing balance / amount in the current period				Opening balance/ amount in the previous period			
	Shenzhen Ricequant	Ant Fund	Shenzhen Tradeblazer	Cloud Financing Network	Shenzhen Ricequant	Ant Fund	Shenzhen Tradeblazer	Cloud Financing Network
Current assets	14,911,118.64	10,750,923,413.25	147,521,500.53	106,082,067.43	21,466,250.33	8,219,298,026.76	156,831,002.23	56,261,017.89
Non-current assets	6,038,494.06	97,591,983.00	3,461,210.46	1,720,873.97	6,847,511.31	30,026,232.35	4,811,031.01	1,069,654.41
Total assets	20,949,612.70	10,848,515,396.25	150,982,710.99	107,802,941.40	28,313,761.64	8,249,324,259.11	161,642,033.24	57,330,672.30
Current liabilities	2,238,896.79	9,846,261,484.40	7,758,112.00	64,273,940.02	971,297.48	7,750,764,449.35	3,729,539.47	42,915,530.49
Non-current liabilities		1,442,220.19		336,275.73				289,869.32
Total liabilities	2,238,896.79	9,847,703,704.59	7,758,112.00	64,610,215.75	971,297.48	7,750,764,449.35	3,729,539.47	43,205,399.81
Minority interests			-23,393.07				-6,902.06	
Equity attributable to shareholders of the parent company	18,710,715.91	1,000,811,691.66	143,247,992.06	43,192,725.65	27,342,464.16	498,559,809.76	157,919,395.83	14,125,272.49
Shares of net assets at the shareholding percentage	4,047,344.18	241,167,192.12	50,151,063.08	11,500,352.55	5,914,957.07	120,138,753.80	54,664,758.03	4,392,349.73
Adjustments	61,835,817.56	15,339,388.62	37,002,476.34	12,487,431.15	61,835,817.56	15,339,388.62	37,002,476.34	12,582,695.51
--Goodwill	61,816,357.91		45,757,024.16	15,803,266.37	61,816,357.91		45,757,024.16	15,803,266.37
--Unrealized profit of internal transaction								
--Others	19,459.65	15,339,388.62	-8,754,547.82	-3,315,835.22	19,459.65	15,339,388.62	-8,754,547.82	-3,220,570.86
Impairment provision	47,651,170.76		41,325,091.00		47,651,170.76		41,325,091.00	
Carrying value of equity investments in associates	18,231,990.98	256,506,580.74	45,828,448.42	23,987,783.70	20,099,603.87	135,478,142.42	50,342,143.37	16,975,045.24
Fair value of equity investments in associates with a public offer								
Revenue	14,092,679.89	12,124,218,535.44	33,938,385.54	114,616,067.68	9,829,008.61	6,011,650,173.07	23,285,468.67	77,992,615.92
Net profit	-8,631,748.25	503,863,782.59	17,328,596.23	-29,296,546.84	-18,540,841.04	98,748,334.35	9,749,748.29	-28,354,348.17

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Net profit from discontinued operations								
Other comprehensive income								
Total comprehensive income	-8,631,748.25	503,863,782.59	17,328,596.23	-29,296,546.84	-18,540,841.04	98,748,334.35	9,749,748.29	-28,354,348.17
Dividends received from associates in the current year			8,966,400.00					

(4). Summarized financial information of insignificant joint ventures and associates√Applicable Not Applicable

Unit: Yuan Currency: RMB

	Closing balance / amount in the current period	Opening balance/ amount in the previous period
Associates:		
Total carrying amount of investments	766,391,973.34	516,079,798.53
Total amount of the following items at the shareholding percentage		
-- Net profit	-156,306,553.89	-4,233,446.90
-- Other comprehensive income		
-- Total comprehensive income	-156,306,553.89	-4,233,446.90

(5). Significant restrictions on joint ventures or associates transferring funds to the CompanyApplicable √Not Applicable**(6). Excess loss incurred by joint ventures or associates**Applicable √Not Applicable**(7). Unrecognized commitments related to investment in joint ventures**Applicable √Not Applicable**(8). Contingent liabilities related to investment in joint ventures or associate**Applicable √Not Applicable**4. Significant joint venture**Applicable √Not Applicable**5. Equity in structured entities not included in the consolidated financial statement**

Information of structured entities not included in the financial statements:

Applicable √Not Applicable**6. Others**Applicable √Not Applicable**X. Risks Related to Financial Instruments**√Applicable Not Applicable

With an objective of achieving a balance between risk and revenue through risk management, the Company minimizes the negative impact of risk on its operating results to maximize the interest of its Shareholders and other equity investors. According to the objective set for risk management, the basic strategy of the Company's risk management is to identify and analyze the Company's exposures to risk, establish appropriate tolerance thresholds for risks and implement risk management. In addition, the

Company supervises various risks in a timely and reliable manner to keep risks within limits.

During the daily operation, the main risks arising from the Company's financial instruments include credit risk, liquidity risk and market risk. The Management has reviewed and approved policies for managing all risks and summarized below.

(I) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

1. Credit risk management practices

(1) Credit risk assessment method

The Company assesses whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition on each balance sheet date. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that can be obtained without unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company determines the changes in the risk of default of the financial instrument during the expected life of the instrument by comparing the risk of default on the financial instrument on the balance sheet date with that on the date of initial recognition.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- 1) Quantitative criteria mainly refer to the probability of default for the remaining life on the balance sheet date increasing by more than a certain percentage from the initial recognition;
- 2) Qualitative criteria mainly refer to the significant adverse change in debtor's operation or financial position, existing or anticipated changes in the technological, market, economic or legal environment that will have a material adverse effect on the debtors' abilities to repay loans to the Company.

(2) Definition of default and credit-impaired asset

When a financial instrument meets one or more of the following conditions, the Company defines a financial asset as a default asset, which is consistent with the definition of credit-impaired asset:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the provisions of the contract binding thereon;
- 3) The debtor is likely to go bankrupt or undergo financial restructuring;
- 4) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor concessions that would not have been made in any other circumstances.

2. ECL measurement

The key parameters of ECL measurement include probabilities of default (PD), losses given default (LGD) and exposures at default (EAD). The Company takes into account the quantitative analysis of historical statistics (such as ratings of the counterparty, manners of guarantees and types of collateral, and repayments) and forward-looking information in order to establish a model of PD, LGD and EAD.

3. The reconciliation of the opening balance and the closing balance of the allowance for losses on financial instruments is detailed in Note VII(4), (5), (8), (10) and (15) to the financial statements.

4. Credit risk exposure and credit risk concentration

Credit risks of the Company arise primarily from cash and bank balances and accounts receivable. In order to control the relevant risks above, the Company takes the following measures respectively.

(1) Cash and bank balances

The Company keeps bank deposits and other cash and bank balances in financial institutions at higher credit ratings, so their credit risks are low.

(2) Accounts receivable

The Company regularly conducts credit assessments on customers who trade on credit terms. Based on the assessment results, the Company chooses to trade with recognized and creditworthy customers and monitors their accounts receivable balances to ensure that the Company will not be exposed to significant bad debt risk.

As the Company's exposure to accounts receivable is spread across multiple partners and multiple customers, 7.90% (December 31, 2020: 6.42%) of the Company's accounts receivable arose from the top five customers with balances as of December 31, 2021, and the Company did not have significant credit concentration risk.

The maximum credit risk exposure of the Company was the carrying amount of each financial asset on the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds arising from the performance of the Company's obligations to settle by delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as quickly as possible, or from the failure of the other party to repay its contractual obligations, or from debts maturing early, or from the failure to generate the desired cash flow. In order to control this risk, the Company maintains a balance between continuity of funding and flexibility using several financing methods such as notes settlement and bank borrowings and by optimizing the financing structure through the combination of long and short-term financing. The Company has obtained bank lines of credit from a number of commercial banks to meet working capital requirements and capital expenditure.

Classification of financial assets by the remaining maturity

Item	Closing balance				
	Carrying value	Contract amount before discount	Within 1 year	1-3 years	Over 3 years
Bank borrowings	406,482,379.81	423,546,817.44	194,009,340.75	163,120,828.12	66,416,648.57
Accounts payable	503,758,715.18	503,758,715.18	503,758,715.18		
Other payables	170,804,176.79	170,804,176.79	170,804,176.79		
Current portion of non-current liabilities	154,496,614.61	160,966,349.12	160,966,349.12		
Lease liabilities	23,298,204.05	24,699,694.62		17,191,767.51	7,507,927.11
Sub-total	1,258,840,090.44	1,283,775,753.15	1,029,538,581.84	180,312,595.63	73,924,575.68

(Continued)

Item	Closing balance of the previous year				
	Carrying value	Contract amount before discount	Within 1 year	1-3 years	Over 3 years

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Bank borrowings	252,808,623.96	273,181,365.91	52,044,014.74	141,276,618.07	79,860,733.10
Accounts payable	192,172,938.77	192,172,938.77	192,172,938.77		
Other payables	128,629,520.86	128,629,520.86	128,629,520.86		
Sub-total	573,611,083.59	593,983,825.54	372,846,474.37	141,276,618.07	79,860,733.10

(III) Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk mainly includes interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest-bearing financial instruments with a fixed interest rate expose the Company to fair value interest risk, while interest-bearing financial instruments with variable interest rates expose the Company to cash flow interest rate. The Company determines the proportion of fixed-rate and variable-rate financial instruments based on market conditions, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The Company's cash flow interest risk is primarily related to its bank borrowings at variable interest rates.

As of December 31, 2021, the Company's bank borrowings at floating interest rates amounted to RMB371,163,804.59 (as of December 31, 2020: RMB205,953,538.33). Assuming that other variables remain constant, a 50 bps change in the interest rate will not have a material impact on the Company's total profit and shareholders' equity.

2. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Company's foreign currency risk is primarily related to monetary assets and liabilities in foreign currencies. In case of a short-term imbalance between foreign currency assets and liabilities, the Company may trade foreign currency at the market exchange rate when necessary, to keep the net risk exposure at an acceptable level.

The Company's monetary assets and liabilities in foreign currencies at the end of the period are detailed in Note VII (82) to the financial statements.

XI. Disclosure of Fair Value**1. Closing fair values of assets and liabilities at fair value**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing fair value			
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	Total
I. Continuous fair value measurement				
(I) Held-for-trading financial assets	1,453,346,143.14	2,425,173,315.15	1,094,723,913.31	4,973,243,371.60
1. Financial assets measured at FVTPL	1,453,346,143.14	2,425,173,315.15	1,094,723,913.31	4,973,243,371.60
(1) Debt instrument investments				

Item	Closing fair value			
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	Total
(2) Equity instrument investments	668,814,640.35		1,094,723,913.31	1,763,538,553.66
(3) Derivative financial assets				
(4) Others	784,531,502.79	2,425,173,315.15		3,209,704,817.94
(II) Other debt investments	65,681,018.23			65,681,018.23
Total assets continuously measured at fair value	1,519,027,161.37	2,425,173,315.15	1,094,723,913.31	5,038,924,389.83

2. Basis for recognition of market prices for continuous and non-continuous level I measurement items at fair value

Applicable Not Applicable

The Company recognizes the fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that are available on the measurement date.

3. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level II measurement items at fair value

Applicable Not Applicable

The Company recognizes the fair value based on similar quoted prices of assets and liabilities in active markets, the same or similar quoted prices of assets and liabilities in non-active markets, and observable interest rate curves and return curves during the normal quoting intervals.

4. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level III measurement items at fair value

Applicable Not Applicable

The Company recognizes the fair value by specific valuation techniques on the measurement date, and the important parameters adopted include interest rates that cannot be directly observed or verified by observable market data.

5. Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level III measurement items at fair value

Applicable Not Applicable

6. Reasons for conversion and policy for determining the timing of conversion for items that are continuously measured at fair value and converted between levels during the period

Applicable Not Applicable

7. Changes in valuation techniques during the period and reasons

Applicable Not Applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable Not Applicable

9. Others

Applicable Not Applicable

XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Information of the parent company

Applicable Not Applicable

Unit: 10,000 yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding percentage of the parent company in the Company (%)	Voting right percentage of the parent company in the Company (%)
Hangzhou Hundsun Electronics Group Co., Ltd.	Hangzhou	Industrial investment	5,000	20.72	20.72

Information of the parent company

The ultimate controlling party of the parent company is Ma Yun.

The ultimate controlling party of the Company is Ma Yun.

2. Subsidiaries of the Company

The information on the Company's subsidiaries is detailed in the Notes.

Applicable Not Applicable

3. Joint ventures and associates of the Company

The information on the Company's significant joint ventures and associates is detailed in the Notes.

Applicable Not Applicable

Other joint ventures or associates with which the Company had related party transactions during the period or in prior periods that resulted in balances are as follows:

Applicable Not Applicable

Name of joint ventures or associates	Relationship with the Company
Hangzhou Rongdu Science & Technology Co., Ltd. (hereinafter referred to as Rongdu Science & Technology)	Associate
Databaker (Beijing) Technology Co., Ltd. (hereinafter referred to as Databaker Technology)	Associate
Jiangxi Lianjiaoyun Registration and Settlement Center Co., Ltd. (hereinafter referred to as Jiangxi Lianjiaoyun)	Associate
Zhejiang Hundsun Changyun Network Technology Co., Ltd (hereinafter referred to as Hundsun Changyun)	Associate
Zhejiang Baiying Technology Co., Ltd. (hereinafter referred to as Baiying Technology)	Associate
Zhejiang Santan Technology Co., Ltd. (hereinafter referred to as Santan Technology)	Associate
Golden State Investment Services Co., Ltd.(hereinafter referred to as Golden State Investment)	Associate
Fujian Trading Market Registration and Settlement Center Co., Ltd. (hereinafter referred to as Fujian Settlement Center)	Associate
Hangzhou Hundsun Yuntai Network Technology Co., Ltd. (hereinafter referred to as Hundsun Yuntai)	Associate
Hangzhou Hundsun Century Industry Co., Ltd. (hereinafter referred to as Century	Associate

Industry)	
Beijing Hongtian Rongda Information Technology Co., Ltd. (hereinafter referred to as Hongtian Rongda)	Associate
Hangzhou Wanming Digital Technology Co., Ltd.(hereinafter referred to as Wanming Technology)	Associate
Shanghai Yitongtou Technology Co., Ltd. (hereinafter referred to as Shanghai Yitong)	Associate
Shanghai Dworld AI Tech Co., Ltd. (hereinafter referred to as Shanghai Dworld)	Associate [Note 31]

[Note 31] Shanghai Dworld was incorporated into the consolidation scope in the current period.

Other Description

Applicable Not Applicable

4. Other related parties

Applicable Not Applicable

Name of other related parties	Relationship with the Company
Ant Group Co., Ltd. [Note 32]	Others
Alibaba Cloud Computing Co., Ltd. (hereinafter referred to as Alibaba Cloud) [Note 33]	Others
Alibaba (China) Network Technology Co., Ltd. (hereinafter referred to as Alibaba (China)) [Note 33]	Others
Taobao (China) Software Co., Ltd. (hereinafter referred to as Taobao (China) Software) [Note 33]	Others
Alibaba Cloud (Singapore) Private Limited (hereinafter referred to as Alibaba Cloud (Singapore)) [Note 33]	Others
Ant Fortune (Shanghai) Financial Information Services Co., Ltd. (hereinafter referred to as Ant Fortune (Shanghai)) [Note 34]	Others
Beijing Ant Cloud Financial Information Services Co., Ltd. (hereinafter referred to as Ant Cloud Financial) [Note 34]	Others
Ant Blockchain Technology (Shanghai) Co., Ltd. (hereinafter referred to as Ant Blockchain) [Note 34]	Others
Alipay (China) Network Technology Co., Ltd. (hereinafter referred to as Alipay (China)) [Note 34]	Others
Hangzhou Ant Shangshu information technology Co., Ltd. (hereinafter referred to as Ant Shangshu) [Note 34]	Others
Beijing OceanBase Technology Co., Ltd. (hereinafter referred to as OceanBase) [Note 34]	Others
Ant Rongxin (Chengdu) Network Technology Co., Ltd. (hereinafter referred to as Ant Rongxin) [Note 34]	Others
Ant Lemaibao (Shanghai) Information Technology Co., Ltd. (hereinafter referred to as Ant Lemaibao) [Note 34]	Others
E-Capital Transfer Co., Ltd. (hereinafter referred to as E-Capital Transfer) [Note 35]	Others
China Securities Credit Investment Co., Ltd. (hereinafter referred to as China Securities Credit) [Note 35]	Others
Daocloud Internet Technology Co., Ltd. (hereinafter referred to as Daocloud Internet) [Note 35]	Others
Xinghuan Information Technology (Shanghai) Stock Co., Ltd. (hereinafter referred to as Xinghuan Information) [Note 35]	Others
Hangzhou Utry Technology Co., Ltd. (hereinafter referred to as Hangzhou Utry) [Note 35]	Others
Bank of Qingdao Co., Ltd. (hereinafter referred to as Bank of Qingdao) [Note 35]	Others
Softbi Corp. Ltd. (hereinafter referred to as Softbi) [Note 36]	Others
Ping An Bank Co., Ltd. (hereinafter referred to as Ping An Bank) [Note 37]	Others

Zhejiang E-Commerce Bank Co., Ltd. (hereinafter referred to as E-Commerce Bank) [Note 38]	Others
Tianhong Asset Management Co., Ltd. (hereinafter referred to as Tianhong Asset) [Note 38]	Others
Tianjin Financial Assets Exchange Co., Ltd. (hereinafter referred to as Tianjin Financial Assets Exchange) [Note 38]	Others
ZhongAn Online P&C Insurance Co., Ltd. (hereinafter referred to as ZhongAn Online) [Note 38]	Others
Cathay Insurance Company Limited (hereinafter referred to as Cathay Insurance) [Note 38]	Others
Trust Mutual Life Insurance Company (hereinafter referred to as Trust Mutual Life) [Note 38]	Others
Zhejiang Hundsun Electronics Charity Foundation (hereinafter referred to as Hundsun Electronics Charity Foundation) [Note 39]	Others
Peng Zhengzang, Liu Shufeng, Jiang Jiansheng, Jing Xiandong, Han Xinyi, Zhu Chao, Yu Bin, Liu Xiaolun, Liu Langyu, Wang Xiangyao, Ding Wei, Huang Chenli, Chen Zhijie, Xie Lijuan, Fan Jingwu, Guan Xiaolan, Zhang Guoqiang, Zhang Yong, Fu Meiyong, Wang Feng, Tong Chenhui, Ni Shouqi, Zhang Xiaodong, Zhou Feng, Yao Manyong, and Tu Haiyan [Note 40]	Others

[Note 32] The largest shareholder indirectly holding shares of the Company

[Note 33] An entity having a significant influence on the largest shareholder indirectly holding shares of the Company

[Note 34] A company controlled by the largest shareholder indirectly holding shares of the Company

[Note 35] A company holding non-controlling interests in the Company

[Note 36] A company controlled by the Actual Controller of Softbi Hong Kong Corporation Limited, a shareholder of Softbi

[Note 37] A company of which Guo Tianyong is an independent director

[Note 38] A company of which Han Xinyi is a director

[Note 39] A foundation of which Fu Meiyong is the chairman.

[Note 40] Directors, Supervisors, and Senior Management

5. Related party transactions

(1). Related party transactions for the purchase and sale of goods and provision and receipt of services

Purchase of goods / receipt of services

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Related party	Content	Amount in the current period	Amount in the previous period
Alibaba Cloud	Purchase of goods and receipt of services	35,976,749.11	39,883,577.84
Ant Cloud Financial [Note 41]	Purchase of goods and receipt of services	-182,771.87	132,012.24
Rongdu Science & Technology	Purchase of goods and receipt of services	76,839.90	735,909.14
Databaker Technology	Purchase of goods and receipt of services	200,547.67	143,738.94
Ant Blockchain	Purchase of goods	60,411.99	
Cloud Financing Network	Purchase of goods and receipt of services	2,903,092.06	14,002,689.31

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Alipay (China)	Receipt of services		49,386.79
Jiangxi Lianjiaoyun	Receipt of services		50,377.36
Hundsun Changyun	Receipt of services		656.60
Baijin Technology	Receipt of services		179,245.28
Daocloud Internet	Purchase of goods	1,118,584.08	1,981,966.94
Xinghuan Information	Receipt of services	94,339.62	
Hangzhou Utry	Receipt of services	45,480.00	
Alibaba (China)	Receipt of services	611,877.93	
Shanghai Dworld	Receipt of services		1,122,907.14
Alibaba Cloud (Singapore)	Receipt of services	227,559.86	
Sub-total		41,132,710.35	58,282,467.58

[Note 41] The current period's amount incurred by Ant Cloud Financial is an adjustment to the prior period's settlement amount

Sale of goods and provision of services

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Related party	Content	Amount in the current period	Amount in the previous period
Alipay (China)	Software services and sales of outsourced goods	5,040,898.42	11,761,010.98
Tianhong Asset	Software services	20,946,411.80	15,945,543.19
E-Commerce Bank	Software services	4,148,406.24	13,400,663.47
Bank of Qingdao	Software services		20,324,537.53
Ant Fortune (Shanghai)	Software services	7,573,967.78	7,387,735.86
Jiangxi Lianjiaoyun	Software services	2,156,653.79	1,030,150.64
Cloud Financing Network	Software services	282,352.53	66,237.43
Santan Technology	Software services	1,178,108.04	1,366,904.59
ZhongAn Online	Software services	1,860,505.27	936,489.49
Alibaba Cloud	Software services	3,258,406.61	221,842.92
Golden State Investment	Software services	3,981,614.06	1,622,951.41
Fujian Settlement Center [Note 42]	Software services	-35,575.23	5,883.44
Shenzhen Ricequant	Software services	573,704.19	567,637.62
China Securities Credit	Software services	352,915.26	342,944.82
Tianjin Financial Assets Exchange	Software services	396,226.41	170,532.20
Ant Cloud Financial	Software services	1,179,490.45	859,787.66
E-Capital Transfer	Software services		1,127,358.49
Hundsun Changyun	Workplace and property management fee etc.		433,406.72
Hundsun Yuntai	Workplace and property management fee etc.		163,880.17
Shenzhen Tradeblazer	Workplace and property management fee etc.	94,339.62	61,645.86
Century Industry	Workplace and property management fee etc.	68,389.86	64,239.16
Ant Blockchain	Software services	13,988,679.25	831,132.08
Ping An Bank	Software services	9,779,663.21	15,110,238.81
Baijin Technology	Software services	9,539.17	50,413.71
Taobao (China) Software	Software services	308,018.80	1,359,845.12
Shanghai Dworld	Software services		33,113.21
Ant Shangshu	Software services	688,806.03	641,509.41
OceanBase	Software services	283,018.87	

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Trust Mutual Life	Software services	3,472,851.58	
Hangzhou Utry	Software services	64,655.17	
Cathay Insurance	Software services	264,498.08	
Hundsun Yuntai	Software services	18,259.28	
Ant Lemaibao	Software services	713,207.56	
Sub-total		82,648,012.10	95,887,635.99

[Note 42] The current period's amount incurred by Fujian Settlement Center is an adjustment to the prior period's settlement amount

Related party transactions for the purchase and sale of goods and provision and receipt of services

Applicable Not Applicable

(2). Related entrusted management/contracting and entrusting management/outsourcing

The Company's Entrusted management/contracting:

Applicable Not Applicable

Related entrusting/contracting

Applicable Not Applicable

The Company's entrusting management/outsourcing

Applicable Not Applicable

Related management/outsourcing

Applicable Not Applicable

(3). Related party leases

The Company as the lessor:

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of lessee	Type of asset leased	Lease income recognized in the current period	Lease income recognized in the previous period
Santan Technology	Buildings	1,559,633.03	1,559,633.03
Hundsun Electronics Charity Foundation	Buildings	66,055.05	66,055.05

The Company as the lessee:

Applicable Not Applicable

Related party leases

Applicable Not Applicable

(4). Related party guarantees

The Company as the guarantor

Applicable Not Applicable

The Company as the guaranteee

Applicable Not Applicable

Related party guarantees

Applicable Not Applicable

(5). Loans and borrowings from/to related parties

Applicable Not Applicable

(6). Asset transfer and debt restructuring of related parties

Applicable Not Applicable

(7). Remuneration of key management personnel

Applicable Not Applicable

Unit: 10,000 yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Remuneration of key management personnel	4,569.88	3,656.91

[Note 43] The remuneration of Senior Management in 2021 was RMB52 million, and the difference between the annual bonus of Senior Management accrued in 2020 after adjustment and the actual amount paid was RMB6,301,200.

(8). Other related party transactions

Applicable Not Applicable

According to the Proposal on Related Party Transactions of Increasing Capital and Share in Hundsun iBontal adopted through deliberation at the 20th meeting of the Seventh Board held by the Company on October 27, 2021, Hundsun iBontal proposed to apply for a capital increase of RMB22.5 million to be contributed with cash and bank balances by Trust Mutual Life and Zhiming Hongde (Shanghai) Technology Center (which is a related party of Trust Mutual Life and is still in the process of establishment, and its specific name shall be subject to the final name registered for industry and commerce, hereinafter referred to as Zhiming Hongde). Upon the completion of the capital increase, Trust Mutual Life and Zhiming Hongde proposed to hold about 15.00% of the shares of Hundsun iBontal, the Company and other original shareholders waived the right to make a capital increase in the same proportion. As of December 31, 2021, Hundsun iBontal had not yet received payments for capital increase and completed the business procedures.

6. Receivables and payables of related parties

(1). Receivables

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Accounts receivable	Bank of Qingdao			6,342,907.00	362,406.74
Accounts receivable	Ant Fortune (Shanghai)	465,406.00	23,270.30	497,280.00	24,864.00
Accounts receivable	Santan Technology	536,587.87	72,088.13	842,661.08	44,549.10
Accounts receivable	Jiangxi Lianjiaoyun	230,404.73	11,520.24	230,404.73	11,520.24
Accounts receivable	Cloud Financing Network	291,121.64	87,056.08	295,459.96	29,347.55
Accounts receivable	Tianjin Financial Assets Exchange	715,000.00	118,393.56	715,000.00	47,473.39
Accounts receivable	Ant Fund	246,726.11	246,726.11	246,726.11	246,726.11

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Item	Related party	Closing balance		Opening balance	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Accounts receivable	Fujian Settlement Center			60,000.00	3,000.00
Accounts receivable	Alibaba Cloud	2,068,205.91	103,410.30		
Accounts receivable	Alipay (China)	3,206,936.84	340,601.84	1,983,319.73	306,216.73
Accounts receivable	E-Commerce Bank			906,955.00	45,347.75
Accounts receivable	Ant Blockchain	6,159,800.00	307,990.00	440,500.00	22,025.00
Accounts receivable	Tianhong Asset	1,928,184.07	370,579.20	2,590,132.00	340,676.60
Accounts receivable	E-Capital Transfer	1,352,000.00	1,352,000.00	1,352,000.00	1,310,000.00
Accounts receivable	Ping An Bank	3,688,522.22	244,570.40	2,903,010.63	201,394.78
Accounts receivable	Ant Shangshu	400,134.41	20,006.72	272,000.00	13,600.00
Accounts receivable	OceanBase	50,000.00	2,500.00		
Accounts receivable	Trust Mutual Life	67,612.18	3,380.61		
Accounts receivable	ZhongAn Online	385,411.90	19,270.60		
Accounts receivable	Ant Lemaibao	192,000.00	9,600.00		
Prepayments	Alibaba Cloud	298,022.08		573,371.82	
Prepayments	Ant Cloud Financial	12,679.84		840.13	
Prepayments	Alibaba (China)	366,172.31			
Other receivables	Bank of Qingdao			78,000.00	45,800.00
Other receivables	Ant Fund	112,950.80	112,950.80	112,950.80	112,950.80
Other receivables	Ant Cloud Financial	50.00	5.00	50.00	2.50
Other receivables	Alibaba Cloud	353,669.73	19,583.49	21,320.93	3,466.05
Other receivables	Alipay (China)	2.75	0.14		
Other receivables	Baijin Technology	50,000.00	5,000.00	50,000.00	2,500.00
Other receivables	Hongtian Rongda			25,000.00	1,250.00
Other receivables	Hundsun Electronics Charity Foundation			2,200,000.00	110,000.00
Other receivables	Alibaba (China)	428,481.48	21,424.07		
Contract assets	Bank of Qingdao			1,471,980.00	83,974.00
Contract assets	Ping An Bank	145,000.00	14,500.00	960,600.00	48,030.00
Contract assets	Tianjin Financial Assets Exchange	42,000.00	2,100.00		
Contract assets	Alibaba Cloud	270,000.00	13,500.00		
Contract assets	E-Commerce Bank	259,840.00	12,992.00		
Sub-total		24,322,922.87	3,535,019.59	25,172,469.92	3,417,121.34

(2). Payables

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Alibaba Cloud	5,776,721.11	1,364,472.56
Accounts payable	Cloud Financing Network	1,332,364.33	1,427,949.22
Accounts payable	Ant Cloud Financial	53,445.93	1,914,681.78
Accounts payable	Rongdu Science & Technology	76,839.90	452,639.90
Accounts payable	Xinghuan Information	76,000.00	254,632.48
Accounts payable	E-Capital Transfer	154,734.01	154,734.01
Accounts payable	Databaker Technology	153,385.00	173,725.00
Accounts payable	Daocloud Internet	2,449,552.94	2,761,276.94
Accounts payable	Ant Blockchain	60,411.99	
Accounts payable	Shanghai Dworld		933,000.00
Contract liabilities	Alipay (China)		275,254.87
Contract liabilities	Tianhong Asset	11,959,504.82	8,054,272.00

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Item	Related party	Closing book balance	Opening book balance
Contract liabilities	Golden State Investment	326,316.66	2,980,948.56
Contract liabilities	ZhongAn Online		842,827.53
Contract liabilities	Ant Cloud Financial		477,758.32
Contract liabilities	E-Capital Transfer	3,233,977.13	1,448,277.12
Contract liabilities	China Securities Credit	148,918.38	158,498.64
Contract liabilities	Shenzhen Ricequant	307,585.39	320,766.53
Contract liabilities	Hundsun Changyun		181,834.71
Contract liabilities	E-Commerce Bank		2,344,241.29
Contract liabilities	Cloud Financing Network		272,752.07
Contract liabilities	Santan Technology	69,302.13	68,642.60
Contract liabilities	Tianjin Financial Assets Exchange	1,862,070.28	2,111,646.50
Contract liabilities	Ant Blockchain	1,113,189.60	4,099,672.67
Contract liabilities	Fujian Settlement Center		9,000.82
Contract liabilities	Jiangxi Lianjiaoyun	1,387.59	1,309.05
Contract liabilities	Ping An Bank	2,311,314.79	363,667.63
Contract liabilities	Baijin Technology		64,111.52
Contract liabilities	Taobao (China) Software	23,584.91	51,500.00
Contract liabilities	Ant Rongxin	304,245.28	608,490.56
Contract liabilities	Wanming Technology	38,339.06	41,646.58
Contract liabilities	Bank of Qingdao		2,516,264.65
Contract liabilities	Alibaba Cloud	1,976,625.33	
Contract liabilities	Hundsun Yuntai	138,751.74	
Contract liabilities	Shanghai Yitong	1,835.82	
Contract liabilities	Trust Mutual Life	281,071.25	
Contract liabilities	Alipay (China)	275,254.87	
Other payables	Alibaba Cloud	49,235.99	300,000.00
Other payables	Softbi		2,200,000.00
Sub-total		34,555,966.23	39,230,496.11

7. Commitments by related parties

Applicable Not Applicable

8. Others

Applicable Not Applicable

XIII. SHARE-BASED PAYMENT**1. Share-based payment**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ownership Scheme for Key Employees Subscribing Shares of Innovative Business Subsidiaries	2020 Employee Stock Ownership Scheme
Total number of various equity instruments of the Company granted in the current period	12,587,301	7,979,300
Total number of various equity instruments of the Company exercised in the current period	2,348,260	
Total number of various equity instruments of the Company lapsed in	4,594,545	

the current period		
Scope of the exercise price of the outstanding share options of the Company with the remaining term of the contract at the end of the period	The exercise price of Yunhan Share Option is the cost plus the annualized interest rate, which shall be exercised in three to four years from the date of grant. The exercise price of Shanghai Gildata's Share Option is RMB1.95 on the initial warrant, RMB 2.73 on the first to third warrants and RMB 4.905 on the fifth and sixth warrants, which shall be exercised in three years from the date of grant. The exercise price of Softbi's Share Option is RMB2.65 on the initial warrant, which shall be exercised in three years from the date of grant..	
Scope of exercise Price of other outstanding equity instruments of the Company and remaining term of the contract at the end of the period	The exercise price of Yunhan stock appreciation rights (SAR) is RMB1 per share, which shall be exercised in three to five years from the grant date right. The exercise price of Shanghai Gildata's initial SARs is RMB1.95, and that of other SARs is RMB2.73, which shall be exercised in three years from the grant date.	The grant price is RMB45.32 per share, which will be unlocked 12 months, 24 months and 36 months from the date when the last underlying shares are transferred to the Employee Stock Ownership Scheme as announced by the Company.

Other Description

(1) Ownership Scheme for Key Employees Subscribing Shares of Innovative Business Subsidiaries

According to the Investment and Management Measures of Hundsun's Key Employees Subscribing Shares of Innovative Business Subsidiaries adopted through deliberation at the 10th meeting of the Fifth Board held by the Company on January 27, 2014, the Company determined to jointly establish a "limited partnership" enterprise by the Company and its authorized representatives to manage and exercise the shares of the innovative business subsidiaries. The different "partnership enterprises" are required to be set up by "key employees" of different innovation business subsidiaries (full-time key employees responsible for the management, technology, and business in innovation subsidiaries) for making unified investments in subsidiaries, while a unified "partnership enterprise" is required to be set up by the "Key Management" of the Company (including the senior management team and other key persons working at the headquarters of the Company) for making unified investments in innovative business subsidiaries. According to the Proposal on Revising the Investment and Management Measures above adopted through deliberation at the 13th and 21st meetings of the Fifth Board held by the Company on July 17, 2014 and February 12, 2015, respectively, the Company determined that there are three types of employee stock ownership schemes, namely share subscription in cash by employees (contribution by employees to establish partnership enterprises), investment share option and SAR.

According to the resolution of the 13th meeting of the Fifth Board held by the Company on July 17, 2014, the Company and its "Key Management" and "key employees of subsidiaries" jointly invested in the establishment of Yunhan, Yunxia, Yunyin, Yunjin, Yunqin, Yunming, Yuntang, Yunwei, Yunshu, Yunwu and Yunsong. According to the Resolution on the Establishment of Eight New Employee Stock Ownership Platforms (Hundsun Executive Committee 2016 No. 011) issued by the Company's Executive Committee of Stock Ownership Plan Management in August 2016, the Company and Hangzhou Yunhui, a wholly-owned subsidiary, established Yunchu, Yunliao, Yunqi, Yuncao, Yunhan, Yunzhou, Yunliang and Yunzheng. According to the resolution of the 12th meeting of the Sixth Board on April 25, 2017, the Company and Hangzhou Yunhui, a wholly-owned subsidiary, established Shanyi, Shandu, Shangui,

Shanying (formerly known as Shanyu), Shanzhao, Shanlu, Shanyu, Shanlun and Shanru (as of December 31, 2021, Shanyi, Shandu and Shanru had not completed the registration procedures for industrial and commercial establishment). According to the resolutions of the 5th, 15th and 18th meetings of the Sixth Board, the Company and Hangzhou Yunhui, a wholly-owned subsidiary, established Yunyue, Shanzhi and Shanjing. With the advancement of the Employee Stock Ownership Scheme, the shares held by the Company in the above employee stock ownership platforms had been transferred to relevant employees gradually.

(2) 2020 Employee Stock Ownership Scheme

According to the Proposal on Hundsun's 2020 Employee Stock Ownership Scheme (Draft) and its Summary and the Proposal on Hundsun's Management Measures for 2020 Employee Stock Ownership Scheme adopted through deliberation at the Company's 15th board meeting of the Fifth Board held on December 8, 2020 and the third extraordinary general meeting of 2020 held on December 25, 2020, the Company proposed to repurchase some shares of the public with its own funds through call auction trading for its Employee Stock Ownership Scheme. As of June 30, 2021, the Company had transferred 7,979,300 shares to its account under the 2020 Employee Stock Ownership Scheme through non-trade transfer at a price of RMB45.32 per share. At this point, the Company completed the non-trade transfer of all shares under the 2020 Employee Stock Ownership Scheme. According to the provisions of the 2020 Employee Stock Ownership Scheme (Draft) of Hundsun Technologies Inc., the underlying shares acquired under this Scheme were unlocked in three phases, namely 12 months, 24 months and 36 months from the date when the Company announces the transfer of the last underlying shares to this Scheme. The proportion of underlying shares unlocked in each phase was 40%, 30% and 30%, respectively.

Under the 2020 Employee Stock Ownership Scheme, the Company will conduct individual performance appraisal based on its own performance appraisal system from 2021 to 2023, and determine the final number of underlying shares to be unlocked for the shareholder based on the results of individual performance appraisal as follows.

Appraisal results	A	B	C	D
Individual unlocking factor	100%	100%	50%	0%

The actual number of shares for individuals are unlocked based on the appraisal results of the previous year. Based on the shareholder's individual appraisal results, the actual number of shares to be unlocked in the current period = the number of shares granted for the current period × individual unlocking factor. The underlying shares corresponding to the actual number of shares to be unlocked in the current period shall be sold collectively by the Management Committee in a proper manner at its discretion after the expiration of the lock-up period, and the remaining earnings from the sale of shares net of relevant taxes and fees shall be distributed to the shareholders in accordance with the provisions of the Scheme.

If the individual appraisal result in the first or second year is Grade C, the shareholder's shares to be unlocked in the current period will be deferred to the next year accordingly, and will be unlocked in the next year when the individual appraisal result reaches Grade B or above in corresponding proportion. If the individual appraisal result in the next year is still Grade C, the shareholder's shares that cannot be unlocked will be recovered by the Management Committee of the Employee Stock Ownership Scheme in accordance with appropriate provisions. If the individual appraisal result in the third year is Grade C, the shareholder's

share that cannot be unlocked in the current period shall be recovered by the Management Committee of the Employee Stock Ownership Scheme in accordance with appropriate provisions. If the individual appraisal result is Grade D, the shareholder's share that cannot be unlocked in the current period shall be recovered by the Management Committee of the Employee Stock Ownership Scheme in accordance with appropriate provisions. The Management Committee has the right to recover the unlocked interests and shares under the Scheme at a price determined by the original contribution amount or the net value (whichever is lower) of the underlying shares to which the shares correspond.

2. Equity-settled share-based payment

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Ownership Scheme for Key Employees Subscribing Shares of Innovative Business Subsidiaries	2020 Employee Stock Ownership Scheme
Recognition method for the fair value of equity instruments on the grant date	When there are external investors at the time of grant, the investment price shall be adopted, and the fair price is calculated when there are no external investors	Share price on the grant date
Basis for determining the number of exercisable equity instruments	Based on the limit of warrants granted, the Company comprehensively considers the number of employees with vesting conditions on each balance sheet date, its performance appraisal indicators and the individual performance appraisal results of each grantee in each year with vesting conditions	Based on the number of shares granted, the number of exercisable equity instruments is determined by taking into account the changes in the number of employees with vesting conditions on each balance sheet date and the individual performance appraisal results in each year with vesting conditions
Reasons for significant differences between current estimates and previous estimates		
Aggregate amount of equity-settled share-based payment charged to the capital reserve	76,101,204.54	106,488,455.61
Total expenses recognized by equity-settled share-based payment in the current period	3,466,693.01	109,124,906.80

3. Cash-settled share-based payment

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Recognition method for the fair value of liabilities assumed by the enterprise and calculated and recognized based on shares or other equity instruments	Appraisal price
Aggregate liabilities arising from cash-settled share-based payments in liabilities	29,104,152.44
Total expenses recognized for cash-settled share-based payments in the current period	7,761,880.45
Gain from changes in the fair value recognized for cash-settled share-based payment liabilities	4,120,593.87
Amount of options exercised during the period	7,445,515.12

Other Description

(1) According to the relevant provisions of the Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments regarding the recognition of fair value, the

Company will measure the fair value of share appreciation rights granted under the share incentive scheme at the appraisal price on each balance sheet date.

(2) The Company's ASRs are exercised in the form of installment cash dividends and repurchases. When the ASRs are exercised in the form of cash dividends, the probability of dividends is estimated to be 20% based on the future cash inflow of each shareholding platform in the recognition of the fair value of the liabilities for the Yunhan ASRs.

4. Modification and termination of share-based payment

Applicable Not Applicable

5. Others

Applicable Not Applicable

XIV.COMMITMENT AND CONTINGENCIES

1. Significant commitments

Applicable Not Applicable

Significant external commitments on the balance sheet date and their nature and amount

(1) The Company participated as a limited partner in the investment in Suzhou Fanguang Phase III Venture Capital Partnership (L.P) (hereinafter referred to as Fanguang Phase III Fund) during the period and proposed to invest RMB30 million to acquire the capital contribution of RMB30 million (including a paid-in capital contribution of RMB1 million) transferred by the original partner of Fanguang Phase III Fund. Fanguang Phase III Fund completed the procedures for industrial and commercial registration of changes on December 17, 2020. As of December 31, 2021, the Company had paid RMB22.5 million for the investment.

(2) The Company participated as a limited partner of Costone in the investment in Nanjing Pengxi Equity Investment Center (L.P.) (hereinafter referred to as Nanjing Pengxi) and proposed to invest RMB200 million under the partnership contract. Nanjing Pengxi completed the procedures for industrial and commercial registration of changes on December 24, 2020. As of December 31, 2021, the Company had paid RMB120 million for the investment.

(3) According to the Summit Agreement entered into between Cloudwing Network and Finastra International Limited (hereinafter referred to as Finastra) in November 2021, Cloudwing Network proposed to invest USD65 million to acquire the Summit software-related business owned by Finastra. As of December 31, 2021, the Company had not yet completed the settlement procedures with Finastra and paid a cumulative amount of USD19.0 million for the acquisition, which is equivalent to RMB112,816,169.61 presented in other non-current assets.

2. Contingencies

(1). Important contingencies on the balance sheet date

Applicable Not Applicable

(1) According to the resolution of the 21st meeting of the Sixth Board held by the Company on July 11,

2018, the Company dismissed Liao Zhangyong, its former Senior Vice President, and Shen Zhiwei, its former Vice President, and terminated the labor relations with Xu Binshan, its employee, on July 16, 2018. According to the Notice of Delisting and Employee Stock Ownership Scheme issued by the Company and the employee stock ownership platforms in August 2018, the Company decided to delist the above three persons from the employee stock ownership platforms repurchased their property shares in the employee stock ownership platforms at a net asset price, and charged the payment of RMB7,148,090.87 for repurchasing the above property shares to other payables. The Company completed the procedures for industrial and commercial registration of changes for the repurchase in September 2018, and the outstanding payment for repurchase was RMB7,099,878.87 as of December 31, 2021.

Liao Zhang Yong applied for labor arbitration with Hangzhou Labor and Personnel Dispute Arbitration Commission on August 5, 2019, requiring the Company to pay compensation for the illegal termination of the labor contract and wage arrears in the amount of RMB1,718,100. Hangzhou Labor and Personnel Dispute Arbitration Commission issued a notice on February 15, 2022 (ZHLRZA [2019] No. 407) rejecting all of Liao Zhang Yong's arbitration claims. As of the approval date of the financial statements, the case has not yet been finalized.

(2) As of December 31, 2021, the balance of the Company's outstanding guarantee was RMB16,153,155.00.

(2). A situation statement shall be made in case of no significant contingencies to be disclosed:

Applicable Not Applicable

3. Others

Applicable Not Applicable

XV. EVENTS AFTER THE BALANCE SHEET DATE

1. Important non-adjusting events

Applicable Not Applicable

2. Profit distribution

Applicable Not Applicable

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	
Profit or dividend declared after approval through deliberation	According to the Profit Distribution Plan for 2020 adopted at the 23 rd meeting of the Seventh Board held by the Company on March 29, 2022, the Company proposed to distribute a cash dividend of RMB1.00 (including tax) for every 10 shares and 3 bonus shares for every 10 shares to all shareholders based on 1,461,144,040 shares, being 1,461,560,480 shares outstanding less 416,440 shares in the special repurchase account of the Company.

3. Sales return

Applicable Not Applicable

4. Notes on other events after the balance sheet date

Applicable Not Applicable

(1) According to the Proposal to Repurchase the Company's Shares in Call Auction Trading adopted through deliberation at the 22nd meeting of the Board held by the Company on February 14, 2022, the Company proposed to repurchase some shares of the public with its own funds through call auction trading for its Share Incentive Scheme or Employee Stock Ownership Scheme. The total amount of funds to be used in the repurchase of shares shall not be less than RMB100 million and not more than RMB 150 million, and the price of each share repurchased shall not exceed RMB80. As of the approval date of the financial statements, the Company has not yet made any actual repurchases.

(2) As of the approval date of the financial statements, the Company and its subsidiaries have not yet completed the final settlement and payment of income taxes for 2021.

XVI. OTHER SIGNIFICANT EVENTS

1. Correction of accounting errors in the previous period

(1). Retrospective restatement

Applicable Not Applicable

(2). Prospective application

Applicable Not Applicable

2. Debt restructuring

Applicable Not Applicable

3. Asset replacement

(1). Exchange of non-monetary assets

Applicable Not Applicable

(2). Exchange of other assets

Applicable Not Applicable

4. Annuity plan

Applicable Not Applicable

5. Discontinued operations

Applicable Not Applicable

6. Segment information

(1). Basis for determining reporting segments and accounting policies

Applicable Not Applicable

The Company determines the reporting segment based on its internal organizational structure, management requirements and internal reporting system and takes the industry segment as the basis to determine the reporting segment. The operating performance of software business, commercial business, real estate business and commercial service business shall be assessed respectively. Assets and liabilities

commonly used in all segments are distributed among different segments according to the scale.

The Company determines the reporting segments based on the regional segments. The revenue from and cost of principal businesses are divided by the place where the sales are finally realized, and the assets and liabilities are divided by the place where the operating entity is located.

(2). Financial information of reportable segments

Applicable Not Applicable

1) Regional division

Unit: Yuan Currency: RMB

Item	Mainland China	Overseas	Inter-segment offset	Total
Revenue from principal businesses	5,268,862,680.55	223,149,586.89		5,492,012,267.44
Cost of principal businesses	1,440,685,304.55	43,388,736.72		1,484,074,041.27
Total assets	11,203,978,995.12	875,929,317.64		12,079,908,312.76
Total liabilities	5,693,108,501.99	171,478,682.31		5,864,587,184.30

2) Industry segment

Unit: Yuan Currency: RMB

Item	Software	Real estate	Investment management	Inter-segment offset	Total
Revenue from principal businesses	5,474,803,619.44	17,208,648.00			5,492,012,267.44
Cost of principal businesses	1,480,714,651.88	3,359,389.39			1,484,074,041.27
Total assets	10,798,192,903.15	564,932,856.24	716,782,553.37		12,079,908,312.76
Total liabilities	5,497,124,437.98	324,822,701.13	42,640,045.19		5,864,587,184.30

(3). Explanation shall be given if the Company has no reportable segments or cannot disclose total assets and total liabilities of reportable segments

Applicable Not Applicable

(4). Other Description

Applicable Not Applicable

7. Other significant transactions and events affecting investors' decisions

Applicable Not Applicable

According to the relevant provisions of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax, the land appreciation tax shall be paid at four-level progressive rates, i.e., the tax rate is 30% when the appreciation volume is less than 50% of the amount deducted; the tax rate is 40% when the appreciation volume is more than 50% and less than 100% of the amount deducted; the tax rate is 50% when the appreciation volume is more than 100% and less than 200% of the amount deducted; the tax rate is 60% when the appreciation volume is more than 200% of the amount deducted. The sale of ordinary standard residential buildings with an appreciation volume not exceeding 20% of the amount deducted is exempt from the land appreciation tax.

In addition to paying the land appreciation tax calculated at a withholding rate prescribed by the local tax bureau, Hundsun Science Park, a subsidiary of the Company, accrued real estate development projects that have met the relevant prescribed liquidation conditions but have not yet been liquidated, as well as real estate development projects for which sales revenue has been recognized but have not met the relevant prescribed liquidation conditions, based on the difference between the land appreciation tax payable and that actually paid. As of December 31, 2021, the accumulated difference of land appreciation tax accrued by Hundsun Science Park was RMB305,258,151.46.

8. Others

√Applicable □Not Applicable

Leases

(1) The Company as the leasee

- 1) Information related to the right-to-use assets is detailed in Note VII (25) to the financial statements;
- 2) The Company's accounting policies for short-term leases and leases of low-value assets are detailed in Note V (42) to the financial statements. The amount of expenses for short-term leases and low-value asset leases charged to the current profit or loss is as follows:

Item	During the period	During the corresponding period last year
Expenses for short-term leases and low-value asset leases	35,696,783.16	28,741,017.65
Total	35,696,783.16	28,741,017.65

3) Current profit or loss and cash flow related to leases

Item	During the period	During the corresponding period last year
Interest expenses on lease liabilities	637,194.89	161,810.25
Variable lease payments not charged to the measurement of lease liabilities but to the current profit and loss		
Income from subletting the right-to-use assets		
Total cash outflows related to leases	47,182,565.08	30,237,429.55
Profit and loss related to leaseback transactions		

- 4) The maturity analysis of lease liabilities and the corresponding liquidity risk management are detailed in Note X (2) to the financial statements.

(2) The Company as the leaser

1) Operating lease

① Lease income

Item	During the period	During the corresponding period last year
Lease income	3,349,682.46	3,284,777.58
Including: Income that is related to variable lease payments and not charged to lease receipts		

② Operating lease assets

Item	Closing balance	Closing balance of the previous year
Investment properties	127,524,968.93	111,411,248.79
Sub-total	127,524,968.93	111,411,248.79

XVII. NOTES TO MAIN ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS**1. Accounts receivable****(1). Disclosure by aging**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance
Within 1 year	
Including: Sub-items within 1 year	
Sub-total within 1 year	451,541,768.25
1-2 years	113,030,463.48
2-3 years	39,611,637.04
Over 3 years	101,053,740.28
Total	705,237,609.05

(2). Disclosure by category by means of allowance for bad debts√Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Closing balance					Opening balance				
	Book balance		Allowance for bad debts		Carrying value	Book balance		Allowance for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Allowance for bad debts made on an individual basis	39,136,044.00	5.55	39,136,044.00	100.00		55,969,423.14	9.76	55,969,423.14	100.00	
Including:										
Allowance for bad debts made on a collective basis	666,101,565.05	94.45	108,385,566.35	16.27	557,715,998.70	517,475,143.99	90.24	90,143,603.56	17.42	427,331,540.43
Including:										
Aging portfolio	645,337,176.00	91.51	108,385,566.35	16.80	536,951,609.65	493,150,603.93	86.00	90,143,603.56	18.28	403,007,000.37
Grouped by related party transactions in the consolidation scope	20,764,389.05	2.94			20,764,389.05	24,324,540.06	4.24			24,324,540.06
Total	705,237,609.05	/	147,521,610.35	/	557,715,998.70	573,444,567.13	/	146,113,026.70	/	427,331,540.43

Provision for bad debts is accrued on an individual basis:

√Applicable Not Applicable

Unit: RMB Currency: RMB

Name	Closing balance			
	Book balance	Allowance for bad debts	Provision (%)	Reasons
Amount of other software services	39,136,044.00	39,136,044.00	100.00	Expected difficulty in collection
Total	39,136,044.00	39,136,044.00	100.00	/

Allowance for bad debts made on an individual basis:

Applicable √Not Applicable

Allowance for bad debts made on a collective basis:

Applicable Not Applicable

Item for which allowance was made on a collective basis: grouped by aging

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Allowance for bad debts	Provision (%)
Within 1 year	431,192,822.33	21,559,641.12	5.00
1-2 years	111,612,920.35	11,161,292.04	10.00
2-3 years	38,381,143.04	11,514,342.91	30.00
Over 3 years	64,150,290.28	64,150,290.28	100.00
Total	645,337,176.00	108,385,566.35	16.80

Item for which allowance was made on a collective basis: Grouped by related party transactions in the consolidation scope

Item	Book balance	Allowance for bad debts	Reasons
Shanghai Genus	16,879,363.15		No impairment found by individual test
Shanghai Gildata	1,295,429.66		No impairment found by individual test
Jingteng Network	1,270,848.41		No impairment found by individual test
Yunyong Network	685,242.50		No impairment found by individual test
Hundsun HK	392,500.49		No impairment found by individual test
Japan Hundsun	136,983.87		No impairment found by individual test
Hundsun Ayers	71,364.71		No impairment found by individual test
Cloudbroker Network	17,722.08		No impairment found by individual test
Hundsun Science Park	13,100.00		No impairment found by individual test
Cloudyee Network	1,834.18		No impairment found by individual test
Sub-total	20,764,389.05		

Recognition criteria and description of allowance for bad debts made on a collective basis:

Applicable Not Applicable

Item	Grouping basis	Expected credit loss calculation method
Accounts receivable - grouped by aging	Aging	A table of aging of accounts receivable and lifetime expected credit loss rates is prepared, and the expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectations of future economic conditions.
Accounts receivable - grouped by related party transactions in the consolidation scope	Nature	The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and lifetime expected credit loss rate.

If bad debt reserves are accrued according to the general model of expected credit losses, please refer to other receivables for disclosure:

Applicable Not Applicable

(3). Allowance for bad debts

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Opening balance	Change during the current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Allowance for bad debts made on an individual basis	55,969,423.14	2,863,260.94		19,696,640.08		39,136,044.00
Allowance for bad debts made on a collective basis	90,143,603.56	18,241,962.79				108,385,566.35
Total	146,113,026.70	21,105,223.73		19,696,640.08		147,521,610.35

The significant amount of provision reversal and recovery of bad debts in the current period:

Applicable Not Applicable**(4). Actual accounts receivable written off in the current period**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off
Actual accounts receivable written off	19,696,640.08

Write-off of significant account receivables

√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Nature of accounts receivable	Write-off	Reason for write-off	Write-off procedures adopted	From related party transactions or not
HOMS software sales receivable	Software sales receivable	19,696,640.08	Expected unrecoverable	Management approval	N
Total	/	19,696,640.08	/	/	/

Notes on write-off of accounts receivable:

Applicable Not Applicable**(5). Top five account receivables according to closing balances grouped by the debtor**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Proportion in the total closing balance of accounts receivable (%)	Closing balance of allowance for bad debts
Customer 1	16,879,363.15	2.39	
Customer 2	15,137,006.14	2.15	1,133,794.55
Customer 3	14,440,000.00	2.05	722,000.00
Customer 4	12,537,000.00	1.78	784,450.00
Customer 5	11,229,300.00	1.59	1,715,299.36
Total	70,222,669.29	9.96	4,355,543.91

(6). Accounts receivable derecognized due to the transfer of financial assets

Applicable Not Applicable

(7). Amount of assets or liabilities due to the transfer of accounts receivable and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

2. Other receivables**Item**

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivables		
Other receivables	66,212,431.56	43,769,249.04
Total	66,212,431.56	43,769,249.04

Other notes:

Applicable Not Applicable

Interest receivable**(1). Classification of interest receivable**

Applicable Not Applicable

(2). Significant overdue interest

Applicable Not Applicable

(3). Allowance for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Dividend receivables**(4). Dividend receivables**

Applicable Not Applicable

(5). Significant dividends receivable with the aging over 1 year

Applicable Not Applicable

(6). Allowance for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable**Other receivables****(1) Disclosure by aging**Applicable Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance
Within 1 year	
Including: Sub-items within 1 year	
Sub-total within 1 year	49,611,148.79
1-2 years	13,805,551.77
2-3 years	4,116,883.34
Over 3 years	11,409,094.28
Total	78,942,678.18

(2). Classified by nature of accountsApplicable Not Applicable

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Deposits	24,757,254.20	18,738,342.14
Current payments	45,472,539.58	30,251,965.83
Imprest fund	8,584,754.80	8,565,300.79
Others	128,129.60	
Total	78,942,678.18	57,555,608.76

(3). Provision for bad debtsApplicable Not Applicable

Unit: Yuan Currency: RMB

Allowance for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss ("ECL") over the next 12 months	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance as of January 1, 2021	720,892.16	196,848.34	12,868,619.22	13,786,359.72
Balance as of January 1, 2021 during the period				
- Transfer to stage 2	-143,232.16	143,232.16		
- Transfer to stage 3		-151,096.44	151,096.44	
- Reverse to stage 2				
- Reverse to stage 1				
Provision in the period	322,552.53	97,480.27	-1,525,245.90	-1,105,213.10
Reversal in the period			-50,000.00	-50,000.00
Write-off in the period				
Cancellation in the period			900.00	900.00
Other changes				
Balance as of December 31, 2021	900,212.53	286,464.33	11,543,569.76	12,730,246.62

Notes on significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the current period:

Applicable Not Applicable

Amount of allowance for bad debts for the current period and basis for evaluating whether the credit risk of financial instruments increases significantly:

Applicable Not Applicable

The expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions, and based on the default risk exposure and 12-month or lifetime expected credit loss rate.

(4). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

Class	Opening balance	Change during the current period				Closing balance
		Provision	Recovered or reversed	Write-off or cancellation	Other changes	
Allowance for bad debts made on a collective basis	13,786,359.72	-1,105,213.10	-50,000.00	900.00		12,730,246.62
Total	13,786,359.72	-1,105,213.10	-50,000.00	900.00		12,730,246.62

The significant transfers or reversals with allowance for bad debts during the current period:

Applicable Not Applicable

(5). Other receivables actually written off in the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Write-off
Other receivables actually written off	900.00

Write-off of significant other receivables:

Applicable Not Applicable

Notes on write-off of other receivables:

Applicable Not Applicable

(6). Top five other receivables according to closing balances grouped by the debtor

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Nature	Closing balance	Aging	Proportion in the total closing balance of other receivables (%)	Allowance for bad debts Closing balance
Customer 1	Current payments	25,471,606.05	Within 1 year	32.27	
Customer 2	Current payments	7,553,210.36	RMB507,676.41 within 1 year; RMB7,045,533.95 for 1-2 years	9.57	
Customer 3	Current payments	5,174,895.12	RMB4,627,971.30 within 1 year; RMB546,923.82 for	6.56	

Item	Nature	Closing balance	Aging	Proportion in the total closing balance of other receivables (%)	Allowance for bad debts Closing balance
			2-3 years		
Customer 4	Deposits	7,771,000.00	Over 3 years	9.84	7,771,000.00
Customer 5	Current payments	2,848,870.95	RMB2,413,434.85 within 1-2 years; RMB435,436.10 within 2-3 years	3.61	
Total	/	48,819,582.48	/	61.85	7,771,000.00

(7). Receivables involving government grants

Applicable Not Applicable

(8). Other receivables derecognized due to the transfer of financial assets

Applicable Not Applicable

(9). Amount of assets or liabilities due to the transfer of other receivables and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

3. Long-term equity investments

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying value	Book balance	Impairment provision	Carrying value
Investment in subsidiaries	2,758,321,839.55	262,249,246.66	2,496,072,592.89	2,137,362,716.25	214,131,968.35	1,923,230,747.90
Investment in associates and joint ventures	839,073,663.56	104,190,614.26	734,883,049.30	599,654,805.95	103,180,614.26	496,474,191.69
Total	3,597,395,503.11	366,439,860.92	3,230,955,642.19	2,737,017,522.20	317,312,582.61	2,419,704,939.59

(1). Investments in subsidiaries

Applicable Not Applicable

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment during the period	Closing balance of impairment provision
Cloud Investment	115,000,000.00	198,302.00		115,198,302.00		
Wuxi Henghua	15,814,000.00			15,814,000.00		
Data Security	10,383,589.00			10,383,589.00		
Jinrui Software	30,180,000.00	20,221,551.20		50,401,551.20		
Beijing Qiantang	9,400,000.00	2,971,794.80		12,371,794.80		

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Shanghai Yirui	700,000.00			700,000.00		
Japan Hundsun	2,960,123.04			2,960,123.04		
Shanghai Liming	47,547,500.00			47,547,500.00	41,169,916.78	41,169,916.78
Shanghai Gildata	92,978,556.73			92,978,556.73		
Hangzhou Yunhui	20,000,000.00			20,000,000.00		
Cloudwing Network	12,000,000.00	300,000,000.00		312,000,000.00		
Securities Investment Network	30,000,000.00			30,000,000.00		23,072,212.58
Cloudyee Network	27,000,000.00	1,788,820.80		28,788,820.80		
Yunyong Network	12,000,000.00			12,000,000.00		
Cloudbroker Network	36,967,500.00	6,292,513.60		43,260,013.60		
Yunlian Network	12,600,000.00			12,600,000.00	6,947,361.53	6,947,361.53
Shanshang Network	12,600,000.00			12,600,000.00		10,560,441.13
Wengine Network	8,750,000.00			8,750,000.00		
Hangzhou Yima	10,000,000.00	88,894.00		10,088,894.00		
Intercontinental Holdings	53,194,000.00			53,194,000.00		
Guangdong Institute of Finance	300,000.00			300,000.00		
Hangzhou Xinglu	150,000,000.00		87,974,610.49	62,025,389.51		
Business Intelligence (Hangzhou)	67,083,948.28			67,083,948.28		
Hundsun International Technologies	853,678,200.00			853,678,200.00		164,489,250.55
Hundsun Holdings		154,790,717.70		154,790,717.70		
Shengtian Network	1,000,000.00	1,342,983.20		2,342,983.20		
Zhigu Network	18,000,000.00	723,460.40		18,723,460.40		6,473,762.09
Jingteng Network	60,000,000.00	2,104,736.40		62,104,736.40		
Wuxi Xinglu	65,729,296.20		50,670,000.00	15,059,296.20		
IHS Markit	46,900,000.00	581,230.00		47,481,230.00		
Hundsun Science Park	22,184,900.00			22,184,900.00		
Nanjing Xingcheng	132,000,000.00	48,000,000.00		180,000,000.00		
BusinessMatrix	76,639,502.00	2,917,041.95		79,556,543.95		9,536,302.00
Shanghai Genus	83,771,601.00	8,767,996.00	4,377,613.16	88,161,983.84		
Xunchang Wendao		35,000,000.00		35,000,000.00		
Hundsun iBontal		100,052,500.00		100,052,500.00		
Hundsun Lirong		180,000,000.00	180,000,000.00			
Shanghai Dworld		50,183,804.90		50,183,804.90		
Nanjing Xingding		27,955,000.00		27,955,000.00		
Total	2,137,362,716.25	943,981,346.95	323,022,223.65	2,758,321,839.55	48,117,278.31	262,249,246.66

(2). Investments in associates and joint ventures

√Applicable □Not Applicable

Unit: 10,000 yuan Currency: RMB

Investor	Opening balance	Changes in the current period								Closing balance	Closing balance of impairment provision
		Increase in investment	Decrease in investment	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Others		
I. Joint ventures											
Sub-total											
II. Associates											
Ant (Hangzhou) Funds Sales Co., Ltd.	13,547.81			12,079.21		23.64				25,650.66	
Hangzhou Hundsun Century Industry Co., Ltd.	3,981.77			-427.61						3,554.16	
Shenzhen Trade Blazer Technology Co., Ltd.	4,867.77			485.58			896.64			4,456.71	4,132.51
Hangzhou Rongdu Science & Technology Co., Ltd.	892.53			-194.51						698.02	1,647.27
Zhejiang Santan Technology Co., Ltd.	1,735.29			-582.80						1,152.49	
Zhejiang Hundsun Changyun Network Technology Co., Ltd.	743.31		661.50	58.98					-140.79		
Hangzhou Hundsun Yuntai Network Technology Co., Ltd.	3,288.42		3.70	-2,226.06		1,135.21			0.58	2,194.45	
Guangdong Yuecai Internet Finance Co., Ltd.	460.86			10.44						471.30	
Beijing Hongtian Rongda Information Technology Co., Ltd.	15.38			-15.38							235.09
Golden State Investment	2,543.29			330.12						2,873.41	

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Services Co., Ltd.											
Shenzhen Ricequant Technology Co., Ltd.	1,357.59	230.23		-128.90						1,458.92	3,255.59
Fujian Trading Market Registration and Settlement Center Co., Ltd.	776.05			-42.69						733.36	
Hundsun Cloud Financing Network Technology Co., Ltd.	361.50			-673.47		1,253.53				941.56	
Hangzhou Fupu Gongjin Investment Partnership (L.P.)	2,332.02			410.62						2,742.64	
Hangzhou HISOME Digital Equipment Technology Co., Ltd.	2,455.68			594.40						3,050.08	
Jiangxi Lianjiaoyun Registration and Settlement Center Co., Ltd.	116.97			38.21						155.18	
Guangdong Yuecai Net Small Loan Microfinance Co., Ltd.	2,178.81			16.79						2,195.60	
Shanghai Leanwork Financial Information Service Co., Ltd.	742.15			-23.31		17.64			101	635.48	1,148.60
Hangzhou Wanming Digital Technology Co., Ltd.	491.71			-3.66						488.05	
Beijing Hezhi Xingtu Technology Co., Ltd.	1,956.93			-121.92						1,835.01	
Shanghai Dworld AI Tech Co., Ltd.	42.23	5,000.00	5,100.00	-23.85					81.62		
Hanzhou Eceyes Internet Financial Co., Ltd.	2,421.89			132.07		19.29				2,573.25	
Hangzhou National Software Industry Base Co., Ltd.	270.99			-39.03						231.96	
Zhejiang Institute of Modern Capital and Industry	2.91			-0.02						2.89	

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Beijing Tongchuang Yongyi Technology Development Co., Ltd.	1,572.15			-205.14		17.01				1,384.02	
Shanghai Qianyun Information Technology Co., Ltd.	491.40			-26.39						465.01	
Databaker (Beijing) Technology Co., Ltd.		562.50		2.04						564.54	
Shanghai Yitongtou Technology Co., Ltd.		1,350.00		-40.30		1.43				1,311.13	
Nanjing Pengxi Equity Investment Center (L.P.)		12,000.00		-331.57						11,668.43	
Sub-total	49,647.41	19,142.73	5,765.20	9,051.85		2,467.75	896.64	101.00	-58.59	73,488.31	10,419.06
Total	49,647.41	19,142.73	5,765.20	9,051.85		2,467.75	896.64	101.00	-58.59	73,488.31	10,419.06

Other notes:

4. Revenue and cost of sales**(1). Revenue and cost of sales**√Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	4,519,733,092.73	1,280,745,652.91	3,466,445,741.88	804,119,886.50
Other businesses	20,680,988.09	447,250.64	13,278,818.68	262,023.49
Total	4,540,414,080.82	1,281,192,903.55	3,479,724,560.56	804,381,909.99

(2). Revenue from contracts√Applicable Not Applicable

Unit: Yuan Currency: RMB

Classification of contract	Reporting segment	Total
By type of product		
Software	4,536,895,384.85	4,536,895,384.85
By operating regions		
Mainland China	4,536,895,384.85	4,536,895,384.85
By time of transfer of goods		
Revenue recognized at a certain time point	3,291,396,060.38	3,291,396,060.38
Revenue recognized within a certain period of time	1,245,499,324.47	1,245,499,324.47
Total	4,536,895,384.85	4,536,895,384.85

[Note 44] Excluding lease income.

Breakdown of revenue from contracts:

Applicable Not Applicable**(3). Contract performance obligations**√Applicable Not Applicable

The Company's revenue mainly comes from sales of self-made and customized software, software services and outsourced goods. Sales of self-made and customized software and outsourced goods are performance obligations to be performed at a certain time point, and the revenue shall be recognized when the products are delivered to the customer and the customer obtains control of the products. Sales of software services are performance obligations to be performed within a certain time period and the revenue shall be recognized in accordance with the performance progress.

(4). Apportionment to remaining performance obligationsApplicable Not Applicable

Other notes:

The revenue recognized in the opening carrying value of contract liabilities during the current period was RMB1,878,230,377.70.

5. Investment income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Income from long-term equity investments calculated by the cost method	60,497,500.00	105,463,000.00
Income from long-term equity investments calculated by the equity method	90,518,351.65	10,437,512.44
Investment income from the disposal of long-term equity investments	20,732,708.91	6,394,004.09
Investment income from holding held-for-trading financial assets	56,045,308.23	80,343,339.95
Investment income from disposal of held-for-trading financial assets	37,710,964.56	119,952,215.38
Total	265,504,833.35	322,590,071.86

6. Others

√Applicable □Not Applicable

R&D expenses

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	1,432,390,117.14	1,029,032,004.50
Share-based payment	48,176,369.19	1,216,497.17
Technology development costs	187,488,105.20	123,332,415.56
Communication expenses	54,732,886.58	42,893,154.15
Travel expenses	51,359,608.68	41,229,420.10
Depreciation and amortization	27,768,520.46	18,786,141.12
Vehicle expenses	4,249,187.86	3,411,206.56
Office expenses	4,522,430.16	2,144,858.76
Intermediary fees	657,361.05	699,412.77
Business expenses	297,150.23	101,875.71
Total	1,811,641,736.55	1,262,846,986.40

XVIII. SUPPLEMENTARY INFORMATION**1. Breakdown of current non-recurring profit or loss**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount	
Profit or loss from disposal of non-current assets	38,436,050.92	Mainly represented the investment income from the transfer of shares of HundSun Chang Yun and the fair value recognition of the remaining shares of Dworld AI
Government grants charged to the current profit or loss (other than those closely related to corporate business and granted based on a fixed amount or a fixed quantity unified by the state)	57,355,855.21	Mainly represented the government grants for special projects
Profit or loss from changes in the fair value generated from the Company's held-for-trading and derivative financial assets, and held-for-trading and derivative financial liabilities, and investment income from the disposal of held-for-trading and derivative financial	489,548,525.78	Mainly represented the profit and loss from the changes in the fair value generated from the Company's held-for-trading financial assets, and the

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Item	Amount	
assets, held-for-trading and derivative financial liabilities, and other debt investments, except for effective hedging business related to the Company's normal business		investment income from the disposal of the held-for-trading financial assets
Other non-operating income and expenses other than the above	-770,038.19	
Less: Effect on income tax	56,393,147.86	
Effect on minority interests	11,207,988.27	
Total	516,969,257.59	

Reasons shall be given with respect to the Company classifying the non-recurring profit and loss items defined and listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss as recurring profit and loss items.

Applicable Not Applicable

2. Return on net assets and earnings per share

Applicable Not Applicable

Profit during the Reporting Period	Weighted average ROE (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	30.11	1.01	1.01
Net profit attributable to ordinary shareholders of the Company net of non-recurring profits and losses	19.47	0.65	0.65

3. Differences in accounting data between domestic and overseas accounting standards

Applicable Not Applicable

4. Others

Applicable Not Applicable

1. Calculation of weighted average ROE

Item		S/N	During the period
Net profit attributable to ordinary shareholders of the Company		A	1,463,538,930.14
Non-recurring profit and loss		B	516,969,257.59
Net profit attributable to shareholders of ordinary shares net of non-recurring profit or loss		C=A-B	946,569,672.55
Opening net assets attributable to shareholders of ordinary shares of the Company		D	4,553,732,993.32
Net assets attributable to shareholders of ordinary shares of the Company increased due to offering of new shares or conversion of debts into shares		E	
Number of months from the next month following the increase up to the end of the reporting period		F	
Net assets attributable to shareholders of ordinary shares of the Company decreased due to share repurchase or reduced cash dividends		G	104,367,431.40
Number of months from the month following the decrease in net assets up to the end of the reporting period		H	5
Other s	Other changes in owners' equity arising from associates other than net profit or loss and profit distribution	I1	18,417,249.85
	Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J1	6
	Others - Other changes held by Company's shareholding platform in the ownership interests of subsidiaries within the scope of the Company's consolidation for the period other than net profit or loss and profit distribution	I2	1,416,643.83

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Item	S/N	During the period
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J2	6
Others- Other comprehensive income and other changes in owner's equity related to the originally held equity before the purchase date transferred into investment income	I3	-2,565,362.09
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J3	7
Other-Changes in owner's equity arising from share-based payments	I4	108,678,977.25
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J4	5、 6
Other-Share repurchase under the Employee Stock Ownership Scheme	I5	-682,524,351.40
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J5	9、 10、 11
Others-Contributions by employees under the Employee Stock Ownership Scheme	J6	361,621,876.00
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	I6	5
Others-Changes arising from changes in owners' equity shares of subsidiaries but still controlling subsidiaries	J6	-11,498,903.95
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	I7	3、 5、 7
Others-Changes in the fair value of other debt investments	J7	-25,707.87
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	I8	6
Including: Foreign currency translation difference in the statements	I9	-11,393,862.64
Number of months from the month following the increase or decrease in net assets up to the end of the reporting period	J9	6
Number of months during the Reporting Period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H / K \pm I \times J/K$	4,861,181,855.45
Weighted average ROE	$M = A/L$	30.11%
Weighted average ROE net of non-recurring profit and loss	$N = C/L$	19.47%

2. Calculation of basic earnings per share and diluted earnings per share

(1) Calculation of basic earnings per share

Item	S/N	During the period
Net profit attributable to ordinary shareholders of the Company	A	1,463,538,930.14
Non-recurring profit and loss	B	516,969,257.59
Net profit attributable to shareholders of ordinary shares net of non-recurring profit or loss	$C = A - B$	946,569,672.55
Total number of shares at the beginning of the period	D	1,044,090,754.00
Number of shares increased due to the capitalization of capital reserves or the distribution of shares and dividends	E	417,469,725.60
Number of shares increased due to new shares issuance or conversion of debt to capital	F	
Number of months from the month following the increase of shares to the end of the Reporting Period	G	
Decrease in the number of shares due to repurchase	H	7,190,295.00
Number of months from the month following the increase in shares up to the end of the Reporting Period	I	9, 10, 11
Decrease in the number of shares during the Reporting Period	J	
Number of months during the Reporting Period	K	12
Weighted average number of outstanding ordinary shares	$L = D + E + F \times G / K - H \times I / K - J$	1,455,437,146.93
Basic EPS	$M = A/L$	1.01
Basic earnings per share net of non-recurring profit and loss	$N = C/L$	0.65

(2) Calculation of diluted earnings per share

The calculation of diluted earnings per share is the same as that of basic earnings per share.

Chairman: Peng Zhenggang

Submission date for approval of the Board: March 29, 2022

Revision Information

Applicable Not Applicable