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光大證券股份有限公司
Everbright Securities Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6178)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The board of directors (the “**Board**”) of Everbright Securities Company Limited (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2022. This announcement, containing the full text of the 2022 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group’s annual results for the year ended December 31, 2022 have been reviewed by the audit and related party transaction control committee of the Company.

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.ebscn.com). The Company’s 2022 annual report will be dispatched to the holders of H shares of the Company and published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board
Everbright Securities Company Limited
Zhao Ling
Chairman

Shanghai, the PRC
March 30, 2023

As at the date of this announcement, the Board comprises Mr. Zhao Ling (Chairman, Executive Director), Mr. Liu Qiuming (Executive Director, President), Mr. Song Bingfang (Non-executive Director), Mr. Fu Jianping (Non-executive Director), Mr. Yin Yanwu (Non-executive Director), Mr. Chan Ming Kin (Non-executive Director), Mr. Tian Wei (Non-executive Director), Mr. Yu Mingxiong (Non-executive Director), Mr. Wang Yong (Independent Non-executive Director), Mr. Po Wai Kwong (Independent Non-executive Director), Mr. Ren Yongping (Independent Non-executive Director), Mr. Yin Junming (Independent Non-executive Director) and Mr. Liu Yunhong (Independent Non-executive Director).

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IMPORTANT NOTICE

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this annual report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally assume legal responsibility as to the contents herein.
- II. This report was reviewed and passed at the 23rd meeting of the sixth session of the Board of the Company. The number of Directors that should attend the Board meeting was 13 and the number of Directors having voted at the Board meeting was 13. None of the Directors or Supervisors has made any objection to this report.
- III. Unless otherwise specified, the financial data disclosed in this report are prepared in accordance with the International Financial Reporting Standards and have been audited by Ernst & Young, who then issued a standard unqualified audit report thereon. Unless otherwise stated, the financial data set out in this report are denominated in RMB.
- IV. Zhao Ling, the person-in-charge of the Company, Mei Jian, the person-in-charge of accounting affairs, and Mou Haixia, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.
- V. The profit distribution proposal or proposal on transfer of capital reserve into share capital reviewed by the Board for the Reporting Period

The Company's profit distribution proposal for 2022 that was considered and approved at the 23rd meeting of the sixth session of the Board of the Company is: on the basis of a total share capital of 4,610,787,639 shares (comprising A Shares and H Shares) in issue as at December 31, 2022, a cash dividend of RMB2.10 per 10 shares (tax inclusive) is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB968,265,404.19. The above distribution proposal will be submitted for consideration at the general meeting of the Company and will be implemented within two months after the proposal is approved by the general meeting.

- VI. Forward-looking statements included in this report, including future plans and development strategies, do not constitute substantial commitment of the Company to investors. Investors should be reminded of the investment risk.
- VII. There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders or their related parties during the Reporting Period.
- VIII. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Reporting Period.
- IX. There has been no such circumstance under which the majority of the Directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report.
- X. The Company has described in detail the risks that it may be exposed to in this report. Please refer to the relevant statements in "VII. Discussion and Analysis on the Future Development of the Company – (IV) Potential risk exposure" of Section III "Report of the Board" in this report for details.
- XI. The Company prepared this annual report in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

I. Definitions

In this report, unless the context otherwise requires, the following terms and expressions shall have the meanings set forth below:

ABN	asset-backed notes
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	articles of association of the Company
Asset securitization, ABS	financing through issuance of tradable securities backed by specific asset portfolios or specific cash flows
AUM	Assets under management
Board, Board of Directors	the board of Directors of the Company
China or PRC	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
collateralized stock repurchase	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Company, our Company, the parent company or Everbright Securities	Everbright Securities Company Limited (光大證券股份有限公司)
connected transaction(s)	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
CPI	Consumer Price Index
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Dacheng Fund	Dacheng Fund Management Co., Ltd. (大成基金管理有限公司), a joint venture of the Company
Director(s)	the director(s) of the Company
EBSI (formerly known as EBSHK)	Everbright Securities International Holdings Limited (光大證券國際控股有限公司) (formerly known as Everbright Securities Financial Holdings Limited (光大證券金融控股有限公司)), a wholly-owned subsidiary of the Company
ETF	exchange-traded fund
Everbright Asset Management	Shanghai Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), a wholly-owned subsidiary of the Company

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

Everbright Bank	China Everbright Bank Company Limited
Everbright Capital	Everbright Capital Investment Co., Ltd. (光大資本投資有限公司), a wholly-owned subsidiary of the Company
Everbright Development	Everbright Development Investment Co., Ltd. (光大發展投資有限公司), a wholly-owned subsidiary of the Company
Everbright Fortune	Everbright Fortune Investment Co., Ltd. (光大富尊投資有限公司), a wholly-owned subsidiary of the Company
Everbright Futures	Everbright Futures Co., Ltd. (光大期貨有限公司), a wholly-owned subsidiary of the Company
Everbright Group	China Everbright Group Ltd. (中國光大集團股份公司), the largest shareholder of the Company
Everbright Leasing	Everbright Fortune Financial Leasing Co., Ltd. (光大幸福融資租賃有限公司), a majority-owned subsidiary of the Company
Everbright Limited	China Everbright Limited (中國光大控股有限公司), the second largest shareholder of the Company
Everbright Pramerica	Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司), a majority-owned subsidiary of the Company
FOF	fund of funds
Group, our Group	the Company and its subsidiaries
H Shares	foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
HK\$ or Hong Kong dollars or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
IFRSs	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board, and interpretation issued by the International Accounting Standards Committee (IASC)
IPO	initial public offering

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

maintenance margin ratio	the ratio of the total value of all the collateral from the clients of margin financing and securities lending business (including the amount of cash and the market value of securities held in margin securities account) to the margin balance of clients (including the sum of the amount of margin loans purchased, the latest market value of securities lent and any accrued interest and fees)
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
PB	Prime brokerage
PBOC	People's Bank of China, the central bank of the PRC
PPP	Public-private Partnership
PRC GAAP	the PRC Accounting Standards for Business Enterprises
QFII	Qualified foreign institutional investor
REITs	Real estate investment trusts
related party transaction(s)	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time, unless otherwise stated
Renminbi or RMB	RMB, the lawful currency of the PRC. Amounts are in RMB unless otherwise indicated in this report
Reporting Period	the year of 2022 (January 1, 2022 to December 31, 2022)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
SHKC	Sun Hung Kai & Co. Limited, a connected person of the Company at subsidiary level during the Reporting Period
SSE	Shanghai Stock Exchange
Supervisor(s)	the supervisor(s) of the Company

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange

In this report, some total figures may be slightly deviated in the last digit from the sum of direct aggregation of all amounts. Such discrepancy is due to the rounding up calculation of decimal places; the last digits of the percentages of change of the amounts under the same item may vary slightly, which is due to the difference of monetary units.

II. Warning of Material Risks

The Company has described in detail of the risks that it may be exposed to in this report. Please refer to the relevant statements in "VII. Discussion and Analysis on the Future Development of the Company – (IV) Potential risk exposure" under Section III "Report of the Board" for details.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Company Information

Chinese name of the Company	光大證券股份有限公司
Short name of the Company in Chinese	光大證券
English name of the Company	Everbright Securities Company Limited
Abbreviated name of A Shares of the Company in English	EBSCN
Abbreviated name of H Shares of the Company in English	EB SECURITIES
Legal representative of the Company	Mr. Liu Qiuming
General manager of the Company	Mr. Liu Qiuming
Secretary to the Board	Ms. Zhu Qin
Company Secretary	Dr. Ngai Wai Fung
Authorized representatives	Mr. Zhao Ling and Dr. Ngai Wai Fung

Registered capital and net capital of the Company

Unit: RMB

	As at December 31, 2022	As at December 31, 2021
Registered capital	4,610,787,639.00	4,610,787,639.00
Net capital	48,853,130,506.55	44,011,986,210.00

Business scope of the Company:

Business scope of the Company includes securities brokerage, securities investment consulting, financial advisory relating to securities trading and securities investment, securities underwriting and sponsorship, proprietary trading of securities, intermediary introduction business for futures companies, proxy sale of securities investment funds, margin financing and securities lending business, proxy sale of financial products, market making of stocks and options, investment fund custody business and other businesses approved by the CSRC. (For projects subject to approval in accordance with the law, the operating activities may only be carried out after obtaining approval from relevant authority(ies), and the specific scope of operating activities should be determined by approval documentations or licenses issued by relevant agencies)

Qualification of each of the businesses of the Company:

The Company is a member of the Securities Association of China, SSE, SZSE, Beijing Stock Exchange, China Association of Public Companies, Listed Companies Association of Shanghai, and Shanghai Gold Exchange, clearing participant of China Securities Registration and Settlement Co., Ltd. and member of Asset Management Association of China. For details about qualifications of each of the businesses of the Company and its majority-owned subsidiaries, please refer to "II. Qualifications of Each of the Businesses of the Company and Its Majority-owned Subsidiaries" under Appendix "Information Disclosure of Securities Companies" of this report.

II. Contact Person and Information

Secretary to the Board and Representative of Securities Affairs

Name	Ms. Zhu Qin
Contact address	No.1508 Xinzha Road, Jing'an District, Shanghai, the PRC
Telephone	021-22169914
Facsimile	021-22169964
Email address	ebs@ebscn.com

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

III. Basic Information

Registered address of the Company	No.1508 Xinzha Road, Jing'an District, Shanghai, the PRC
Historical changes of registered address of the Company	In 1996, the Company was established, and its registered address was Everbright Building, No. 6 Fuxingmenwai Avenue, Xicheng District, Beijing; In 1997, the registered address of the Company was changed to Shanghai Stock Exchange Building, No. 528 South Pudong Road, Pudong New Area, Shanghai; In 2007, the registered address of the Company was changed to No. 1508 Xinzha Road, Jing'an District, Shanghai
Office address of the Company	No.1508 Xinzha Road, Jing'an District, Shanghai, the PRC
Postal code of the office address of the Company	200040
Company website	http://www.ebscn.com
E-mail address	ebs@ebscn.com
Principal place of business in Hong Kong of the Company	12/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong

IV. Information Disclosure and Place of Inspection

Media and its website for publication of the annual report of the Company	China Securities Journal: https://www.cs.com.cn Shanghai Securities News: https://www.cnstock.com Securities Times: http://www.stcn.com Securities Daily: http://www.zqrb.cn
Website of the stock exchange for publication of the annual report of the Company	the SSE: http://www.sse.com.cn
Place where the annual report of the Company is available for inspection	the Hong Kong Stock Exchange: http://www.hkexnews.hk No.1508 Xinzha Road, Jing'an District, Shanghai, the PRC

V. Information on the Company's Shares

Type of shares	Places of listing	Stock name	Stock code
A Share	Shanghai Stock Exchange	Everbright Securities	601788
H Share	The Stock Exchange of Hong Kong Limited	EB SECURITIES	6178

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. Other Information of the Company

(I) History of the Company, including the reform and restructuring, capital injections in the previous years

Incorporation in 1996

On June 21, 1995, the PBOC approved the establishment of Everbright Securities Limited by China Everbright Group Limited based on the reform of its original securities brokerage (business) department by issuing He Fa Yin Fu [1995] No. 214 "Reply on the Preparation to Establish Everbright Securities Limited". On March 8, 1996, the PBOC approved the establishment of Everbright Securities Limited and its articles of association by issuing He Fa Yin Fu [1996] No. 81 "Reply on the Establishment of Everbright Securities Limited". On April 23, 1996, Everbright Securities Limited was registered at the State Administration of Industry and Commerce. China Everbright Group Limited contributed RMB157 million (including USD10 million) and held 62.8% of the equity interest. China Everbright International Trust and Investment Company contributed RMB93 million and held 37.2% of the equity interest.

Increase of registered capital in 1997

On April 26, 1997, with the approval of the PBOC by issuing Yin Fu [1997] No. 180 "Reply on the Equity Change and Other Matters of Everbright Securities Limited", the registered capital of Everbright Securities Limited was increased from RMB250 million to RMB500 million, and the registered address was changed from Beijing to Shanghai. The additional capital was totally contributed by China Everbright Group Limited. After the capital increase, China Everbright Group Limited held 81.4% of the equity interest, while China Everbright International Trust and Investment Company held 18.6% of the equity interest.

Equity transfer in the period from 1999 to 2002

In June 1999, with the approval by the CSRC by issuing Zheng Jian Fa Zi [1998] No. 324 "Reply on Approving the Acquisition of 49% of the Equity Interest in Everbright Securities Limited by China Everbright Limited", and by the MOF by issuing Cai Guan Zi [1999] No. 134 "Reply on Approving the Transfer of Part of the Equity Interest in Everbright Securities Limited", China Everbright Group Limited transferred its 49% of the equity interest of Everbright Securities Limited to China Everbright Limited, a subsidiary of China Everbright Holdings Company Limited. In August 2000, China Everbright Group Limited signed an equity transfer agreement with China Everbright International Trust and Investment Company, pursuant to which China Everbright International Trust and Investment Company transferred its 18.6% of the equity interest of Everbright Securities Limited to China Everbright Group Limited. On January 21, 2002, by issuing Zheng Jian Ji Gou Zi [2002] No. 29 "Reply on Approving the Change of Equity of Everbright Securities Limited", the CSRC approved the transfer of the 49% of the equity interest from China Everbright Group Limited to China Everbright Limited, and the transfer of 18.6% of the equity interest from China Everbright International Trust and Investment Company to China Everbright Group Limited. Upon the completion of the transfer, China Everbright Group Limited held 51% of the equity interest, while China Everbright Limited held 49% equity interest.

Increase of registered capital in 2002

On April 8, 2002, by issuing Zheng Jian Ji Gou Zi [2002] No. 90 "Reply on the Increase in Capital and Shares of Everbright Securities Limited", the CSRC approved the increase of the registered capital of Everbright Securities Limited from RMB500 million to RMB2.6 billion, where RMB984.66 million was converted from the capital reserve fund and retained profits, and the rest was contributed by China Everbright Group Limited and China Everbright Limited in the form of cash. Upon the completion of the increase in capital and share, the shareholding structure of Everbright Securities Limited remained unchanged.

Restructuring into a joint stock company in 2005

On July 14, 2005, with the approval by the MOF by issuing Cai Jin Han [2004] No. 170 "Reply on the Scheme of Converting Everbright Securities Limited into a Joint Stock Company" on December 26, 2004, by the Ministry of Commerce by issuing Shang Zi Yi Pi [2004] No. 250 "Reply of Ministry of Commerce on Approving the Capital Increase of Everbright Securities Limited and Its Change into a Foreign Investment

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Joint Stock Company” on April 29, 2004 and by issuing Shang Zi Pi [2005] No. 366 “Reply on Approving the Contribution Reduction, Change of Name and Exit by the Shareholders of Everbright Securities Limited” on March 14, 2005, and by the CSRC by issuing Zheng Jian Ji Gou Zi [2005] No. 54 “Reply on Approving the Restructuring and Reduction of Registered Capital of Everbright Securities Limited” on May 10, 2005, China Everbright Group Limited and China Everbright Limited contributed the audited net assets of RMB2,325 million as of June 30, 2004, the three new shareholders Xiamen Xinshiji Group Co., Ltd., Dongguan City Lianjing Industrial Investment Co., Ltd. and Nanjing Xinding Investment Development Co., Ltd. contributed RMB100 million, RMB10 million and RMB10 million respectively in the form of cash to establish Everbright Securities Company Limited, with the net assets of RMB2,445 million converted into 2,445 million shares at the conversion rate of 1:1. When Everbright Securities Limited was restructured into a joint stock company, the registered capital of the Company was changed from RMB2,600 million to RMB2,445 million.

Increase of registered capital in 2007

On May 29, 2007, with the approval by the MOF by issuing Cai Jin Han [2007] No. 37 “Reply on Approving the Capital Injection Scheme of Everbright Securities Company Limited” on March 1, 2007, by the CSRC by issuing Zheng Jian Ji Gou Zi [2007] No. 70 “Reply on Approving the Capital Injection of Everbright Securities Company Limited” on March 19, 2007, and by the Ministry of Commerce by issuing Shang Zi Pi [2007] No. 702 “Reply on Approving the Capital Injection of Everbright Securities Company Limited” on April 16, 2007, the Company issued 453 million shares in total to the three promoters, Xiamen Xinshiji, Dongguan Lianjing and Nanjing Xinding, and other eight new entities including Jiayuguan Hongfeng Industrial at the offering price of RMB2.75 per share, which were subscribed by cash. Upon the completion of the capital injections, the registered capital of the Company was increased from RMB2,445 million to RMB2,898 million.

Initial public offering of A Shares and listing on the Shanghai Stock Exchange in 2009

On August 4, 2009, with the approval by the CSRC by issuing Zheng Jian Xu Ke [2009] No. 684 “Reply on Approving the Initial Public Offering by Everbright Securities Company Limited”, the Company issued 520 million A Shares at the offering price of RMB21.08 per share by way of initial public offering and raised RMB10,961.6 million in total. After the initial public offering, the registered capital of the Company was changed to RMB3.418 billion. The shares of the Company were listed and traded on the Shanghai Stock Exchange since August 18, 2009.

Private placement of A Shares in 2015

With the approval by the CSRC by issuing Zheng Jian Xu Ke [2015] No. 1833 “Reply on Approving the Private Placement of Shares of Everbright Securities Company Limited”, the Company completed the change of registration procedures for securities sold in a private placement to certain target investors on September 1, 2015. In this private placement, 488,698,839 A Shares were issued to seven target investors at an offering price of RMB16.37 per share, and a net amount of RMB7,968,538,346.52 was raised. Upon the completion of this private placement, the total shares of the Company were increased from 3,418,000,000 A Shares before the issuance to 3,906,698,839 A Shares after the issuance. The registered capital was increased from RMB3,418,000,000 before the issuance to RMB3,906,698,839 after the issuance.

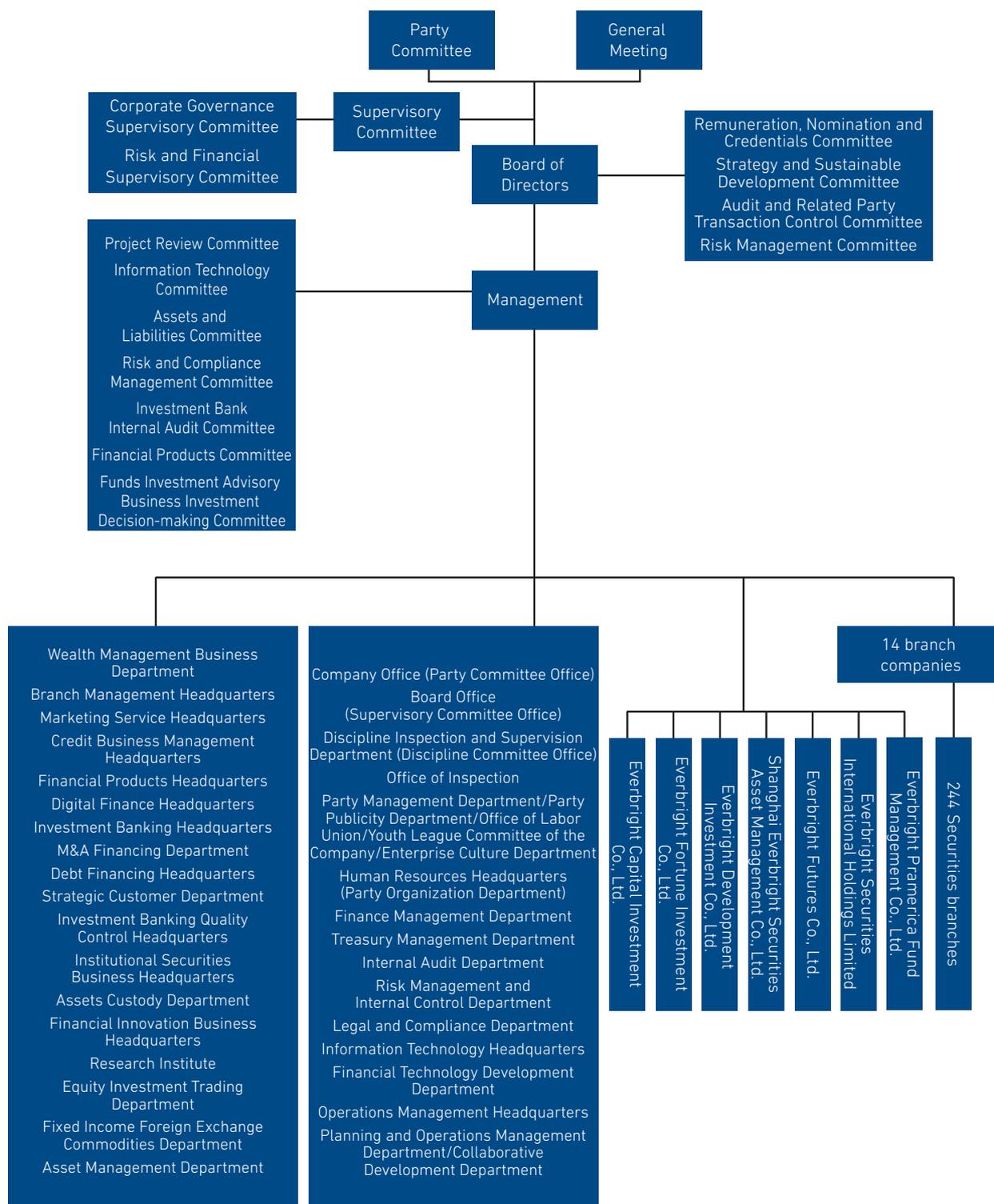
Public offering of H Shares and listing on the Hong Kong Stock Exchange in 2016

With the approval by the CSRC by issuing Zheng Jian Xu Ke [2016] No. 1547 “Reply on Approving the Issuance of Overseas Listed Foreign Shares by Everbright Securities Company Limited”, and by the Hong Kong Stock Exchange, the Company issued 704,088,800 shares of overseas listed foreign shares (H Shares) and these shares were listed on the Main Board of the Hong Kong Stock Exchange on August 18, 2016. The total shares of the Company were changed from 3,906,698,839 to 4,610,787,639, and the registered capital was changed from RMB3,906,698,839 to RMB4,610,787,639.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Organization structure

1. Organizational chart (as of the date of this report)



Note: The above organizational chart only contains the first-tier majority-owned subsidiaries of the Company.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2. Information about the first-tier onshore and offshore subsidiaries of the Company

Name	Registered Capital	Shareholding Percentage	Registered Address	Date of Establishment	Person in Charge and Contact Number
Everbright Futures	RMB1.5 billion	100%	6th Floor & Unit 703, No. 729, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	April 8, 1993	Wen Minggang (聞明剛) 021-80212288
Everbright Asset Management	RMB200 million	100%	26th Floor, Tower 3, No. 799, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	February 21, 2012	Xiong Guobing (熊國兵) 021-22169999
Everbright Fortune	RMB2 billion	100%	Rooms 801-803, No. 1508 Xinzha Road, Jing'an District, Shanghai	September 26, 2012	Chen Xiaolong (陳曉龍) 021-68815575
EBSI	HK\$5.065 billion	100%	12/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong	November 19, 2010	Li Mingming (李明明) 852-39202828
Everbright Development	RMB500 million	100%	Room 209, Western District, Level 2, No. 707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	June 12, 2017	Chen Hu (陳濤) 021-22167121
Everbright Pramerica	RMB160 million	55%	6th Floor, Tower One, BFC, No. 558 Zhongshan East Second Road, Huangpu District, Shanghai	April 22, 2004	Liu Xiang (劉翔) 021-80262888
Everbright Capital	RMB4 billion	100%	8th Floor, No. 1508 Xinzha Road, Jing'an District, Shanghai	November 7, 2008	Guo Yongjie (郭永潔) 021-61061986

3. The number and geographical location of the securities brokerage branches of the Company

As of the disclosure date of this report, the Company has 14 branch companies and 244 securities brokerage branches located nationwide in 122 cities (including county-level cities) of 30 provinces, autonomous regions and municipalities directly under the central government. For details of the geographical location of the branch companies and securities brokerage branches of the Company, please refer to "III. The Geographical Locations of the Branch Companies and Securities Brokerage Branches of the Company" under Appendix "Information Disclosure of Securities Companies" in this report.

4. The number and geographical location of other branches

For details of the number and geographical location of other branches of the Company, please refer to "III. The Geographical Locations of the Branch Companies and Securities Brokerage Branches of the Company" under Appendix "Information Disclosure of Securities Companies" in this report.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII. Other Relevant Information

Accounting firm engaged by the Company (Domestic):	Name	Ernst & Young Hua Ming LLP (Special General Partnership)
	Business address	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Beijing, China
	Name of signatory accountants	Chen Qi (陳奇), Wei Huanhuan (魏歡歡)
Accounting firm engaged by the Company (International):	Name	Ernst & Young
	Business address	27/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of signatory accountants	NG Chi Keung
Domestic legal advisor:	King & Wood Mallesons	
International legal advisor:	Latham & Watkins LLP	
A Share Registrar:	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
H Share Registrar:	Computershare Hong Kong Investor Services Limited	

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VIII. Key Accounting Information and Financial Indicators for the Last Three Years

(I) Key accounting information and financial indicators

(unless otherwise stated, the accounting information and financial indicators contained in this report have been prepared in accordance with IFRSs)

Item	2022 (RMB' 000)	2021 (RMB' 000)	Variance as compared to the last corresponding period	2020 (RMB' 000)
Operating results				
Revenue and other income	15,021,145	21,897,834	(31.40)%	21,033,981
Profit before income tax	3,853,905	4,668,206	(17.44)%	3,998,811
Net profit attributable to shareholders of the Company	3,189,073	3,484,332	(8.47)%	2,334,078
Net cash from (used in) operating activities	17,910,087	(3,483,986)	614.07%	13,255,982
	(RMB/share)	(RMB/share)	Variance as compared to the last corresponding period	(RMB/share)
Earnings per share				
Basic earnings per share	0.61	0.72	(15.28)%	0.50
Diluted earnings per share	0.61	0.72	(15.28)%	0.50
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.55	0.84	(34.52)%	0.79
Profitability indicator				
Weighted average return on net assets	5.27%	6.43%	Decreased by 1.16 percentage points	4.74%
Weighted average return on net assets after deducting non-recurring profit or loss	4.75%	7.49%	Decreased by 2.74 percentage points	7.50%

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	As of December 31, 2022 (RMB' 000)	As of December 31, 2021 (RMB' 000)	Variance as compared to the last corresponding period	As of December 31, 2020 (RMB' 000)
Scale indicators				
Total assets	258,354,482	239,107,601	8.05%	228,736,384
Total liabilities	193,570,043	180,512,339	7.23%	175,541,283
Accounts payable to brokerage clients	69,297,987	70,224,000	(1.32)%	60,102,708
Equity attributable to shareholders of the Company	64,004,834	57,865,595	10.61%	52,448,880
Total equity of owners	64,784,439	58,595,262	10.56%	53,195,101
Total share capital ('000 shares)	4,610,788	4,610,788	–	4,610,788
Net assets per share attributable to shareholders of the Company (RMB/share) ^{Note 1}	11.82	11.47	3.05% Increased by 0.43 percentage point	10.94
Gearing ratio ^{Note 2}	65.73%	65.30%		68.46%

Note 1: Net assets per share is calculated based on owners' equity attributable to shareholders of the listed company less other equity instruments.

Note 2: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients)

Note 3: The net profit and the net assets attributable to shareholders of the listed company for the comparative periods as disclosed in the financial reports prepared in accordance with IFRSs are consistent with those prepared in accordance with the PRC GAAP.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Net capital and risk control indicators of the parent company

Unit: Yuan Currency: RMB

Item	As at the end of the Reporting Period	As at the end of last year
Core net capital	39,953,130,506.55	39,011,986,210.00
Subordinate net capital	8,900,000,000.00	5,000,000,000.00
Net capital	48,853,130,506.55	44,011,986,210.00
Net assets	65,617,882,655.56	59,759,332,945.86
Provisions for risk capital	14,279,048,816.13	15,503,193,167.50
On-balance sheet and off-balance sheet assets	190,295,218,095.36	159,231,623,926.31
Risk coverage ratio (%)	342.13	283.89
Capital leverage ratio (%)	22.55	26.29
Liquidity coverage ratio (%)	216.78	244.46
Net stable funding ratio (%)	157.99	155.69
Net capital/Net assets (%)	74.45	73.65
Net capital/Liabilities (%)	43.90	46.85
Net assets/Liabilities (%)	58.97	63.61
Value of proprietary trading of equity securities and equity derivatives/Net capital (%)	9.07	8.22
Value of proprietary trading of non-equity securities and non-equity derivatives securities/Net capital (%)	176.27	149.17

Note: All the core risk control indicators of the parent company are in compliance with the relevant provisions of the Administrative Measures on the Risk Control Indicators of Securities Companies 《證券公司風險控制指標管理辦法》 issued by the CSRC.

The above data were prepared in accordance with the Administrative Measures on the Risk Control Indicators of Securities Companies 《證券公司風險控制指標管理辦法》 issued by the CSRC and the PRC GAAP on a parent company basis.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(III) Key accounting information and financial indicators for the last five years

1. Profitability information

RMB: million

	2022	2021	2020	2019	2018
Revenue and other income	15,021.1	21,897.8	21,034.0	15,352.4	13,482.6
Total expenses	11,272.4	17,296.3	17,125.0	14,209.0	13,154.8
Profit before income tax	3,853.9	4,668.2	3,998.8	1,218.9	305.4
Profit for the year – attributable to shareholders of the Company	3,189.1	3,484.3	2,334.1	567.9	103.3

2. Asset information

RMB: million

	As of December 31, 2022	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
Total assets	258,354.5	239,107.6	228,736.4	204,090.3	205,779.0
Total liabilities	193,570.0	180,512.3	175,541.3	155,071.5	157,021.2
Accounts payable to brokerage clients	69,298.0	70,224.0	60,102.7	45,711.0	35,965.9
Equity attributable to shareholders of the Company	64,004.8	57,865.6	52,448.9	47,444.7	47,203.0
Total share capital	4,610.8	4,610.8	4,610.8	4,610.8	4,610.8

3. Key financial indicators

	2022	2021	2020	2019	2018
Basic earnings per share (RMB)	0.61	0.72	0.50	0.12	0.02
Diluted earnings per share (RMB)	0.61	0.72	0.50	0.12	0.02
Weighted average return on net assets	5.27%	6.43%	4.74%	1.20%	0.21%
Gearing ratio	65.73%	65.30%	68.46%	69.05%	71.29%
Net assets per share attributable to shareholders of the Company (RMB/share)	11.82	11.47	10.94	10.29	10.24

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients)

SECTION III REPORT OF THE BOARD

I. Discussion and Analysis on Business Operation

In 2022, by adhering to the leadership of the Party, the Company focused on its principal business of brokerage, maintained strategic consistency, emphasized business operation, strengthened risk control, enhanced internal management and steadily promoted the development strategy of “developing capital-light and capital-heavy businesses simultaneously, integrating capital-heavy business into capital-light business, and supporting capital-light business with capital-heavy business”, as it consolidated the foundations for the capital-light business and improved in deployment on the capital-heavy business to continuously boost its capability to serve the development of the real economy through financial services, and maintained the development trend of steady operation. Facing the complex market environment, the Company coordinated development and security, focused on its principal responsibilities and businesses, actively optimized business structure, effectively controlled the fluctuation of proprietary investment, and innovative business became a new growth point. It vigorously developed the business demanded by the customers, provided effective risk management and asset allocation tools for customers, rendered differentiated and one-stop integrated financial services for professional investors, and took the initiative to prevent and dissolve risks and improve the quality of development. During the Reporting Period, the Company’s market influence was steadily improved. The Company obtained various qualifications for innovative businesses including fund investment advisory and was awarded the “Featured Underwriter in Regional Services” in 2022 by the SSE, the “Outstanding Non-Banking Institute for Underwriting Local Bonds in 2022” by the CCDC and other awards. In 2022, the Company recorded revenue and other income of RMB15.0 billion, representing a year-on-year decrease of 31%, and a net profit attributable to shareholders of the listed company of RMB3.2 billion, representing a year-on-year decrease of 8%.

The Company’s main business includes wealth management business segment, corporate financing business segment, institutional customer business segment, investment trading business segment, asset management business segment and equity investment business segment.

Unit: RMB'000

Item	2022				2021			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business segment	8,571,194	57%	5,800,490	51%	13,847,394	63%	10,495,767	61%
Corporate financing business segment	1,621,802	11%	640,354	6%	2,161,079	10%	978,460	6%
Institutional customer business segment	1,402,929	9%	551,438	5%	1,269,805	6%	375,706	2%
Investment trading business segment	169,613	1%	343,090	3%	(11,385)	0%	483,230	3%
Asset management business segment	1,580,496	11%	899,258	8%	1,925,245	9%	865,178	5%
Equity investment business segment	225,435	2%	490,202	4%	1,220,468	6%	1,921,350	11%

SECTION III REPORT OF THE BOARD

1. Wealth management business segment

The corporate wealth management business segment mainly comprises retail business, margin financing and securities lending, stock pledge business, futures brokerage business and overseas wealth management and brokerage business.

In 2022, this business segment achieved revenue of RMB8.6 billion, accounting for 57% of the Group's total revenue.

Market environment

In 2022, the A-share market tumbled down amid fluctuations under the complex internal and external environment. The SSE Composite Index and the SZSE Component Index plunged by 15% and 26%, respectively, throughout the year. Investors' risk appetite declined and the market turnover shrank. Due to the market recession, the fund market recorded a sluggish performance with few products issued. Securities companies were under pressures on the overall performance. Under the environment with strengthened market volatility, the professional capabilities of securities companies were further tested. The transformation of wealth management sped up in evolving, and leading securities companies with capital and talent advantages gradually stood out.

In 2022, the balance of margin financing and securities lending in the entire market declined. As of the end of 2022, the balance of margin financing and securities lending in Shanghai and Shenzhen stock markets was RMB1,540.392 billion, a decrease of 15.93% from the end of 2021. Among them, the margin financing balance was RMB1,444.511 billion, a decrease of 15.63% from the end of 2021; the securities lending balance was RMB95.881 billion, a decrease of 20.19% from the end of 2021. The scale of stock pledge business in the entire market continued to decline.

With the drastic fluctuations of commodity prices, the trading activity in the futures market declined slightly in 2022. According to statistics from the China Futures Association, in 2022, the accumulated trading volume and the accumulated turnover in the national futures market reached 6.768 billion lots and RMB534.93 trillion, representing a year-on-year decrease of 9.93% and 7.96%, respectively.

As of the end 2022, the Hang Seng Index closed at 19,781 points, representing a decline of 15.46% as compared with the end of 2021. In terms of market activity, according to statistics from the Hong Kong Stock Exchange, the average daily turnover of the Main Board and GEM of the Hong Kong Stock Exchange was approximately HK\$124.907 billion in 2022, representing a year-on-year decrease of over 25%.

SECTION III REPORT OF THE BOARD

Operational measures and performance

(1) Retail business

In 2022, the Company focused on three tasks of “improving the efficiency of existing assets, accelerating the institutional brokerage business and enhancing asset allocation” for the retail business, continuously consolidated the financial product system, the asset allocation system and the securities investment and advisory system, strengthened the construction of the customer service ecosystem on wealth management and continued to expand the size of customer groups. It advanced the “Ten Million Customer” Project, improved customers’ service experience, deepened the building of core competitiveness and sped up in the transformation of the wealth management. The Company recorded increases in the total number of customers and the stock products during the Reporting Period.

As of the end of December 2022, the total number of customers of the Company reached 5,385,000, representing an increase of 11.86% from the end of 2021, and customers’ total assets reached RMB1.30 trillion. According to statistics from the Asset Management Association of China, as of the end of December 2022, the total scale of the stock + hybrid mutual funds of the Company was RMB26.2 billion, representing a year-on-year increase of 29.06%; and the total scale of mutual funds in the non-monetary market was RMB28.3 billion, representing a year-on-year increase of 30.41%.

Through diversified, hierarchical and classified services, the Company improved the business coverage on customers, fully explored the derivative value of stock assets and rapidly iterated the after-sales service system. The size of the institutional brokerage business was steadily expanded and the supporting capability of the professional trading system was significantly enhanced. The investment advisory business started rapidly. It officially launched the “Golden Sunshine Manager” fund investment advisory service and the size of the contracts in the securities investment advisory business multiplies, further improving the asset allocation system. The Company continuously enhanced the construction of investment advisory teams, deeply promoted professional investment advisory services, strengthened the asset allocation capability and customer companion and provided customers with warm, high-frequency and accessible advisory services through various forms to satisfy all-round and diversified wealth management demands of customers. It has developed three wealth management brands, namely “Sunshine Investment Consulting, Golden Sunshine Fund Manager and Golden Sunshine 30”. The Company won the “First Place in 2022 Outstanding Organization Award” in the 5th New Fortune Best Investment Advisor Selection.

(2) Margin financing and securities lending business

In 2022, the Company’s margin financing and securities lending business implemented precision marketing for different classes, flexibly adjusted the pricing mechanism, simultaneously developed big and small customers and further optimized the business structure. It further tightened the risk prevention and control system, enhanced counter-cyclical adjustment through the classified management of collaterals and asset quality was further improved. As of the end of December 2022, the Company’s margin financing and securities lending balance was RMB34.147 billion, representing a decrease of 24.18% from the end of 2021. The maintenance margin ratio of the Company’s margin financing and securities lending business was 245.41%.

SECTION III REPORT OF THE BOARD

(3) Stock pledge business

In 2022, the Company's stock pledge business continued to adhere to prudent operation, strictly controlled the quality of new projects and strictly controlled the risks in the businesses. It achieved remarkable results in resolving existing risks. As of the end of 2022, the Company's stock pledge balance was RMB2.865 billion, of which, the balance of the Company's own funds was RMB1.098 billion. The weighted average performance guarantee ratio of the Company's stock pledge self-funded projects was 279.66%.

(4) Futures brokerage business

The Company mainly develops futures brokerage business through its wholly-owned subsidiary, Everbright Futures. In 2022, Everbright Futures achieved stable and orderly operation by actively changing the operation concept, establishing the service system for three categories of customers and deeply serving real economies. It focused on professional development, continuously consolidated the customer foundation and expanded customer interests and the size of transactions. Customer interests continued growing. In 2022, Everbright Futures achieved an average daily margin of the customers of RMB30.0 billion, representing an increase of 40.10% year-on-year. As affected by domestic and overseas environment and the market, Everbright Futures achieved a market share of 2.23% in trading volume, representing a year-on-year decrease of 0.38 percentage point. As of the end of December 2022, the trading volume of Everbright Futures represented 1.40%, 1.66%, 2.97%, 3.67%, 1.28% and 0.54%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, the Energy Center and Guangzhou Futures Exchange.

(5) Overseas wealth management and brokerage business

The Company develops overseas wealth management and brokerage business mainly through its Hong Kong subsidiary. In 2022, the Hong Kong subsidiary steadily advanced brand renaming and platform integration for the wealth management and brokerage business, continuously deepened customer hierarchical management, adjusted business strategies based on market changes and customer demands in a timely manner and provided customers with diversified product platforms and professional wealth management services. The Hong Kong subsidiary was awarded several prizes, such as the "Best Hong Kong Broker" in The Asset, the "Prize for Outstanding Securities Companies", the "Prize for Outstanding Wealth Management Platform" and the "Prize for Outstanding Securities Agency Services in the Guangdong-Hong Kong-Macao Greater Bay Area" by the Bloomberg Businessweek (Chinese Version) 2022 Financial Institution Awards, and the "Best Hong Kong Securities Company" in Country Awards 2022 by FinanceAsia.

As of the end of 2022, the total number of overseas securities brokerage customers was 142,000, representing a year-on-year increase of 0.56%. According to data published by the Hong Kong Stock Exchange, the market share of Hong Kong stock brokerage business was 0.26%.

SECTION III REPORT OF THE BOARD

Outlook for 2023

In 2023, the Company's wealth management business will further implement the development logic on "customers, assets and revenue", practice the business target of "customer increase – asset increase – revenue increase", follow the customer-centric concept, continuously deepen the construction of the "wealth +" coordinated expansion platform and constantly improve services and the innovation capability to expand the service margin and achieve high-quality transformation.

For the margin financing and securities lending business, the Company will further diversify models of strategic services, enhance the application of financial technology and continuously conduct risk operation. Everbright Futures will focus on its principal responsibilities and businesses, practice the new development concept, focus on "three tasks" in financial work and initiate a new round of high-quality development of the Company. For the overseas wealth management business, the Company will adopt the two-pronged approach. It will grasp the time window of market recovery and seize the opportunities for business development externally and further promote the construction of automatic platforms and strengthen the construction of internal business ecosystems internally.

2. Corporate financing business segment

Our corporate financing business segment mainly includes equity financing business, debt financing business, overseas investment banking business and finance lease business.

In 2022, the business segment achieved business income of RMB1.6 billion, accounting for 11% of the Company's total revenue.

Market environment

In 2022, with the comprehensive implementation of the registration-based IPO system, the capital market is playing an increasingly important role in serving real economies, scientific and technological innovation in particular. Significant breakthroughs have been achieved in the development of the rule of law and the compliance and integrity awareness of issuers and intermediary agencies were gradually enhanced. The mechanism for the survival of the fittest in the market was further improved and the market structure and ecosystems were significantly optimized. According to Wind data, the total amount of equity funds raised in the A-share market was RMB1.6882 trillion in 2022, representing a year-on-year decrease of 7.13%; the number of IPOs decreased compared with 2021. The amount of IPO funds raised was RMB586.886 billion, representing a year-on-year increase.

In 2022, the bond underwriting size of securities companies shrank. The total bond underwriting amount of securities firms was RMB10.72 trillion, representing a year-on-year decrease of 29.61%. Resources were further concentrated among top securities firms and the scale of default and extension increased, resulting in higher pressures on risk prevention. The underwriting fee rate continued to decline, further increasing the difficulty in improving the profitability.

According to statistics from the Hong Kong Stock Exchange, throughout the year a total of 90 companies were newly listed on the Hong Kong Stock Exchange and approximately HK\$251.889 billion was raised, representing a decrease of approximately 8.16% and 67.43%, respectively, as compared with 98 companies and HK\$773.273 billion in the previous year.

SECTION III REPORT OF THE BOARD

Operational measures and performance

(1) Equity financing business

In 2022, the Company fulfilled the responsibilities and undertakings as a central enterprise on the equity financing business. It served real economies, focused on serving strategic emerging industries, further penetrated the development in the main area and conducted in-depth research on industries. It actively explored specialized and sophisticated enterprises that produce new and unique products and promoted the joint construction of projects and channels. The Company achieved breakthroughs in key large and medium-sized projects in the investment banking sector and recorded an increase in the equity underwriting amount. The Company completed 8 IPO programs and 8 refinancing programs, including the IPO program of Novosense on the SSE Sci-tech Innovation Board ranking top 10 in the market since its opening. The Company was awarded the “Golden Bull Award for Best Investment Banking Team” in the selection of the “Golden Bull Award for China’s Securities Companies in 2022”.

In 2022, the Company recorded total equity underwriting amount of RMB19.912 billion, representing an increase of 12.01% year-on-year, of which IPO financing scale was RMB10.224 billion, representing a decrease of 12.2% year-on-year. As of the end of 2022, the Company has 17 IPOs being reviewed by official supervision organs.

(2) Debt financing business

In 2022, for debt financing business, the Company promoted sustainable development and served the financing demands of real economies. It actively responded to national requirements on the development of green finance, boosted efforts in underwriting green bonds, explored mutual REITs on infrastructure and other categories, developed various benchmark programs in the market and enhanced its market influence with innovative financing methods, facilitating the achievement of national goals on carbon peaking and carbon neutrality. In 2022, the Company completed the first panda perpetual bonds on carbon neutrality in China, the first panda perpetual medium-term notes on rural revitalization in China and the first ABN for urban biomass power generation project in China and completed the REITs program of Gezhouba, representing the largest single REITs program on infrastructure on the stock exchange upon its issuance. Meanwhile, the Company continuously advanced product innovation and deeply tapped into the asset securitization business. It was awarded the “Outstanding Institute in Innovation of the Year in the 2022 Frontiers Awards for Real Estate Securitization”. The Company was awarded the “Prize for Featured Underwriters for Regional Services in 2022” by the Shanghai Stock Exchange, the “Junding Prize for Bonds Financing Programs in the Securities Industry in China in 2022”, the “Junding Prize for Asset Management ABS Teams in the Securities Industry in China in 2022”, the “Junding Prize for Financial Advisory on Mutual REITs in the Securities Industry in China in 2022” and the “Junding Prize for Mutual REITs Programs in the Securities Industry in China in 2022” by the Securities Times.

In 2022, the number of underwriting projects for corporate bonds was 1,312, representing a year-on-year increase of 15.90%. The underwriting amount was RMB351.2 billion, with a market share of 3.35%, ranking 6th in the industry. Among them, the underwriting amount of asset securitization business was RMB42.946 billion, ranking 9th in the industry; the underwriting amount of local government bonds was RMB162.279 billion, ranking 5th in the industry.

SECTION III REPORT OF THE BOARD

The underwriting amount, number and ranking of issued projects of major types of bond of the Company

Type of bonds	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	518.08	140	5
Corporate bonds	408.61	110	21
Asset securitization	429.46	166	9
Non-policy financial bonds	524.67	45	13
Local government bonds	1,622.79	847	5
Others	9.04	4	/

(3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In 2022, the Hong Kong subsidiary completed 12 IPO underwriting projects in the Hong Kong IPO market and acted the sole sponsor for 2 projects. The Hong Kong subsidiary ranked 14th in the entire market in terms of the number of IPO projects in the Hong Kong market by a third-party agency, sharply jumping 13 places as compared with last year.

(4) Financial leasing business

The Company conducts its finance lease business mainly through Everbright Leasing, a majority-owned subsidiary of the Company. In 2022, Everbright Leasing adhered to transformation and development and achieved certain results. In 2022, a total of 11 new projects had been launched, with a total investment of RMB800 million in financial leasing business.

Outlook for 2023

In 2023, in terms of equity financing business, the Company will improve the quantity and quality of project reserves, speed up in the platform-based construction, follow the orientation of the “three news and one high (namely, relying on new development stage, implementing new development concepts, creating new development patterns, and promoting high-quality development)” and expand the coverage over key industries. It will actively explore industrial customers such as central enterprises and SOEs, display local advantages of branches, boost in-depth regional penetration and coordinated implementation, embrace the comprehensive registration-based IPO system and continuously enhance the pricing and sales capabilities. The debt financing business will continue to strengthen the resources allocation for serving real economies, promote innovation in business development and explore new product sectors. It will continuously hold the bottom line of compliance and control business risks. It will promote the implementation of business models of “investment banking + commercial banks”, “investment banking + investment” and “investment banking + platforms” through coordinated empowerment. The Company will further promote internal and external synergies, support enterprises in the mainland to go global and advance the new pattern of two-way opening under the new development pattern of dual circulation.

SECTION III REPORT OF THE BOARD

3. Institutional customer business segment

Institutional customer business segment mainly comprises institutional trading business, prime brokerage business, asset custody and outsourcing business, investment research business, financial innovation business and overseas institutional sales business.

In 2022, the business segment realized revenue of RMB1.4 billion, accounting for 9% of the Group's total revenue.

Market environment

In 2022, the institutional trading volume declined as compared with last year as affected by the market environment. Securities companies attached greater importance to investment research and institutional services, continuously increased input and expanded the research team and the competition for institutional trading business was increasingly intensified. The Company increased the number of subsidiaries engaged in bank wealth management and increased investment in product net value, transaction execution, asset allocation management and other aspects and further expanded the development space for prime brokerage business of securities companies. The total management scale of private equity institutions as of the end of 2022 shrank by approximately 9% as compared with the end of 2021 while the total size of mutual funds generally maintained the same level. The size of bond funds, monetary market funds and other funds with fixed income expanded while the size of stock funds, hybrid funds and other equity funds declined significantly. Institutional customers put forward increasingly higher requirements on the professional, personalized and diversified services of securities companies, OTC derivatives business gradually became the important competition area of institutional business.

Operational measures and performance

(1) Institutional trading business

In 2022, the Company explored investment research services, strengthened online services for institutional customers, deeply tapped online resources and expanded and served professional institutional investors through various channels. It extracted value from key customers, consolidated traditional business advantages in serving mutual fund and insurance asset management sectors, continuously expanded customer coverage, actively explored non-mutual customers and strived to build service brand of Everbright. Meanwhile, it enhanced the coordination of internal businesses and utilized resources for product sales and other comprehensive service means to improve the capability on serving customers. In 2022, the market share of net income from seats commission of the Company was 2.39%.

(2) Prime brokerage business

In 2022, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services based on trading system, investment research, fund-raising, capital intermediary and FOF/MOM investment extended with other services to create the prime brokerage service brand. As of the end of 2022, the Company had cumulatively cooperated with a total of 1,691 private equity institutions, representing an increase of 37.59% compared with that of the end of 2021, and introduced a total of 5,082 PB products, representing an increase of 39.58% compared with that of the end of 2021. There were 2,798 existing PB products, representing an increase of 44.00% compared with that of the end of 2021.

SECTION III REPORT OF THE BOARD

(3) Asset custody and outsourcing business

In 2022, for asset custody and outsourcing business, the Company constantly promoted the construction of professional capabilities and platform systems, expanded customer groups and service margins and displayed the coordinated advantages of the custody business. As of the end of 2022, the scale of private and mutual fund custody amounted to RMB60.7 billion, representing an increase of 25.9% compared with that of the beginning of the year. The scale of private equity fund outsourcing amounted to RMB102.3 billion, representing an increase of 3.2% compared with that of the beginning of the year.

(4) Investment research business

In 2022, adhering to the implementation of the new development concept for investment research business, the Company sped up in the integration of professional researches, focused on in-depth studies, organized and planned a series of thematic studies, which closely focused on policy priorities and market hot topics like stabilizing economic growth, energy price, green finance and ESG. It accelerated in building a professional research team to better serve customers and the market through distinctive and in-depth research. The Company held 2 big online strategy meetings for investors and 2,002 phone meetings, published 4,794 research reports in total, conducted 19,543 roadshows and reverse roadshows and 354 inspections. As of the end of 2022, the Company researched and followed 695 A-share listed companies and 171 overseas listed companies, with an increasing market influence.

(5) Financial innovation business

In 2022, the Company actively responded to market changes, continuously enhanced the production innovation capability and promoted systematic and digital construction and gave full play to the synergistic effect of the OTC derivatives business. It steadily advanced return swaps, OTC options and income receipts business, further diversified the transaction structure and innovated business models, satisfied customers' personalized business demands and extended the radius of the Company's comprehensive financial services to build core capabilities on the OTC derivatives business of the Company. During the Reporting Period, for the exchange derivatives market maker business, the Company newly obtained the qualifications as the market maker for the Shanghai Stock Exchange CSI 500ETF options, the Shenzhen Stock Exchange SZSE 100ETF options, CSI 500ETF options and ChiNext ETF options as well as the lead market maker for the China Financial Futures Exchange CSI 1000 index options. It completed the obligations of market makers for exchange options and carried out the market making business in an orderly manner. In 2022, the Company recorded a revenue from the financial innovation business of RMB463 million, representing a year-on-year increase of 608%.

(6) Overseas institutional trading business

The Company conducts its overseas institutional trading business mainly through its Hong Kong subsidiary. In 2022, the overseas institutional trading business continued to enhance the promotion of investment research service, preliminarily realized synergistic effect of mutual empowerment with wealth management business. It formed a diversified interactive environment and further deepened cooperation with fund companies through putting quality fund products on the wealth management platform to build business ecosystem.

SECTION III REPORT OF THE BOARD

Outlook for 2023

In 2023, the Company will strengthen the planning on research activities, improve the trading service experience, deeply explore key customers values and expand customer coverage for the institutional trading business. It will continue to facilitate coordination and linkage of internal business, improve the level of institutional customer service and promote the establishment of the comprehensive service platform for institutional customers. For the prime brokerage business, the Company will continue to explore the client demands of commercial banks and wealth management subsidiaries, private funds, trusts companies and listed companies, integrate the resources of trading, research, fund-raising, capital intermediary and other comprehensive resources to form closed-loop services covering extensive financial customers through mutual promotion with traditional institutional trading businesses. For the asset custody business, the Company will continue to focus on its principal business as a securities company and the expansion of private equity investment funds, actively deploy on mutual funds and explore business opportunities for standard product trust and wealth management products, promote the resources integration model with coordinated development as the core and deepen technology empowerment to improve the per capita efficiency. The investment research business will focus on the core business, continue to build a special research area, improve the coverage rate of institutional customers and promote research ability and market influence. The financial innovation business will continue to improve the comprehensive service ability to customers, boost the efforts in system construction, enhance hedging transaction ability, give full play to the synergy of the company's multiple business lines and facilitate the stable business growth. The overseas institutional trading business will smoothen coordination paths and strengthen cross-border business cooperation.

4. Investment trading business segment

The investment trading business segment includes the proprietary equity investment business and the proprietary fixed income investment business.

In 2022, the business segment realized revenue of RMB170 million, accounting for 1% of the Group's total revenue.

Market environment

Since 2022, the domestic equity market has been under pressures on the whole due to the impacts of various internal and external factors. During the year, SSE Composite Index and CSI 300 Index recorded a decrease of 15.1% and 21.6%, respectively, throughout the year. In respect of the bond market, due to the impacts of the triple pressures on the domestic economy, the market liquidity was relatively loose. As the market expected that the domestic policies will maintain the general keynote of maintaining stable economic growth in the first three quarters, it boosted the bullish sentiment on the bond market and the yield rate curve generally moved down. As affected by the policies on supporting the real estate industry, the relatively tight capitals and other bearish factors in the fourth quarter, the bond market experienced significant adjustments.

Operational measures and performance

(1) Proprietary equity investment business

In 2022, for the proprietary equity investment business, the Company adhered to the concept of value investment and promoted the optimization of business models on the basis of directional investment. It continued to optimize the investment research methodology, established multi-strategy investment portfolio, effectively controlled risk exposure and reduced the impacts of market fluctuations on the operating performance of the Company, achieving year-on-year improvement in investment performance.

SECTION III REPORT OF THE BOARD

(2) Proprietary fixed income investment business

In 2022, for the proprietary fixed income investment business, the Company continuously strengthened the investment research foundations, closely followed market trends, adjusted strategies timely and diversified long-term allocation strategies. It actively adjusted the investment structure, increased the allocation of certificates of deposits, medium notes and other high-grade and quality credit varieties in an orderly manner, maintained a high proportion of high-grade varieties and increasingly expanded the scale. The Company actively participated in ESG themed investments to practice the green development concept and serve national strategies.

Outlook for 2023

In 2023, the Company will adhere to the “research-driven” strategy for the proprietary equity investment business. It will actively follow the market situation, continuously optimize business models and strategies and strive to contribute steady investment returns. For the proprietary fixed income investment business, the Company will continue to consolidate investment research foundations, appropriately expand the investment scale, conduct scientific investment layouts and diversify investment strategies.

5. Asset management business segment

The asset management business segment includes the asset management business, the fund management business and the overseas asset management business.

In 2022, the business segment realized income of RMB1.6 billion, accounting for 11% of the Group’s total revenue.

Market environment

In 2022, the reform and opening up of the capital market was continuously deepened; the varieties of various financial products and instruments were increasingly diversified; and residents’ wealth management demands increased remarkably with diversified characteristics. Asset management institutions continuously launched various featured asset management products based on their own resource endowments. The CSRC released the amended Measures for the Supervision and Administration of Mutual Fund Managers 《公開募集證券投資基金管理人監督管理辦法》 and its ancillary rules, which moderately relaxed the restrictions on the number of licenses for mutual funds under the same subject. The mutual fund business has become the key orientation for the development of the asset management business of securities companies, bringing about significant opportunities and transformation challenges to securities companies and asset management institutions.

Operational measures and performance

(1) Asset management business

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In 2022, facing the competitive landscape in the industry and changes in the market environment, Everbright Asset Management adhered to the “customer-centric” operational philosophy, focused on enhancing the active management capabilities and comprehensive customer services, vigorously explored institutional and retail businesses and developed various products under “fixed income +” strategies in combination with market demands. It promoted the public offering transformation of massive collective products in an orderly manner and conducted the operation of all massive collective products with reference to mutual funds. It intensified the building of investment research capabilities and product management to focus on customers’ needs and constantly consolidated active management capabilities.

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As of the end of 2022, the total AUM of Everbright Asset Management amounted to RMB365.417 billion, representing a decrease of 2.47% from the beginning of the year, of which the scale of the assets under active management accounted for 95.9% in the total AUM. According to the statistics released by the Asset Management Association of China, the monthly average private equity assets under management of Everbright Asset Management ranked 4th in the fourth quarter of 2022. In 2022, products under Everbright Asset Management were awarded 9 Golden Bull prizes, including the "Three-year Equity Long Position Continuous Excellent Golden Bull Asset Management Plan (三年期股票多頭型持續優勝金牛資管計劃)", the "Five-year Short-term Pure Bond Continuous Excellent Golden Bull Asset Management Plan (五年期短期純債型持續優勝金牛資管計劃)", the "Five-year Medium – to Long-term Pure Bond Continuous Excellent Golden Bull Asset Management Plan (五年期中長期純債型持續優勝金牛資管計劃)", the "Five-year Hybrid Bond (Secondary) Continuous Excellent Golden Bull Asset Management Plan (五年期混合債券型(二級)持續優勝金牛資管計劃)" and the "Five-year FOF Continuous Excellent Golden Bull Asset Management Plan (五年期FOF型持續優勝金牛資管計劃)".

(2) Funds management business

The Company mainly conducts funds management business through its majority-owned subsidiary, Everbright Pramerica. In 2022, Everbright Pramerica deeply built investment research capabilities, closely followed market and customer demands, constantly diversified the product matrix and increasingly intensified product and business innovation, achieving outstanding investment performance on the whole. It boosted cooperation with channels and facilitated the issuance of various products, launched and established 8 featured new mutual products with a raising scale of nearly RMB7 billion. As of the end of 2022, Everbright Pramerica has managed 74 mutual funds, 23 products for special accounts under management, 30 products of its asset management subsidiaries and the total AUM amounted to RMB106.3 billion. The AUM of mutual funds amounted to RMB81.9 billion, products for special accounts under management amounted to RMB6 billion, and products of its asset management subsidiaries amounted to RMB18.4 billion. In 2022, Everbright Pramerica was awarded the "Outstanding Growth Fund Company in 2022" by Investment Times.

(3) Overseas asset management business

The Company conducts its overseas asset management business mainly through its Hong Kong subsidiary. In 2022, under the drastic fluctuations of the global stock and bond markets, the Hong Kong subsidiary recorded investment performance of mutual fund products under its management higher than market indexes in the same period by continuously improving investment research capabilities and strengthen the control of market risks, and Everbright Income Focus Fund maintained the highest "Five Stars Rating" by Morningstar, Inc.

Outlook for 2023

In 2023, Everbright Asset Management will continue to vigorously exploit the market, explore customers' demand, strengthen planning on product layout and optimize the product spectrum. It will boost the building of investment research capabilities, diversify and optimize investment strategies, and improve the risk-return ratio of products to increasingly enhance the sense of accomplishment of customers. It will actively apply for qualification of mutual funds management and conduct internal control management and other preparations for the public offering transformation. Everbright Pramerica will expand product pool, speed up in the design and offering of various products, deeply focus on retail and institutional channel, strengthen the investment and research team building and the application of financial technology, so as to improve investment performance and cultivate funds with huge popularity in the market. The overseas asset management business will continue to strengthen independent investment and research capabilities, improve the product layout, consolidate product investment performance.

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6. Equity investment business segment

The equity investment business segment includes private fund investment and financing business and alternative investment business.

In 2022, the business segment realized revenue of RMB225 million, accounting for 2% of the Group's total revenue.

Market environment

In 2022, the private equity investment fund market maintained the trend of optimization and development under the background with external pressures and internal changes, the total amount of raised funds remained stable, and played an increasingly important role in supporting scientific and technological innovation. Under the background of the deepened participation of state-owned capital and equity investment and the accelerated layout on new infrastructure, large-scale policy funds and infrastructure investment funds were established, promoting the fundraising scale in the market to maintain a high level.

Operational measures and performance

(1) Private fund investment and financing business

The Company mainly conducts private fund investment and financing business through its wholly-owned subsidiaries, Everbright Capital and Everbright Development. In 2022, for direct investment projects and existing fund business, Everbright Capital continued to take measures to rectify such business according to the regulatory requirements and strengthened post-investment management of the existing investment projects, properly facilitate risks solving and addressing. Everbright Development continued to improve internal management system and enhance management effectiveness and refined level, and guaranteed the stable operation of existing products. It steadily advanced the withdrawal from projects.

(2) Alternative investment business

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. Everbright Fortune actively followed market situation and orderly proceeded relevant business on follow-up investment in the Sci-tech Innovation Board and the ChiNext and direct equity investment to achieve steady business development. Everbright Fortune strengthened the construction of professional post-investment management team and made efforts to the post-investment management of the existing projects to ensure the safe and orderly withdrawal from projects. It actively attended the strategic placing on the Sci-tech Innovation Board of the Company. As of the end of 2022, it has completed follow-up investment in ten companies on the Sci-tech Innovation Board.

Outlook for 2023

In 2023, Everbright Capital will continuously strengthen risk control and compliance management, adhere to prudent and stable operation, enhance post-investment management of existing direct investment and fund business to ensure legal and compliant operations. Everbright Development will further promote the transformation of business models and actively explore business innovation. Everbright Fortune will steadily advance strategic placing investment projects in the Sci-tech Innovation Board and ChiNext stock market, and actively expand equity investment and other businesses; focus on excellent enterprises with core competitiveness in key areas; continue to provide value-added services to investees with the advantages of securities brokerage platform.

SECTION III REPORT OF THE BOARD

II. Description of the Industry where the Company Operated during the Reporting Period

In 2022, under the complex and severe international landscape, the global economic development was profoundly affected by the Russia-Ukraine conflicts and the interest rate hike by the Federal Reserve. China was still under triple pressures of shrinking demand, disrupted supply and weakening expectations and the economic recovery in China experienced phased setbacks rarely seen in history. Thanks to the strong leadership and scientific deployment of the CPC Central Committee and the State Council, China's economic development continued to demonstrate the strong resilience, potential and vitality in leading global recovery.

The 20th National Congress of the CPC emphasized that China will improve the functions of the capital market and increase the proportion of direct financing. The CSRC fully practiced the concept of "system establishment, non-intervention and zero tolerance" and guided intermediary institutions to better serve real economies. The "marketized, legalized and internationalized" construction of the capital market in China was under continuous progress. The laws on futures and derivatives officially came into effect. The administrative measures on personal pensions and detailed rules on investment in mutual funds as well as new regulations on licenses for mutual funds have been implemented. The comprehensive registration-based IPO system was building momentum. The market making business on the Sci-tech Innovation Board started pilots and the rules on margin financing and securities lending and mixed market-making on Beijing Stock Exchange were launched. The multi-tiered market system was increasingly perfected and the two-way opening up was further expanded. With the institutional development trend of investors remained unchanged, the transformation of wealth management continued to speed up. The regulation was further stricter and the responsibilities of intermediary institutions increased significantly.

According to the Securities Association of China, 140 securities firms achieved a total revenue of RMB394.973 billion and net profit of RMB142.301 billion in 2022. As of the end of 2022, the total assets of the securities industry were RMB11.06 trillion, the net assets were RMB2.79 trillion. Throughout the year, securities companies realized RMB733.25 trillion of agency securities trading volume, RMB2.75 trillion of agency sales of financial products, RMB9.76 trillion of customer assets under entrusted management, and RMB5.92 trillion of direct financing for serving the real economy, actively contributing to stabilizing the macro-economic market. Securities companies raised financing of RMB4.54 trillion through corporate bonds, asset-backed securities and REITs, and guided financial resources to key fields and weak links such as real economy, green development and private economy.

Note: All industrial information was retrieved from the public disclosure of the SSE and the SZSE, Wind Info, the Securities Association and the Funds Association

SECTION III REPORT OF THE BOARD

III. The Company's Businesses for the Reporting Period

Wealth management business segment: The Company provides brokerage and investment consulting services for retail clients to earn fee and commission, holds cash on behalf of clients to earn interest income, and sells financial products developed by the Company and other financial institutions to earn commission fee; and earns interest income from margin financing and securities lending, collateralized stock repurchase transactions, securities transactions under repurchase agreement and stock option exercise with respect to share incentive schemes of listed companies.

Corporate financing business segment: The Company provides one-stop direct financing services for corporate customers and government customers, such as equity financing, debt financing, merger and acquisition financing, NEEQ and structural financing, asset securitization and financial advisory service, to earn fee and commission, and also to earn income from financial leasing business carried out by Everbright Leasing.

Institutional customer business segment: The Company earns fee and commission by providing integrated services such as investment research, prime brokerage and custody, customized financial products and package solutions and bond distribution to institutional clients.

Investment trading business segment: On the premise of value investment and steady operation, the Company engages in various investment in and trading of stocks, bonds and derivatives to earn investment income.

Asset management business segment: The Company provides institutional and individual clients with various securities assets management services and fund assets management services to earn management and advisory fees.

Equity investment business segment: The Company generates income from private equity investment, financing and alternative investment.

IV. Descriptions of the Material Changes in the Principal Assets of the Company during the Reporting Period

The principal assets of the Company include financial assets at fair value through profit or loss, cash held on behalf of brokerage clients, margin accounts receivable and investment in debt instruments at fair value through other comprehensive income, etc. For details of the changes in the principal assets during the Reporting Period, please refer to "VI. Key business operation for the Reporting Period – (I) Analysis of the principal businesses – 3. Analysis on principal components of consolidated statement of financial position" in this section.

Of which: Overseas assets reached RMB15.801 billion, representing 6.12% of the total assets.

Overseas assets are derived from the investment in a Hong Kong subsidiary, EBSI. Please refer to "VI. Key business operation for the Reporting Period – (V) Analysis on principal subsidiaries and controlled companies" in this section for details.

SECTION III REPORT OF THE BOARD

V. Analysis on Core Competitive Strengths during the Reporting Period

(I) Party building leads the role of central enterprises

Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company will continuously enhance the "Four Consciousness", persist with "Four Confidences" and endeavor to "Upholding in the Two Aspects". It will fully implement the general requirements on Party building in the new era, practically transform the political advantages, organizational advantages, and mass work advantages on Party building into development advantages and inject red power into the high-quality development of the Company. The Company will integrate the Party leadership into all processes of corporate governance, comprehensively strengthen the promotion of political ideology. It will promote the integration of Party building, disciplinary inspections, tour inspections, compliance and risk control, implement the requirements on strictly ruling the Party in all aspects and create a clean and upright development atmosphere. Everbright Group, the controlling shareholder of Everbright Securities, was promoted and established by the MOF and Huijin Company. It has a complete set of financial services licenses and featured businesses related to people's livelihood, characterized by its overall finance, the integration of industry and finance, the combined advantages of Chinese Mainland and Hong Kong, ranking among the Global 500. As the only core subsidiary of the Group with a securities license, the Company has always insisted on the political and popular nature of its financial work, and is committed to serving the people's growing demand for upgrading wealth management and direct financing in the real economy. In the future, the Company will be more proactive in integrating into and serving the new development pattern, demonstrating the responsibility of a central enterprise, and striving to transform the strategic plan of the 20th National Congress of the CPC into a vivid practice of promoting the Company's high-quality development.

(II) Significant achievements in serving the real economy

The Company firmly grasped the main line of work to serve the real economy, the direct financing provided to enterprises amounted to RMB209.7 billion in total throughout the year, of which direct financing for real economy-based enterprises accounted for 30.3%. With respect to the equity financing business, the Company has strengthened the deployment in key strategic areas of the country and provided precise services to "specialized and sophisticated enterprises that produce new and unique products". In recent years, our bond financing business strength has ranked top ten in the industry, and we continued to innovate and enhance our market influence. During the Reporting Period, we completed the issuance of the first panda perpetual bonds on "carbon neutrality", the first panda perpetual medium-term notes on rural revitalization in China, and REITs project, such as Gezhouba, actively served and supported the "double carbon" strategy and rural revitalization strategy, and assisted in the infrastructure construction and regional development.

(III) Collaborating with ecology to create value

The Company has taken the lead in the establishment of Everbright Group's "Institutional Customer Service Working Committee" and deeply participated in the "Wealth Management Working Committee" and "Serving People's Livelihood Working Committee", enabling it to fully mobilize various resources within the Group to support the Company's business development. The Company will continue to build a collaborative business ecosystem focusing on its "customer-centric" business philosophy, providing standardized and differentiated integrated solutions for customers at domestic and abroad. Adequate domestic and international linkages and a distinctive synergistic ecosystem will provide a constant impetus for the Company to deepen customer traffic attraction, strengthen cross-selling and provide high value-added services.

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(IV) Corporate culture gathering strength

The Company continued to build its core values and promote the righteousness of responsibility. The Company advocated the working style of “being honest, being professional, setting an example and caring for the grassroots”, encouraged truthfulness, practicality and effectiveness, promoted professionalism, and actively practiced the cultural philosophy of “compliance, integrity, professionalism and stability”. Through the “comprehensive inspection” conducted by the central government at the in-depth level, the systems and mechanisms have been further improved, and the foundation for healthy development has been further strengthened. Standing at the new starting point of building a modern capital market with Chinese characteristics, the Company will be guided by the spirit of the 20th National Congress of the CPC, take the cultural concept of the securities industry as the beacon, gather the majestic strength, work side by side, pool the wisdom, and help promote the high-quality development of a modern capital market with Chinese characteristics.

(V) Digital enabling wealth management

As one of the core members of Everbright Group, the Company shares the wealth management resources and brand value of the national-level financial control platform. In recent years, the Company has continued to strengthen its digital infrastructure, deepen the integration of business and technology, enhance the technological innovation and application, and build a “1+N headquarters empowerment” and “1+X regional business leadership” system to steadily improve its service level. The Company’s subsidiaries, namely, Everbright Asset Management, Everbright Pramerica and Everbright Futures, have continued to improve their product creation capabilities and enriched their asset management product portfolio. Meanwhile, the Company is actively exploring and building diversified financial service capabilities and continuously enhancing the professionalism of its wealth management business to meet the diverse and differentiated financial needs of the public.

SECTION III REPORT OF THE BOARD

VI. Key Business Operation for the Reporting Period

(I) Analysis of the principal businesses

For details, please refer to "I. Discussion and analysis on business operation" in this section.

1. Analysis of the major items of the consolidated statement of profit or loss

Table 1 Major revenue items

Unit: RMB' 000

Item	2022		2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission income	7,271,598	48%	9,345,505	43%	(2,073,907)	(22)%
Interest income	5,340,691	36%	6,245,276	29%	(904,585)	(14)%
Net investment gains	1,096,821	7%	1,438,456	7%	(341,635)	(24)%
Other income and gains	1,312,035	9%	4,868,597	22%	(3,556,562)	(73)%
Total revenue and other income	15,021,145		21,897,834		(6,876,689)	(31)%

In 2022, the revenue and other income of the Company amounted to RMB15.02 billion, representing a year-on-year decrease of 31%. In particular, fee and commission income amounted to RMB7.27 billion, representing a year-on-year decrease of 22%, which was mainly due to the decrease in fee and commission income from securities brokerage business and underwriting and sponsorship business. Interest income amounted to RMB5.34 billion, representing a year-on-year decrease of 14%, which was mainly due to the decreases in interest income from margin financing and securities lending and interest income from investment in debt instruments at fair value through other comprehensive income. Net investment gains amounted to RMB1.10 billion, representing a year-on-year decrease of 24%, which was mainly affected by market conditions and the structure of investment products. Other income and gains amounted to RMB1.31 billion, representing a year-on-year decrease of 73%, which was mainly due to the decrease of revenue from the commodity basis trading business in the year.

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Table 2 Major expenditure items

Unit: RMB' 000

Item	2022	2021	Increase/decrease	
			Amount	Percentage
Fee and commission expenses	1,091,866	1,513,415	(421,549)	(28)%
Interest expenses	3,248,434	3,740,079	(491,645)	(13)%
Staff costs	4,034,078	4,115,982	(81,904)	(2)%
Depreciation and amortization expenses	613,088	585,731	27,357	5%
Tax and surcharges	64,867	97,063	(32,196)	(33)%
Other operating expenses	2,256,212	6,116,509	(3,860,297)	(63)%
Provision for contingent liabilities	–	733,123	(733,123)	(100)%
Impairment losses	201,853	250	201,603	80,641%
Credit loss expense	(237,998)	394,172	(632,170)	(160)%
Total expenses	11,272,400	17,296,324	(6,023,924)	(35)%

In 2022, total expenses amounted to RMB11.27 billion, representing a year-on-year decrease of 35%. In particular, fee and commission expenses amounted to RMB1.09 billion, representing a year-on-year decrease of 28%, which was mainly due to the decrease in trading volume of securities brokerage business, leading to a decrease in sync with the decrease in fee and commission income. Interest expenses amounted to RMB3.25 billion, representing a year-on-year decrease of 13%, which was mainly due to the decrease in interest expenses on long-term bonds and placements from other financial institutions, partially offset by the increase in interest expenses on futures deposits. Staff costs amounted to RMB4.03 billion, which was basically the same with that of the corresponding period last year. Depreciation and amortization expenses amounted to RMB613 million, representing a year-on-year increase of 5%, which was mainly due to the increase in electronic and office equipment. Tax and surcharges amounted to RMB64.9 million, representing a year-on-year decrease of 33%, which was mainly due to the decrease in revenue. Other operating expenses amounted to RMB2.26 billion, representing a year-on-year decrease of 63%, which was mainly due to the decrease in commodities basis trading expenses. Impairment losses amounted to RMB202 million, which was the provisions for impairment of goodwill and impairment loss on inventory by the subsidiaries. Reversal of credit impairment losses amounted to RMB238 million, which was mainly due to the clearing and settlement of collateralized stock repurchase projects.

2. Cash Flows

In 2022, the cash and cash equivalents of the Company recorded a net increase of RMB2.41 billion, of which:

Net cash generated from operating activities amounted to RMB17.91 billion, mainly due to the decrease in margin accounts receivable and the increases in financial assets sold under repurchase agreements and other payables, partially offset by the increase in financial instruments at fair value through profit or loss.

The net cash used in investing activities amounted to RMB9.03 billion, mainly due to the net increase in the investments at fair value through other comprehensive income.

The net cash used in financing activities amounted to RMB6.47 billion, mainly due to the repayment of certain short-term debt financing instruments and long-term bonds during the Reporting Period, which was partially offset by the amounts received from the issuance of short-term debt financing instruments, perpetual bonds and long-term bonds during the Reporting Period.

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3. Analysis on principal components of consolidated statement of financial position

Unit: RMB' 000

Item	December 31, 2022		December 31, 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Non-current assets	37,063,315		31,295,166		5,768,149	18.43%
Property and equipment	823,147	0.32%	836,894	0.35%	(13,747)	(1.64)%
Right-of-use assets	542,666	0.21%	696,901	0.29%	(154,235)	(22.13)%
Investment properties	12,151	0.00%	–	–	12,151	N/A
Goodwill	834,718	0.32%	928,322	0.39%	(93,604)	(10.08)%
Other intangible assets	215,492	0.08%	257,413	0.11%	(41,921)	(16.29)%
Investments in associates and joint ventures	1,062,535	0.41%	1,004,204	0.42%	58,331	5.81%
Financial assets measured at amortized cost	3,485,729	1.35%	1,787,443	0.75%	1,698,286	95.01%
Debt investments at fair value through other comprehensive income	14,310,552	5.54%	11,675,724	4.88%	2,634,828	22.57%
Equity investments designated at fair value through other comprehensive income	2,485,330	0.96%	559,564	0.23%	1,925,766	344.15%
Financial assets held under resale agreements	37,314	0.01%	–	–	37,314	N/A
Refundable deposits	9,701,252	3.76%	10,245,462	4.28%	(544,210)	(5.31)%
Deferred tax assets	2,480,145	0.96%	2,156,069	0.90%	324,076	15.03%
Finance lease receivables	8,269	0.00%	54,744	0.02%	(46,475)	(84.90)%
Receivables arising from sale-and-leaseback arrangements	674,741	0.26%	851,140	0.36%	(176,399)	(20.73)%
Other non-current assets	389,274	0.15%	241,286	0.10%	147,988	61.33%
Current assets	221,291,167		207,812,435		13,478,732	6.49%
Accounts receivable	1,450,422	0.56%	1,939,085	0.81%	(488,663)	(25.20)%
Finance lease receivables	218,689	0.08%	593,616	0.25%	(374,927)	(63.16)%
Receivables arising from sale-and-leaseback arrangements	981,066	0.38%	902,106	0.38%	78,960	8.75%
Other receivables and prepayments	2,660,847	1.03%	1,297,547	0.54%	1,363,300	105.07%
Margin accounts receivable	36,814,356	14.25%	48,445,768	20.26%	(11,631,412)	(24.01)%
Debt investments at fair value through other comprehensive income	7,439,924	2.88%	1,422,355	0.59%	6,017,569	423.07%
Financial assets held under resale agreements	1,366,820	0.53%	6,792,387	2.84%	(5,425,567)	(79.88)%
Financial assets measured at amortized cost	103,643	0.04%	2,349,176	0.98%	(2,245,533)	(95.59)%
Financial assets at fair value through profit or loss	92,067,675	35.64%	68,750,197	28.75%	23,317,478	33.92%
Derivative financial assets	1,107,395	0.43%	547,338	0.23%	560,057	102.32%
Clearing settlement funds	1,188,681	0.46%	403,315	0.17%	785,366	194.73%
Cash held on behalf of brokerage clients	61,922,141	23.97%	62,134,265	25.99%	(212,124)	(0.34)%
Cash and bank balances	13,969,508	5.41%	12,235,280	5.12%	1,734,228	14.17%
Total assets	258,354,482		239,107,601		19,246,881	8.05%

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Item	December 31, 2022		December 31, 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Current liabilities	159,678,846		135,957,282		23,721,564	17.45%
Loans and borrowings	3,273,317	1.69%	4,960,033	2.75%	(1,686,716)	(34.01)%
Short-term debt instruments issued	8,575,315	4.43%	7,244,956	4.01%	1,330,359	18.36%
Placements from other financial institutions	13,704,055	7.08%	13,692,415	7.59%	11,640	0.09%
Accounts payable to brokerage clients	69,297,987	35.80%	70,224,000	38.90%	(926,013)	(1.32)%
Employee benefits payable	1,818,516	0.94%	1,821,514	1.01%	(2,998)	(0.16)%
Current tax liabilities	115,397	0.06%	764,321	0.42%	(648,924)	(84.90)%
Financial assets sold under repurchase agreements	31,249,189	16.14%	19,863,912	11.00%	11,385,277	57.32%
Financial liabilities at fair value through profit or loss	97,458	0.05%	342,425	0.19%	(244,967)	(71.54)%
Derivative financial liabilities	703,189	0.36%	512,046	0.28%	191,143	37.33%
Long-term bonds due within one year	15,349,694	7.93%	11,896,011	6.59%	3,453,683	29.03%
Lease liabilities due within one year	283,243	0.15%	249,072	0.14%	34,171	13.72%
Contract liabilities	44,636	0.02%	49,863	0.03%	(5,227)	(10.48)%
Other current liabilities	15,166,850	7.84%	4,336,714	2.40%	10,830,136	249.73%
Total assets less current liabilities	98,675,636		103,150,319		(4,474,683)	(4.34)%
Non-current liabilities	33,891,197		44,555,057		(10,663,860)	(23.93)%
Loans and borrowings	1,966,887	1.02%	2,793,973	1.55%	(827,086)	(29.60)%
Long-term bonds	26,266,790	13.57%	35,930,692	19.90%	(9,663,902)	(26.90)%
Employee benefits payable	–	–	1,244	0.00%	(1,244)	(100.00)%
Deferred tax liabilities	22,873	0.01%	18,103	0.01%	4,770	26.35%
Provision	5,284,293	2.73%	5,284,293	2.93%	–	0.00%
Lease liabilities	278,157	0.14%	461,820	0.26%	(183,663)	(39.77)%
Contract liabilities	–	–	988	0.00%	(988)	(100.00)%
Other non-current liabilities	72,197	0.04%	63,944	0.04%	8,253	12.91%
Total liabilities	193,570,043		180,512,339		13,057,704	7.23%
Net assets	64,784,439		58,595,262		6,189,177	10.56%

Except for the liabilities disclosed in this report, as at December 31, 2022, the Company had no outstanding mortgages, charges, debts, other debt capital, liabilities under acceptance or other similar indebtedness, hire purchase and financial leasing commitments, guarantees or other significant contingent liabilities.

Non-current assets:

As of December 31, 2022, the non-current assets of the Company amounted to RMB37.1 billion, representing an increase of 18% as compared with that of the beginning of the year, which was mainly due to the increases in investment in debt instruments at fair value through other comprehensive income, investment in equity instruments at fair value through other comprehensive income and financial assets measured at amortized cost, partially offset by the decrease in refundable deposits.

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Current assets:

As of December 31, 2022, the current assets of the Company amounted to RMB221.3 billion, representing an increase of 6% as compared with that of the beginning of the year, which was mainly due to the increase in financial assets at fair value through profit or loss, partially offset by the decrease in margin accounts receivable.

Current liabilities:

As of December 31, 2022, the current liabilities of the Company amounted to RMB159.7 billion, representing an increase of 17% as compared with that of the beginning of the year, which was mainly due to the increase in financial assets sold under repurchase agreements and other current liabilities.

Non-current liabilities:

As of December 31, 2022, the non-current liabilities of the Company amounted to RMB33.9 billion, representing a decrease of 24% as compared with that of the beginning of the year, which was mainly due to the decrease in bonds payable, loans and borrowings.

Borrowings and bond financing

Unit: RMB' 000

Item	2022	2021
Loans and borrowings	5,240,204	7,754,006
Short-term debt instruments issued	8,575,315	7,244,956
Long-term bonds	41,616,484	47,826,703
Total	55,432,003	62,825,665

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 45, 46 and 53 to the consolidated financial statements.

As at December 31, 2022, the Company's gearing ratio was 65.73%, the Company's borrowings, short-term commercial papers payable and bonds due within one year amounted to RMB27.2 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB194.1 billion. Therefore, the liquidity risk exposure of the Company was not material.

(II) Analysis on operational information by industries

Please refer to the description of industrial situation during the Reporting Period set out in "II. Description of the Industry where the Company Operated during the Reporting Period" in this section for details.

(III) Analysis on investments

As of the end of the Reporting Period, long-term equity investment of the Company amounted to RMB1.063 billion, representing an increase of RMB58 million or 5.81% from the beginning of the year, which was mainly due to the investment income from associates and joint ventures under the equity method. For details, please refer to the relevant disclosure in the financial report.

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1. Overall analysis on external equity investment

(1) Significant equity investment

The Company did not have any significant equity investment during the Reporting Period.

(2) Significant non-equity investment

The Company did not have any significant non-equity investment during the Reporting Period.

(IV) Material disposal of assets and equity interests

There was no significant disposal of assets and equity interests during the Reporting Period.

(V) Analysis on principal subsidiaries and controlled companies

1. Everbright Futures Co., Ltd, established on April 8, 1993 with a registered capital of RMB1.5 billion, is a wholly-owned subsidiary of the Company. It is principally engaged in commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management and distribution of publicly offered securities investment funds.

As of December 31, 2022, Everbright Futures had total assets, net assets and net profit for 2022 amounting to RMB31.279 billion, RMB2.729 billion and RMB326 million, respectively.

2. Shanghai Everbright Securities Asset Management Co., Ltd., established on February 21, 2012 with a registered capital of RMB200 million, is a wholly-owned subsidiary of the Company. It is principally engaged in securities asset management business.

As of December 31, 2022, Everbright Asset Management had total assets, net assets and net profit for 2022 amounting to RMB3.183 billion, RMB2.754 billion and RMB461 million, respectively.

3. Everbright Capital Investment Co., Ltd., established on November 7, 2008 with a registered capital of RMB4 billion, is a wholly-owned subsidiary of the Company. It is principally engaged in investment management, asset management, equity investment and investment consultation.

As of December 31, 2022, Everbright Capital had total assets, net assets and net profit for 2022 amounting to RMB2.632 billion, RMB-2.952 billion and RMB27 million, respectively.

4. Everbright Fortune Investment Co., Ltd., established on September 26, 2012 with a registered capital of RMB2 billion, is a wholly-owned subsidiary of the Company. It is principally engaged in financial products investment.

As of December 31, 2022, Everbright Fortune had total assets, net assets and net loss for 2022 amounting to RMB1.998 billion, RMB1.764 billion and RMB143 million, respectively.

5. Everbright Securities International Holdings Limited (formerly known as Everbright Securities Financial Holdings Limited) is a company with limited liability incorporated under the laws of Hong Kong with a registered capital of HK\$5.065 billion on November 19, 2010, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services.

As of December 31, 2022, EBSI had total assets, net assets and net loss for 2022 amounting to RMB15.801 billion, RMB884 million and RMB338 million (GAAP of China, equivalent to RMB), respectively.

China Everbright Securities International Company Limited (formerly known as Everbright Sun Hung Kai Company Limited) is the main operating and management platform of EBSI. As of December 31, 2022, China Everbright Securities International Company Limited had total assets of HK\$5.070 billion, net assets of HK\$2.595 billion and a net loss of HK\$17 million in 2022 under IFRSs.

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As of December 31, 2022, Everbright Securities International (HK) Limited (formerly known as China Everbright Securities International Limited), another subsidiary of EBSI, had total assets of HK\$164 million, net assets of HK\$-789 million and net loss of HK\$11 million in 2022 under IFRSs.

6. Everbright Development Investment Co., Ltd., established on June 12, 2017 with a registered capital of RMB500 million, is a wholly-owned subsidiary of the Company. It is principally engaged in equity investment, equity investment management, investment management, asset management, project investment and investment consultation.

As of December 31, 2022, Everbright Development had total assets, net assets and net loss for 2022 amounting to RMB687 million, RMB0.55 million and RMB596 million, respectively. (The share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) beneficially held by Everbright Development have been frozen due to the impact of MPS risk events. For details, please refer to the Company's announcements No. Lin 2022-007, No. Lin 2022-052 and No. Lin 2022-054 published on the website of the SSE and the announcements dated March 9, 2022, December 2, 2022 and December 20, 2022 published on the website of the Hong Kong Stock Exchange)

7. Everbright Fortune Financing Leasing Co., Ltd., established on September 29, 2014 with a registered capital of RMB1 billion, is held by the Company as to 85% equity interests through Everbright Capital and EBSI (among which, 35% equity interests held by Everbright Capital has been frozen due to the impact of MPS risk events and has been subsequently sold at current price according to the ruling of the court. For details, please refer to the Company's announcements No. Lin 2019-037 and No. Lin 2022-009 published on the website of the SSE and the announcements dated May 31, 2019 and March 16, 2022 published on the website of the Hong Kong Stock Exchange). It is principally engaged in financial leasing and leasing business etc..

As of December 31, 2022, Everbright Leasing had total assets, net assets and net profit for 2022 amounting to RMB2.302 billion, RMB1.264 billion and RMB28 million, respectively.

8. Everbright Pramerica Fund Management Co., Ltd., jointly established by the Company and PGIM, Inc. on April 22, 2004 with a registered capital of RMB160 million, is held by the Company as to 55% equity interests. It is principally engaged in fund raising, fund sales, asset management.

As of December 31, 2022, Everbright Pramerica had total assets, net assets and net profit for 2022 amounting to RMB1.507 billion, RMB1.311 billion and RMB105 million, respectively.

9. Dacheng Fund Management Co., Ltd., established on April 12, 1999 with a registered capital of RMB200 million, is held by the Company as to 25% equity interests. It is principally engaged in fund raising, fund sales and asset management.

As of December 31, 2022, Dacheng Fund had total assets, net assets and net profit for 2022 amounting to RMB5.313 billion, RMB3.154 billion and RMB417 million, respectively.

(VI) Structured entities under the control of the Company

As of the end of 2022, the Company consolidated 32 structured entities, including asset management plans and partnerships. For asset management plans that the Company acts as manager and partnerships that the Company acts as general partner or investment manager, the Company is of the view that it has control over certain asset management plans and partnerships taking into account various factors including its rights of making decision on investment and the exposure to variable returns, and includes them into the scope of consolidation. As at December 31, 2022, the net assets of the above structured entities within the scope of consolidation amounted to RMB10.5 billion.

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(VII) Financing channels of the Company

The financing channels of the Company comprise equity financing and debt financing. In 2022, the Company did not commence equity financing and its main debt financing instruments included: public corporate bonds, non-public corporate bonds, short-term corporate bonds of the securities companies, short-term commercial papers and structured notes of the securities companies, margin refinancing from CSFC, inter-bank borrowing, gold leasing and bond repurchase. The principal and interest of the debt financing instruments were all paid in a timely manner.

(VIII) Analysis of the financing capability of the Company

As an A+H listed securities firm with good market reputation and domestic and overseas financing capabilities, the Company attaches great importance to the maintenance of the relationship with counterparties of financing instruments and maintains a good partnership with commercial banks. At the end of 2022, the Company's total bank credit facilities amounted to RMB235 billion, with utilized lines of approximately RMB40 billion and unused lines of approximately RMB195 billion. Meanwhile, the strong capital strength of Everbright Group also provides solid guarantee for the Company.

VII. Discussion and Analysis on the Future Development of the Company

(I) Landscape and trend of the industry

In 2023, realizing high-quality development will remain the main line of development of the securities industry. The quality and effectiveness of finance serving to the real economy will continue to improve. The implementation of comprehensive registration system will bring about profound changes in the market pattern and business model, and the pricing mechanism, orientation and efficiency of the market will accelerate to be standardised after the fierce competition in market resources, promoting the investment banking business to realise increase in both issuance quantity and quality. Against the background of no speculation in housing, breaking the rigid repayment, lowering interest rate, the increasing expansion of the capital side and ongoing optimization of the asset structure, coupled with the continuous promotion of favorable systems such as individual pensions, and the further expansion of the scope of Mainland-Hong Kong Stock Connect targets, the transformation of securities firms' wealth management will accelerate.

(II) Company's development strategy

With the strategic goal of "establishing a first-class investment bank in China", the Company will insist on the development idea of "focusing on the main business development, insisting on stable development, promoting balanced development, strengthening collaborative development, and realizing safe development", and firmly implement the development strategy of "combining light and heavy, placing emphasis on light, and promoting light with heavy". We will practically implement the responsibilities of central financial enterprises, give full play to the intermediary function of brokers, and do our best to serve the real economy and significant national strategies. We will continue to promote the quality development of our core businesses, such as wealth institutions, investment banking and asset management, and realize the robust development of our investment and trading business, so as to build up Everbright's distinctive advantages and enhance our brand attractiveness and market competitiveness.

(III) Business plan

In 2023, the Company will further stick to strategic goal of "establishing a first-class investment bank in China", and implement the development strategy of "combining light and heavy, placing emphasis on light, and promoting light with heavy", we will fully integrate the spirit of the 20th National Congress of the CPC into all our work, implement the responsibility of inspection and rectification, consolidate the achievement, strengthen the application, fully implement the new development concept, serve "what the country needs" with "what Everbright can.", implement the "three tasks" of financial work, and play a role in serving the development of the real economy and implementing national significant strategies. For details of specific business initiatives, please refer to "I. Discussion and Analysis on Business Operation" in this section.

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(IV) Potential risk exposure (including the implementation of comprehensive risk management, compliance risk control and information technology investment)

1. *Summary of risk management*

By adhering to the risk management culture of sound operation, the Company continued to commit itself to establishing the comprehensive risk management system that matches the Company's strategic and development objectives, improving its risk management system, building its risk management information system and strengthening its professional risk management so as to effectively manage various risks faced during the Company's operations and promote the healthy and sustainable development of the Company's businesses.

2. *Risk management structure*

The Company's risk management organizational structure consists of four levels, including the Board of Directors and its risk management committee, Supervisory Committee; the management and its subordinate professional committees; the risk management functional departments; and various departments, branches and subsidiaries.

The Board of Directors shall undertake ultimate responsibility for comprehensive risk management and be responsible for advancing the construction of risk culture; considering and approving the basic system of the comprehensive risk management of the Company; considering and approving the risk preference, risk tolerance and significant risk limit of the Company; considering the regular risk assessment reports of the Company; and establishing a direct communication mechanism with the chief risk officer. The Board of Directors may authorize its subordinate Risk Management Committee to fulfill some of its comprehensive risk management duties. The Supervisory Committee shall undertake the supervisory responsibility for comprehensive risk management, and be responsible for supervising and examining the performance of duties of the Board and the management in the risk management aspect and supervising their rectification.

The management of the Company shall undertake primary responsibility for comprehensive risk management and be responsible for establishing and making timely adjustment to risk management system; establishing a healthy operation management structure for the Company's comprehensive risk management, clarifying the duty division of comprehensive risk management among risk management functions, business departments and other departments, and establishing a working mechanism that features effective check and balance and good coordination among the departments; establishing the specific execution plans on risk preference, risk tolerance and significant risk limit and ensuring the effective implementation of the plans; monitoring its progress, analyzing its reasons in a timely manner and handling it according to the authorizations granted by the Board; regularly assessing the overall risk of the Company and various types of material risk management conditions, resolving problems that are found in risk management and reporting the same to the Board; establishing a performance assessment system for all staff that covers effectiveness of risk management; establishing a complete IT system and data quality control mechanism. The management of the Company has set up various subordinate professional committees that are responsible for some of risk management functions within the scope of their respective duties.

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The departments which have risk management functions of the Company include risk management and internal control department, legal and compliance department, internal audit department, information technology headquarters, financial technology development department, financial management department, treasury management department, operations management headquarters, board office (supervisory committee office), investment banking quality control headquarters, investment banking internal audit office, and so on. Each functional department shall identify, monitor, evaluate and report various risks of the Company, assist, instruct and inspect each department, branches and subsidiaries of the Company correspondingly in accordance with the authorization of the Company.

Each director of the Company's business departments, branches and subsidiaries shall undertake direct responsibility for comprehensive risk management within their respective business field. Each of the Company's business departments, branches and subsidiaries is responsible for carrying out businesses strictly within the scope of authorizations granted according to the Company's authorization management system and unauthorized activities are strictly prohibited and are managed and controlled effectively by a way of establishing rules, procedures and systems.

The risk management and internal controls system of the Company is designed to manage rather than eliminate the risk of failure to achieve our business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board reviews the Company's risk assessment report on a semi-annual basis and the Company's internal control evaluation report and audit report of internal control on an annual basis, and has also audited and reviewed the Company's risk management and internal control system. In 2022, the Company's overall risk was basically controllable, the core risk control indicators continued to meet regulatory requirements, the Company maintained effective internal control over financial reporting in all material aspects in accordance with the requirements of its internal control standard system and relevant regulations, and no material defects in internal control over non-financial reporting were identified.

3. **Measures against various risks**

(1) *Market risk*

Market risk exposure to the Company refers to the potential loss in value of its financial instruments resulting from changes or fluctuations in their market prices, mainly including equity price risk, interest rate risk, exchange rate risk, commodity price risk, etc.

In terms of the market risk, the Company adheres to the principle of proactive management and quantitative orientation and establishes a risk limit system incorporated with various procedures for market risk tolerance and business risk limits based on the risk preferences of the Company. Risks are under control by a combination of investment portfolios, mark-to-market measures, hedging and mitigation measures during the business expansion. The general meeting of the Company determines the annual scale of proprietary trading business, the Board of Directors of the Company determines the market risk loss tolerance and the management of the Company and its committees determine the management mechanism for market risk tolerance and limits and are responsible for breaking down the market risk loss tolerance and reviewing and approving limits for specific business. Among them, business risk limit system and various risk indicators include value at risk (VaR), net exposure value, Greek letters, concentration, basis point value, etc. Stress testing is an integrated part of the Company's market risk management, therefore the Company has improved a stress testing mechanism to conducts regular or occasional tests on the

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corresponding investment portfolios in accordance with business development and market changes, evaluated the Company's potential losses under stress scenarios and made risk recommendations to provide a basis for the business departments and management's operational decisions. For OTC derivatives business, for risk management, the Company has insisted on market neutral strategy as the core, and established risk management measures such as access to the underlying pool, margin management, prior access to counterparties, in-market surveillance and post-collateral risk disposal, and set up risk limits such as Greek letter exposure, target concentration and stress test loss to carry out market risk management.

In view of its overseas expansion and business development, the Company may be exposed to foreign exchange risks. In terms of sources and use of proceeds, the Company's potential foreign exchange risks are mainly arising from investment in foreign currency assets through onshore RMB financing and investment in RMB assets through foreign currency financing. As of the end of the Reporting Period, the Company has not commenced any of the above businesses. Proceeds from foreign currency financing by offshore subsidiaries will be all specifically used for investment in the local market to achieve natural hedging of foreign exchange risks. Looking forward, the Company will mitigate foreign exchange risks through a range of hedging measures based on the actual situation so as to support its overseas business development.

(2) *Credit risk*

Credit risk refers to potential losses resulting from the failure of a debtor or counterparty to perform its obligations under a contract, mainly due to the securities and futures trading on behalf of the clients, default risk arising from bond issuers or OTC derivatives counterparties, and risks arising from the failure of full repayment as agreed by clients of financing businesses such as collateralized stock repurchase transactions, security transactions with repurchase agreement and margin financing and securities lending.

In terms of the securities and futures trading on behalf of the clients, all transactions thereunder are settled in margin deposits pursuant to the regulatory requirements, and therefore the exposure to credit risk is low. In terms of bond investment business, the Company controls the credit risk exposure by setting the investment concentration limit and the lower limit for debt investment rating, and closely monitoring the operating position and credit status of the bond issuers. For the financing business, the credit risk is controlled and managed through conducting risk education, credit investigation, credit extension, mark-to-market measures, risk alert, forced liquidation and judicial recourse for the clients, as well as establishing stringent standards for the scope and discount rate of collaterals, margin deposit ratios, and maintenance margin ratios. For the OTC derivatives business, the Company conducts due diligence, credit rating and scale control on the counterparties and applies the mark-to-market measures, collaterals supplement and disposal of collaterals to control the credit risk exposure from the counterparties.

(3) *Operational risk*

The operational risk exposure to the Company refers to the potential losses arising from defective internal procedures, human resource, IT system and external events.

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The Company has formulated administrative measures for the operational risk, specified the governance structure of the operational risk and strengthened the responsibilities and duties for managing each defense line of operational risk, in order to strictly control operational risks. The Company continues to improve the operational risk management system to integrate the operational risk management and internal control, reinforce the corresponding system such as monitor of internal control, authorization management and strengthen the perspectiveness and effectiveness of operational risk. The Company has promoted the construction and operation of three tools for managing operational risk, and further enhanced its capabilities in managing the operational risk through regulating operational risks loss data submission, enhancing the coverage rate of key indicators of operational risks, optimizing operational risks self-assessment approach, and further improved operational risks management ability, continually optimized operational risks management system, stably promoted the operational risks management to online and to standardization. The Company attaches great importance to the identification and control of operational risks in new business and new department, and standardizes the operating procedures so as to ensure that the overall operational risk faced by the Company is controllable and tolerable.

(4) *Liquidity risk*

Liquidity risk refers to the potential risk of the Company's failure to obtain sufficient funds at a reasonable cost to repay debts as they come due, perform its other payment obligations and satisfy the capital requirements for its normal business operations.

The Company has authorized the treasury management department to take charge of the overall liquidity risk management within the combination scope, implement overall control over the financing management of the Company, coordinate to satisfy the capital requirements of each branch, and carry out the daily liquidity management. The risk management and internal control department of the Company is responsible for monitoring the implementation of limit system for overall liquidity risk of the Company.

For the purpose of preventing the liquidity risk prudently, the Company has formulated and issued Administrative Measures for the Liquidity Risk of Everbright Securities Company Limited, specified the objective, strategy, governance structure, solutions and reporting system relating to the liquidity risk management, and actively carried out liquidity risk consolidation management to ensure that the overall liquidity risk within the consolidation scope is controllable.

Under assets and liabilities management and overall risk management policies, the Company persistently adheres to the strategy of robust risk management. The Company has adopted a proactive management and dynamic adjustment approach, and developed a tolerance and borrowing or lending management mechanism for the liquidity risks covering

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parent company and subsidiaries pursuant to the overall risks management policies. It has gradually improved the management framework for the differentiated liquidity risk of subsidiaries. The Company has established differentiated funds management patterns and a supporting mechanism for management, monitoring and alerts of liquidity risk limit based on the liquidity characteristics of different businesses. The Company has reasonably measured the management cost of liquidity risks and explored to fully incorporate liquidity factors into the pricing system of funds.

In terms of risk response, the Company has formulated a liquidity risk emergency plan, which defines and clarifies the level of liquidity risk, criteria of triggering, and response methods in detail, adhered to the bottom line of non-occurrence of liquidity risk through sufficient reserve of high-quality assets and prudent and dynamic management of the liability maturity structure, and carried out regular emergency drills to test the effectiveness of the risk response mechanism. In addition, the Company also actively expanded financing channels and financing methods, maintained a good cooperative relationship with external institutions, reserved sufficient external financing credits, to ensure the Company's sustainable and stable source of funds.

(5) *Information technology risk*

Information technology risks refer to the effects on the network and the information system or data as a result of human errors, the defects or failure of software and hardware and natural disaster, risks of loss caused by abnormal service capability, or data leakage. With the wide application of new-generation information technology in the field of finance, technology innovation has made risks more and more concealed, sudden and transmissible, and information technology risks have become more and more complex. During the Reporting Period, the Company focused on the strategic vision of digitalization, platformization and intellectualization of technology, continued to deepen information technology reform, strengthened information system security construction and quality control, improved information system operation and protection mechanism, enhanced information technology operation and maintenance management by using big data, cloud computing, artificial intelligence and other technologies, continuously optimized and improved emergency plans for internet security incidents, and further improved information technology risk monitoring and emergency disposal capabilities through regular emergency drills to enhance the information technology risk monitoring and emergency disposal capability and to ensure the long-term stable operation of the Company's information system, and no information technology risk events have occurred during the Reporting Period.

(6) *Reputational risk*

Reputational risk refers to the risk of the public negative perceptions on the Company from the Company's shareholders, employees, investors, issuers, third-party partners, regulators, self-regulatory organization, the public, media and others due to the Company's operation, management, other actions or external events or actions conducted by the Company's staff in violation of anti-corruption requirements, professional ethics, business code of conduction and industry rules, thus impairing the Company's brand value, prejudicing the Company's normal operation and even affecting the stability of the market and society.

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In order to effectively control reputational risk, the Company continued to carry out appropriate and effective reputational risk management, has established a standardized management system, a scientific organizational structure and a sound management and control system. The Company has also successively formulated and revised the Management Measures on Reputational Risk and Public Opinion Work, Implementation Rules for Reputational Risk and Public Opinion Work, Measures for the Management of Information Release, General Response Plan for Emergency, and other related measures.

The Company has a leading group for reputational risk and public opinion, which has realized the coordination and unity among the Company, the departments, the subsidiaries and sub-branches in reputation risk management, and improved employee reputational risk awareness and reputational risk management capabilities through system promotion, training, emergency drills, etc. In addition, the Company has set dedicated positions responsible for public opinion monitoring and addressing and the management of external media relations, and at the same time, the Company has also engaged third-party consultants and law firms to assist the Company in managing its reputational risk.

At present, the Company has achieved full coverage of the subsidiary's reputational risk prevention and control system.

(7) *Compliance risk*

Compliance risk refers to the risk of the Company being investigated for legal responsibility in accordance with laws, being taken regulatory measures, being given disciplinary action, or losing property or business reputation due to violations of laws, regulations and guidelines by the Company or its staff in operating management or practice.

In order to effectively control compliance risk, the Company prevents compliance risks mainly through mechanisms such as system development, compliance management and control, compliance culture development, parent company and subsidiary management and control, legal affairs management, practice behavior and corruption-free practice management and internal accountability, including: establish a compliance management

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system, and clearly define various requirements for compliance management through the system; strengthen the whole-process control of compliance management, and prevent occurrence of material compliance risks through pre-event compliance review, in-process compliance monitoring and post-event compliance inspection; attach importance to the development of compliance culture, and strengthen employees' awareness of internal control compliance with the focus of "Everbright law popularization "and case warning education, as well as compliance training and examination; strengthen the compliance management and control of parent company and subsidiary, improve the level of vertical management and control, and urge subsidiaries to improve internal compliance management systems through conducting legal compliance reviews, regular special inspections on major projects and other means; promote the establishment and improvement of the legal affairs management system, and carry out legal affairs risks management through contract review, litigation support and regulatory communication mechanisms; continue to improve the management and control of practice behavior and the management of corruption-free practice, promote the structuring and standardized management of compliance data through the application of information technology, and improve the scientific and technological level and management efficiency of monitoring; continue to improve the accountability mechanism, optimize the organizational system and procedures of the accountability work, pursue serious accountability with a zero-tolerance attitude, and continuously improve the standardization, accuracy and effectiveness of accountability work.

During the Reporting Period, the Company continued to improve the organizational structure of compliance management and optimize the compliance management and control mechanism. In terms of compliance management systems, the Company formulated 4 new systems and amended 9 systems based on the requirements of new regulations and established a system with 1 basic system, 1 implementation measure and 49 specific regulations, consolidating the performance of various compliance functions. In terms of the organizational structure of compliance management, the Board sets the targets on compliance management of the Company; the Supervisory Committee supervises the performance; the senior management of the Company implements the targets on compliance management; the chief compliance officer is accountable to the Board; and the legal and compliance department practically performs various compliance management functions.

In terms of compliance management on the investment banking business, the Company urges all departments under the investment banking system to carry out the internal application and publicity of new regulations combined with new regulations on investment banking released by regulatory departments. In terms of the investment research business, the Company specifies the performance of duties by compliance staff at all business lines and strengthens compliance management and the publicity of compliance. For the retail business, the Company reminds branches of relevant compliance risks and control measures in a timely manner and guides branches to carry out compliance management in branch institutions based on concerns on regulation. For the management of subsidiaries, it actively promotes rectifications under two specifications. In terms of corruption-free practice management, it conducts various corruption-free trainings within the Company and

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effectively publicizes requirements on corruption-free practice among frontline business staff in combination with case warning education. It insists on “keeping alert” and urges all employees to actively enhance the corruption-free and self-disciplinary awareness and keep away from various illegal and illicit behaviors. In addition, in accordance with relevant requirements of regulatory authorities on the implementation of the protection of consumers’ rights and interests, it also establishes the investors’ interest protection committee and sets up the management mechanism to further strengthen various functions of the Company on the protection of investors’ rights and interests.

4. *Implementation of overall risk management, compliance risk control and information technology input*

The Company highly values risk management and has always been committed to building an overall risk management system which matches with the Company’s strategic development objectives. During the Reporting Period, the Company continued to strengthen general risk combination management and the Group’s control, optimize the risk management system and mechanisms, organization structure, improve risk management system and mechanism, strengthen professional risk management and forward-looking control, increase the promotion on risk management culture and concept, enrich the risk management team, improve the risk management information systematization level, and promote the continuous improvement of the Company’s overall risk management system. In 2022, the total amount of investment in risk management amounted to RMB107 million for the year, including investment in risk management system and technology, risk control related team expenditure, training and operating expenses.

The Company continues to strengthen its investment in compliance management system: the first was to promote the development of compliance systems, to enrich, improve compliance monitoring and compliance staff management function, and practically improve the efficiency of daily compliance management. The second was to establish a pre-event risk control system for customer transaction behaviors to provide effective management and control methods for the management of abnormal customer transaction behaviors and reduce the risk of abnormal customer transactions. The third was continuously to establish and improve the review system of investment bank interest conflicts, information isolation wall system, anti-money laundering system, and monitoring system for sensitive person. The fourth was to optimize the database of laws and regulations to facilitate employees of the Company to search on legal basis and punishment cases at any time, and improve employees’ risk awareness and business development quality. During the Reporting Period, the amount of investment in compliance management system amounted to RMB1.65 million.

The Company attaches great importance to the supporting role of information technology in the overall operation and continuous business development of the Company, adheres to the strategic initiative of “Technology Empowerment”, insists on the concept of “stable support and integrated development”, and continues to increase investment in information technology to accelerate the Company’s digital transformation and facilitate the rapid development of the Company’s corporate business. The total investment in information technology in 2022 amounted to approximately RMB470 million, mainly for the construction of information technology infrastructure, daily operation and maintenance of information technology, research and development and construction of new information systems, and resident outsourcing costs.

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VIII. Profit Distribution and Proposed Dividend

For details of the formulation and implementation of the Company's cash dividend policies and the 2022 annual profit distribution proposal, please refer to "X. Proposal of Profit Distribution or Capitalization from Capital Reserve Fund" of Section IV "Corporate Governance" in this report.

IX. Other Information

(I) Directors, Supervisors and senior management of the Company

For details of the composition of the Directors, Supervisors and senior management of the Company, its changes during the Reporting Period and biographies, please refer to "III. Directors, Supervisors and Senior Management" of Section IV "Corporate Governance" in this report.

(II) Pre-emptive right

In accordance with the provisions of the PRC laws and the Articles of Association, the Company's shareholders do not have pre-emptive right to purchase shares.

(III) Service contracts of Directors and Supervisors

The Company has entered into "Service Contracts for Directors" and "Service Contracts for Supervisors" with its incumbent Directors and Supervisors. For details of the service terms of the Directors and Supervisors, please refer to "III. Directors, Supervisors and Senior Management" of Section IV "Corporate Governance" of this report.

None of the Company's Directors and Supervisors has signed with the Company or its subsidiaries any service contract which cannot be terminated within one year, or which cannot be terminated without payment of compensation, other than statutory compensation.

(IV) Right of Directors and Supervisors to purchase shares

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

(V) Directors' and Supervisors' interests in material contracts

Except for the service contracts, neither the Company nor its subsidiaries has entered into any significant transactions, arrangements or contracts in which the Directors or Supervisors or their connected entities have, directly or indirectly, a material interest during the Reporting Period.

(VI) Interest of Directors in business in competition with the Company

None of the Directors has any interest in any business that competes or may compete with the Company's business, directly or indirectly.

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(VII) Permitted indemnity provision

The Company has arranged for appropriate insurance in respect of the responsibilities of the Directors and members of the senior management to cover possible legal liabilities owed to third parties arising from corporate activities that may be faced by the Directors and members of the senior management.

(VIII) Management contracts

For the year ended December 31, 2022, no contract has been entered into for the management and administration of the entire or any material part of the business of the Group.

(IX) Major clients

The Group's major clients include individuals, corporations, institutional investors and financial institutions. The Group's clients are primarily located in China, but it expects to serve more overseas clients as the Group expands our overseas operations.

In 2022, income generated from the five largest clients of the Company accounted for less than 30% of the Group's total revenue and other income. The Group has no major suppliers due to the nature of our businesses.

(X) Reserves and reserves for profit distribution

For particulars about changes in reserves and reserves for profit distribution, please refer to the "Consolidated Statement of Changes in Equity" of the financial statements and Note 57 to the consolidated financial statements in this report.

(XI) Employees

Human resources are one of the most valuable assets of the Group. The Company is committed to strengthening talent team building and improving employee quality. Please refer to "IX. Information about the Staff of the Parent Company and Major Subsidiaries as of the end of the Reporting Period" of Section IV "Corporate Governance" in this report.

(XII) Equity-linked agreements

No equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

SECTION III REPORT OF THE BOARD

(XIII) Directors', Supervisors' and chief executive's interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations

As at December 31, 2022, according to the information obtained by the Company and to the knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

(XIV) Donations

During the Reporting Period, the Group's donations amounted to approximately RMB7.3871 million in total.

By order of the Board
Everbright Securities Company Limited
Zhao Ling
Chairman

Shanghai, the PRC
March 30, 2023

SECTION IV CORPORATE GOVERNANCE

I. Description of Corporate Governance

(I) Corporate governance

As a public company listed in both mainland China and Hong Kong, the Company has established a sound corporate governance system in strict compliance with the laws and regulations including the Company Law, the Securities Law, the Regulations for Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies, and the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules.

The Company has been continuing to improve its corporate governance structure towards independent functioning and checks and balances among general meeting, the Board, the Supervisory Committee and the management, so that each level plays its part within their respective scope of duties and authorizations to ensure standardized operation of the Company. The Company fully complied with all the provisions of the Corporate Governance Code, and met the requirements of the majority of the recommended best practices set out in the Corporate Governance Code.

During the Reporting Period, the Company convened 4 general meetings, 9 Board meetings, 9 meetings of the Supervisory Committee, 5 meetings of the Remuneration, Nomination and Credentials Committee, 7 meetings of the Audit and Related Party Transaction Control Committee and 3 meetings of the Risk Management Committee.

(II) Relationship with controlling shareholders

The Company operates in strict compliance with the Company Law, the Articles of Association and other laws, regulations and rules, and is independent of the controlling shareholders in respect of assets, personnel, finance, organization, business, etc., and has an independent and complete business system and independent operation capabilities, and there is no circumstance where the controlling shareholders may affect the independence of the Company. In respect of assets, the Company has independent and complete assets, and clear ownership of assets; in respect of personnel, the Company has an independent labor, HR and employment system; in respect of finance, the Company has established an independent and standardized accounting system and financial management system; in respect of organization, the Company has sound corporate governance structure with standardized management and operation; in respect of business, the Company has independent principal business and market-oriented independent operation capabilities.

(III) Corporate governance policies and the Board's responsibilities on corporate governance

In order to meet the corporate governance and standardized operation requirements of A+H listed company, on August 1, 2016, the Board meeting approved and adopted the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for listed securities transactions of the Company by all Directors and Supervisors, and adopted Appendix 14 to the Hong Kong Listing Rules as its own corporate governance guideline. On August 18, 2016, the H Shares of the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange.

According to Rule 3.21 of Hong Kong Listing Rules (in respect of audit committee), Rule 3.25 (in respect of remuneration committee) and paragraph B.3 of part 2 of the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules (in respect of nomination committee), independent non-executive directors shall account for the majority of members of the Remuneration, Nomination and Credentials Committee and the Audit and Related Party Transaction Control Committee of the Board of the Company. Currently, the composition of the special committees of the Board has conformed to the above requirements under the Hong Kong Listing Rules and the Corporate Governance Code.

In respect of the corporate governance, the responsibilities of the Board shall include the followings:

- (I) to formulate and review the corporate governance policies and practice of the Company and make recommendations to the Board;
- (II) to review and monitor the training and continuous professional development of the Directors and the senior management;

SECTION IV CORPORATE GOVERNANCE

- (III) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;
- (IV) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and Directors (if any); and
- (V) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Before the publication of this report, the Board reviewed the Corporate Governance section in this report, i.e., Corporate Governance Report, and was of the view that it is in compliance with the relevant requirements of the Hong Kong Listing Rules.

II. Information on General Meeting

(I) Shareholders and the general meeting

The general meeting is the authoritative organization of the Company, and all shareholders shall exercise their functions and powers through such meeting. The Articles of Association and Rules of Procedures of the General Meeting of the Company stipulate the rights and obligations of shareholders, the functions and power of general meeting, the convening of general meetings, the procedure of voting and the proposal of resolutions and other matters, thereby ensuring that the operation of general meeting of the Company is in order and effective, and safeguarding the interests of the shareholders, especially minority shareholders and the Company.

According to Article 82 of the Articles of Association, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such request to the Board of Directors in writing. The Board shall, in accordance with provisions of the law, administrative regulations and the Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the request. If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall serve a notice of the general meeting within five days after the Board of Directors has passed the board relevant resolution. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If the Board of Directors does not agree to hold such extraordinary general meeting or fails to give any reply within 10 days upon receipt of such request, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to propose to the Supervisory Committee to hold such extraordinary general meeting and shall propose to the Supervisory Committee in writing. If the Supervisory Committee agrees to hold such extraordinary general meeting, it shall serve a notice of such general meeting within five days upon receipt of such request. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If it fails to give such notice of the general meeting within the period of time set forth above, the Supervisory Committee shall be deemed not to convene and preside over such general meeting. The shareholder(s) severally or jointly holding 10% or more shares in the Company for more than consecutive 90 days may proceed to convene and preside over such general meeting by itself. Shareholders may also contact the Company through the contact information provided by the Company, please refer to "(I) Overview of investor relations of XVI. Investor Relations" of Section IV "Corporate Governance" for details.

In addition, according to Article 87 of the Articles of Association, when a general meeting of the Company is held, the Board of Directors, the Supervisory Committee and the shareholder(s) severally or jointly holding 3% or more shares in the Company shall have the right to make proposals regarding the matters to be resolved to the Company. The shareholder(s) severally or jointly holding 3% or more shares in the Company shall submit any temporary written proposals regarding the matters to be resolved to the convener 10 days before a general meeting is held. The convener shall give a supplementary notice of the general meeting and publicly announce the content of such temporary proposals within two days upon receipt of such proposal. Otherwise, the convener shall not change the proposals set out in the notice of general meeting or add any new proposals after the said notice announcement is served.

SECTION IV CORPORATE GOVERNANCE

(II) General meetings during the Reporting Period

Meeting	Date of meeting	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of publishing the resolutions	Resolutions at the meeting
2021 annual general meeting	June 14, 2022	http://www.sse.com.cn http://www.hkexnews.hk	June 14, 2022	To consider the Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company To consider the Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company To consider the Resolution in Respect of the 2021 Report of the Board of Directors of the Company To consider the Resolution in Respect of the 2021 Report of the Supervisory Committee of the Company To consider the Resolution in Respect of the 2021 Annual Report and its summary of the Company To consider the Resolution in Respect of the 2021 Profit Distribution Plan of the Company To consider the Proposal of Proprietary Trading Businesses Scale in 2022 of the Company To consider the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022 of the Company To consider the Proposal of Specific Mandate in relation to external donation of the Company To hear the Report on Performance Appraisal and Remuneration of Directors of the Company for 2021 To hear the Report on Performance Appraisal and Remuneration of Supervisors of the Company for 2021 To hear the Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021 To hear the Independent Directors' Annual Work Report for 2021
The first extraordinary general meeting in 2022	August 2, 2022	http://www.sse.com.cn http://www.hkexnews.hk	August 2, 2022	To consider the Resolution on the Amendments to the Articles of Association To consider the Resolution on the Amendments to the Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited To consider the Resolution on the Appointment of External Auditors for the Year of 2022
The second extraordinary general meeting in 2022	August 23, 2022	http://www.sse.com.cn http://www.hkexnews.hk	August 23, 2022	To consider the Proposal regarding the Election of Mr. Huang Xiaoguang as a Supervisor of the Company
The third extraordinary general meeting in 2022	November 22, 2022	http://www.sse.com.cn http://www.hkexnews.hk	November 22, 2022	To consider the Proposal regarding the Election of Mr. Yin Yanwu as a Director of the Company

As a responsible listed company, the Company effectively protects the rights and interests of minority shareholders, ensures their full right of information and the fairness of information disclosure, and continues to take a series of concrete actions to further enhance the quality and strength of communication with investors. The Company has formulated the Measures of Managing Information Disclosure of Everbright Securities 《光大證券信息披露事務管理制度》, Everbright Securities Insider Registration System 《光大證券內幕信息知情人登記制度》 and other rules and regulations. The Company has appointed the secretary to the Board of Directors and the company secretary to be responsible for information disclosure. The company secretary, the securities affairs representative and the office of the Board are appointed to assist in the disclosure of information and the handling of investor relations. The Company interacts with investors mainly through telephone, e-mail, the investor relations interactive platform on the Company's website, reception of visitors, participation in investor meetings, overseas road shows and other forms. Shareholders may submit inquiries and express their opinions to the Board in writing through the company secretary and the office of the Board. Where appropriate, the inquiries and opinions of shareholders will be forwarded to the Board and/or the relevant special committees under the Board of the Company, and ensure that the Company's shareholders, especially minority shareholders, are able to fully exercise their rights.

The Company has reviewed the shareholders' communication policy and considers that the Company has provided various channels for investors to understand the business and operations of the Group as well as channels for investors to express their opinions and comments. The Company also actively responded to the feedback from investors. The Company believes that the shareholders' communication policy implemented during the year is adequate and effective.

SECTION IV CORPORATE GOVERNANCE

III. Directors, Supervisors and Senior management

(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period

1. The current Directors, Supervisors and senior management

Name	Position (note)	Gender	Year of birth	Time of joining the Group	Start of the term of office	Expiration of the term of office	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand)	Whether received remuneration from any related party of the Company or not
Zhao Ling	Chairman of the Board, Executive Director	Male	1972	June 2022	June 14, 2022 June 14, 2022	December 14, 2023 December 14, 2023	185.93	No
Liu Qiuming	Executive Director, President	Male	1976	January 2020	March 13, 2020 March 13, 2020	December 14, 2023 -	272.89	No
Song Bingfang	Non-executive Director	Male	1971	August 2018	August 13, 2018	December 14, 2023	0	Yes
Fu Jianping	Non-executive Director	Male	1971	December 2020	December 15, 2020	December 14, 2023	0	Yes
Yin Yanwu	Non-executive Director	Male	1974	November 2022	November 22, 2022	December 14, 2023	0	Yes
Chan Ming Kin	Non-executive Director	Male	1969	June 2008	November 13, 2014	December 14, 2023	0	Yes
Tian Wei	Non-executive Director	Male	1973	December 2020	December 15, 2020	December 14, 2023	0	No
Yu Mingxiong	Non-executive Director	Male	1977	December 2020	December 15, 2020	December 14, 2023	0	Yes
Wang Yong	Independent Non-executive Director	Male	1966	November 2018	November 1, 2018	December 14, 2023	24.00	No
Po Wai Kwong	Independent Non-executive Director	Male	1957	December 2020	December 15, 2020	December 14, 2023	24.00	No
Ren Yongping	Independent Non-executive Director	Male	1963	December 2020	December 15, 2020	December 14, 2023	24.00	No
Yin Junming	Independent Non-executive Director	Male	1972	December 2020	December 15, 2020	December 14, 2023	24.00	No
Liu Yunhong	Independent Non-executive Director	Male	1976	December 2020	December 15, 2020	December 14, 2023	24.00	No
Liang Yi	Chairman of the Supervisory Committee	Male	1966	June 2022	June 14, 2022	December 14, 2023	165.34	No
Wu Chunsheng	Supervisor	Male	1963	December 2020	December 15, 2020	December 14, 2023	0	Yes
Wang Hongyang	Supervisor	Male	1977	October 2017	October 17, 2017	December 14, 2023	0	Yes
Huang Xiaoguang	Supervisor	Male	1971	August 2022	August 23, 2022	December 14, 2023	0	No
Zhu Wuxiang	External Supervisor	Male	1965	September 2014	September 15, 2014	December 14, 2023	20	No
Cheng Fengchao	External Supervisor	Male	1959	December 2020	December 15, 2020	December 14, 2023	20	No
Huang Qin	Employee Supervisor	Female	1975	May 1997	September 23, 2014	December 14, 2023	342.89	No
Li Xianzhi	Employee Supervisor	Male	1965	October 2006	October 17, 2017	December 14, 2023	188.37	No
Lin Jingmin	Employee Supervisor	Female	1983	July 2008	November 12, 2021	December 14, 2023	162.56	No
Wang Zhong	Vice President	Male	1972	December 2014	March 12, 2015	-	243.50	No
Mei Jian	Vice President	Male	1970	August 2006	January 12, 2017	-	259.56	No
Zhu Qin	Vice President, Chief Compliance Officer, Chief Risk Officer, Secretary to the Board	Female	1970	August 1997	December 31, 2019 February 27, 2020 December 31, 2019 February 6, 2017	- - - -	254.84	No
Xiong Guobing	Senior expert	Male	1968	November 2004	November 21, 2019	-	259.44	No
Wang Cuiting	Chairman of the Labor Union, Senior expert	Female	1966	March 2004	November 21, 2019	-	259.46	No
Li Bingtao	Business Line Director	Male	1976	March 2014	February 13, 2017	-	165.96	No
Fang Ye	Chief Information Officer	Male	1971	April 2020	April 17, 2020	-	180.30	No
Liang Chunliang	Business Line Director	Male	1971	April 2020	April 17, 2020	-	176.44	No
Wang Pei	Business Line Director	Male	1976	May 2011	January 6, 2023	-	-	No
Total	/	/	/	/	/	/	3,277.48	/

SECTION IV CORPORATE GOVERNANCE

2. Resigned Directors, Supervisors and senior management during the Reporting Period

Name	Position (note)	Gender	Year of birth	Start of the term of office	Expiration of the term of office
Yan Jun	Chairman, Executive Director	Male	1970	July 3, 2019 April 28, 2019	April 19, 2022 April 19, 2022
Cai Minnan	Non-executive Director	Male	1979	November 16, 2021	August 19, 2022
Liu Jiping	Chairman of the Supervisory Committee	Male	1964	June 9, 2005	April 19, 2022
Yang Weirong	Supervisor	Male	1975	December 15, 2020	June 28, 2022
Dong Jie	Business Line Director	Female	1967	July 22, 2017	December 27, 2022

Note 1: The Directors, Supervisors and senior management of the Company do not hold any shares of the Company, and there was no change in shareholdings during the Reporting Period.

Note 2: The Company held the 2021 annual general meeting on June 14, 2022, and elected Mr. Zhao Ling as the Executive Director of the sixth session of the Board. On the same day, the Company held the 14th meeting of the sixth session of the Board and elected Mr. Zhao Ling as the Chairman of the sixth session of the Board.

The Board of the Company received a letter of resignation from Mr. Yan Jun, the Chairman of the Company, on April 19, 2022. Mr. Yan Jun resigned as the Chairman and an Executive Director of the Company due to change of job assignment.

Note 3: The Company held the 2022 third extraordinary general meeting on November 22, 2022 and Mr. Yin Yanwu was elected as a non-executive Director of the sixth session of the Board.

The Board of the Company received a letter of resignation from Mr. Cai Minnan, our non-executive Director, on August 19, 2022. Mr. Cai Minnan resigned as a non-executive Director of the Company due to change of job assignment.

Note 4: The Company held the 2021 annual general meeting on June 14, 2022, and elected Mr. Liang Yi as the Supervisor of the sixth session of the Supervisory Committee. On the same day, the Company held the 11th meeting of the sixth session of the Supervisory Committee and elected Mr. Liang Yi as the Chairman of the sixth session of Supervisory Committee.

The Supervisory Committee of the Company received a letter of resignation from Mr. Liu Jiping, the Chairman of the Supervisory Committee of the Company, on April 19, 2022. Mr. Liu Jiping resigned as the Chairman of the Supervisory Committee and a Supervisor of the Company due to change of job assignment.

Note 5: The Company held the 2022 second extraordinary general meeting on August 23, 2022, and elected Mr. Huang Xiaoguang as the Supervisor of the sixth session of the Supervisory Committee.

The Supervisory Committee of the Company received a letter of resignation from Mr. Yang Weirong, a Supervisor of the Company, on June 28, 2022. Mr. Yang Weirong resigned as a Supervisor of the Company due to change of job assignment.

Note 6: On January 6, 2023, the 20th meeting of the sixth session of the Board considered and approved the appointment of Mr. Wang Pei as a business line director of the Company.

The Board of the Company received a letter of resignation from Ms. Dong Jie, a business line director of the Company, on December 27, 2022. Ms. Dong Jie resigned as a business line director of the Company due to her retirement procedure.

SECTION IV CORPORATE GOVERNANCE

Note 7: During the Reporting Period, the number of Directors, Supervisors and senior management personnel who resigned (including change): 5; the number of resigned personnel, representing 16.13% of that of all Directors, Supervisors and senior management at the beginning of the Reporting Period.

Note 8: According to the relevant requirements of the Rules for Governance of Securities Companies 《證券公司治理準則》, payment of more than 40% of annual performance-based remuneration for the senior management of the securities companies shall be deferred for a period of at least three years. Pursuant to the above requirements, during the Reporting Period, the following personnel have also received the performance bonuses of 2021 and deferred performance bonuses of previous years: Liu Qiuming (劉秋明): RMB922,100, Wang Zhong (王忠): RMB458,300, Mei Jian (梅鍵): RMB739,000, Zhu Qin (朱勤): RMB708,100, Xiong Guobing (熊國兵): RMB753,700, Fang Ye (房擘): RMB1,038,100, Liang Chunliang (梁純良): RMB962,200.

Note 9: During the Reporting Period, Mr. Cai Minnan and Mr. Yang Weirong did not receive remuneration from the Company. Mr. Yan Jun, Mr. Liu Jiping and Ms. Dong Jie received pre-tax remuneration totalling RMB964,500, RMB910,300 and RMB1,807,200, respectively, from the Company.

3. *Biographical details of the current Directors, Supervisors and senior management*

Name	Principal work experience
Zhao Ling (趙陵)	Mr. Zhao currently serves as the chairman and executive Director of the Company. He had served as a staff member of the treasury department, a deputy director of trading office, the director of the investment and trading division, an assistant to the general manager, a deputy general manager, an executive deputy general manager, the general manager, the general manager of the financial market department, chief business officer, a member of the CPC Committee, deputy president and secretary to the board of directors of China Everbright Bank Company Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). He had also held directorship at Sun Life Everbright Asset Management Co., Ltd., CEB International Investment Corporation Limited and China Everbright Bank (Europe) S.A., respectively.
Liu Qiuming (劉秋明)	Mr. Liu currently serves as the executive Director and the president of the Company. He previously served as the head of the institutional customer business of Shenyin & Wanguo Securities Co., Ltd., the managing director of UBS Securities Co., Limited (瑞銀證券有限責任公司), an executive member of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601318, Hong Kong Stock Exchange stock code: 2318), the vice president of Ping An Securities Co., Ltd. (平安證券有限責任公司) and the chairman of the board and president of CMIG Capital Company Limited (中民投資本管理有限公司).

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Song Bingfang (宋炳方)	Mr. Song is currently a non-executive Director of the Company, a director of inspection office of China Everbright Group Ltd. and a director of China Youth Travel Group Limited (中國青旅集團有限公司). He previously served at China Investment Bank (中國投資銀行), China Development Bank (國家開發銀行) and China Everbright Bank (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). During his tenure at China Everbright Bank, he took a temporary post as an assistant to director of the financial affairs office of the People's Government of Inner Mongolia Autonomous Region. He joined China Everbright (Group) Corporation on July 2010 and successively served as the director and assistant to the general manager of the strategic planning department, assistant to the director and deputy director of the office of the Board of Directors (and the Supervisory Committee), and the deputy director, senior expert, deputy director (director level) and director of the office of the Board of Directors.
Fu Jianping (付建平)	Mr. Fu is currently a non-executive Director of the Company, and a senior expert of China Everbright Group Ltd.. He previously served at China Everbright Bank (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818) as senior deputy manager of the strategic management department, as deputy director and director of the equity management department of China Everbright (Group) Corporation, as vice general manager of the equity management department and vice general manager of the investment and restructuring department of China Everbright Group Ltd.
Mr. Yin Yanwu (尹岩武)	Mr. Yin is currently a non-executive Director of the Company, a member of the Party Committee, an executive director, the vice president and a member of the management decision committee of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165), the chairman and legal representative of Shanghai Everbright Investment Management Co., Ltd. (上海光控動態投資管理有限公司), the chairman, manager and legal representative of China Everbright Asset Management (Shanghai) Co. Ltd. (光控資產管理(上海)有限公司), and a director of China Everbright Assets Management Limited (中國光大資產管理有限公司). He once served as a member of the executive committee and business director of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601881, Hong Kong Stock Exchange stock code: 6881), the chairman, director of the executive committee and director of the investment decision committee of Galaxy Jinhui Securities Assets Management Co., Ltd.(銀河金匯證券資產管理有限公司) and other positions.
Chan Ming Kin (陳明堅)	Mr. Chan is currently a non-executive Director of the Company, chief legal counsel of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165). He is a Hong Kong lawyer, and previously served as a Supervisor of the Company and company secretary of China Everbright Limited.

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Name	Principal work experience
Tian Wei (田威)	<p>Mr. Tian is currently a non-executive Director of the Company, Party member and chief accountant of China Minmetals Corporation. Mr. Tian served as assistant general manager of the financial department of China State Construction Engineering Corporation, deputy chief financial officer (team member) of China Construction America, Inc., assistant general manager, vice general manager and general manager of the investment department, general manager of the financial department, and director of the office of China State Construction Engineering Corporation Limited (中國建築股份有限公司, a company listed on the SSE, stock code: 601668), a director of CSCEC Capital (Hong Kong) Limited, a director of China State Construction Finance Co., Ltd. and vice chairman of Central SOEs Industrial Investment Fund for Rural Industries Co., Ltd. (中央企業鄉村產業投資基金股份有限公司).</p>
Yu Mingxiong (余明雄)	<p>Mr. Yu is currently a non-executive Director of the Company, the director of the audit department of China State Shipbuilding Corporation Limited (中國船舶集團有限公司), the director and general manager of China Shipbuilding Capital Limited (中國船舶資本有限公司). He previously served as the deputy secretary of the Youth League Committee, secretary of the Youth League Committee, deputy director of the party member office of party member department, and director of the second audit office of the audit department of Aerospace Times Instrument Company (航天時代儀器公司) under China Aerospace Science and Technology Corporation, the director of discipline inspection and supervision legal office of the general department and deputy secretary of Discipline Inspection Commission of China Academy of Space Technology (中國空間技術研究院) under China Aerospace Science and Technology Corporation, the head of the audit and supervision department, the office director of major project and the head of the strategic planning department of AVIC Heavy Machinery Co., Ltd (中航重機股份有限公司, a company listed on the SSE, stock code: 600765) under Aviation Industry Corporation of China, the director (part-time) of AVIC Shaanxi Hongyuan Aviation Forging Company Ltd. as well as the director (part-time) of Guizhou Anda Aviation Forging Co., Ltd., the secretary of Party Committee, vice general manager and director (temporary post) of Jiangxi Jinghang Aviation Forging & Casting Co., Ltd., and he worked as deputy director of the audit department of China Shipbuilding Industry Corporation and the general manager and the secretary to the Communist Party of China Party Branch of China Heavy Shipping Finance Co., Limited.</p>

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Wang Yong (王勇)	<p>Mr. Wang is currently an independent non-executive Director of the Company, director of the Executive Committee of the China Enterprise Development and M&A Research Center, the office director of the Business Scholars Program and director of the Cooperative Development Office of the School of Economics and Management, Tsinghua University, an independent director of Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1526), and an independent director of Yunnan Copper Co., Ltd. (雲南銅業股份有限公司, a company listed on the SZSE, stock code: 000878). He served as the project director of the Institute of Mechanical and Electrical, the deputy manager of the Mechanical and Electrical Equipment Plant, the manager of Water and Power Equipment Model Plant of China Institute of Water Resources and Hydropower Research (中國水利水電科學院), the deputy general manager of SRIT NETech Co., Ltd. (國研網絡數據科技有限公司), an independent director of Shenzhen Clou Electronics Co., Ltd. (深圳市科陸電子科技股份有限公司, a company listed on the SZSE, code: 002121) and Shenzhen Ocean's King Lighting Science & Technology Co., Ltd. (深圳市海洋王照明科技股份有限公司, a company listed on the SZSE, stock code: 002724).</p>
Po Wai Kwong (浦偉光)	<p>Mr. Po is currently an independent non-executive Director of the Company, and an independent director of China Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601066, Hong Kong Stock Exchange stock code: 6066) and Citibank (Hong Kong) Limited, and he served as a member of the Advisory Committee of the Hang Seng Index in Hong Kong. He previously served as the executive director of the Hong Kong Insurance Authority, senior director of the Securities and Futures Commission (SFC) and director of the agency supervision division of the SFC, chairman of the No. 3 committee of supervision of market agencies of the International Organization of Securities Commissions and a member of the International Advisory Council of the CSRC.</p>
Ren Yongping (任永平)	<p>Mr. Ren is currently an independent non-executive Director of the Company, an accounting professor and doctoral supervisor of management school of Shanghai University, academic director of MBA Center of Shanghai University and an independent director of Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司, a company listed on SSE, stock code: 600486), Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. (a company listed on the SZSE, stock code: 003015), Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司, a company listed on the SSE, stock code: 900929) and Chuangzhi Technology (Jiangsu) Co., Ltd (unlisted company). He previously served as vice dean of management school and secretary of Party Committee of Shanghai University, lecturer, associate professor and professor of Jiangsu University, a director of Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司, a company listed on the SZSE, stock code: 300266), and an independent director of Tengda Construction Group Co., Ltd. (騰達建設集團股份有限公司, a company listed on the SSE, stock code: 600512), Kama Co., Ltd. (恒天凱馬股份有限公司, a company listed on the SSE, stock code: 900953), Kehua Holdings Co., Ltd. (科華控股股份有限公司, a company listed on the SSE, stock code: 603161), Jiangsu Hengshun Vinegar Industry Co., Ltd. (江蘇恆順醋業股份有限公司, a company listed on the SSE, stock code: 600305) and other companies.</p>

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Yin Junming (殷俊明)	Mr. Yin is currently an independent non-executive Director of the Company, and an accounting professor of the accounting school of Nanjing Audit University and an independent director of Jiangsu Canton Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司, a company listed on the SZSE, stock code: 300715), Shuangdeng Group Co., Ltd., Anhui Shenjian New Materials Co., Ltd. (安徽神劍新材料股份有限公司, a company listed on the SZSE, stock code: 002361), and Suning Universal Co., Ltd. (蘇寧環球股份有限公司, a company listed on the SZSE, stock code: 000718). He was a dean and the secretary of the Party committee of the accounting school of Nanjing Audit University, an associate professor at the Sias International College of Zhengzhou University and an accountant in the aircraft section of Nanchang Railway Bureau.
Liu Yunhong (劉運宏)	Mr. Liu is currently an independent non-executive Director of the Company, the head of Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute, the deputy head of the Institute of International M&A and Investment of Renmin University of China, an independent director of Bank of Guiyang Co., Ltd. (貴陽銀行股份有限公司, a company listed on the SSE, stock code: 601997), Shanghai Electric Group Company Limited (上海電氣集團股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601727, Hong Kong Stock Exchange stock code: 2727), Sinolink Securities Co., Ltd. (國金證券股份有限公司, a company listed on the SSE, stock code: 600109) and BOCOM International Trust Co., Ltd. (交銀國際信託有限公司), an adjunct professor and tutor of postgraduates of Renmin University of China, Shanghai University of Finance and Economics and East China University of Political Science and Law. Mr. Liu has served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd., the general manager of Investment Banking Department of Aerospace Securities Co., Ltd. and the general manager of the Investment Banking Department and the assistant to president of Hwabao Securities Co. Ltd.
Liang Yi (梁毅)	Mr. Liang is currently the Chairman of the Supervisory Committee of the Company, and a director of Everbright Jin'ou Asset Management Co., Ltd. Since joining China Everbright Group Ltd. in 2000, he had successively served as a deputy director of the legal division under the legal department, the director of the legal division, an assistant to the director of the legal department, a deputy director of the legal department, a deputy general manager of the risk management and internal control and compliance department/legal department, a senior specialist at the risk management and internal control department/legal department and a member of the headquarters disciplinary committee.
Wu Chunsheng (吳春盛)	Mr. Wu is currently a supervisor of the Company, a deputy secretary of the party committee and a chief Supervisor of Everbright Technology Limited. He previously served as the deputy director of finance department of Beijing Municipal Audit Bureau, deputy general manager of securities department and general manager of Gucheng Road sales department of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資公司), director and assistant to the general manager of the audit department of China Everbright Group Ltd., a senior expert of audit center, deputy general manager of audit department and the deputy secretary of the Disciplinary Committee of China Everbright Group Ltd.

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Name	Principal work experience
Wang Hongyang (汪紅陽)	Mr. Wang is currently a Supervisor of the Company, an executive director and vice president (in charge of finance & accounting) of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165), a non-executive director of China Aircraft Leasing Group Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1848), a non-executive and non-independent director of Ying Li International Real Estate Limited (英利國際置業股份有限公司) (a company listed on the Singapore Exchange, stock code: 5DM.SGX) and others. Mr. Wang is also a non-practicing member of the Chinese Institute of Certified Public Accountants and a member of The Institute of Internal Auditors. He served as deputy chief financial officer of China Everbright Limited and worked at KPMG Huazhen LLP for over 15 years as a partner.
Huang Xiaoguang (黃曉光)	Mr. Huang is currently a Supervisor of the Company, a vice general manager of Guangdong Hengjian International Investment Co., Ltd. (廣東恒健國際投資有限公司), a vice general manager of Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司), and a director of DIRUI Industrial Co., Ltd. (迪瑞醫療科技股份有限公司, a company listed on the SZSE, stock code: 300396). He was previously the head of the capital operation department of Guangdong Guangxin Holdings Group Ltd., a director of FSPG Hi-Tech Co., Ltd. (佛山佛塑科技集團股份有限公司), a director of Shengyi Technology Co., Ltd. (廣東生益科技股份有限公司), a director of Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司), the general manager of the capital operation center of Guangdong Guangwu Real Estate (Group) Co., Ltd. (廣東廣物房地產(集團)有限公司), a vice general manager of Guangdong Agricultural Supply-Side Structural Reform Fund Management Co., Ltd. (廣東省農業供給側結構性改革基金管理有限公司) and a vice general manager of Guangdong Hengjian Capital Management Co., Ltd. (廣東恒健資本管理有限公司).
Zhu Wuxiang (朱武祥)	Mr. Zhu is currently an external supervisor of the Company, a professor of the Department of Finance of the School of Economics and Management of Tsinghua University. He is an independent director of Beijing Properties (Holdings) Co., Ltd. (北京建設控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 925), Colour Life Services Group Co., Limited (彩生活服務集團有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1778) and Asia-Potash International Co., Ltd. (亞鉀國際股份有限公司, a company listed on the SZSE, stock code: 000893), and a supervisor of Unisplendour Corporation Limited (紫光股份有限公司, a company listed on the SZSE, stock code: 000938). He was an independent director of China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司, a company listed on the SSE, stock code: 600340), ZTE Corporation Co., Ltd. (中興通訊股份有限公司, a company listed on the SZSE and the Hong Kong Stock Exchange, SZSE stock code: 000063, Hong Kong Stock Exchange stock code: 763), Dongxing Securities Co., Ltd. (東興證券股份有限公司, a company listed on the SSE, stock code: 601198), Rongxin Power Electronic Co., Ltd. (榮信電力電子股份有限公司, a company listed on the SZSE, stock code: 002123) and Offshore Oil Engineering Co., Ltd. (海洋石油工程股份有限公司, a company listed on the SSE, stock code: 600583).

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Name	Principal work experience
Cheng Fengchao (程鳳朝)	Mr. Cheng is currently an external supervisor of the Company, a chairman of Zhongguancun Guorui Financial and Industrial Development Research Institute, a member of the third session of the Mergers and Acquisitions Financing Committee of the China Association for Public Companies, a doctoral supervisor of Hunan University, a distinguished professor of the Chinese Academy of Social Sciences and the PBC School of Finance, an independent director of Minmetals Capital Co., Ltd. (五礦資本股份有限公司, a company listed on the SSE, stock code: 600390), an independent director of Sinochem International Corporation (中化國際(控股)股份有限公司, a company listed on the SSE, stock code: 600500) and an independent director of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: HK2328). He served as a director of the Industrial and Commercial Bank of China and a director of the Agricultural Bank of China assigned by Central Huijin Investment Ltd., and a supervisor of China Everbright Group, an external supervisor of China Huarong Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 2799), and an independent director of Beijing GeoEnviron Engineering & Technology, Inc. (a company listed on the SSE, stock code: 603588).
Huang Qin (黃琴)	Ms. Huang is currently an employee Supervisor of the Company and the general manager of the Company's Zhejiang branch. She previously served as assistant to the general manager, deputy general manager and general manager of the Company's audit department, general manager of risk management, internal control department and internal audit department.
Li Xianzhi (李顯志)	Mr. Li is currently an employee Supervisor of the Company. He served in Xiangcai Securities Company (currently known as Xiangcai Securities Co., Ltd.) as deputy general manager and general manager of Information Technology Department, general manager of Corporate Information Technology Department, director of innovation office and general manager of the audit department of the Company.
Lin Jingmin (林靜敏)	Ms. Lin is currently an employee Supervisor and an assistant to the general manager of the risk management and internal control department of the Company. Ms. Lin was an investment banking assistant at Shanghai investment bank department No.2 of the Company and was the person in charge of net capital and liquidity risk monitoring group at risk management department of the Company.

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Name	Principal work experience
Wang Zhong (王忠)	Mr. Wang is currently a vice president of the Company. He served as an assistant to general manager of the Company's bonds division, deputy general manager of the Company's fixed income division (in charge of operations). Mr. Wang served as assistant president and vice president of Everbright Financial Holding Asset Management. He previously worked as a business director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601211, Hong Kong Stock Exchange stock code: 2611) and the head of investment manager division of securities investment department in Haitong Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 600837, Hong Kong Stock Exchange stock code: 6837).
Mei Jian (梅鍵)	Mr. Mei is currently a vice president of the Company, chairman of Everbright Futures Co., Ltd. (光大期貨有限公司), chairman and a director of Everbright Securities International Holdings Limited (光大證券國際控股有限公司) and China Everbright Securities International Limited (中國光大證券國際有限公司) and a director of Everbright Financial Investment Limited (光大金融投資有限公司). He previously held various positions, including director of the office of the Board, director of the Company's general office, general manager of brokerage business division, secretary to the Board and assistant president.
Zhu Qin (朱勤)	Ms. Zhu is currently the vice president, chief compliance officer, chief risk officer, the secretary to the Board, and securities affairs representative. She previously worked as a project manager, senior manager and executive director of the fourth division of the Company's investment banking division, assistant to the director, deputy director and director of the Board office.
Xiong Guobing (熊國兵)	Mr. Xiong is currently a senior expert of the Company and Chairman of Shanghai Everbright Securities Asset Management Co., Ltd (上海光大證券資產管理有限公司). Mr. Xiong has served in various positions, including general manager of the Company's audit department, general manager of the Company's risk management department, secretary of the commission for discipline inspection and vice president.
Wang Cuiting (王翠婷)	Ms. Wang currently served as chairman of the labor union and a senior expert of the Company, and Chairman of Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司). She previously served in various positions, such as secretary to the Board, director of the Board office, general manager of the Company's human resources department and vice president.
Li Bingtao (李炳濤)	Mr. Li is currently a business line director of the Company. He previously served as a professional adviser of the planning and development committee and vice minister level officer of the institutional supervision department of the CSRC, senior manager of the general office of Everbright Group, director of the Company's general office, and an employee supervisor of the Company.

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Name	Principal work experience
Fang Ye (房擘)	Mr. Fang is currently the chief information officer of the Company. He once served as IT manager in China of OSRAM (Foshan) Lighting Co., Ltd., IT manager in China of Donnelly (Shenzhen) Printing Co., Ltd., IT director in Asia of Donnelly (China) Investment Co., Ltd., IT director, general manager of the Shanghai Internet Securities Branch, director of the Internet financing business (financial technology) and member of the brokerage business executive committee of Sinolink Securities Co., Ltd. (a company listed on the SSE, stock code: 600109), etc.
Liang Chunliang (梁純良)	Mr. Liang is currently a business director of the Company. He used to work in Hengtai Securities Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1476) as the head of institutional development department and operation management department of Brokerage Headquarters, general manager of Jinan sales department and Shanghai sales department, and general manager of foreign brokerage business department. He worked in China Galaxy Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601881, Hong Kong Stock Exchange stock code: 6881) as the general manager of Shanghai sales department, head of brokerage management headquarter, deputy director of brokerage management committee, general manager of wealth management headquarter and deputy director of wealth management committee, etc.
Wang Pei (汪沛)	Mr. Wang is currently a business director of the Company. He previously served as the general manager of the Financial Market Headquarters (formerly known as the Securities Investment Headquarters) of the Company, a dealer at the capital operation center of the general planning department of the headquarters of Agricultural Bank of China Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601288, Hong Kong stock code: 1288), a researcher and a fund manager of Fullgoal Fund Management Company Limited (富國基金管理有限公司), a fund manager and a director of CCB Principal Asset Management Co., Ltd. (建信基金管理有限公司), and the general manager of Shanghai Everbright Securities Assets Management Co., Ltd. (上海光大證券資產管理有限公司).

4. *Changes in shareholding of Directors, Supervisors and senior management*

During the Reporting Period, none of the Directors, Supervisors and senior management of the Company directly held any shares, stock options or restricted shares of the Company.

5. *Equity incentives granted to Directors, Supervisors and senior management during the Reporting Period*

During the Reporting Period, none of the Directors, Supervisors and senior management of the Company have been granted any equity incentives by the Company.

SECTION IV CORPORATE GOVERNANCE

(II) Employment of the Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

1. Positions held in the shareholding companies

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
Song Bingfang	China Everbright Group Ltd.	Director of inspection office	May 2022	-
Fu Jianping	China Everbright Group Ltd.	Senior expert	December 2020	-
Yin Yanwu	China Everbright Limited	Executive director, vice president, a member of the Management Decision Committee	March 2022	-
Chan Ming Kin	China Everbright Limited	General legal counsel	December 2007	-
Yu Mingxiong	China Shipbuilding Vantage Capitals Ltd. (中國船舶資本有限公司)	Director, general manager	May 2020	-
Wang Hongyang	China Everbright Limited	Executive director, vice president, a member of the Executive Committee, a member of the Environment, Social and Governance Committee and a member of the Management Decision Committee	October 2016	-

SECTION IV CORPORATE GOVERNANCE

2. Positions held in other companies

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Song Bingfang	China Youth Travel Group Limited (中國青旅集團有限公司)	Equity director (non-executive director)	April 2019	–
Yin Yanwu	Shanghai Everbright Investment Management Co., Ltd.	Chairman and legal representative	August 2021	–
Yin Yanwu	China Everbright Asset Management (Shanghai) Co. Ltd.	Chairman, manager and legal representative	August 2021	–
Yin Yanwu	China Everbright Assets Management Limited	Director	June 2021	–
Tian Wei	China Minmetals Corporation	Party member and chief accountant	February 2023	–
Yu Mingxiong	China State Shipbuilding Corporation Limited	Director of the audit department	January 2023	–
Wang Yong	Rici Healthcare Holdings Limited	Independent director	June 2016	–
Wang Yong	Yunnan Copper Co., Ltd.	Independent director	April 2020	June 2025
Po Wai Kwong	China Securities Co., Ltd.	Independent director	May 2021	–
Po Wai Kwong	Citibank (Hong Kong) Limited	Independent director	July 2021	–
Ren Yongping	Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司)	Independent director	September 2021	August 2024
Ren Yongping	Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd.	Independent director	December 2020	November 2023
Ren Yongping	Shanghai Jin Jiang International Travel Co., Ltd.	Independent director	December 2020	November 2023
Ren Yongping	Chuangzhi Technology (Jiangsu) Co., Ltd.	Independent director	June 2021	May 2024
Yin Junming	Jiangsu Canlon Building Materials Co., Ltd.	Independent director	December 2017	–
Yin Junming	Shuangdeng Group Co., Ltd.	Independent director	October 2020	–
Yin Junming	Anhui Shenjian New Materials Co., Ltd.	Independent director	January 2020	–
Yin Junming	Suning Universal Co., Ltd.	Independent director	October 2020	–
Liu Yunhong	Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute	Head of the Institute	May 2019	–
Liu Yunhong	Bank of Guiyang Co., Ltd.	Independent director	July 2017	–
Liu Yunhong	Shanghai Electric Group Company Limited	Independent director	November 2020	–

SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	September 2020	-
Liu Yunhong	BOCOM International Trust Co., Ltd.	Independent director	November 2022	-
Liang Yi	Everbright Jin'ou Asset Management Co., Ltd.	Director	December 2015	-
Wu Chunsheng	Everbright Technology Co., Ltd.	Deputy secretary of the Party Committee, chairman of the Supervisory Committee	December 2021	-
Wang Hongyang	Everbright Aviation Investment Holdings Limited (光控航空投資控股有限公司) (formerly known as: China Everbright Aerospace Holdings Limited)	Director	June 2019	-
Wang Hongyang	China Everbright Structured Investment Holdings Limited	Director	June 2019	-
Wang Hongyang	China Everbright Success Holdings Limited	Director	June 2019	-
Wang Hongyang	China Asset Leasing Company Limited	Chairman	September 2020	-
Wang Hongyang	CALC Perpetual Bond Cayman I Limited	Director	December 2020	-
Wang Hongyang	Sun Empire Ventures Ltd	Shareholder and director	September 2020	-
Wang Hongyang	China Everbright Senior Healthcare Company Limited	Director	March 2019	-
Wang Hongyang	Everbright Senior Healthcare Industrial Development Limited	Director	May 2019	-
Wang Hongyang	Everbright Prestige Capital Asset Management Co., Ltd.	Director	December 2016	-
Wang Hongyang	Chongqing Terminus Technology Co., Ltd.	Director	January 2019	-
Wang Hongyang	CEL Impetus Corporate Finance Pte. Ltd.	Director	November 2019	-
Wang Hongyang	China Aircraft Leasing Group Holdings Limited	Non-executive director and a member of the Strategy Committee, the Remuneration Committee and the Sustainable Development Guidance Committee	December 2021	-

SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Wang Hongyang	Ying Li International Real Estate Limited	Non-executive and non-independent director, a member of the Audit Committee and a member of the Risk Management Committee	December 2021	-
Wang Hongyang	Shanghai CEL Puyan Equity Investment Management Limited (上海光控浦燕股權投資管理有限公司)	Director	April 2021	-
Wang Hongyang	Aircraft Recycling International Limited	Director and chairman of the board of directors	December 2021 December 2022	-
Huang Xiaoguang	Guangdong Hengjian International Investment Co., Ltd.	Vice general manager	November 2020	-
Huang Xiaoguang	Hengjian International Investment Holding (Hong Kong) Limited	Vice general manager	November 2020	-
Huang Xiaoguang	DIRUI Industrial Co., Ltd.	Director	November 2021	-
Zhu Wuxiang	Beijing Properties (Holdings) Limited	Independent director	January 2011	-
Zhu Wuxiang	Asia-Potash International Co., Ltd.	Independent director	June 2022	-
Zhu Wuxiang	Colour Life Services Group Co., Limited	Independent director	March 2021	-
Zhu Wuxiang	Unisplendour Corporation Limited	Supervisor	April 2005	-
Cheng Fengchao	Sinochem International Corporation	Independent director	November 2021	-
Cheng Fengchao	Minmetals Capital Co., Ltd.	Independent director	May 2019	-
Cheng Fengchao	PICC Property and Casualty Company Limited	Independent director	November 2022	-

SECTION IV CORPORATE GOVERNANCE

(III) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The remuneration of the Company's independent non-executive Directors and external Supervisors shall be decided by the general meeting, and the remuneration of the senior management of the Company shall be considered and approved by the Board of Directors. According to the relevant requirements of the Rules for Governance of Securities Companies, payment of more than 40% of annual performance-based remuneration for the senior management of the securities companies shall be deferred for a period of at least three years.
The basis for determining the remuneration of the Directors, Supervisors and senior management	Remuneration of the independent non-executive Directors and external Supervisors of the Company is determined with reference to that of similar listed companies in the same industry and based on actual situation of the Company. Remuneration of executive Directors, Supervisors holding a position in the Company and senior management is determined in accordance with the remuneration system of the Company and is also linked to position and performance.
Actual payment of remuneration of the Directors, Supervisors and senior management	Please refer to "(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of "III. Directors, Supervisors and Senior Management" in this section for details.
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Please refer to "(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of "III. Directors, Supervisors and Senior management" in this section for details.

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

Name	Position	Change	Reasons for change
Zhao Ling	Chairman of the Board, Executive Director	Elected	On June 14, 2022, the 2021 annual general meeting of the Company elected Mr. Zhao Ling as the Executive Director of the sixth session of the Board. The 14th meeting of the sixth session of the Board elected Mr. Zhao Ling as the Chairman of the sixth session of the Board.
Yan Jun	Chairman of the Board, Executive Director	Resigned	The Board of the Company received a letter of resignation from Mr. Yan Jun, the Chairman of the Company, on April 19, 2022. Mr. Yan Jun resigned as the Chairman and an executive Director of the Company.
Yin Yanwu	Non-executive Director	Elected	On November 22, 2022, the 2022 third extraordinary general meeting of the Company elected Mr. Yin Yanwu as a non-executive Director of the sixth session of the Board.
Cai Minnan	Non-executive Director	Resigned	The Board of the Company received a letter of resignation from Mr. Cai Minnan, our non-executive Director, on August 19, 2022. Mr. Cai Minnan resigned as a non-executive Director of the Company.
Liang Yi	Chairman of the Supervisory Committee	Elected	On June 14, 2022, the 2021 annual general meeting of the Company elected Mr. Liang Yi as the Supervisor of the sixth session of the Supervisory Committee. The 11th meeting of the sixth session of the Supervisory Committee elected Mr. Liang Yi as the Chairman of the sixth session of the Supervisory Committee.
Liu Jiping	Chairman of the Supervisory Committee	Resigned	The Supervisory Committee of the Company received a letter of resignation from Mr. Liu Jiping, the Chairman of the Supervisory Committee of the Company, on April 19, 2022. Mr. Liu Jiping resigned as the Chairman of the Supervisory Committee and a Supervisor of the Company.
Huang Xiaoguang	Supervisor	Elected	On August 23, 2022, the 2022 second extraordinary general meeting of the Company elected Mr. Huang Xiaoguang as the Supervisor of the sixth session of the Supervisory Committee.
Yang Weirong	Supervisor	Resigned	The Supervisory Committee of the Company received a letter of resignation from Mr. Yang Weirong, a Supervisor of the Company, on June 28, 2022. Mr. Yang Weirong resigned as a Supervisor of the Company.
Wang Pei	Business line director	Appointed	On January 6, 2023, the 20th meeting of the sixth session of the Board appointed Mr. Wang Pei as a business line director of the Company.
Dong Jie	Business line director	Resigned	The Board of the Company received a letter of resignation from Ms. Dong Jie, a business line director of the Company, on December 27, 2022. Ms. Dong Jie resigned as a business line director of the Company.

Save as disclosed above, there was no other information which shall be disclosable pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

SECTION IV CORPORATE GOVERNANCE

IV. Board of Directors and the Management

(I) Board of Directors

The Articles of Association and the Rules of Procedure of the Board of Directors of the Company have stipulated the qualification and obligations of the Directors, the terms of reference of the Board of Directors, the convening, voting and resolution of the Board of Directors, to ensure the standardized and efficient operation of Board of Directors.

Composition of the Board

The Company shall appoint and change Directors in accordance with relevant regulations and Articles of Association. The Board of Directors has exercised its functions and powers according to law. The composition, convening, voting and resolutions of the Board are in compliance with the relevant laws and regulations stipulated in Company Law, Articles of Association and the Hong Kong Listing Rules.

According to Article 120 of the Articles of Association, except for the first session of the Board of Directors of the Company, the candidates for the directors of any successive Board of Directors shall be nominated by the shareholders holding more than 3% (inclusive) of the shares or by three directors of the previous Board of Directors of the Company. The previous Board of Directors shall be responsible to prepare and submit a proposal to the general meeting for voting. Any shareholder holding more than 1% (inclusive) of the shares may nominate any candidates for independent directors.

The members of the Board shall be elected and changed by the general meeting for a term of three years from the date on which their appointments are approved at the general meeting. Directors are eligible for re-election upon the expiration of their terms. The term of independent non-executive Directors is the same as other Directors of the Company and eligible for re-election upon the expiration of their terms. However, the successive terms of independent non-executive Directors may not be more than six years. An ordinary resolution with respect to any Director elected at a general meeting shall be valid only when such matters are passed by one half or above of the voting rights held by the shareholders (including their proxies) attending the general meeting.

The Company seeks appropriate candidates for Directors through a variety of channels in the Company and the human resource market. The criteria of candidates to be considered include but not limited to gender, age, educational background or professional experience, skills, knowledge and service tenure, and the ability to take responsibility for the affairs of the Company. After reviewing and passing the resolution to determine the candidate, the Board of Directors shall submit to the general meeting by a written proposal. Since the listing of the Company's H Shares, the Board has always complied with the requirements of the Hong Kong Listing Rules with respect to the appointment of at least three independent non-executive Directors and the number of independent non-executive Directors appointed must comprise of at least one third on the Board. The qualification of all current independent non-executive Directors of the Company complies with the requirements of Rules 3.10(1) and (2) and 3.10(A) of the Hong Kong Listing Rules. Apart from that, the Company has received the annual written confirmation from each independent non-executive Director with regard to his independence in accordance with relevant requirements under Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Company confirms that each independent non-executive Director meets the independence requirements set out by the Hong Kong Listing Rules.

SECTION IV CORPORATE GOVERNANCE

Duties and responsibilities of the Board of Directors

The Board of Directors is the decision-making organ of the Company and is accountable to the general meeting and exercise its powers and duties in accordance with the laws and regulations, Articles of Association and the securities listing rules and requirements of the stock exchange on which shares of the Company are listed. The Board of Directors is mainly responsible for formulation of the Company's strategy, development of corporate governance practices, implementation of risk management and internal control, and corporate finance decision making.

According to the Articles of Association, the Board of Directors shall exercise the following major powers and duties: to convene a general meeting and report to such meeting; to implement the resolutions of a general meeting; to decide the operation plan and investment scheme of the Company; to prepare the draft annual budget and final accounts of the Company; to prepare the profit distribution plan and the plan for provisions for losses of the Company; to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds and other securities and other listing plans; to prepare plans of the Company with respect to material acquisitions, acquisition of the Company's shares for any reasons set forth in Articles 27(i) and 27(ii) of the Articles of Association, mergers, divisions, dissolution or changes of the form of the Company; to decide the Company's external investments, purchases and sales of assets, pledge of assets, external guarantees, trust management, related parties transactions and external donations within the scope of authorization by a general shareholders' meeting; to decide the establishment of the internal management organizations of the Company; to decide on the appointment or removal of the president or the Board secretary or the chief compliance officer and other senior officers nominated by the Chairman of the Board of Directors and decide on the remuneration and rewards and punishments thereof; to decide on the appointment or removal of the vice president, assistant president, chief financial officer, chief risk officer, chief information officer and other senior management officers nominated by the president and decide the remunerations, rewards and punishments thereof. The Company can only dismiss the chief compliance officer for any of the following proper reasons: the chief compliance officer voluntarily tenders resignation from his/her post, or the chief compliance officer is ordered by the CSRC or its local office to be replaced, or there is any evidence of his/her inability to perform his/her duties properly or failure to act diligently; to establish a basic management system of the Company; to prepare plans to amend the Articles of Association; to manage the matters related to the information disclosed by the Company; to make suggestions to a general meeting regarding the engagement or replacement of the accounting firm as the auditors of the Company; to receive the work report of the president of the Company and examine the work of the president; to be responsible to urge, examine and evaluate the establishment and implementation of various internal control systems of the Company and to undertake final responsibility for the validity of such internal control systems; to be responsible on deciding the compliance management objectives of the Company, and consider and adopt the basic compliance system of the Company and the annual and interim compliance report and receive the report from the chief compliance officer and to be responsible for the implementation of the compliance policies; to undertake ultimate responsibility for comprehensive risk management; to review the Company's information technology management objectives and take responsibility for the effectiveness of information technology management; to take responsibilities on deciding to acquire the shares of the Company in accordance with (3), (5) and (6) of Article 27 of the Articles of Association; other powers and duties conferred by the law, administrative regulations, department regulations and the Articles of Association.

In order to assist the Directors to properly discharge their duties, all Directors can seek advice from the company secretary, the internal legal team or independent professional advisors at the Company's expense when they consider necessary. The Company believes that the composition of the Board of Directors (including the number and proportion of independent non-executive Directors) of the Company and the availability of information and resources for the Directors are effective in ensuring that independent views and opinions are available to the Board of Directors.

The Company purchased liability insurance for the Directors, Supervisors and senior management, to protect them against liabilities that may arise from performing their duties and to encourage them to earnestly fulfill their duties and responsibilities.

SECTION IV CORPORATE GOVERNANCE

Duties and responsibilities of the management

According to the Articles of Association, the president is accountable to the Board of Directors and exercises the following powers and duties: to manage the operation of the Company, organize and implement the decisions of the Board of Directors and report to the Board of Directors; to organize and implement the annual plan and investment plan of the Company; to prepare the plan for the establishment of internal organizations of the Company; to formulate the basic management system of the Company; to formulate specific regulations of the Company; to nominate the vice presidents, assistant presidents, chief financial officer, chief compliance officer, chief risk officer, chief information officer and other senior officers approved by CSRC for appointment or removal by the Board of Directors; to decide on the appointment or removal of any management personnel other than those required to be appointed or removed by the Board of Directors; to propose the salary, benefits, rewards and punishments of the employees of the Company and decide on the appointment and removal of such employees; for approval by the chairman of the Board of Directors to agree to convene any interim board meetings; to decide on the investment matters of the Company within the scope of authorization of the Board of Directors in accordance with the relevant regulations of the securities regulators; other powers and duties conferred by these Articles of Association or granted by the Board of Directors. The president, the Board secretary and chief compliance officer shall be appointed and removed by the Board of Directors; the vice presidents, assistant presidents, chief financial officer, chief risk officer, chief information officer and other senior officers shall be nominated by the president and appointed or removed by the Board of Directors. The tenure for the president shall be three years and the president may be re-elected and re-appointed upon expiration of tenure.

Chairman and president

Chairman of the Company leads the work of the Board, supervises the implementation of resolutions of the Board and ensures the efficient and orderly operation of the Board. President of the Company presides over the daily operation and management of the Company and organizes to implement the resolutions made by the Board, and reports to the Board. The responsibilities of chairman in managing the Board affairs and those of the president in managing the day-to-day business of the Company have been distinctively defined, which is in compliance with the relevant code provisions of the Corporate Governance Code.

V. Board meetings during the Reporting Period

Meeting	Date of meeting	Resolutions at the meeting
The eleventh meeting of the sixth session of the Board	January 20, 2022	To consider the Proposal on the Provision for Asset Impairment and Estimated Liabilities
The twelfth meeting of the sixth session of the Board	March 24, 2022	To listen to the report on the 2021 annual operation of the Company To consider the Proposal on the 2021 Annual Report of the Company and its Summary To consider the Proposal on the Annual Profit Distribution Plan of the Company for the Year 2021 To consider the Proposal on the Work Report of the Board of Directors of the Company for the Year 2021 To listen to the Independent Directors' Annual Work Report for 2021 To listen to the Report of Performance of the Audit Committee of the Board in 2021

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Meeting	Date of meeting	Resolutions at the meeting
The thirteenth meeting of the sixth session of the Board	April 28, 2022	<p>To listen to the Report on Performance Appraisal and Remuneration of Directors of the Company for 2021</p> <p>To listen to the Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021</p> <p>To consider the Proposal on the Social Responsibility/ ESG Report of the Company for the Year 2021</p> <p>To consider the Proposal on the Evaluation Report of Internal Control of the Company for the Year 2021</p> <p>To review the Audit Report of Internal Control of the Company for 2021</p> <p>To consider the Proposal on the Compliance Work Report of the Company for the Year 2021</p> <p>To consider the Proposal on the Integrity Management Report of the Company for the Year 2021</p> <p>To listen to the report on the anti-money laundering of the Company in 2021</p> <p>To consider the Proposal on the Risk Assessment Report of the Company for the Year 2021</p> <p>To consider the Proposal on the Annual Special Report of the Information and Technology Management for the Year 2021</p> <p>To listen to the report on the annual operation plan and financial budget of the Company for 2022</p> <p>To consider the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022 of the Company</p> <p>To consider the Proposal of Special Mandate in relation to External Donations of the Company</p> <p>To consider the Proposal on the Authorization to Management Granted by the Board of the Company for Year 2022</p> <p>To consider the Proposal of the Amendments to the Management Measures on Reputational Risk and Public Opinion Work</p> <p>To listen to the report on provision of guarantees for subsidiaries</p> <p>To consider the Proposal to Convene the 2021 Annual General Meeting of the Company</p> <p>To listen to the report on the execution of historical resolutions of the Board in 2021</p> <p>To listen to the report on the operation of the Company for the first quarter of 2022</p> <p>To consider the Report of the Company for the First Quarter of 2022</p> <p>To consider the Proposal on the Proprietary Trading Business Scale of the Company for the Year 2022</p> <p>To consider the Proposal on the Nomination of Mr. Zhao Ling as an Executive Director Candidate of the Company</p> <p>To consider the Proposal on the Addition to Resolutions of the 2021 Annual General Meeting</p>

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Meeting	Date of meeting	Resolutions at the meeting
The fourteenth meeting of the sixth session of the Board	June 14, 2022	<p>To consider the Proposal on the Election of Mr. Zhao Ling as the Chairman of the Sixth Session of the Board of the Company</p> <p>To consider the Proposal on the Supplemental Election of Member and Convener of the Strategies and Development Committee of the Sixth Session of the Board of the Company</p> <p>To consider the Resolution on the Amendments to the Articles of Association</p> <p>To consider the Proposal on the Change of Names and the Amendments to Duties of the Audit Committee and the Strategies and Development Committee under the Board of Directors</p> <p>To consider the Resolution on the Amendments to the Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited</p> <p>To consider the Resolution in Respect of the Company's Risk Preference for 2022</p> <p>To consider the Resolution on the Appointment of External Auditors for the Year of 2022</p> <p>To consider the Proposal on the Renewal of the Lease of Workplace at Beijing Everbright Building</p> <p>To consider the Proposal to Convene the 2022 First Extraordinary General Meeting</p>
The fifteenth meeting of the sixth session of the Board	July 7, 2022	<p>To consider the Proposal to Convene the 2022 Second Extraordinary General Meeting</p>
The sixteenth meeting of the sixth session of the Board	August 25, 2022	<p>To listen to the report on the operation of the Company for the first half of 2022</p> <p>To consider the Proposal on the Company's 2022 Interim Report and its Summary</p> <p>To consider the Proposal on the Risk Assessment Report of the Company for the First Half of 2022</p> <p>To consider the Proposal on the Risk Control Indicators of the Company for the First Half of 2022</p> <p>To consider the Proposal on the Amendments to the Working Rules for the President of Everbright Securities Company Limited</p> <p>To consider the Proposal on the Renewal of the Lease of Workplace at Shenzhen Lvjing Building</p> <p>To consider the Proposal on Services Network Construction and Layout Optimization</p> <p>To consider the Proposal on the Application for Market Making Business on the Sci-tech Innovation Board</p> <p>To consider the Proposal on the Internal Restructuring of the Company's Offshore Subsidiaries</p> <p>To consider the Proposal on the Matters in relation to the Leasing Subsidiary</p> <p>To listen to the report on the execution of historical resolutions of the Board in 2022</p>

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Meeting	Date of meeting	Resolutions at the meeting
The seventeenth meeting of the sixth session of the Board	October 27, 2022	<p>To listen to the report on the operation of the Company for the first three quarters of 2022</p> <p>To consider the Report of the Company for the Third Quarter of 2022</p> <p>To consider the Proposal on the Lease of Plants for Technology Business</p> <p>To consider the Proposal on the Nomination of Mr. Yin Yanwu as a Director Candidate of the Company</p> <p>To consider the Proposal to Convene the 2022 Third Extraordinary General Meeting</p>
The eighteenth meeting of the sixth session of the Board	December 9, 2022	<p>To consider the Proposal on the Renewal of the Lease of Workplace</p> <p>To consider the Proposal on the Amendments to the Management Measures for Information Technologies of the Company</p> <p>To consider the Proposal on the Formulation of the Management Measures on Integrity Operation of the Company</p> <p>To listen to the Self-evaluation Report of Risks in relation to Money Laundering and Terrorism Financing of the Company</p>
The nineteenth meeting of the sixth session of the Board	December 29, 2022	<p>To consider the Proposal on the Evaluation and Remuneration Plan for Directors and Senior Management of the Company for the Year 2021</p> <p>To consider the Proposal on the Formulation of Administrative Measures on the Incentive and Constraint Mechanism of Everbright Securities Company Limited</p>

VI. Performance of Duties of Directors

The Board of Directors shall exercise its powers and duties in accordance with the provisions of the Articles of Association, and for the best interests of the Company and the shareholders. The Board of Directors shall report to the general meetings, implement the resolutions approved by the general meetings, and be accountable to the general meetings.

(I) Attendance of Directors at board meetings and general meetings

According to the provisions of the Articles of Association, the Board of Directors shall hold at least four meetings every year, which shall be convened by the chairman of the Board of Directors. A written notice of regular meeting of the Board of Directors shall be served at least 14 days before such meeting, and shall state the date and venue of the meeting, the period of such meeting, the subject matters and agenda and the date of the notice.

SECTION IV CORPORATE GOVERNANCE

A board meeting shall be held only when more than half of the Directors are present. Unless otherwise provided in the Articles of Association, any resolutions made at a board meeting shall be passed by more than half of all Directors. If a Director is related to an enterprise in a resolution to be passed at a board meeting, such Director shall not exercise his/her voting rights or on behalf of any other Directors in respect of such resolution. Such board meeting may be held when more than half of non-related Directors are present; any resolutions made at such board meeting shall be passed by more than half of non-related Directors. If the number of non-related Directors present at such Board meeting is less than three, such matters shall be submitted to a general meeting for consideration. The Board meeting shall be held onsite in principle. If necessary, the meeting, subject to the Directors' full expression of their opinions, may be held through video, telephone, facsimile, email voting, etc. with the consent of the convener (Chairman of the meeting) and the proposer. In addition, the physical meeting and other meeting methods can be simultaneously adopted for the meeting of the Board. The Directors, in principle, shall attend the meeting of the Board in person. Any Director who cannot attend the meeting due to some reasons shall review the meeting materials and form his/her definite opinions in advance and appoint in writing another Director to attend and vote at such meeting on his/her behalf.

During the Reporting Period, attendance of the sixth session of Board of Directors at board meetings and general meetings is as follow:

Name of Director	Whether or not he/she is an independent non-executive Director	Number of board meetings requiring attendance during the year	Attendance at board meetings				Whether or not he/she failed to attend the meeting in person for two consecutive times	Attendance at general meetings
			Attendance in person	Attendance through correspondence	Attendance by proxy	Absence		
Zhao Ling	No	6	6	2	0	0	No	3
Liu Qiuming	No	9	9	3	0	0	No	4
Song Bingfang	No	9	9	5	0	0	No	4
Fu Jianping	No	9	9	3	0	0	No	4
Yin Yanwu	No	2	2	1	0	0	No	0
Chan Ming Kin	No	9	9	3	0	0	No	4
Tian Wei	No	9	9	7	0	0	No	4
Yu Mingxiong	No	9	9	3	0	0	No	3
Wang Yong	Yes	9	9	3	0	0	No	4
Po Wai Kwong	Yes	9	9	3	0	0	No	4
Ren Yongping	Yes	9	9	3	0	0	No	4
Yin Junming	Yes	9	9	3	0	0	No	4
Liu Yunhong	Yes	9	9	3	0	0	No	4

Note 1: The appointment of Mr. Zhao Ling as an executive Director became effective from June 14, 2022. During the Reporting Period, Mr. Zhao Ling was required to attend 6 board meetings and attended 6 board meetings.

Note 2: The appointment of Mr. Yin Yanwu as a non-executive Director became effective from November 22, 2022. During the Reporting Period, Mr. Yin Yanwu was required to attend 2 board meetings and attended 2 board meetings.

Note 3: Mr. Yan Jun resigned on April 19, 2022. During the Reporting Period, Mr. Yan Jun was required to attend 2 board meetings and attended 2 board meetings.

Note 4: Mr. Cai Minnan resigned on August 19, 2022. During the Reporting Period, Mr. Cai Minnan was required to attend 5 board meetings and attended 5 board meetings.

SECTION IV CORPORATE GOVERNANCE

(II) Description of the board meetings during the Reporting Period

Number of board meetings held during the year	9
Of which: number of on-site meetings	2
Number of meetings held through correspondence	3
Number of meetings held both on-site and through correspondence	4

Note: on-site meetings include meetings held on-site or through video or telephone; correspondence meetings represent meetings held through circulation of written proposals.

(III) Objections raised by independent non-executive Directors

During the Reporting Period, no objections were raised by independent non-executive Directors to relevant matters.

(IV) Training of Directors

The Company attaches great importance to the ongoing training of the Directors, in order to ensure that the Directors could have an appropriate understanding of the operation of the Company and its business and that they understand their duties and responsibilities as a director as required by the CSRC, the SSE, the Hong Kong Stock Exchange and as stipulated in the Articles of Association and other relevant laws and regulatory requirements.

During the Reporting Period, the Directors of the Company participated in various trainings, including the online training course for directors and supervisors of listed companies in Shanghai in 2021 provided by Shanghai Association for Public Companies, the analysis of the Rules for the Independent Directors of Listed Companies by China Association for Public Companies, special training on the results presentation of listed companies provided by China Association for Public Companies, the special training on reduction in shareholding by shareholders, directors, supervisors and senior management of listed companies provided by the SSE, and the special training on investor relations management provided by China Association for Public Companies, the seventh and eighth online live classes of "Special Topics on the Integrity of Practice of Securities Companies" series held by the Securities Association of China, the follow-up third training course for independent directors of listed companies in 2022 organized by Shanghai Stock Exchange, the fifth and seventh training course for the first-time directors and supervisors and senior management of listed companies in 2022 organized by Shanghai Stock Exchange, the special compliance training for independent directors of listed companies provided by Shanghai Stock Exchange, the training on management of the investment behavior of Directors and Supervisors of the Company, and the anti-money laundering training of Shanghai Branch of China People's Bank in 2022, the contents of which covered listing regulatory compliance, legal regulatory compliance, responsibilities of Directors, anti-corruption and anti-money laundering, etc.

Directors	Listing regulatory compliance	Legal regulatory compliance	Responsibilities of Directors	Anti-corruption and anti-money laundering
Zhao Ling	✓	✓	✓	✓
Liu Qiuming	✓			✓
Song Bingfang				✓
Fu Jianping	✓	✓	✓	✓
Yin Yanwu	✓	✓	✓	✓
Chan Ming Kin				✓
Tian Wei	✓	✓	✓	✓
Yu Mingxiong	✓	✓	✓	✓
Wang Yong	✓	✓	✓	✓
Po Wai Kwong	✓	✓	✓	✓
Ren Yongping	✓	✓	✓	✓
Yin Junming	✓	✓	✓	✓
Liu Yunhong	✓	✓	✓	✓

SECTION IV CORPORATE GOVERNANCE

VII. Special Committees under the Board of Directors

To strengthen the decision-making function of the Board of Directors, and to ensure that the Board of Directors effectively monitors the management and optimizes the corporate governance structure of the Company, the Board of Directors of the Company has established the Risk Management Committee, the Audit and Related Party Transaction Control Committee, the Remuneration, Nomination and Credentials Committee and the Strategies and Sustainable Development Committee according to the Company Law, the Hong Kong Listing Rules and the relevant requirements of the regulatory authorities. The members of a special committee shall consist of Directors, of which independent non-executive Directors shall represent more than half of the Audit and Related Party Transaction Control Committee and the Remuneration, Nomination and Credentials Committee and an independent non-executive Director shall act as the chairman. At least one independent non-executive Director with more than 5 years' professional experience in accounting shall serve as a member on the Audit and Related Party Transaction Control Committee. The establishment of any special committees under the Board of Directors shall be approved at a general meeting. During the Reporting Period, the special committee under the Board didn't raise any objection toward the related matters of the Company. In 2022, the special committees under the Board of Directors held a total of 15 meetings, of which the Audit and Related Party Transaction Control Committee held 7 meetings, the Remuneration, Nomination and Credentials Committee held 5 meetings, the Risk Management Committee held 3 meetings. In compliance with the relevant requirements of the Articles of Association and the rules of procedures of each committee, every special committee under the Board of Directors earnestly performed its duties, made use of the professional experience of its members, thus providing a strong support for decision-making of the Board of Directors. The composition of the special committees under the sixth session of the Board of Directors is set out as follows:

Special committees	Members
Audit and Related Party Transaction Control Committee	Yin Junming (chairman), Fu Jianping, Chan Ming Kin, Po Wai Kwong, Ren Yongping
Remuneration, Nomination and Credentials Committee	Ren Yongping (chairman), Song Bingfang, Chan Ming Kin, Yin Junming, Liu Yunhong
Risk Management Committee	Wang Yong (chairman), Song Bingfang, Fu Jianping, Yin Yanwu, Po Wai Kwong, Liu Yunhong
Strategies and Sustainable Development Committee	Zhao Ling (chairman), Liu Qiuming, Fu Jianping, Yin Yanwu, Tian Wei, Yu Mingxiong, Wang Yong

Note: On August 19, 2022, Mr. Cai Minnan resigned as a non-executive Director of the Company and ceased to be a member of the Strategies and Sustainable Development Committee and the Risk Management Committee under the Board of Directors of the Company. On November 22, 2022, Mr. Yin Yanwu was elected as a non-executive Director of the sixth session of the Board of Directors at the extraordinary general meeting. Mr. Yin Yanwu has been serving as a non-executive Director of the Company since the date of approval at the extraordinary general meeting, and concurrently serving as a member of the Strategies and Sustainable Development Committee and the Risk Management Committee under the Board of Directors.

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The duties and convention of meetings of these special committees are as follows:

Audit and Related Party Transaction Control Committee

The Audit and Related Party Transaction Control Committee shall have the following primary powers and duties:

1. to propose to engage or replace external auditors and monitor and evaluate external audit work;
2. to monitor and evaluate the internal audit work;
3. to be responsible for coordination between the internal auditors and external auditors;
4. to review the financial information of the Company and its disclosure; to monitor annual audit work and make a judgment as to the truthfulness, accuracy and completeness of the financial report and information subsequent to such audit and submit the same to the Board of Directors for consideration;
5. to monitor and evaluate the internal control of the Company
6. to review and advise on the basic management system for related party transactions, supervise the day-to-day management of related party transactions and review major related party transactions; and
7. to be responsible for other matters authorized by laws and regulations, the Articles of Association and the Board of Directors.

During the Reporting Period, the Audit and Related Party Transaction Control Committee held 7 meetings, and the details are set out as follows:

Date of meeting	Contents of meeting	Important comments and suggestions
2022/1/19	The sixth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in Respect of the Provision for Assets Impairment and Estimated Liabilities To consider the Unaudited Financial Statements of the Company for the Year 2021 To listen to the audit plan and key concerns in audit of external auditors for 2021
2022/3/10	The seventh meeting of the sixth session of the Audit and Related Party Transaction Control Committee	Discussing key matters such as financial statements and internal control for 2021 with accountants responsible for annual examination on site
2022/3/23	The eighth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in Respect of the Financial Report of the Company for 2021 To listen to the Report of Performance of the Audit Committee of the Board for 2021 To consider the Resolution in Respect of the 2021 Annual Internal Control Evaluation Report of the Company To consider the Audit Report of Internal Control of the Company for 2021 To listen to the Internal Audit Report of the Company for 2021 To consider the Resolution in Respect of Expected Ordinary Related Party (Connected) Transactions in 2022

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Date of meeting	Contents of meeting	Important comments and suggestions
2022/4/27	The ninth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Report of the Company for the First Quarter of 2022
2022/6/14	The tenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the resolution on the amendments to the Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited To consider the Resolution in Respect of Appointment of External Auditors for 2022
2022/8/24	The eleventh meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in Respect of the Company's Financial Report for the First Half of 2022 To listen to Internal Audit Report of the Company for the First Half of 2022
2022/10/26	The twelfth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution on the Report of the Company for the Third Quarter of 2022 To listen to Internal Audit Report of the Company for the First Three Quarters of 2022

During the Reporting Period, the attendance of the members of the Audit and Related Party Transaction Control Committee at meetings is as follows:

Name	Position	Number of actual attendances/Number of meetings required attendance
Yin Junming (Chairman)	Independent non-executive Director	7/7
Fu Jianping	Non-executive Director	7/7
Chan Ming Kin	Non-executive Director	7/7
Po Wai Kwong	Independent non-executive Director	7/7
Ren Yongping	Independent non-executive Director	7/7

SECTION IV CORPORATE GOVERNANCE

Overview of the audit work of the Company

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young ("EY") carried out the 2022 audit on the Company by two stages, the preliminary audit and year-end audit. In the preliminary audit stage, EY conducted the audit on internal control as required, carried out internal control test at the Company's level and business process level (including the business processes of the headquarters and securities brokerage branches), and evaluated the effectiveness of the internal control design and whether it has been effectively implemented during the audit. Through interviews, EY understood the Company's control environment, the main operation conditions, business innovation, system updates and fraud risk. EY conducted a preliminary audit and test on major subjects of financial statements, such as financial instruments, operating income, investment income and other subjects. EY also made a testing and evaluation on the main information system used by the Company and discussed timely the finding of preliminary audit with the Company's management. At the end of year-end audit, EY followed up the finding on the preliminary audit stage and conducted detailed audit procedures for all major subjects, and communicated the finding of year-end audit with the Company's management.

In order to successfully complete the audit in 2022 and issue relevant audit reports, the Audit and Related Party Transaction Control Committee of the Board of Directors authorized the Finance Management Department of the Company to discuss with EY about the planning of audit work, audit progress, valuation of financial instruments, scope of consolidation, timing of initial draft and final draft of the audit report, etc. During the auditing, the Audit Committee made multiple rounds of supervision. On March 30, 2023, EY issued the standard unqualified audit reports to the Company within the scheduled time.

The Audit and Related Party Transaction Control Committee reviewed the validity of the independence, objectivity and audit procedure of EY to ensure that the reports issued are true and objective. EY has taken the necessary protective measures in accordance with the relevant ethical requirements to prevent possible threats to independence.

The Audit and Related Party Transaction Control Committee was of the opinion that EY has implemented the appropriate audit procedures in accordance with the requirements of the relevant accountants auditing standards, issued audit opinion on the basis of obtaining sufficient, appropriate and effective audit evidence and adhered to the independent auditing standards, which hereby ensured the smooth development of the Company's annual audit work.

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Remuneration, Nomination and Credentials Committee

The Remuneration, Nomination and Credentials Committee shall have the following primary powers and duties:

1. to formulate any remuneration plan or scheme in accordance with the main scope, responsibility, importance of the management posts of a Director, the president and other senior management officer and the remuneration level for the similar posts of other related enterprises;
2. to propose a remuneration plan or scheme including but not limited to the main plans and systems with respect to performance evaluation criteria, procedures and main evaluation system, rewards and punishments;
3. to review the performance of the Directors (other than independent Directors), the president and other officers of the Company and make annual appraisals of such performance;
4. to be responsible for monitoring the implementation of the remuneration system of the Company;
5. to make suggestions in respect of the scale and constitution of the Board of Directors according to the business activities, asset scale and equity structure of the Company;
6. to identify the candidates for positions of Directors and other senior management officers;
7. to search for qualified candidates for Directors and other senior management officers;
8. to screen any candidates for Directors, the president and other senior management officers and make suggestions;
9. to screen and make suggestions with respect to any senior management officers to be appointed by the Board of Directors;
10. to review and make suggestions at least once a year with respect to the structure, number and constitution of the Board of Directors (including skills, knowledge and experience); and
11. to be responsible for other matters authorized by the Board of Directors.

The Remuneration, Nomination and Credentials Committee of Board of Directors shall make opinions or suggestions at least once a year with respect to the structure, number and constitution of the Board of Directors (including skills, knowledge and experience) according to the business activities, asset scale and shareholding structure of the Company, and also make recommendations on any changes to the Board of Directors that are in line with the Company's strategy.

SECTION IV CORPORATE GOVERNANCE

In terms of director nomination, the Remuneration, Nomination and Credentials Committee serves as the advisory role of the Board. The nominated candidates for new directors will be discussed firstly, and then recommended to the Board, and shall be decided by the Board whether to submit to the general meeting for election. The Remuneration, Nomination and Credentials Committee and the Board mainly consider the cultural and educational background and professional experience of the relevant candidates.

In order to comply with and implement the relevant provisions of the Hong Kong Listing Rules on the diversification of the board of directors, and ensure that the composition of the Board of Directors is more scientific and reasonable, the Company has formulated the Policy on Diversity of Directors of Everbright Securities Company Limited 《光大證券股份有限公司董事多元化政策》 and published on the website of the Company, the main contents of which are as follows:

1. Policy descriptions: When setting up the composition of Board, the Company considers and implements member diversity in a number of aspects, including but not limited to gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and service tenure. All appointments of the Board are based on the principle of meritocracy, and the diversity of members shall be fully taken into account in objective terms when considering candidates.
2. Measurable goals: The candidate selection of the Company is based on a range of diversity requirements, including but not limited to gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and service tenure. The appointment decision will be ultimately based on the strengths of the candidate and the contributions that can be made to the Board.

The Remuneration, Nomination and Credentials Committee selects new directors in accordance with the Policy on Diversity of Directors of Everbright Securities Company Limited, with a view to achieving the diversity objectives of board members. For both male and female employees with necessary experience, skills and knowledge in operation and business, the Group will provide comprehensive training, including but not limited to operation, management, accounting, finance and compliance. The Board considers that the above strategies will provide the Board with an opportunity to select competent female employees for nomination to the Board in the future and will further promote gender diversity on the Board in the long run. On the premise of compliance of the requirement under the Hong Kong Listing Rules, we will appoint at least 1 female Director to the Board as soon as possible on or before December 31, 2024.

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During the Reporting Period, the diversity analysis of the sixth session of the Board of the Company is as follows:

Project	Type	Number	As a percentage of Board members
Gender	Male	13	100%
	Female	0	0%
Age	40-50	5	38%
	51-60	7	54%
	61-70	1	8%
Title	Executive Director	2	15%
	Non-executive Director	6	46%
	Independent non-executive Director	5	39%
Length of term served as the Board members of the Company	Within 5 years (inclusive)	12	92%
	5-10 (not including 5 years, including 10 years)	1	8%
	Over 10 years (exclusive)	0	0%
Length of term served in securities and finance	Within 20 years	3	24%
	20-30 (not including 20 years, including 30 years)	7	52%
	Over 30 years (exclusive)	3	24%
Expertise or strength in economy/finance/accounting	N/A	12	92%

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The Rules of Procedure of the Remuneration, Nomination and Credentials Committee have been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Remuneration, Nomination and Credentials Committee held a total of five meetings, and the details are set out as follows:

Date of meeting	Contents of meeting	Important comments and suggestions
2022/3/23	The seventh meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To listen to the Report on the Suggestions on the Structure, Number and Composition of the Board of Directors To listen to the Report on Performance Appraisal and Remuneration of Directors of the Company for 2021 To listen to the Report on Execution of Duty, Performance Appraisal and Remuneration of the Senior Management of the Company for 2021
2022/4/27	The eighth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Nomination of Mr. Zhao Ling as the Executive Director Candidate of the Company
2022/6/14	The ninth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Election of Mr. Zhao Ling as the Chairman of the sixth session of the Board of the Company
2022/8/30	The tenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Nomination of Mr. Yin Yanwu as a Director Candidate of the Company To listen to the Report on the Special Assessment Opinion on Compliance of Senior Management of the Company in 2021 To consider the Resolution in Respect of the Assessment of Compliance Officer of the Company in 2021
2022/12/28	The eleventh meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Evaluation and Remuneration Plan for Directors and Senior Management of the Company for the Year 2021 To consider the Resolution on the Formulation of Administrative Measures on the Incentive and Constraint Mechanism of Everbright Securities Company Limited

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During the Reporting Period, the attendance of the members of the Remuneration, Nomination and Credentials Committee at meetings is as follows:

Name	Position	Number of actual attendance/number of required attendance
Ren Yongping (chairman)	Independent non-executive Director	5/5
Song Bingfang	Non-executive Director	5/5
Chan Ming Kin	Non-executive Director	5/5
Yin Junming	Independent non-executive Director	5/5
Liu Yunhong	Independent non-executive Director	5/5

Risk Management Committee

The Risk Management Committee is mainly responsible for monitoring the overall risk management of the Company and controlling such risks within reasonable limits, so as to ensure that the Company may implement effective risk management plans with respect to various risks in relation to the business activities of the Company. The Risk Management Committee is accountable to the Board of Directors and report to it, as follows:

1. to evaluate and express opinions with respect to the overall target and basic policies of compliance management and risk management;
2. to evaluate and express opinions with respect to the establishment of compliance management and risk management organizations and the powers and duties thereof;
3. to evaluate and express opinions with respect to the risks of material decisions to be considered by the Board of Directors and the solution of such material risks;
4. to review and express opinions with respect to the compliance report and risk evaluation report to be considered by the Board of Directors; and
5. to be responsible for other powers and duties as stipulated in the Articles of Association.

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The Rules of Procedure of the Risk Management Committee have been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Risk Management Committee held three meetings, and the details are set out as follows:

Date of meeting	Contents of meeting	Important comments and suggestions
2022/3/23	The fourth meeting of the sixth session of the Risk Management Committee	To consider the Resolution in Respect of the Compliance Work Report of the Company for 2021 To consider the Resolution in Respect of the Risk Evaluation Report of the Company for 2021 To consider the Resolution on the Risk Control Indicators of the Company for 2021
2022/6/14	The fifth meeting of the sixth session of the Risk Management Committee	To consider the Resolution in Respect of the Company's Risk Preference for 2022
2022/8/24	The sixth meeting of the sixth session of the Risk Management Committee	To consider the Resolution on the Risk Assessment Report of the Company for the First Half of 2022 To consider the Resolution on the Risk Control Indicators of the Company for the First Half of 2022

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During the Reporting Period, the attendance of the members of the Risk Management Committee at meetings is as follows:

Name	Position	Number of actual attendance/number of required attendance
Wang Yong (chairman)	Independent non-executive Director	3/3
Song Bingfang	Non-executive Director	3/3
Fu Jianping	Non-executive Director	3/3
Cai Minnan (Resigned on August 19, 2022)	Non-executive Director	2/2
Yin Yanwu (Appointed on November 22, 2022)	Non-executive Director	0/0
Po Wai Kwong	Independent non-executive Director	3/3
Liu Yunhong	Independent non-executive Director	3/3

Strategies and Sustainable Development Committee

The Strategies and Sustainable Development Committee shall have the following primary powers and duties, including:

1. to research and make suggestions with respect to the long-term strategic plan of the Company;
2. to research and make suggestions with respect to any material financing plan required to be approved by the Board of Directors as stipulated in the Articles of Association;
3. to research and make suggestions with respect to any material capital operations and asset operation projects required to be approved by the Board of Directors as stipulated in the Articles of Association;
4. to determine the Environmental, Social and Governance (ESG) targets, promote the development of the ESG system and review the ESG reports;
5. to research and make suggestions with respect to any other material matters affecting the development of the Company;
6. to examine the implementation of all such matters above; and
7. to be responsible for other matters authorized by the Board of Directors.

During the Reporting Period, the Strategies and Sustainable Development Committee did not hold any meetings, and members of the Committee maintained close and effective communication with each other through e-mail, electronic communication and other means to ensure the performance of their duties.

Performance of other duties: During the Reporting Period, members of the Special Committees under the Board of Directors of the Company conducted surveys with a focus on the business operation of bulk commodity basis trading and the financial innovation business, and made suggestions on basis trading, business models of financial innovation businesses and risk prevention and control.

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VIII. Supervisory Committee

The Supervisory Committee is a supervisory body of the Company and shall be accountable to the general meeting. As required by the Company Law and Articles of Association, the Supervisory Committee is responsible for monitoring the Company's financial activities and internal control, and overseeing the legality and compliance of the performance of duties by the Board, the management and its members.

(I) The meetings of the Supervisory Committee and the attendance of Supervisors during the Reporting Period

There are no objections raised by the Supervisory Committee in respect of supervision matters during the Reporting Period.

For the year of 2022, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee, the Supervisory Committee of the Company performed its duties earnestly and diligently, and supervised the Company's legal compliance, financial status, and the duty performance by the Board of Directors and the Company's management. During the Reporting Period, the Supervisory Committee of the Company held a total of nine meetings, including three on-site meetings, three correspondence meetings and three meetings held on-site and through correspondence.

Session of meeting	Date of meeting	Meeting resolutions
Eighth meeting of the sixth session of the Supervisory Committee	January 20, 2022	To consider the Resolution in Respect of Making Provision for Assets Impairment and Accrued Liabilities
Ninth meeting of the sixth session of the Supervisory Committee	March 23, 2022	<p>To listen to the Report on the Operations of the Company for 2021</p> <p>To consider the Resolution in Respect of the Annual Report and Its Highlight of the Company for 2021</p> <p>To consider the Resolution in Respect of the Risk Assessment Report of the Company in 2021</p> <p>To consider the Resolution in Respect of the Work Report of the Supervisory Committee of the Company in 2021</p> <p>To consider the Resolution in Respect of the Work Plan of the Supervisory Committee of the Company in 2022</p> <p>To consider the Resolution in Respect of the Compliance Work Report of the Company in 2021</p> <p>To consider the Resolution in Respect of Amendment to the Management Measures on Reputational Risk and Public Opinion Work of the Company</p> <p>To listen to the Report on Anti-money Laundering Work of the Company for 2021</p> <p>To listen to the Report on Integrity Management of the Company for 2021</p> <p>To listen to the Report on Performance Evaluation and Remuneration of the Supervisors of the Company for 2021</p> <p>To consider the Resolution in Respect of the Performance Evaluation Results of the Directors of the Company in 2021</p> <p>To consider the Resolution in Respect of the Social Responsibility Report/ESG Report of the Company in 2021</p> <p>To consider the Resolution in Respect of the Evaluation Report of Internal Control of the Company in 2021</p> <p>To review the Audit Report of Internal Control of the Company in 2021</p> <p>To listen to the Internal Audit Report of the Company in 2021</p>

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Session of meeting	Date of meeting	Meeting resolutions
Tenth meeting of the sixth session of the Supervisory Committee	April 27, 2022	To consider the Resolution in Respect of First Quarterly Report of the Company for 2022 To consider the Resolution in Respect of the Nomination of Mr. Liang Yi as a Supervisor Candidate of the Company
Eleventh meeting of the sixth session of the Supervisory Committee	June 14, 2022	To consider the Resolution in Respect of the Election of Mr. Liang Yi as the Chairman of the Sixth Session of the Supervisory Committee of the Company To consider the Resolution in Respect of By-election of Members of the Sixth Session of the Corporate Governance Supervisory Committee of the Company
Twelfth meeting of the sixth session of the Supervisory Committee	July 1, 2022	To consider the Resolution in Respect of the Nomination of Mr. Huang Xiaoguang as a Supervisor Candidate of the Company To consider the Resolution in Respect of the Proposal to Convene the Second Extraordinary General Meeting of the Company for 2022 to the Board of the Company
Thirteenth meeting of the sixth session of the Supervisory Committee	August 24, 2022	To listen to the Report on the Operations of the Company for the First Half of 2022 To consider the Resolution in Respect of the 2022 Interim Report and Its Highlight of the Company To consider the Resolution in Respect of the Risk Assessment Report of the Company in the First Half of 2022 To consider the Resolution in Respect of By-election of the Members of the Corporate Governance Supervisory Committee under the Sixth Session of the Supervisory Committee of the Company To listen to the Interim Internal Audit Report of the Company for the First Half of 2022
Fourteenth meeting of the sixth session of the Supervisory Committee	October 26, 2022	To listen to the Report on the Operations of the Company for the First Three Quarters of 2022 To consider the Resolution in Respect of the Report of the Company for the Third Quarter of 2022 To listen to the Internal Audit Report of the Company for the First Three Quarters of 2022

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Session of meeting	Date of meeting	Meeting resolutions
Fifteenth meeting of the sixth session of the Supervisory Committee	December 9, 2022	To listen to the Self-evaluation Report on Risks in relation to Money Laundering and Terrorism Financing of the Company To listen to the Resolution in Respect of the Formulation of the Management Measures on Integrity of the Company
Sixteenth meeting of the sixth session of the Supervisory Committee	December 29, 2022	To consider the Resolution in Respect of the Appraisal Results of and Remuneration Proposal for the Former Chairman of the Supervisory Committee of the Company in 2021

Before attending the meetings of the Supervisory Committee, the Supervisors carefully reviewed the meeting materials, and fully discussed and considered the proposals. The Supervisors failing to attend on site obtained detailed understanding and made in-depth analysis of meeting materials and proposal background and fulfilled the duty of Supervisors by way of communication voting. The details of the meetings of the Supervisory Committee held during the Reporting Period are set out as follows:

Name	Number of meetings of Supervisory Committee requiring attendance	Attendance in person	Attendance through correspondence	Attendance by proxy	Absence
Liang Yi	6	4	2	0	0
Wu Chunsheng	9	5	4	0	0
Wang Hongyang	9	4	5	0	0
Huang Xiaoguang	4	3	1	0	0
Zhu Wuxiang	9	6	3	0	0
Cheng Fengchao	9	6	3	0	0
Huang Qin	9	6	3	0	0
Li Xianzhi	9	6	3	0	0
Lin Jingmin	9	6	3	0	0

Note 1: The appointment of Mr. Liang Yi as a Supervisor became effective from June 14, 2022. During the Reporting Period, Mr. Liang Yi was required to attend six meetings of the Supervisory Committee and actually attended six meetings of the Supervisory Committee.

Note 2: The appointment of Mr. Huang Xiaoguang as a Supervisor became effective from August 23, 2022. During the Reporting Period, Mr. Huang Xiaoguang was required to attend four meetings of the Supervisory Committee and actually attended four meetings of the Supervisory Committee.

Note 3: Mr. Liu Jiping resigned on April 19, 2022. During the Reporting Period, Mr. Liu Jiping was required to attend 2 meetings of the Supervisory Committee and actually attended 2 meetings of the Supervisory Committee.

Note 4: Mr. Yang Weirong resigned on June 28, 2022. During the Reporting Period, Mr. Yang Weirong was required to attend 4 meetings of the Supervisory Committee and actually attended 4 meetings of the Supervisory Committee.

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(II) Trainings of Supervisors

The Company attaches great importance to the continuous trainings of Supervisors to ensure they have proper understanding of the Company's operation, business and the latest regulatory requirements. During the Reporting Period, the Supervisors of the Company participated in the online training course for directors and supervisors of listed companies in Shanghai in 2021 provided by Shanghai Association for Public Companies, the training on management of the investment behavior of directors and supervisors of the Company, the anti-money laundering training of Shanghai Branch of China People's Bank in 2022, and the seventh training course for the induction of Directors, Supervisors and senior management of listed companies in 2022 organized by Shanghai Stock Exchange.

IX. Information about the Staff of the Parent Company and Major Subsidiaries as of the end of the Reporting Period

1. Information about the staff

The company always adheres to the people-oriented development concept and follows the recruitment principle of equality and legality. In strict compliance with the requirements of the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China and other relevant laws and regulations, we have formulated and implemented a series of salary and welfare distribution policies to protect the legitimate rights and interests of employees. According to the legal requirements, the "Administrative Measures for Employee Recruitment of Everbright Securities Company Limited (光大證券股份有限公司)" has been formulated, which stipulates that the recruitment of employees should be fair, just and open, and follow the principles of strict selection for competitive talents and equal stress on integrity and ability priority given to moral integrity. There are two main types of recruitment: internal recruitment and external recruitment. We strictly manage the recruitment process, prohibit child labor, and resist all forms of forced and compulsory labor. Meanwhile, we practice the concept of diversity in recruitment and eliminate discrimination in various aspects such as age, gender, ethnicity, race, marital status, and religious belief.

Number of staff employed by the parent company	6,516
Number of staff employed by the major subsidiaries	2,025
The total number of staff employed	8,541
Number of paid retired staff of the parent company and its subsidiaries	0

Profession Composition

Profession	Number
Brokerage business personnel	5,559
Investment banking personnel	658
Research personnel	175
Assets management personnel	277
Investment business personnel	111
Information technology personnel	425
Financial personnel	164
Compliance/Risk control/Internal audit personnel	272
Other business and administration personnel	900
Total	8,541

Education

Levels of education	Number
Doctoral degree and above	74
Master's degree	2,600
Bachelor's degree	4,746
Others	1,121
Total	8,541

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In 2022, the Company strictly complied with the relevant provisions of Interim Provisions on the Administration of Securities Brokers 《證券經紀人管理暫行規定》 ([2009] No. 2), Verification Opinions On-site of Securities Brokers System 《證券經紀人制度現場核查意見書》 (Hu Zheng Jian Ji Gou Zi [2009] No. 302) and its internal system. The Company centralized management of securities brokers to further regulate the practice of securities brokers to safeguard the legitimate rights and interests of clients through improving rules and regulations, the internal control mechanism, the support system and internal training. As of the end of the Reporting Period, the Company had 211 securities brokerage branches to carry out securities brokerage business, and 1,255 domestic securities brokers in China, all of which have registered with the Securities Association of China.

As of December 31, 2022, the Company's male employees accounted for 52.97% and female employees accounted for 47.03%. Among the senior management, two were female, and the Company will continue to strive to achieve a balance of gender diversity.

2. Remuneration Policy

The Company implements the concept of sound operation and high-quality development by integrating the culture concept of "compliance, integrity, professionalism and prudence" into its remuneration management, establishing a talent cultivation mechanism and incentive mechanism with a view to the long-term development, and creating value for the Company and society by depending on the high-quality talents with integrity and competence, thus to promote the sustainable development of the Company and the industry.

The Company has established and continues to improve its remuneration management mechanism. The Company's remuneration policy delineates the boundary of compliance, fully takes into account factors such as professional conduct, business integrity, compliance and risk control, performance of social responsibility and customer service level. The remuneration management adheres to the basic principles of combining incentives and constraints, balancing fairness and efficiency, reconciling efficiency and risk, aligning both remuneration and performance to stress the front-line workers and value creation in income allocation, give full play to the appraisal result, and reasonably determine the method and extent of linking appraisal to remuneration allocation so that remuneration may increase or decrease so as to boost the enthusiasm and creativity of the majority of cadres and employees and help the Company to enhance its ability to serve the real economy and national strategies.

The Company has also established incentive and restraint mechanisms that match the business characteristics, risk level and duration, including but not limited to mechanisms for deferred payment, withholding payment of compensation, recourse and recovery, to enhance the binding effect of remuneration management, appropriately moderate the fluctuations of income, reasonably control the pace of remuneration payment so as to ensure the effective implementation of comprehensive risk management and compliance management. The Company continues to guide its employees to establish correct values and ensure that they are aware of the main principles of the remuneration system, the requirements on labor discipline and the regulations on remuneration confidentiality, as well as the potential impact of compliance risk factors and misconduct on remuneration.

The basic salary in the remuneration system is determined after taking into account factors such as the job type, level, competence and performance of the employee; the performance bonus is linked to the Company's operating conditions, performance of the department in which the employee works, employee personal performance, the risk of compliance, continued service and other factors.

Statutory benefits in the welfare system include social insurance and housing provident fund, which are withheld and paid for employees in the principle of localization according to the law; corporate benefits include welfare annual leaves, supplementary commercial insurance, annual physical examination, enterprise annuity and other benefits.

According to relevant regulations, the Company shall pay social security and benefit contributions which are determined at a certain percentage of relevant salaries of the employees to the labor and social welfare authorities, on a regular basis. Such social benefit schemes are defined contribution schemes. For details, please refer to Note 11 to the consolidated financial statements.

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3. Training plan

In 2022, the education and training of the Company was guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, in order to earnestly implement the general requirements of Party construction and the Party's organizational line in the new era, by adhering to the principle of management of cadres and talents under the Party's supervision, so as to continue to enhance the system, continuity and pertinence in nature for the education and training works of the Company. Regarding this, above all, we shall treat the study of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era as the top priority of education and training, thoroughly study and implement the spirit of the Sixth Plenary Session of the 19th CPC Central Committee and the 20th CPC National Congress, thus to strengthen the study of political theory; in addition, we shall grasp the "key minority" by strengthening the building of cadres and staff echelon, carrying out training programs for the middle-level cadres, team leaders, reserve talents of sales department, new employees at various levels to strengthen their ideological tempering, political experience and practice training; furthermore, we shall promote the spirit of professionalism by cultivating professional talents based on category, organizing various types of professional training, vocational skill and quality training and supporting employees to acquire certification, encouraging professional experience sharing, so as to promote talent tapping and knowledge building.

4. Labor outsourcing

The Company has not utilized any material outsourced labor services. In the year of 2022, the average number of outsourced dispatch employees of the Company is 87 and the total amount of remuneration cost paid for outsourced dispatch is RMB18.91 million.

X. Proposal of Profit Distribution or Capitalization from Capital Reserve Fund

(I) Formulation, implementation or adjustment of cash dividend policies

1. *The profit distribution policy of the Company*

The Company emphasizes the return for shareholders. The Articles of Association explicitly provides for the Company's profit distribution policy and the Company has formulated Management Measures for Profit Distribution of Everbright Securities Company Limited. The relevant profit distribution provisions of the Articles of Association clearly stipulate the specific conditions for the adjustment of the established policy, especially the cash dividend distribution policy, the decision-making procedures and the mechanism and the priority of the cash dividends in comparison to bonus shares in the profit distribution, the interval time and the specific conditions of cash dividends distribution, the conditions of the issuance of bonus shares, etc.

2. *The implementation of the Company's 2021 profit distribution during the Reporting Period*

During the Reporting Period, the 2021 annual general meeting of the Company considered and approved the proposal in relation to the Company's 2021 profit distribution proposal. On August 5, 2022, the Company's 2021 profit distribution was completed.

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3. *The 2022 profit distribution plan*

The twenty-third meeting of the sixth session of the Board considered and approved the Company's profit distribution proposal for 2022: on the basis of a total share capital of 4,610,787,639 shares (comprising A Shares and H Shares) in issue as of December 31, 2022, a cash dividend of RMB2.10 per 10 shares (tax inclusive) is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB968,265,404.19. The above distribution plan will be submitted to the Company's general meeting for review, and will be implemented within two months after the plan is approved by the general meeting.

Cash dividend is denominated and declared in RMB, and paid to holders of A Shares in RMB and to holders of H Shares in HKD. The actual distribution amount in HKD would be calculated at the average benchmark exchange rate of RMB against HKD published by PBOC for one week (including the date of the annual general meeting) prior to the 2022 annual general meeting of the Company.

The Company will announce in due course the date of the 2022 annual general meeting, and for the purpose of ascertaining the eligibility of the shareholders to attend and vote at the forthcoming annual general meeting, the timing for which the register of members of the Company will be closed. The Company will publish separate announcements on the record date and book closure period for the payment of the dividends to the holders of H Shares, as well as the record date and the date for the payment of the dividends to holders of A Shares.

(II) **Specific description on the cash dividend policy of the Company**

Whether the policy is in compliance with the provisions of the Articles of Association and requirements of the resolutions of the general meeting	√ Yes	<input type="checkbox"/> No
Whether the criteria and rate of the dividend are explicit and clear	√ Yes	<input type="checkbox"/> No
Whether the relevant decision making procedures and mechanism are adequate and complete	√ Yes	<input type="checkbox"/> No
Whether the independent non-executive Directors have performed their duties and made due contributions	√ Yes	<input type="checkbox"/> No
Whether the opinions and requests of the minority shareholders can be properly expressed and their legal rights and interests are fully protected	√ Yes	<input type="checkbox"/> No

XI. **The Evaluation of Senior Management as well as the Establishment and Implementation of Incentive Mechanism during the Reporting Period**

The tenth meeting of the sixth session of the Board of Directors of the Company considered and approved the evaluation plan on the senior management of the Company in 2021. The nineteenth meeting of the sixth session of the Board of Directors of the Company carried out an evaluation on the senior management of the Company in accordance with the Articles of Association, the Evaluation Plan on Senior Management of the Company in 2021 and other requirements. The remuneration of the senior management of the Company shall be considered and approved by the Board of Directors. The Company has not yet developed any equity incentive system.

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

As of the end of the Reporting Period, the Company has established an internal control system comprehensively covering all departments, branches and subsidiaries of the Company. In accordance with the requirements of relevant laws and regulations such as the Basic Standards for Enterprise Internal Control, the Guidelines on Internal Control of Enterprises, the Guidelines on Internal Control of Securities Companies and the Guidelines of Shanghai Stock Exchange on Internal Control of Listed Companies, the Company has comprehensively reviewed and improved the systems on corporate governance, principal businesses and compliance risk control based on the comprehensive risk management, compliance management, anti-money laundering management and other management matters of securities companies released during the year. It also formulated and amended certain internal rules and systems in accordance with external laws and regulations, the systems and business development of the Company to further improve internal control, standardize business procedures and ensure the full coverage of internal control on all business processes and the full process of decision-making, implementation and supervision on management matters.

The Company implements the construction of internal control throughout the operation and development of the Company. It continuously optimizes the construction of systems, intensifies the implementation of systems and implements supervision and inspections to ensure the continuous and healthy development of the Company. During the Reporting Period, on the basis of routine supervision and professional inspections on internal control, the Company has organized and implemented the evaluation and procedures on internal control to evaluate and improve the effectiveness of the Company's risk management and internal control measures. Through benchmarking existing policies, systems and business procedures, the Company finds defects in internal control, formulates rectification plans on defects in internal control and urges all entities to analyze defects in internal control and implement rectifications. The evaluation results of internal control can truthfully and accurately reflect the operation of the Company's internal control.

XIII. Management and Control of Subsidiaries during the Reporting Period

The Company has formulated the Management Measures for Subsidiaries of Everbright Securities Company Limited, established a management model on subsidiary lines with the coordination of leading departments and centralized management of professional functional departments. It fully performs supervision, management, guidance and service functions on all lines of majority-owned subsidiaries, strengthens vertical management and control and penetration management over subsidiaries, further clarifies the scope of authorities and enhances process management and control. It has adopted various management and control measures on corporate governance, compliance risk control, finance and personnel, evaluation and supervision.

XIV. Description of the Relevant Contents of the Internal Control Audit Report

In accordance with relevant provisions of the Corporate Internal Control Audit Guidelines, Ernst & Young Hua Ming LLP (Special General Partnership) issued a standard unqualified internal control audit report. For details, please refer to the 2022 Annual Internal Control Audit Report of Everbright Securities Company Limited disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn).

SECTION IV CORPORATE GOVERNANCE

XV. Rectification of Problems in Self-inspection under the Special Campaign to Improve the Governance of Company

During the Reporting Period, based on the self-inspection under the special campaign to improve the governance of listed companies, the Company has improved the attendance rate of directors and supervisors at general meetings and further expanded the depth and width of the participation of directors and supervisors in corporate governance through various means such as communication meetings and special researches.

XVI. Investor Relations

(I) Overview of investor relations

The Company attaches great importance to the management of investor relations, and has developed sound policies and systems such as “Investor Relations Management System” and formed effective communication channels with shareholders and investors. In addition to information disclosure channels required by laws, the Company has also established an investor relations management platform incorporating on-site, telephone, online and other communication channels and covering general meeting, performance briefing, roadshow, response to investor inquiries, company website, investor hotline, e-mail and other communication methods; the Company actively enhanced its interaction and communication with investors, improved the transparency of the Company, and ensured that investor could obtain the information of the Company in a timely, accurate and comprehensive manner through proactively participating in “SSE E-Interaction” and investor collective reception day activities, attending investment strategy conferences held by securities firms or investment forums and other means. Shareholders may send any inquiries to the office address of the Company by mail, hotline or letter to the office address of the Company and the Company will properly deal with such inquiries in a timely manner. The Company has always categorized and analyzed the questions raised by investors and analysts to continuously improve the professionalism, standardization, personalization and thus the quality of investor relations management work, maintain a good relationship with the capital market and effectively exert the transmission function of the capital market.

In 2022, despite the challenges, following the principles of compliance, equality, proactivity and integrity, the Company successfully held the 2021 annual results briefing and 2022 interim results briefing for investors through live streaming, and over 4,000 persons watched the briefing through livestreaming platforms such as the SSE Roadshow Center, Roadshow China and Wind; the Company held the 2022 third quarter results briefing for all investors in an open, fair and timely manner, and answered all investors' questions directly at the SSE Roadshow Center. The Company responded to the inquiries of approximately 60 persons in total from various institutions including securities firms and fund companies on-site and online in 24 events; the Company attended 11 strategy conferences held by securities firms where the Company communicated sufficiently with the investors and analysts on matters including the industry development trend, and the results of operations and business development strategies of the Company. The Company optimized the work mechanism on responding to investors' inquiries, effectively enhanced the protection of investors' interests, listened to over 250 phone calls from investors, and answered questions raised through “SSE E-Interaction” for 87 times.

The shareholders' general meeting is the highest authoritative organ of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict compliance with the relevant provisions to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely. Under the Articles of Association, the Company has orderly operated and maintained a sound and stable development, as well as effectively protected the interests of the Company and shareholders. According to the Articles of Association, in the case that a shareholder proposes to access or obtain relevant information provided for in the Articles of Association of the Company, written proof of the class and quantity of shares held by the shareholder shall be provided to the Company, and the Company shall provide relevant information according to the request after the Company checks and confirms the identity of the shareholder and the shareholder pays for the costs and expenses incurred.

SECTION IV CORPORATE GOVERNANCE

The Company pays high attention to the shareholders' opinions and advice, actively and regularly carrying out various investor relations activities to keep communications with shareholders and meet their reasonable needs in a timely manner. Meanwhile, the Company publishes the Company's announcements, financial information and other relevant information on the website designated by the regulatory authorities acting as a channel for the effective communication with the shareholders. If the shareholder has any inquiries, he/she can make the inquiries through e-mail, hotline and letter to the office address of the Company, and the Company will promptly deal with the relevant inquiries in a proper manner. Shareholders who wish to know more about the matters related to the Company's investor relations can contact the Company's investor relations team:

Facsimile: +86-21-22169964

E-mail: ebs@ebscn.com

Postal address: No. 1508, Xinzha Road, Jing'an District, Shanghai, China

Postal code: 200040

(II) Amendments to the Articles of Association during the Reporting Period

During the Reporting Period, the amendments to the Articles of Association were as below:

The resolution of amendments to the Articles of Association was considered and approved at the 2022 first extraordinary general meeting. The Articles of Association was amended in accordance with the Securities Law of the People's Republic of China 《中華人民共和國證券法》, the Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies 《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》, the Code of Corporate Governance for Listed Companies 《上市公司治理準則》, the Guidelines on the Articles of Association of Listed Companies 《上市公司章程指引》, the Administrative Provisions for the Equities of Securities Companies 《證券公司股權管理規定》, the Measures for Management of Information Technology of Securities and Funds Operation Institutions 《證券基金經營機構信息技術管理辦法》 and the Environmental, Social and Governance Reporting Guide 《環境、社會及管治報告指引》 and based on the actual situation of the Company. For details of the above amendments, please refer to the announcements dated June 14, 2022, the circulars dated July 8, 2022 and the Articles of Association dated August 2, 2022 published on the website of the Hong Kong Stock Exchange.

XVII. Other Matters on Corporate Governance

(I) Responsibilities of the Directors in respect of the financial statement

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each statement shall be understood separately.

The Company's Directors shall compile genuine and fair combined financial statements according to the disclosure requirements under the PRC GAAP, International Financial Reporting Standards issued by the International Accounting Standards Committee and the Hong Kong Companies Ordinance. The Company's Directors will also be responsible for the necessary internal monitoring of the combined financial statements so that there will not be any material misstatements as a result of fraud or errors. The Company is not subject to any event or circumstance of material uncertainty, as a result of which significant doubt may be cast upon the ability of the on-going operation of the Company.

For the reporting responsibility of external auditors of the Company, Ernst & Young, please refer to the independent auditors' report.

SECTION IV CORPORATE GOVERNANCE

(II) Appointment of external auditors and their remuneration

1. Current external auditors

According to the Articles of Association, appointment of external auditors of the Company shall be decided by the general meeting, and the auditors shall serve a term of one year and may be re-engaged. In view of the fact that Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are able to complete the work entrusted by the Company, adhere to the principles of independence, objectivity and impartiality, comply with the relevant accounting standards and professional ethics of accountants and perform audit duties diligently, the fourteenth meeting of the sixth session of the Board and the first extraordinary general meeting in 2022 considered and approved the Resolution Regarding the Appointment of External Auditors for 2022 and agreed to (1) reappoint Ernst & Young Hua Ming LLP (Special General Partnership) as the PRC external auditors of the Company for the year 2022 to be responsible for providing relevant domestic audit services in accordance with the PRC GAAP; (2) reappoint Ernst & Young as the overseas external auditors of the Company for the year 2022 to be responsible for providing relevant overseas audit and review services in accordance with the IFRSs; (3) authorize the management of the Company to determine the audit fees based on market principles and to enter into the relevant agreements.

In 2022, the Company's audit fees for domestic audit services and internal control amounted to RMB4.18 million; the audit fees paid to the overseas accounting firm for its provision of audit advice for EBSI and its subsidiaries amounted to HK\$4.605 million (equivalent to approximately RMB3.96 million).

In 2022, the Company paid the non-audit service fee of approximately RMB0.74 million to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young.

During the Reporting Period, there was no occasion where the Board of Directors did not agree with the opinions of the Audit and Related Party Transaction Control Committee on the selection and appointment of external auditors.

2. Changes of external auditors in the past three years

In the past three years, the Company has not changed the external auditors.

(III) Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 to the Hong Kong Listing Rules as the code for all Directors and Supervisors to conduct transactions of the Company's securities. After specific inquiries to all Directors and Supervisors made by the Company, they all confirmed that they strictly complied with the standards specified in the Model Code during the Reporting Period. The Company has also set up guidelines, at least as strict as the Model Code, on transactions of the Company's securities by relevant employees (within the meaning of the Hong Kong Listing Rules). The Company did not find that relevant employees violated any of the guidelines.

(IV) Company secretary

Dr. Ngai Wai Fung serves as the company secretary of the Company. Dr. Ngai is a director and chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. During the Reporting Period, pursuant to the Hong Kong Listing Rules, Dr. Ngai had taken no less than 15 hours of professional training.

During the Reporting Period, the primary contact person of the Company and Dr. Ngai is Ms. Zhu Qin (secretary to the Board of Directors and representative of securities affairs of the Company).

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. Particulars of Environmental Information

(I) Environmental information on the Company

The Company is not a major pollutant-discharging unit announced by the environmental protection authorities. During the Reporting Period, the Company has not been subject to any administrative punishment for environmental issue. Under the guidance of the sustainable development strategy, the Company attaches great importance to the ecological environmental protection, strictly performs the responsibility of ecological environmental protection, effectively implements the environmental protection philosophy of “green office, low-carbon emission and energy saving”, and promotes green and low-carbon operation through overall pollution control, efficiency improvement, overall saving and various means while exploring the green financing business for enterprise, contributing to the realization of the goals on “carbon peaking and carbon neutrality”. The Company has established a mechanism related to environmental protection, and made investment of RMB200,000 in environmental protection during the Reporting Period.

(II) Relevant information beneficial to ecological protection, pollution prevention and fulfillment of environmental responsibilities

The Company actively performs its responsibility for an environmentally friendly society and implements the green development concept throughout the development process. As a financial institution, the Company performs its environmental responsibility mainly by providing green financial products and services and pursuing low-carbon operation. In business development, the Company actively participates in the promotion of transformation to green development, and serves to build a low-carbon and green economic system. In 2022, the Company has underwritten a total amount of green financial bonds of RMB5.417 billion, including 6 offerings of “carbon neutrality” bonds, and supported the refinancing of the green industry to indirectly contribute to the ecological protection. Meanwhile, the Company actively conducted the green finance and industry-related research and issued 296 research reports related to “carbon neutrality” and 9 in-depth industry research reports. In office operation, the Company has taken various active measures, such as overall pollution control, efficiency improvement and overall saving, to strictly implement the requirements on energy saving and emission and consumption reduction, and ensure the effectiveness of low-carbon operation. The Company has reduced the office electricity consumption of the year by avoiding unnecessary use of electricity and enhancing electricity efficiency, and controlled the consumption of office consumables by advancing paperless office. Throughout 2022, the use ratio of electronic seal was 70%. In addition, in public welfare activities, the Company has organized employees to participate in the “Everbright Forest (光大林)” afforestation campaign for consecutive years and employees have donated a total of more than RMB80,000 to the “Everbright Forest (光大林)” campaign in 2022.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(III) Measures adopted for reducing its carbon emission during the Reporting Period and effects

Whether measures are adopted for reducing carbon emission		Yes
Reduction of carbon dioxide emissions equivalent (unit: ton)		7,820
Type of measures for reducing carbon emission (such as using clean energy to generate electricity, adopting carbon emission reduction technology in the production; developing and producing new products for carbon emission reduction, etc.)	(1)	According to the relevant domestic waste classification standards in Shanghai, effectively classified dry waste, wet waste, hazardous waste and recyclable waste to complete the cleaning and transportation.
	(2)	Centralized professional recycling of hazardous waste.
	(3)	Implemented the "Clean Your Plate Campaign (光盤行動)" throughout the Company, offered "smaller dishes" in the staff canteen and installed surveillance cameras in the plate collecting area to further reduce the food waste in the staff canteen.
	(4)	Upgraded the electronic office system, further reduced the utilization of paper documents, and increased online approval processes and the efficiency to reduce the use of paper.
	(5)	Advocated the use of LED low power consumption lighting appliances, and gradually replaced fluorescent lamps with LED tubes.
	(6)	Reduced the operating time of air conditioning units and controlled the temperature, reduced the use of circulating water pump and the power; comprehensively cleaned the coil pipes and fins of the air conditioning fan to improve the energy exchange efficiency.
	(7)	Organized and carried out the inspection of water and electricity consumption, reported waste of electricity such as "lighting on all day long" and "air conditioning for nobody" and completed the chronological record of water and electricity charges, and strengthened the Company's green expense control.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. Work on Social Responsibilities

(I) Specific situation of work on social responsibilities

External donation, public welfare programs

	Quantity/content	Description
Total investment (RMB'000)	738.71	In 2022, the Company donated a total of approximately RMB7.3871 million, including donation of RMB5 million for targeted support; the special donation of RMB1.6757 million in Hong Kong; RMB0.5 million for the Everbright Sunshine Public Welfare Fund; RMB48,400 as scholarships to the University of Macau and Macau University of Science and Technology; a donation of RMB12,900 to sponsor public welfare activities of its subsidiary in Hong Kong; RMB50,200 to Xiji County, Ningxia Hui Autonomous Region; RMB50,000 to Liangjiangkou and other villages in Menlouxia Yao Town, Xintian County, Hunan Province; and RMB50,000 to Chengtang Village, Lianjiang Town, and Liaoxia Village, Shefu Town, Xingguo County, Jiangxi Province.
Including: Funds (RMB'0,000)	738.71	
Materials equivalent to cash (RMB'0,000)	0	
Number of beneficiaries (person)	6,031	About 1,616 people benefited from the Everbright Sunshine Charity Fund; 7 students were awarded the scholarships of the University of Macau and the Macau University of Science and Technology; about 4,000 people benefited from the donation of Hong Kong "Fu Hong Society" benefited from the donation; and about 408 people benefited from the infrastructure construction in Xingguo County, Jiangxi Province. (The number of beneficiaries is incomplete)

The Company has prepared the 2022 Environmental, Social and Governance Report of Everbright Securities Company Limited pursuant to the Environmental, Social and Governance Reporting Guide contained in the Appendix 27 to the Hong Kong Listing Rules. For details, please refer to the 2022 Environmental, Social and Governance Report of Everbright Securities Company Limited published by the Company on the HKEx website of the Hong Kong Stock Exchange (www.hkexnews.hk). During the Reporting Period, the Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

III. Particulars of Consolidating and Expanding the Results of Poverty Alleviation, Rural Revitalization and Other Work

Poverty Alleviation and Rural Revitalization Project

Poverty Alleviation and Rural Revitalization Project	Quantity/content	Description
Total investment (RMB0'000)	620.51	Through "love purchase" and other means, the Group purchased agricultural products of RMB950,870 from poverty-stricken counties; distributed more than 10,000 face masks to the Central Primary School of Danxi Town, Xunwu County, Jiangxi Province, worthy of RMB4,000; donated RMB5 million to the targeted support project in Xintian County, Hunan Province; donated RMB50,000 to Xintian County, Hunan Province for post-disaster reconstruction; donated RMB50,200 for the purchase of emergency materials to Xiji County of Ningxia; donated RMB50,000 to Xingguo County, Jiangxi Province for infrastructure construction; donated RMB50,000 to Wan'an County of Jiangxi Province for the purchase of emergency materials and the "lighting" project of the square; and donated RMB50,000 to Qingsheng Town of Yongshan County, Zhaotong City, Yunnan Province to support the loquat planting sector.
Including: Funds (RMB'0,000)	620.11	
Materials equivalent to cash (RMB'0,000)	0.4	
Number of beneficiaries (person)	2,024	About 408 persons benefited from the infrastructure construction in Xingguo County, Jiangxi Province; about 1,000 persons benefited from the purchased emergency supplies and participating in the "lighting" project of the square in Wan'an County, Jiangxi Province; and about 616 persons benefited from engaging in the loquat planting in Zhaotong City, Yunnan Province. (The number of beneficiaries is incomplete)
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, etc.)	Financial assistance, industrial assistance, consumption assistance, intellectual assistance, public welfare assistance, talent assistance, organizational assistance, educational poverty alleviation and ecological poverty alleviation	

In order to implement the spirit of the report of the 20th National Congress of the Communist Party of China, according to the "Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting the Key Work of Rural Revitalization in 2022", the Company follows the Xi Jinping thought on socialism with Chinese characteristics for a new era as guidance, and combines with the Company's actual situation, gives full play to its own advantages and actively launches various assistance campaigns and promote the work of rural revitalization in an all-round way.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(I) Major work

1. Improving political position and strengthening leadership

The Party Committee of the Company actively carried out special research, and formulated the plans on assistance work and the arrangements on capital inputs in 2022, and provided organizational support for the future assistance work. Firstly, in order to comprehensively and successfully carry out the assistance work, the Company assigned outstanding cadres to hold temporary posts in the Everbright's targeted assistance project in Xintian County to support rural revitalization. Secondly, the Company actively organized the selection and recommendation of advanced groups and individuals in poverty alleviation to the Everbright Group to carry forward the spirit of poverty alleviation.

2. Displaying financial advantages and carrying out professional assistance

First, the Company assisted with the listing of Anhui Hongyu Wuzhou Manufacturer Co., Ltd. on the ChiNext stock market, raising a total of RMB446 million, actively helped the enterprises in Taihu County, Anqing City, Anhui Province, a key poverty-stricken county, to consolidate and expand the achievements made in poverty alleviation, contributing to rural revitalization. Secondly, the offering of "2022 Second Tranche of Green Medium-Term Notes of China Everbright Greentech Limited on Rural Revitalization", in which the Company acted as the lead underwriter, was successfully completed, raising a total amount of RMB700 million, which is the first Panda Perpetual Medium-Term Notes for Rural Revitalization in China. It is of great significance for the issuer to improve the debt level, optimize the financing structure, control the capital cost, supplement the liquidity, and expand financing channels. Thirdly, Everbright Futures, a wholly-owned subsidiary of the Company, leveraged its expertise to serve rural revitalization by implementing "insurance + futures" project. The project covers nearly 40,000 households, including 15,000 original registered poor households, with a total insured amount of over RMB2 billion and a total premium of about RMB100 million, covering more than 80 counties and towns in Xinjiang, Yunnan, Hunan, Hebei and Hainan provinces.

3. Responding to assistance calls and innovating assistance measures

First, according to the Notice on the Transfer of Funds for Targeted Assistance in 2022 of the Everbright Group, the Company made the donation of RMB5 million to assist counties receiving targeted assistance in consolidating the results of poverty alleviation. Secondly, the Company carried out consumption assistance, actively purchased and assisted in the sales of featured agricultural products from regions receiving targeted assistance through the "love purchase" and other forms. It also assisted in solving the issue on the "last kilometer" in industrial development and gradually developed the assistance model of "boosting sales with channels, boosting industries with sales and boosting revitalization with industries". Thirdly, the Company purchased agricultural products with a total amount of RMB950,870 from poverty-stricken regions.

4. Strengthening the organizational assistance, and conducting study and research

The Company has visited Xintian County in Hunan Province for many times, organized expert groups to conduct field research and hold symposiums on serving county economic development, and prepared relevant research reports. In addition, the Company organized the Party branch and the village Party branch to jointly carry out the joint construction activity of "joint construction and cohesion to achieve revitalization", jointly studied the report of the 20th National Congress of the Communist Party of China, listened to the introduction of the economic development of Liangjiangkou Village and the characteristics and practices of Party building, and carried out in-depth exchanges on promoting the comprehensive revitalization of rural areas and improving the living environment in rural areas.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Working plan in the next stage

As a central financial securities company, the Company will strictly follow the deployment on paired assistance, carry forward the featured advantages of the investment bank and take counties receiving targeted assistance as samples and test fields to facilitate new progresses and contributions on the path of rural revitalization.

1. Implement the strategic deployment of the CPC Central Committee on rural revitalization and boost supports to real economies

The Party committee of the Company will deeply learn and understand the profound significance and core substance of the strategy of the CPC Central Committee on rural revitalization, deepen the implementation of new development concepts, earnestly study and analyze its own characteristics and the industrial structure of areas receiving assistance and implement precise measures. The Company will leverage on the advantages of its investment banking business, expand financing channels for local distinctive enterprises and provide all-round supports to the economic development of areas receiving assistance to strengthen financial assistance, enhance support for the real economy, optimize financial services for enterprises in relation to agricultural sectors, farmers and rural areas, and gradually achieve industrial revitalization.

2. Practice the people-centric development concept and improve the services of inclusive finance

It is the essentials of socialism and the common aspiration of the public to achieve common prosperity. Rural revitalization is an inevitable path in achieving common prosperity. The Company will intensify efforts and pool stronger strength to speed up in promoting rural modernization in areas receiving assistance. On the one hand, it will focus on local distinctive industries and assist in the construction of agricultural demonstration bases with large scales, brand recognition and effectiveness to enhance the "self-initiating" function. On the other hand, subsidiaries including Everbright Futures will actively participate in the innovation of the "futures + insurance" model and provide value and price preservation guarantees on agricultural products in rural areas.

3. Display the advantages of Party building and assist in the establishment of the rural governance system

During the fully advancing of rural revitalization, the Company will support and encourage its outstanding Party branches and rural Party branches in areas receiving assistance to carry out joint Party building in pairs. The two sides will closely focus on the goal and task of financial empowerment for rural revitalization, further integrate resources, form a joint force, transform the organizational advantages of mutual promotion of Party building into development advantages, advance the paired Party building to achieve new outcomes and help the local government establish and improve the rural governance system led by the Party branch and promote the modernization of the local rural governance capacity.

4. Strengthen consumption assistance, integrate systematic assistance resources, coordinate and mobilize all parties to participate in targeted assistance

The Company will explore and fully employ the limited resources of the Company as well as the customer resource advantage of the financial enterprises of Everbright Group to help introduce various kinds of supporting funds and facilitate the implementation of projects. It will raise overall situation awareness, coordination awareness, sharing awareness and market awareness, and coordinate to promote the poverty alleviation work. It will extensively conduct paired and one-to-one assistance within the Company to create an atmosphere with everyone caring about and participating in assistance. The Company will support the development of green food, organic agricultural products and agricultural products with geographical indications in targeted counties, and assist in solving the issue on the "last kilometer" in rural industrial development.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

5. Carry forward the corporate culture and tell Everbright's stories of support and assistance

The Company will strengthen the organization and leadership in rural revitalization, emphasize responsibility undertaking, implement work measures, and steadily promote rural revitalization to achieve new achievement. The Company will deeply explore vivid cases in regions receiving targeted assistance and carry out publicity in various forms, widely publicize the "Story of Everbright" in rural revitalization. It will combine the vivid practice in assistance and the corporate culture of the Company organically, carry forward the spirit of poverty alleviation and encourage cadres and employees to make greater contributions to the implementation of the strategy on rural revitalization.

SECTION VI SIGNIFICANT MATTERS

I. Performance of Undertakings

In preparation of the listing of the Company's H Shares on the Hong Kong Stock Exchange, Everbright Group made relevant non-competition undertakings which were disclosed in the Company's prospectus. The Company has received the written confirmation from Everbright Group, confirming that it has complied with the relevant non-competition undertakings during the financial year from January 1, 2022 to December 31, 2022.

The independent non-executive Directors have reviewed the compliance and enforcement of non-competition undertakings by Everbright Group, and are of the view that during the financial year from January 1, 2022 to December 31, 2022, Everbright Group, any of its normally-operating wholly-owned subsidiaries and any other entities substantially controlled by it have complied with the relevant non-competition undertakings.

II. Particulars of Appropriation of Funds on a Non-recurring Basis by the Company's Controlling Shareholders and Other Related Parties during the Reporting Period

During the Reporting Period, there was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders or other related parties.

III. Guarantees in Violation of Regulations

During the Reporting Period, the Company had no guarantees in violation of regulations.

IV. Appointment and Dismissal of Accounting Firms

Current engagement

Name of domestic accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Remuneration of domestic accounting firm	RMB4.18 million
Years of audit service of domestic accounting firm	6
Name of certified public accounts of domestic accounting firm	Chen Qi (陳奇) and Wei Huanhuan (魏歡歡)
Consecutive years of audit service of certified public accounts of domestic accounting firm	3 years for Chen Qi and 2 years for Wei Huanhuan
Name of overseas accounting firm	Ernst & Young
Remuneration of overseas accounting firm	Note
Years of audit service of overseas accounting firm	6

	Name	Remuneration
Accounting firm for internal control	Ernst & Young Hua Ming LLP (Special General Partnership)	Note

Note: The Company's audit fees for domestic audit services and internal control amounted to RMB4.18 million; the audit fees paid to the overseas accounting firm for its provision of audit advice for EBSI and its subsidiaries amounted to HK\$4.605 million (equivalent to approximately RMB3.96 million).

SECTION VI SIGNIFICANT MATTERS

The 14th meeting of the sixth session of the Board of the Company and the 2022 first extraordinary general meeting have considered and approved the Proposal on the Appointment of External Auditors for the Year 2022, to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the domestic external auditors of the Company for the year 2022; and re-appoint Ernst & Young as the overseas external auditors of the Company for the year 2022.

V. Material Litigation and Arbitration Matters

During the Reporting Period, the Company was not involved in any material litigation and arbitration that involve claims of over RMB10 million and accounting for more than 10% of the absolute value of the Company's latest audited net assets, which shall be disclosed in accordance with the requirements under the Shanghai Stock Exchange Listing Rules. For the particulars of other litigations and arbitrations of the Company, please refer to "X. Other Events and Subsequent Events" in this section.

VI. Suspected Non-Compliance with Laws and Regulations by and Penalties Imposed on the Listed Company, its Directors, Supervisors, Senior Management, Controlling Shareholders, De Facto Controller as well as Relevant Rectifications

During the Reporting Period, neither the Company nor any of its Directors, Supervisors, members of senior management, controlling shareholders or de facto controller has been subject to any administrative penalties.

During the Reporting Period, the administrative regulatory measures and disciplinary action imposed on the Company are as follows:

On January 5, 2022, the Shanghai Supervision Bureau of the China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities Company Limited 《關於對光大證券股份有限公司採取出具警示函措施的決定》(Hu Zheng Jian Jue [2022] No. 1) to the Company; on February 28, 2022, the Shanghai Stock Exchange issued the Decision on Circulating a Notice of Criticism on Everbright Securities Company Limited and Relevant Responsible Persons (a letter of disciplinary decision of the SSE [2022] No. 19) to the Company. For details, please refer to the announcement of the Company No. Lin 2022-001 published on the website of the SSE and the announcement dated January 8, 2022 published on the website of the Hong Kong Stock Exchange.

On June 2, 2022, the CSRC issued the Decision on Ordering Everbright Securities Company Limited to Take Rectification Measures ([2022] No. 31) 《關於對光大證券股份有限公司採取責令改正措施的決定》([2022] 31號)) to the Company due to that the Company's overseas subsidiaries failed to complete rectification in accordance with the requirements of the Administrative Measures for the Establishment, Acquisition and Purchase of Non-Controlling Shares of Overseas Business Institutions by Securities Companies and Securities Investment Fund Management Companies 《證券公司和證券投資基金管理公司境外設立、收購、參股經營機構管理辦法》. For details, please refer to the 2022 interim report of the Company. The Company attached great importance to the rectification matters by establishing a special rectification working group to organize domestic and overseas labor forces to tackle the difficulties, thus fully promoting the substantive completion of the rectification and timely submitting a written rectification report to the Shanghai Securities Regulatory Bureau.

On August 3, 2022, the Shanghai Securities Regulatory Bureau issued the regulatory measures ordering to take rectification to the Company and issued a warning letter to the Secretary to the Board, mainly due to: failure to include relevant regulatory requirements on the equity administration affairs in the Articles of Association, failure to report the freezing of certain equity interests of Everbright Securities held by China Everbright Limited, its shareholder, in a timely manner; a senior management member being responsible for both the audit department and other business departments or subsidiaries during the period from July 2018 to March 2020. For details, please refer to the 2022 interim report of the Company. Currently, the rectification has been completed and a written rectification report has been timely submitted to the Shanghai Securities Regulatory Bureau.

SECTION VI SIGNIFICANT MATTERS

VII. Explanation of Integrity of the Company and Its Controlling Shareholders and De Facto Controllers during the Reporting Period

During the Reporting Period, the Company and its controlling shareholders were not involved in any circumstances where they failed to comply with the obligations specified in effective court documents or pay off debts overdue with a relatively large amount.

For details of MPS of Everbright Capital, please refer to “X. Other Events and Subsequent Events” in this section.

VIII. Material Related Party Transactions and Connected Transactions

(I) Related party transactions and connected transactions relating to daily business

Everbright Group is a controlling shareholder of the Company and hence a connected person of the Company. As at January 29, 2022, SHKC was an associate of the resigned director of SHKFGL (less than 12 months) during the Reporting Period, and a connected person of the Company.

Exempt continuing connected transactions

In the Group’s daily operation:

1. The Company and certain of its subsidiaries in China have entered into certain trademark license agreements with Everbright Group. Everbright Group has granted non-exclusive, non-transferable and royalty-free licenses to the Company and its subsidiaries, pursuant to which the Company and its subsidiaries are permitted to use certain trademarks owned by Everbright Group in China.
2. SHKC has entered into certain trademark license agreements with SHKFGL and/or certain of its subsidiaries, under which SHKC granted exclusive (save for SHKC), non-transferable and royalty-free licenses to SHKFGL and certain of its subsidiaries to use certain trademarks and domain names owned by SHKC in Hong Kong, Macau, the PRC and Australia.
3. Sun Hung Kai Insurance Consultants Limited, a subsidiary of SHKFGL, entered into an agreement with certain associates of SHKC, pursuant to which Sun Hung Kai Insurance Consultants Limited will provide packaged brokerage services to the associates of SHKC by assisting those associates in procuring insurance policies to be provided by third party insurers. With respect to securities brokerage, commission and related services, customer referral and financial information, SHKFGL has entered into a framework agreement with SHKC and certain of its associates to regulate the provision of securities brokerage services.
4. SHKC, SHKFGL and EBSI entered into a transitional services agreement, pursuant to which SHKC and SHKFGL will provide certain administration services to the other party including human resources, employees and access to the insurance policies, sharing of office space and car park space, keeping of documents, cleaning services, security services, financial support services, technology systems, administrative and in-house legal resources.

The transactions provided under above said agreements are fully exempt continuing connected transactions in accordance with Chapter 14A of the Hong Kong Listing Rules and are exempt from the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, the Group shall set a maximum daily deposit balance limit on the deposits of the Group’s proprietary funds and client funds deposited at Everbright Bank. Reference is made to the announcements of the Company dated August 26, 2021 and September 2, 2021, the Company has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with the maximum daily balance requirements set out in Rule 14A.53 of the Hong Kong Listing Rules. The waiver is valid until December 31, 2024.

SECTION VI SIGNIFICANT MATTERS

Non-exempt continuing connected transactions

Property Leasing Framework Agreement

In the ordinary and usual course of the Group, the Group had leased certain properties in the PRC from Everbright Group and its associates for its offices and business uses. On the other hand, the Everbright Group and its associates had leased certain properties from the Group mainly for their business operations.

Reference is made to the announcement of the Company dated August 26, 2021. The Company entered into the property leasing framework agreement with Everbright Group on December 6, 2021 (the "2021 Everbright Group Property Leasing Framework Agreement") for a term of three years commencing from January 1, 2022 to December 31, 2024.

The principal terms of the 2021 Everbright Group Property Leasing Framework Agreement are as follows: (1) the rental shall be determined based on the market rent applicable to the leased property; (2) the Company or its subsidiaries and the Everbright Group or its relevant associates shall enter into specific transaction agreements to set out the specific terms and conditions in respect of the relevant leased property according to the principles, and within the parameters under the 2021 Everbright Group Property Leasing Framework Agreement; (3) the Company or its subsidiaries and Everbright Group and its associates are entitled to lease additional floor area from and among the available properties owned by the other party during the term of the 2021 Everbright Group Property Leasing Framework Agreement and adjust rent accordingly; and (4) based on the relevant provisions of the transaction agreement, either party thereto may terminate any transaction by giving prior notice within a reasonable time to the other party (the market practice shall prevail if the relevant market practice for such transaction adopts shorter notice period).

In accordance with the 2021 Everbright Group Property Leasing Framework Agreement, the annual caps for the rental income from Everbright Group and its associates for leased properties were expected to be RMB8.0 million, RMB8.0 million and RMB9.2 million in 2022, 2023 and 2024, respectively; the annual caps for the rental expenses to be paid/the total value of right-of-use assets in respect of the properties rented from Everbright Group and its associates were expected to be RMB118.0 million, RMB184.0 million and RMB207.0 million in 2022, 2023 and 2024, respectively. In 2022, the actual amount of rental income from Everbright Group and its associates for leased properties was RMB3.56 million, and the rental expenses to be paid/the total value of right-of-use assets in respect of the properties rented from Everbright Group and its associates were RMB69.10 million.

As the highest applicable percentage ratio in respect of the relevant annual caps under the 2021 Everbright Group Property Leasing Framework Agreement is between 0.1% and 5% on an annual basis, such transactions are subject to the announcement, reporting and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the independent shareholders' approval requirement.

For details of the 2021 Everbright Group Property Leasing Framework Agreement, please refer to the announcement of the Company dated August 26, 2021.

Non-financial Miscellaneous Services Framework Agreement

In the ordinary and usual course of the operations, Everbright Group and its associates provide certain non-financial services to the Group, and the Group expects that it will provide certain non-financial services to Everbright Group and its associates. The non-financial miscellaneous services provided by Everbright Group and its associates to the Group include, but not limited to, information technology and Internet network services, conference services, title sponsor services, network maintenance, printing and publication, books and audio/video products, renovation, training, medical care, corporate travel management, advertising and promotion, property management, consultancy services, labor outsourcing related services and other non-financial miscellaneous services. The non-financial miscellaneous services to be provided by the Group to Everbright Group and its associates include, but not limited to, information technology and Internet network services, lease of advertising placements, logistics, warehouse, consultancy services, labor outsourcing and other non-financial miscellaneous services.

SECTION VI SIGNIFICANT MATTERS

Reference is made to the announcement of the Company dated August 26, 2021. The Company entered into the non-financial miscellaneous services agreement (the "2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement") with Everbright Group on December 6, 2021 for a term of three years commencing from January 1, 2022 to December 31, 2024.

In accordance with the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from Everbright Group and its associates for providing non-financial miscellaneous services would be RMB5.0 million, RMB5.0 million and RMB5.0 million in 2022, 2023 and 2024, respectively; and the annual cap for the expenses to be paid by the Group for non-financial miscellaneous services provided by Everbright Group and its associates is expected to be RMB89.0 million, RMB104.0 million and RMB119.0 million in 2022, 2023 and 2024, respectively. In 2022, the actual amount of income from provision of non-financial miscellaneous services to Everbright Group and its associates by the Group was RMB0 million, and the expenses paid by the Group for the non-financial miscellaneous services provided by Everbright Group and its associates was RMB12.53 million.

As the highest applicable percentage ratio in respect of the proposed annual caps for the continuing connected transactions contemplated under the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement for the three years ending December 31, 2024 exceeds 0.1% but is less than 5%, accordingly, such continuing connected transactions are subject to the reporting, announcement and annual review but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For details of the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement, please refer to the announcement of the Company dated August 26, 2021.

Financial Products and Services Framework Agreement

In the ordinary and usual course of the Group's business, the Group regularly enters into securities and financial products transactions with, and provides securities and financial services to, Everbright Group and its associates. Likewise, Everbright Group and its associates also enter into securities and financial products transactions with, and provide securities and financial services to, the Group on normal commercial terms.

References are made to the announcement of the Company dated August 26, 2021 and the circular dated September 28, 2021. The Company entered into the financial products and services framework agreement (the "2021 Everbright Group Financial Products and Services Framework Agreement") with Everbright Group on December 6, 2021 for a term of three years commencing from January 1, 2022 to December 31, 2024.

Securities and Financial Products Transactions

The transaction of securities and financial products includes (a) securities products with fixed income; (b) fixed income related derivative products; (c) equity products; (d) financial transactions; and (e) other securities and financial products permitted to be transacted under applicable laws and regulations.

The Securities and Financial Products Transactions are conducted through the PRC inter-bank bond market and the PRC exchange bond market, exchanges (including stock exchanges, futures exchanges, Shanghai Gold Exchange and China Foreign Exchange Trade System) and the open-ended fund market. Such transactions are and will continue to be carried on at the prevailing market prices in the ordinary and usual course of the Group's business with high frequency. The pricing mechanisms of the Securities and Financial Products Transactions depend on the particular trading venue where the relevant transaction is carried on.

With respect to the pricing of securities and financial products without direct market quotations, the Company mainly refers to the quotation information provided by currency brokers. Currency brokers are entities set up with the approval of the CBIRC and are subject to its regulation. Currency brokers specialize in facilitating transactions including intra-financial system financing, foreign exchange transactions, bond transactions and derivative transactions, who charge a commission from the provision of such brokerage services but do not directly engage in transactions of the relevant securities and financial products.

SECTION VI SIGNIFICANT MATTERS

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively; and the annual cap for cash outflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively. In 2022, the actual cash inflow from the transactions of securities and financial products was RMB272,733 million; and the actual cash outflow from for the transactions of securities and financial products was RMB288,673 million.

Securities and Financial Services

Securities and financial services shall cover various securities and financial services permitted by regulatory authorities and mutually provided by the Group and Everbright Group and its associates. The securities and financial services to be provided by the Group to the Everbright Group and its associates include (a) underwriting and sponsorship services; (b) other investment banking services; (c) brokerage services; (d) proxy sale of financial products services; (e) entrusted asset management services; (f) leasing of trading seats; (g) fund investment advisory services, other financial and securities advisory and consulting services and commodities services; (h) PPP financial services; (i) financial leasing services and factoring financial services; (j) custody and outsourcing services; (k) insurance brokerage and consultancy services; and (l) other securities and financial services permitted by the applicable laws and regulations. The Securities and Financial Services to be provided by the Everbright Group and its associates to the Group include (a) deposit services; (b) proxy sale of financial products services; (c) deposits management and custody services; (d) loan services; (e) insurance services; (f) financial leasing services and factoring financial services; (g) financial and securities advisory and consulting services; and (h) other securities and financial services permitted by the applicable laws and regulations.

The price of such securities and financial services shall be determined through fair negotiation and by referring to the prevailing market price, industrial practice, the interest rate of deposit and loan as determined and published by the PBOC, and independent third party's price.

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for the revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates shall be RMB1,145 million, RMB1,374 million and RMB1,718 million in 2022, 2023 and 2024 respectively; and the annual cap for the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates shall be RMB849 million, RMB1,019 million and RMB1,274 million in 2022, 2023 and 2024, respectively. In 2022, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates was RMB321.96 million, and the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates was RMB135.72 million.

As the highest applicable percentage ratio in respect of the relevant annual caps under the 2021 Everbright Group Financial Products and Services Framework Agreement is 5% or more on an annual basis, these transactions are subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Details of the 2021 Everbright Group Financial Products and Services Framework Agreement are set out in the Company's announcement dated August 26, 2021 and the circular of 2021 first extraordinary general meeting dated September 28, 2021.

The Company had made its application to the Hong Kong Stock Exchange for a waiver from strict compliance with setting a maximum daily deposit balance limit as required by Rule 14A.53 of the Hong Kong Listing Rules and had obtained a waiver letter from the Hong Kong Stock Exchange on August 31, 2021, waiving the Company from the obligation of setting a maximum daily deposit balance limit under the 2021 Everbright Group Financial Products and Services Framework Agreement. For details of the reasons for the Company to apply for such waiver, please refer to the announcement of the Company dated September 2, 2021.

SECTION VI SIGNIFICANT MATTERS

(II) Confirmation of the Auditors

The Board has received the letter of confirmation from the Company's auditors in relation to the above-mentioned non-exempt continuing connected transactions that are subject to the reporting, announcement, and/or independent shareholders' approval requirement. The Company's auditors confirmed that, during the Reporting Period:

- nothing has come to their attention that causes them to believe that the above-mentioned continuing connected transactions have not been approved by the Board;
- nothing has come to their attention that causes them to believe that the above-mentioned continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Company for transactions involving the provision of goods or services by the Company;
- nothing has come to their attention that causes them to believe that the above-mentioned continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- nothing has come to their attention that causes them to believe that the aggregate amount of the above-mentioned continuing connected transactions has exceeded the annual cap as set by the Company.

(III) Independent Non-executive Directors' Confirmation

The independent non-executive Directors have reviewed the above-mentioned non-exempt continuing connected transactions that are subject to the reporting, announcement and/or independent shareholders' approval requirements, and confirmed that the above-mentioned continuing connected transactions have been:

1. entered into in the Group's ordinary and usual course of business;
2. entered into on normal commercial terms or better; and
3. entered into according to the agreements regulating such continuing connected transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

(IV) Related Party Transactions referred to in the Consolidated Financial Statements and Connected Transactions under the Hong Kong Listing Rules

Save as disclosed above, there is no related party connection or continuing related party transaction referred to in Note 62 to the consolidated financial statements that falls into the category of connected transactions or continuing connected transactions that need to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

SECTION VI SIGNIFICANT MATTERS

IX. Material Contracts and Their Performance

(I) Guarantee

Unit: 100 million Currency: RMB

Guarantees provided by the Company (excluding guarantees for the subsidiaries)	
Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)	–
Balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–
Guarantees for subsidiaries by the Company and its subsidiaries	
Total guarantees for subsidiaries during the Reporting Period	18.13
Balance of guarantees for subsidiaries as at the end of the Reporting Period (B)	63.38
Total guarantees provided by the Company (including guarantees for subsidiaries)	
Total guarantees (A+B)	63.38
Ratio of total guarantee to net assets of the Company (%)	9.78
Among which:	
Guarantees for shareholders, de facto controller and their related parties (C)	–
Debt guarantee provided directly or indirectly for companies with gearing ratio over 70% (D)	37.60
Amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	37.60
Outstanding guarantees subject to joint and several liabilities	–
Details of guarantees	<ol style="list-style-type: none"> 1. During the Reporting Period, the Company has provided the following guarantees: net capital guarantee for the wholly-owned subsidiary Everbright Asset Management, and guarantee for the offshore borrowings of the wholly-owned subsidiary EBSI. As of December 31, 2022, the balance of such guarantees was approximately RMB4.927 billion. The guarantees of the Company's holding subsidiaries mainly include: the wholly-owned subsidiary EBSI and its subsidiaries provided loan guarantees, financing guarantees and business guarantees for their subsidiaries, to facilitate the subsidiaries' business operation. As of December 31, 2022, the balance of such guarantees was approximately RMB1.411 billion. 2. The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.

SECTION VI SIGNIFICANT MATTERS

X. Other Events and Subsequent Events

1. Relevant information on branches

In order to further optimize the Company's branch network, the Company has closed down the securities brokerage branch at Daxing, Beijing, (for details, please refer to the Company's announcement No. Lin 2023-006 published on the website of the SSE and the announcement dated February 25, 2023 published on the website of the Hong Kong Stock Exchange). The Company will go through the procedures under the regulatory requirements, complete the matters such as the transfer of customers, settlement of business and closure of the premises, and industrial and commercial deregistration formalities. As of the disclosure date of this report, the Company had 244 securities brokerage branches.

2. Update of on going litigations during and after the Reporting Period

On November 16, 2018, the Company submitted a guarantee contract dispute to Shanghai International Economic and Trade Arbitration Commission for arbitration against the respondent surnamed Teng, and the amount involved was approximately RMB125 million. For details, please refer to the Company's 2018 annual report, announcement No. Lin 2019-037 of the Company published on the website of the SSE and the announcement dated May 31, 2019 published on the website of the Hong Kong Stock Exchange, 2019 annual report and 2021 annual report. The Company resumed enforcement after receiving the final award.

On October 28, 2019, Xinjiang Tianshan Animal Husbandry Bio-engineering Co., Ltd. filed a lawsuit against Everbright Capital, et al. due to a dispute over an equity transfer agreement, and the amount involved was about RMB35.1189 million. Everbright Capital has received a civil judgment issued by the Intermediate People's Court of Changji Hui Autonomous Prefecture in Xinjiang Uygur Autonomous Region, rescinding the equity transfer agreement, and the case acceptance fees shall be borne by the defendant. Everbright Capital has now filed an appeal.

On November 19, 2020, Everbright Fortune filed a claim with Shanghai International Economic and Trade Arbitration Commission against respondents Quanzhou Hongdao Investment Co., Ltd. and an individual surnamed Hu for arbitration in relation to the dispute over an investment agreement, and the amount involved consisted of repurchase payment of approximately RMB20.79 million and liquidated damages of RMB6.17 million. For details, please refer to the Company's 2020 annual report and 2022 interim report of the Company. At present, Everbright Fortune has applied for enforcement and received the final award.

On March 9, 2021, the Company submitted a dispute over the master agreement of a pledge-style bond repurchase transaction to Shanghai International Economic and Trade Arbitration Commission for arbitration against the respondent, Huatai Securities Co., Ltd., and the amount involved was approximately RMB196 million. For details, please refer to the Company's 2021 interim report. At present, the Company has received the award, which has dismissed all claims of the Company.

On April 22, 2021, a plaintiff surnamed Zhao filed a lawsuit against Everbright Securities Investment Services (HK) Limited (formerly known as Sun Hung Kai Investment Services Limited), CES Commodities (HK) Limited (formerly known as Sun Hung Kai Commodities Limited) and CES Forex (HK) Limited (formerly known as Sun Hung Kai Forex Limited), with the amount involved of approximately HK\$81.43 million. For details, please refer to the Company's 2021 interim report. At present, a settlement agreement has been signed, and the High Court of Hong Kong has ordered to dismiss the action.

On March 3, 2022, Jilin City Construction Holding Group Co., Ltd. submitted a dispute over an underwriting agreement to the China International Economic and Trade Arbitration Commission for arbitration against the Company as the respondent, claiming refund of the underwriting fee of RMB18.1908 million and payment of accrued interest, etc. For details, please refer to the Company's 2021 annual report. The Company has received the award dismissing all claims of the claimant.

SECTION VI SIGNIFICANT MATTERS

On June 2, 2022, Everbright Photon Investment Management Co., Ltd. (光大光子投資管理有限公司) filed a lawsuit against Zhejiang Kangyun Storage Co., Ltd. (浙江康運倉儲有限公司) in relation to the disputes over the storage contract. The amount involved in the case was approximately RMB23.2698 million. For details, please refer to the Company's 2022 interim report. At present, the court has dismissed the claim because the defendant in this case is suspected of economic crimes.

On June 23, June 24 and June 27, 2022, a person surnamed Xie, Chengdu Deshang Jinchangchuan Creator Equity Investment Fund Center (Limited Partnership) (成都德商金長川創客股權投資基金中心(有限合夥)) and Chongqing Chongbao Chuangrui Cultural Creativity Equity Investment Fund Partnership (Limited Partnership) (重慶重報創睿文化創意股權投資基金合夥企業(有限合夥)) filed lawsuits against, amongst others, the Company (as the principal broker) on their disputes over responsibilities related to securities of Beijing Yingding Education Technology Co., Ltd. (北京羸鼎教育科技股份有限公司). The amounts involved in the cases were approximately RMB20.0000 million, RMB14.9999 million and RMB10.0004 million, respectively. The above three cases have been accepted by Beijing Financial Court. For details, please refer to 2022 interim report of the Company. At present, the aforementioned three plaintiffs have changed their claims, and the amounts involved after the change are approximately RMB18.6000 million, RMB14.8746 million and RMB9.9875 million, respectively.

On July 25, 2022, the Company filed a lawsuit against CMIG Leasing Holdings Limited (中民投租賃控股有限公司) in relation to other contract dispute. The amount involved in the case was approximately RMB70.4697 million. For details, please refer to the Company's 2022 interim report. At present, the case has been refiled by the People's Court of Huangpu District of Shanghai.

The Company filed fourteen lawsuits with the People's Court of Jing'an District of Shanghai and Shanghai Financial Court in relation to disputes over default on margin financing and securities lending transactions, and the total amount involved in the above fourteen cases was approximately RMB435 million. For details, please refer to the Company's 2020 annual report, 2021 interim report and 2022 interim report. However, the People's Court of Jing'an District of Shanghai dismissed the thirteen of the claims as a defendant surnamed Jing was involved in a criminal proceeding and currently the Company has filed appeals.

3. Additional litigations and relevant matters during and after the Reporting Period

On October 10, 2022, Everbright Leasing filed a lawsuit against Wuxi Sunac City Investment Co., Ltd. over a financial leasing contract dispute involving approximately RMB32.3498 million. The case has been accepted by the People's Court of Shanghai Pudong New Area.

On November 7, 2022 and 7 February, 2023, Truvalue Asset Management Co., Ltd. and Maxwealth Fund Management Co., Ltd. filed a lawsuit against the Company (as the lead underwriter) due to the dispute over responsibilities related to securities of Reward Science and Technology Industry Group Co., Ltd., involving an amount of approximately RMB67.5398 million and RMB42.53 million, respectively. The cases have been accepted by the Beijing Financial Court, of which, the case of Maxwealth Fund Management Co., Ltd. has already been transferred to Jinan Railway Transportation Intermediate Court for handling.

On November 7, 2022, Chongqing Tongliang District Jinlong Urban Construction and Development (Group) Company Limited (重慶市銅梁區金龍城市建設發展(集團)有限公司) submitted a dispute over a bond underwriting agreement to China International Economic and Trade Arbitration Commission for arbitration against the Company as the respondent, involving an amount of approximately RMB14.2968 million. The case has been accepted by the China International Economic and Trade Arbitration Commission.

On November 24, 2022, the Company filed a lawsuit against Henan Huangchuan Huaying Poultry Group General Company due to a dispute over a margin financing and securities lending transaction, involving an amount of approximately RMB216 million. The case has been accepted by the Shanghai Financial Court.

On December 6, 2022, due to the dispute over the convertible bonds, the Company's Hong Kong subsidiary China Everbright Securities Value Fund SPC, on behalf of its segregated portfolio China Everbright Securities Value Fund SP1, filed a winding-up petition with the High Court of Hong Kong against Simplicity & Vogue Retailing (HK) Co., Limited with an amount of approximately US\$30,442,398 plus interest. The case has been accepted by the High Court of Hong Kong.

SECTION VI SIGNIFICANT MATTERS

On December 16, 2022, the Company's Hong Kong subsidiary OP EBS Fintech Investment Limited submitted a dispute over an equity repurchase contract to the Hong Kong International Arbitration Centre for arbitration against the respondents including Wacai Holdings Limited, Caimi Technology Holdings Limited etc., involving a total amount of approximately US\$88.58 million. The case has been accepted by the Hong Kong International Arbitration Centre. At present, the OP EBS Fintech Investment Limited has initiated the application for property preservation in Mainland China, submitted the Application for Property Preservation and related materials to the Hangzhou Intermediate Court, and applied for property preservation of RMB503,720,313.5 under the name of the respondent in the Wacai case. In the Caimi case, the applicant applied for the preservation of the property valued at RMB125,930,078.16 under the name of the respondent.

On March 21, 2023, Everbright Capital filed a lawsuit against the persons surnamed Zheng, Cui, Liang and Qingdao Hanlun Industry Co., Ltd. (青島漢倫實業有限公司) due to equity transfer disputes, involving an amount of approximately RMB114.0287 million. The case has been accepted by Shanghai No. 2 Intermediate People's Court.

4. Important events in relation to wholly-owned subsidiaries

Everbright Jinhui Asset Management Co., Ltd. (Shanghai) Co., Ltd., a subsidiary of the Everbright Capital, serves as the executive partner of Jinxin Investment Consultancy Partnership (Limited Partnership) ("Jinxin Fund"). The MPS project invested by Jinxin Fund failed to exit as originally planned. China Merchants Bank and Huarui Bank, the interested parties of two senior-tranche partners of Jinxin Fund, filed lawsuits against Everbright Capital over other contract disputes related to the Shortfall Makeup Letter. Currently, Everbright Capital has received the Paper of Civil Ruling on the application for retrial of the above two cases respectively. The Shanghai High People's Court dismissed the re-trial application, and the above cases are in the process of enforcement at present and there is uncertainty concerning the results of the enforcement. Huarui Bank filed an arbitration against Everbright Jinhui on the same matter. Jiaying Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) applied for arbitration against Everbright Jinhui due to the dispute over private equity investment contract. Shenzhen Hengxiang Equity Investment Fund LLP (Limited Partnership) applied for arbitration against Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Service Company Limited due to the dispute over private equity investment contract. The above-mentioned arbitrations have received the arbitral awards, which were final. Among others, Shenzhen Hengxiang Equity Investment Fund LLP (limited partnership) filed application with Shanghai No. 2 Intermediate People's Court for addition of Everbright capital as the enforcement target and it has now been withdrawn.

Jiaying Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) filed a lawsuit on the grounds of a tort liability dispute and demanded that Everbright Capital compensate for the loss of investment principal of RMB600 million, the corresponding interest and other expenses. Everbright Capital has received the Paper of Civil Judgment of the first instance. Currently, Everbright Capital has filed an appeal. The case is currently under second-instance trial. Guizhou Guian Financial Investment Co., Ltd. filed a lawsuit on the grounds of a tort liability dispute and demanded that Everbright Capital compensate for the loss of investment principal of RMB95 million, the corresponding interest and other expenses. The case is currently under first-instance trial. Shanghai Dongxing Investment Holdings Co., Ltd. demanded that Everbright Capital and Everbright Jinhui compensate for the loss of investment principal of RMB170 million, the corresponding interest and other expenses on the basis of other contractual disputes. Everbright Capital has received the Paper of Civil Judgment of the first instance, ruling to reject all the litigation claims of Shanghai Dongxing Investment Holdings Co., Ltd., the plaintiff, and the first instance judgment has come into effect.

In the case of Everbright Jinhui and Shanghai Jinxin against Baofeng Group and Feng Xin on an equity transfer dispute, the Paper of Civil Ruling of the second instance has been entered at present, in which the Supreme People's Court revoked the first instance judgement and remanded the case to the Beijing Higher People's Court for retrial. JINXIN INC. (Cayman Jinxin), a transaction party on overseas projects of Jinxin Fund, filed lawsuits to the high court of England and Wales against RICCARDO SILVA, ANDREA RADRIZZANI and other individuals and institutes, original seller shareholders of MPS. The amount involved in the case was approximately US\$661,375,034.

SECTION VI SIGNIFICANT MATTERS

Due to the litigations in relation to MPS, the bank accounts and assets of Everbright Capital and its subsidiaries have been frozen by the court, of which a share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) beneficially held by Everbright Development have been frozen. Everbright Development has raised objection to enforcement as a non-party to the case at Shanghai Financial Court, and Shanghai Financial Court dismissed the claims of Everbright Development, and currently Everbright Development has filed an appeal, and it is under trial by Shanghai No. 2 Intermediate People's Court; Everbright Capital has received ruling for enforcement from Shanghai Financial Court, which ruled that 35% of the equity interest in Everbright Fortune Financial Leasing Co., Ltd. and 10,669,350 shares of Tansun Technology Co., Ltd. held by Everbright Capital, the person subject to enforcement, shall be sold at current price.

Based on the latest development in related litigation and arbitration, the Company has made corresponding provisions for estimated liabilities and asset impairment for the above matters. The Company will continue to pay attention to the progress and results of this matter, and perform related information disclosure obligations. (For details, please refer to the Company's announcements No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009, No. Lin 2022-032, No. Lin 2022-052 and No. Lin 2022-054 published on the website of the SSE and the announcements of the Company dated February 1, 2019, March 2, 2019, March 20, 2019, May 31, 2019, August 27, 2019, January 22, 2020, May 3, 2020, May 11, 2020, August 9, 2020, September 18, 2020, January 26, 2021, June 12, 2021, July 8, 2021, August 21, 2021, October 30, 2021, January 19, 2022, January 20, 2022, March 9, 2022, March 16, 2022, June 24, 2022, December 2, 2022 and December 20, 2022 published on the website of the Hong Kong Stock Exchange)

5. Other subsequent matters

On February 20, 2023, the Shanghai Regulatory Bureau of China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities (Hu Zheng Jian Jue [2023] No. 37), believed that the Company, as the lead underwriter of Beijing Yingding Education Technology Co., Ltd. (Yingding Education), during the continuous supervision period, failed to diligently and conscientiously fulfill its prudential verification obligations, and failed to identify Yingding Education's inflation of its operating revenue through fictitious business.

On February 14, 2023, according to "Interim Measures for the Supervision and Administration of Financial Holding Companies" 《金融控股公司監督管理試行辦法》, the overseas first-tier subsidiary of Everbright Securities "Everbright Securities Financial Holdings Limited" was renamed as "Everbright Securities International Holdings Ltd."

XI. Tax Relief

(I) A Share shareholders

In accordance with the Notification of the MOF, the State Administration of Taxation and the CSRC on the Issues Concerning Differential Personal Income Tax Policies for Dividends of Listed Companies (Cai Shui [2015] No. 101), for the listed companies' shares obtained by individuals from public issue and transfer market, where the holding period is more than one year, the income from dividend may be temporarily exempted from personal income tax; for the listed companies' shares obtained by individuals from public issue and transfer market, where the share holding period is within one month (including one month), the full amount of income from dividends shall be taken into the amount of taxable income; where the holding period is from one month to one year (including one year), the income from dividends shall be 50% taken into the amount of taxable income. For the above-mentioned income, personal income tax shall be uniformly calculated and levied as per 20% tax rate. When distributing dividends, listed companies may not withhold personal income tax where personal shareholding is within one year (including one year); when individuals transfer their shares, the securities registration and settlement company shall calculate the amount of tax to be paid according to their shareholding period, the shares custody institutions such as securities companies, etc. shall deduct and transfer the amount of taxes from their personal fund accounts to the securities registration and settlement company. Within 5 working days of the next month, the securities registration and settlement company shall transfer and pay such taxes to the listed companies. Within the statutory declaration period of the very month when receiving the taxes, the listed companies shall declare for tax payment to the competent tax authorities.

SECTION VI SIGNIFICANT MATTERS

As for resident corporate shareholders holding A Shares of the Company, the enterprise income tax on the dividends obtained by them shall be declared and paid by themselves.

As for qualified foreign institutional investors (QFII), in accordance with the provisions of the Notification of the State Administration of Taxation on the Issuers Concerning Withholding of Enterprise Income Tax on the Dividends, Bonus and Interests Paid by Chinese Resident Enterprises to QFII (Guo Shui Han [2009] No. 47), listed companies shall withhold enterprise income tax at the tax rate of 10%. Where the dividend and bonus income obtained by QFII shareholders need to enjoy the treatment of tax treaty (arrangement), QFII shareholders may apply for tax refund to competent tax authorities independently after obtaining the dividends and bonus according to regulations, and the competent tax authorities may execute the regulations of tax treaty after checking and confirming that every item is correct.

As for non-resident enterprise shareholders holding A Shares of the Company other than the aforesaid QFII, in accordance with the relevant provisions of the Interim Measures for Management on Source Withholding of Non-resident Enterprise Income Tax (Guo Shui Fa [2009] No. 3) and the Written Reply of the State Administration of Taxation on the Issues Concerning the Levying of Enterprise Income Tax on the Dividends of B Share Obtained by Non-Resident Enterprises (Guo Shui Han [2009] No. 394), etc., listed companies shall withhold enterprise income as per the tax rate of 10%. Non-resident enterprises' shareholders shall follow relevant provisions executed by tax treaty where they need to enjoy the treatment of tax treaty.

In accordance with the provisions of the Notification of the MOF, the State Administration of Taxation and the CSRC on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shanghai-Hong Kong Stock Markets (Cai Shui [2014] No. 81), for the dividend income obtained by Hong Kong investors (including enterprises and individuals) from investment in A Shares listed on the SSE, before Hong Kong Securities Clearing Company Limited meets the conditions of providing detailed data about investors' identities and shareholding time, etc. to China Securities Registration and Settlement Co., Ltd., the differential tax levying policies will not be executed temporarily according to shareholding time, while listed companies shall withhold the income tax as per the 10% tax rate and handle the withholding declaration to their competent tax authorities. Where some Hong Kong investors belong to other countries' tax residents, and the dividend income tax rate regulated in the tax treaty signed by and between their countries and China is lower than 10%, the enterprises or individuals may, personally or by entrusting the withholding obligator, file an application for enjoying the treatment of tax treaty to the competent tax authorities of the listed companies. After examination and approval, the competent tax authorities shall reimburse the taxes according to the balance between the amount of tax already levied and the tax payable as calculated as per the tax rate in the tax treaty.

In accordance with the provisions of the Notification of the MOF, the State Administration of Taxation and the CSRC on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shenzhen-Hong Kong Stock Markets (Cai Shui [2016] No. 127), for the dividend income obtained by Hong Kong investors (including enterprises and individuals) from investment in A Shares listed on the SZSE, before Hong Kong Securities Clearing Company Limited meets the conditions of providing detailed data about investors' identities and shareholding time, etc. to China Securities Registration and Settlement Co., Ltd., the differential tax levying policies will not be executed temporarily according to shareholding time, while listed companies shall withhold the income tax as per the 10% tax rate and handle the withholding declaration to their competent tax authorities. Where some Hong Kong investors belong to other countries' tax residents, and the dividend income tax rate regulated in the tax treaty signed by and between their countries and China is lower than 10%, the enterprises or individuals may, personally or by entrusting the withholding obligator, file an application for enjoying the treatment of tax treaty to the competent tax authorities of the listed companies. After examination and approval, the competent tax authorities shall reimburse the taxes according to the balance between the amount of tax already levied and the tax payable as calculated as per the tax rate in the tax treaty.

(II) H Share shareholders

In accordance with the provisions of the Notification of the State Administration of Taxation on the Issues Concerning the Levying and Management of Personal Income Tax after Cancellation of Guo Shui Fa [1993] No. 045 Archives (Guo Shui Han [2011] No. 348), for the dividend income obtained by foreign resident individual shareholders from holding the shares issued by domestic non-foreign-invested enterprises in Hong Kong, the withholding obligators shall withhold personal income tax according to law by the items "interest, dividend and bonus income". As for the shares issued in Hong Kong by domestic non-foreign invested enterprises, their foreign resident individual shareholders may enjoy relevant tax preference

SECTION VI SIGNIFICANT MATTERS

according to the tax treaty signed by the country to which their resident identities belong and China, and the tax arrangements between Chinese Mainland and Hong Kong (Macao). The interest rate on relevant dividends regulated in relevant tax treaty and tax arrangement is generally 10%. In order to simplify tax levying and management, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends and bonuses, withhold personal income tax according to the tax rate 10%, instead of filing an application for the withholding. Under the circumstances under which the tax rate on dividends is not 10%, the following regulations shall be followed: (1) where the individuals obtaining dividends and bonuses are residents of the agreement countries executing a tax rate of lower than 10%, the withholding obligator may apply for the treatment of relevant agreement for such dividends according to regulations, and refund the over-withheld tax after obtaining the approval of competent tax authorities; (2) where the individuals obtaining dividends and bonuses are residents of the agreement countries executing a tax rate of higher than 10% but less than 20%, the withholding obligator shall withhold personal income tax as per actual tax rate without filing an application when distributing dividends and bonuses; and (3) where the individuals obtaining dividends and bonuses are residents of countries having not concluded tax treaty with China or belong to other circumstances, the withholding obligator shall withhold personal income tax as per the tax rate of 20% when distributing dividends and bonuses.

In accordance with the provisions of the Notification of the State Administration of Taxation on the Issues Concerning the Withholding of Enterprise Income Tax on the Dividends Distributed by Chinese Resident Enterprises to Foreign H Share Non-Resident Corporate Shareholders (Guo Shui Han [2008] No. 897), when distributing dividends of 2008 and later years to foreign H share non-resident corporate shareholders, Chinese resident enterprises shall uniformly withhold enterprise income tax as per the tax rate 10%. After obtaining dividends, foreign non-resident corporate shareholders may, personally or by entrusting an agent or withholding obligatory, file an application for enjoying the treatment of tax treaty (arrangement) to competent tax authorities, and provide the data proving that they are the actual beneficial owners meeting the provisions of tax treaty (arrangement). After checking and affirming the data, the competent tax authorities shall reimburse the tax according to the balance between the amount of tax already levied and the tax payable as calculated as per the tax rate regulated in the tax treaty (arrangement).

In accordance with the provisions of the Notification of the MOF, the State Administration of Taxation and the CSRC on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shanghai-Hong Kong Stock Markets (Cai Shui [2014] No. 81), for the dividends and bonuses obtained by Chinese Mainland personal investors from investment in H Shares listed with Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, H Share companies shall withhold personal income tax as per the tax rate of 20%. For the dividends and bonuses obtained by Chinese Mainland securities investment funds from investment in shares listed with Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, personal income tax shall be calculated and levied according to the above regulations. Individual investors who have paid withholding taxes overseas, with effective taxation certificates, can apply to competent taxation authorities under CSDC for tax credit. Gains on dividends derived by Chinese Mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Wherein, for the dividend and bonus income obtained by Chinese Mainland resident enterprises from holding of H share continuously for 12 months, enterprise income tax shall be exempted according to law.

In accordance with the provisions of the Notification of the MOF, the State Administration of Taxation and the CSRC on Relevant Tax Policies for Pilot Operation of Transaction Interconnection Mechanism of Shenzhen-Hong Kong Stock Markets (Cai Shui [2016] No. 127), for the dividends and bonuses obtained by Chinese Mainland personal investors from investment in H Shares listed with Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, H Share companies shall withhold personal income tax as per the tax rate 20%. For the dividends and bonuses obtained by Chinese Mainland securities investment funds from investment in shares listed with Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, personal income tax shall be calculated and levied according to the above regulations. For the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. Gains on dividends derived by Chinese Mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Wherein, for the dividend and bonus income obtained by Chinese Mainland resident enterprises from holding of H Share continuously for 12 months, enterprise income tax shall be exempted according to law.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company. The Company's shareholders pay relevant taxes and/or enjoy tax reduction and exemption according to the above-mentioned regulations.

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in Ordinary Share Capital

During the Reporting Period, there were no changes in the total number of the Company's ordinary shares and the structure of share capital.

As of December 31, 2022, the number of the Company's shares in issue amounted to 4,610,787,639, including 3,906,698,839 A Shares and 704,088,800 H Shares.

II. Issuance and Listing of Securities

(I) Issuance of securities during the Reporting Period

Unit: 100 million shares Currency: RMB

Types of shares and their derivative securities	Abbreviation	Code	Issuance date	Issue price (or interest rate)	Issue size (RMB in 100 million)	Date of listing	Number of shares permitted to be listed for trading	Date of termination of transaction
Bonds (including enterprise bonds, corporate bonds and non-financial enterprise debt financing instruments)								
Perpetual Subordinated Bonds	22 EVERBRIGHT SECURITIES Y1	185407.SH	2022/2/17	3.73%	20	2022/2/24	20	2027/2/20
Perpetual Subordinated Bonds	22 EVERBRIGHT SECURITIES Y2	185445.SH	2022/3/10	4.08%	10	2022/3/17	10	2027/3/13
Perpetual Subordinated Bonds	22 EVERBRIGHT SECURITIES Y3	185600.SH	2022/3/22	4.03%	15	2022/3/29	15	2027/3/23
Corporate Bonds	22 EVERBRIGHT SECURITIES G1	185821.SH	2022/6/10	2.90%	25	2022/6/17	25	2025/6/13
Corporate Bonds	22 EVERBRIGHT SECURITIES G2	185888.SH	2022/6/10	3.25%	5	2022/6/17	5	2027/6/13
Corporate Bonds	22 EVERBRIGHT SECURITIES G3	137693.SH	2022/8/18	2.56%	20	2022/8/25	20	2025/8/21
Corporate Bonds	22 EVERBRIGHT SECURITIES S1	138582.SH	2022/11/15	2.50%	10	2022/11/23	10	2023/5/15
Corporate Bonds	22 EVERBRIGHT SECURITIES S2	138731.SH	2022/12/14	2.95%	15	2022/12/21	15	2023/6/13
Corporate Bonds	23 EVERBRIGHT SECURITIES G1	138955.SH	2023/2/21	2.80%	20	2023/2/28	20	2024/2/27

For details of the bonds issued by the Company, please refer to Section IX "Relevant Information on Bonds" of this report.

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

III. Information of Shareholders and De Facto Controller

(I) Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the Reporting Period	220,144
Total number of shareholders of ordinary shares at the end of last month preceding the date of disclosure of the annual report	220,966

(II) Shareholding of top ten shareholders and top ten holders of tradable shares (or holders of shares without selling restrictions) as of the end of the Reporting Period

Unit: Shares

Shareholding of top ten shareholders

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, marked or frozen shares		Nature of shareholders
					Status of shares	Number of shares	
China Everbright Group Ltd.	0	1,159,456,183	25.15	–	Nil	–	State-owned legal person
China Everbright Limited	(4,450,000)	956,017,000	20.73	–	Frozen	5,620,000	Foreign legal person
HKSCC Nominees Limited	2,200	703,689,500	15.26	–	Unknown	–	Unknown
China Securities Finance Corporation Limited	0	130,090,372	2.82	–	Nil	–	Others
Hong Kong Securities Clearing Company Limited	(788,166)	53,060,250	1.15	–	Nil	–	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	(3,333,815)	35,985,630	0.78	–	Nil	–	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	7,469,220	27,441,538	0.60	–	Nil	–	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	–	Nil	–	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	0	23,174,586	0.50	–	Nil	–	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shareholding of top ten shareholders

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, marked or frozen shares		Nature of shareholders
					Status of shares	Number of shares	
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shareholding of top ten shareholders without selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
China Everbright Group Ltd.	1,159,456,183	RMB ordinary shares	1,159,456,183
China Everbright Limited	956,017,000	RMB ordinary shares	956,017,000
HKSCC Nominees Limited	703,689,500	Overseas listed foreign shares	703,689,500
China Securities Finance Corporation Limited	130,090,372	RMB ordinary shares	130,090,372
Hong Kong Securities Clearing Company Limited	53,060,250	RMB ordinary shares	53,060,250
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	35,985,630	RMB ordinary shares	35,985,630
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	27,441,538	RMB ordinary shares	27,441,538
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	24,431,977	RMB ordinary shares	24,431,977
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	23,174,586	RMB ordinary shares	23,174,586
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shareholding of top ten shareholders without selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Description of the connected relationships or action in concert between the above shareholders	China Everbright Limited is a controlled subsidiary of China Everbright Holdings Company Limited, a wholly-owned subsidiary of China Everbright Group Ltd.		
	Save for the above, the Company is unaware of any connected relationships or action in concert between the above shareholders.		

Note 1: As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 220,144, of which 219,982 were holders of A Shares and 162 were registered holders of H Shares. As at the end of last month preceding the date of disclosure of the annual report, the total number of shareholders of ordinary shares was 220,966, of which 220,804 were holders of A Shares and 162 were registered holders of H Shares.

Note 2: Among the H shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.

Note 3: Hong Kong Securities Clearing Company Limited is the nominee holder of the Shanghai-Hong Kong Stock Connect shares.

Note 4: According to the register of shareholders of the Company as at the end of January 2023 provided by China Securities Registration and Settlement Co., Ltd., 5,620,000 frozen shares in the Company held by China Everbright Limited have been released.

Note 5: Eight shareholders, including Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan, hold the same number of shares and are tied for tenth.

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

IV. Controlling Shareholder and De Facto Controller

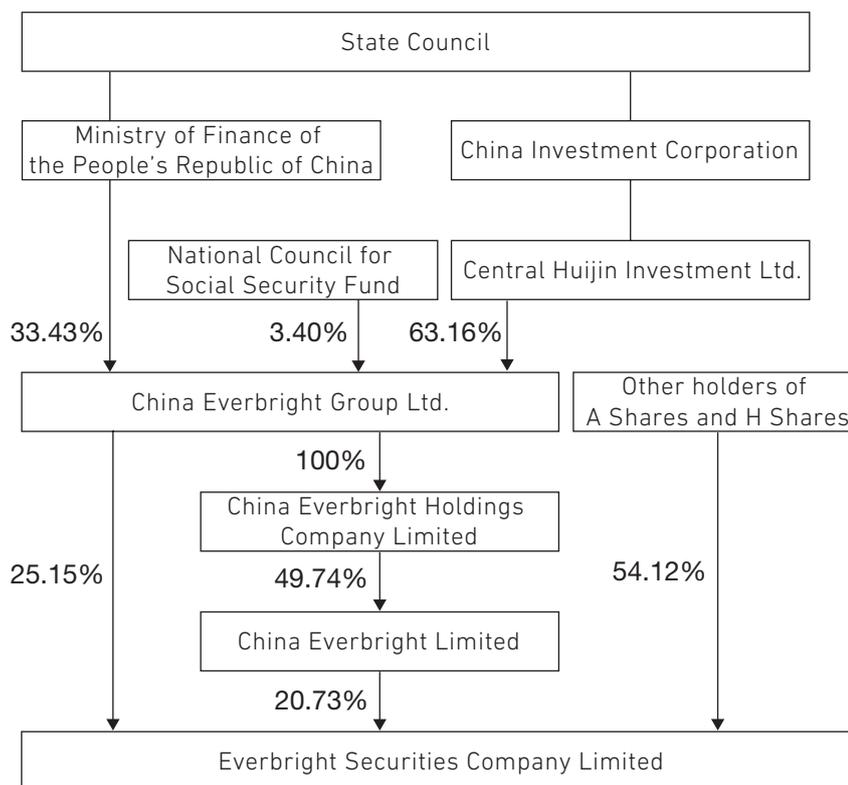
(I) Controlling shareholder

1. Legal person

Name	China Everbright Group Ltd.
Person in charge of the unit or legal representative	Wang Jiang
Date of establishment	November 12, 1990
Principal business	Investment and management of the financial business, including banking, securities, insurance, funds, trust, futures, leasing, gold and silver transactions; asset management; investment and management of nonfinancial business. (the business activities required to obtain approval by law may only be carried out after such approvals are obtained. Business activities prohibited and restricted by the state and local industrial policies shall not be engaged in.)
Shareholding in other domestic and overseas listed subsidiaries and investees during the Reporting Period	<p>directly and indirectly holding 49.999% of Everbright Bank (601818.SH, 6818.HK)</p> <p>directly and indirectly holding 49.74% of Everbright Limited (0165.HK)</p> <p>directly and indirectly holding 43.08% of Everbright Environment (0257.HK)</p> <p>directly and indirectly holding 22.99% of China CYTS Tours (600138.SH)</p> <p>directly and indirectly holding 28.47% of Cachet (002462.SZ)</p> <p>directly and indirectly holding 74.99% of Everbright Grand China Assets (3699.HK)</p> <p>directly and indirectly holding 3.99% of Shenwan Hongyuan (000166.SZ)</p>

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

2. Chart of the ownership and controlling relationship between the Company and controlling shareholder



Note: In the above chart, the three shareholders of China Everbright Group Ltd. hold a total of 99.99% of the shares, which is due to the rounding-up of the relevant data to two digits after the decimal point.

(II) De facto controller

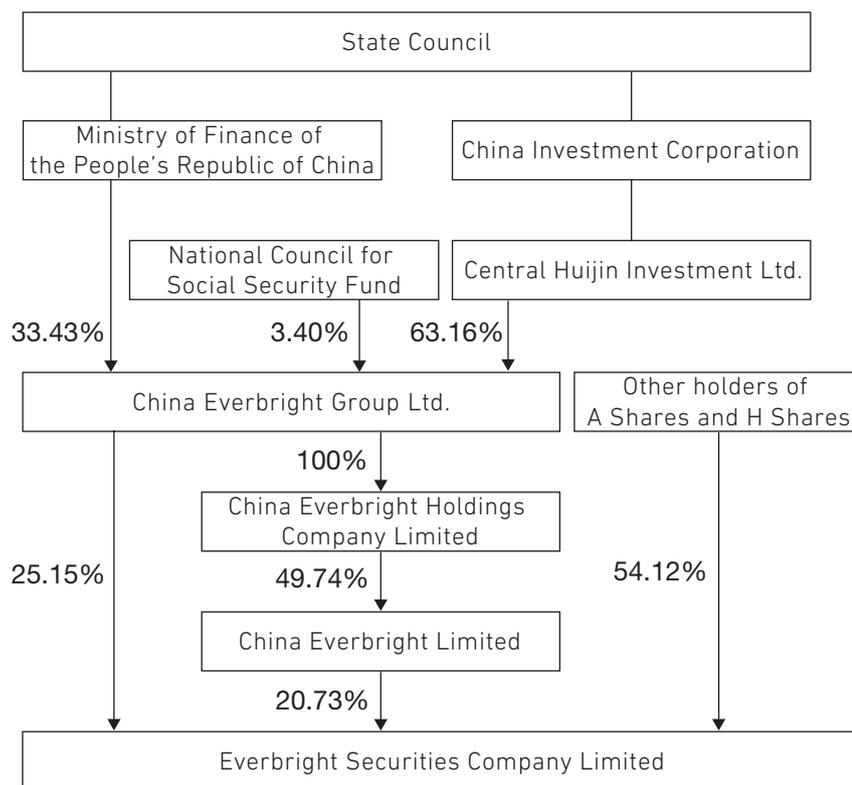
1. Legal person

Name	State Council
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Other matters	The de facto controller shall be disclosed to the level of state-owned assets management authority in accordance with the Standard No. 2 of Contents and Format of the Information Disclosure for Companies Offering Securities Publicly – the Contents and Format of Annual Report (revised in 2021). The de facto controller of the Company is State Council, and the ownership and controlling relationship between the Company and the de facto controller is as shown as above.
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SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

2. Chart of the ownership and controlling relationship between the Company and de facto controller



Note: In the above chart, the three shareholders of China Everbright Group Ltd. hold a total of 99.99% of the shares, which is due to rounding-up of the relevant data to two digits after the decimal point.

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

(III) Substantial shareholders and other persons' interests and short positions in the shares and underlying shares

As of December 31, 2022, so far as the Directors, having made reasonable enquiries, are aware, the following parties (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to section 336 of the SFO:

No.	Name of substantial shareholders ⁷	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company ⁶ (%)	Percentage of total issued	
						A Shares/ H Shares of the Company ⁶ (%)	Long position/ short position
1.	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	A Share	Interests in controlled corporation ¹	2,115,473,183	45.88	54.15	Long Position
2.	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owner	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
				2,115,473,183	45.88	54.15	Long Position
3.	China Everbright Holdings Company Limited (中國光大集團有限公司)	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
4.	Datten Investments Limited	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
5.	Honorich Holdings Limited	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
6.	China Everbright Limited (中國光大控股有限公司)	A Share	Beneficial owner	956,017,000	20.73	24.47	Long Position
7.	China State Construction Engineering Corporation	H Share	Interests in controlled corporation ³	138,812,800	3.01	19.72	Long Position
8.	China State Construction Engineering Corporation Limited (中國建築股份有限公司)	H Share	Interests in controlled corporation ³	138,812,800	3.01	19.72	Long Position
9.	CSCEC Capital (Hong Kong) Limited	H Share	Beneficial owner	138,812,800	3.01	19.72	Long Position
10.	China State Shipbuilding Corporation Limited	H Share	Interests in controlled corporation ⁴	138,588,000	3.01	19.68	Long Position
11.	China Shipbuilding Industry Corporation (中國船舶重工集團有限公司)	H Share	Interests in controlled corporation ⁴	138,588,000	3.01	19.68	Long Position
12.	China Shipbuilding Capital Limited (中國船舶資本有限公司)	H Share	Beneficial owner	138,588,000	3.01	19.68	Long Position
13.	Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司)	H Share	Beneficial owner	131,344,200	2.85	18.65	Long Position
14.	Guangdong Hengjian Investment Holding Co., Ltd (廣東恒健投資控股有限公司)	H Share	Interests in controlled corporation ⁵	131,344,200	2.85	18.65	Long Position

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Notes:

1. Central Huijin Investment Ltd. held a 63.16% interest in China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Company under the SFO.
2. Honorich Holdings Limited and Everbright Investment and Management Limited (光大投資管理有限公司) held 49.386% and 0.358% of the total issued share capital in China Everbright Limited, respectively; Datten Investments Limited held 100% of the total issued share capital in Honorich Holdings Limited; China Everbright Holdings Company Limited held 100% of the total issued share capital in Datten Investments Limited and Everbright Investment and Management Limited; China Everbright Group Ltd. held 100% of the total issued share capital in China Everbright Holdings Company Limited. Accordingly, each of China Everbright Group Ltd., China Everbright Holdings Company Limited, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interests in the Company under the SFO.
3. China State Construction Engineering Corporation Limited held 100% of the total issued share capital in CSCEC Capital (Hong Kong) Limited; China State Construction Engineering Corporation held 56.26% of the total issued share capital in China State Construction Engineering Corporation Limited. Accordingly, China State Construction Engineering Corporation Limited and China State Construction Engineering Corporation are deemed to be interested in CSCEC Capital (Hong Kong) Limited's interests in the Company under the SFO.
4. China State Shipbuilding Corporation Limited held 100% of the total issued share capital in China Shipbuilding Industry Corporation; China Shipbuilding Industry Corporation held 100% of the total issued share capital in China Shipbuilding Capital Limited. Accordingly, China State Shipbuilding Corporation Limited and China Shipbuilding Industry Corporation are deemed to be interested in China Shipbuilding Capital Limited's interests in the Company under the SFO.
5. Guangdong Hengjian Investment Holding Co., Ltd held 100% of the total issued share capital in Hengjian International Investment Holding (Hong Kong) Limited. Accordingly, Guangdong Hengjian Investment Holding Co., Ltd. is deemed to be interested in Hengjian International Investment Holding (Hong Kong) Limited's interest in the Company under the SFO.
6. As of December 31, 2022, the total issued shares of the Company were 4,610,787,639, of which 3,906,698,839 were A Shares and 704,088,800 were H Shares.
7. Under Part XV of the SFO, disclosure of interest forms shall be submitted by shareholders of the Company upon satisfaction of certain conditions. If there are changes in the shareholders' shareholdings in the Company, shareholders are not required to inform the Company and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be a difference between the substantial shareholders' latest shareholdings in the Company and the information on their shareholdings submitted to the Hong Kong Stock Exchange. Information set out in the above table is based on the disclosure of interest forms submitted by the relevant shareholders.

Save as disclosed above, as of December 31, 2022, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

V. Other Legal-person Shareholders with More Than 10% Shareholding

Unit: Yuan Currency: RMB

Name of legal-person shareholder	Person in charge of the unit or legal representative	Date of establishment	Code of the organization	Registered capital	Main business or managed activities
China Everbright Limited	Yu Fachang, the chairman of the board of directors	August 25, 1972 (China Everbright Limited was previously known as Intercontinental Housing Development Ltd. (明輝發展有限公司), and its name was changed to China Everbright Limited in 1997.)	N/A	The number of issued shares is 1,685,253,712, and the total paid-up amount is HK\$9,618,096,709 (as of December 31, 2022)	China Everbright Limited is a Hong Kong listed company with alternative asset management as its core business, with fund management and its own capital investment as its main business operations. China Everbright Group Ltd. is the company's largest shareholder, indirectly holding 49.74% of its shares.

VI. Sufficient Public Float

According to the data which is publicly available to the Company and to the best knowledge of the Directors as of the latest practicable date prior to the publication of this annual report, the Company has always maintained the public float as required by the Hong Kong Stock Exchange since the Company's H Shares were listed on the Hong Kong Stock Exchange on August 18, 2016.

VII. Repurchase, Sale or Redemption of the Listed Securities of the Company and Its Subsidiaries

Save for relevant securities issued (please refer to "II. Issuance and Listing of Securities – (I) Issuance of securities during the Reporting Period" in this section, Section IX "Relevant Information on Bonds" and Note 53 to the consolidated financial statements for details), during the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any above listed securities of the Company or its subsidiaries.

SECTION VIII RELEVANT INFORMATION ON PREFERENCE SHARES

During the Report Period, the Company did not have any matters relating to preference shares.

SECTION IX RELEVANT INFORMATION ON BONDS

I. Overview of Enterprise Bonds

Unit: 100 million Yuan Currency: RMB

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641	June 18, 2020	June 22, 2020	June 22, 2023	15	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731	July 10, 2020	July 14, 2020	July 14, 2023	37	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000	August 13, 2020	August 17, 2020	August 17, 2025	20	4.4	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	August 26, 2020	August 28, 2020	August 28, 2023	48	3.7	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	December 23, 2020	December 25, 2020	December 25, 2023	17	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	January 12, 2021	January 14, 2021	January 14, 2024	53	3.57	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104	May 11, 2021	May 13, 2021	May 13, 2026	30	4.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195	June 3, 2021	June 7, 2021	June 7, 2024	20	3.3	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	

SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196	June 3, 2021	June 7, 2021	June 7, 2026	10	3.67	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382	July 14, 2021	July 16, 2021	July 16, 2024	13	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383	July 14, 2021	July 16, 2021	July 16, 2026	17	3.45	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558	August 9, 2021	August 11, 2021	August 11, 2024	30	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762	September 14, 2021	September 16, 2021	September 16, 2024	30	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763	September 14, 2021	September 16, 2021	September 16, 2026	10	3.5	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES 10	188884	December 21, 2021	December 23, 2021	December 23, 2024	20	3.02	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES 11	188886	December 21, 2021	December 23, 2021	December 23, 2026	10	3.35	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	February 17, 2022	February 21, 2022	February 21, 2027	20	3.73	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	March 10, 2022	March 14, 2022	March 14, 2027	10	4.08	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	March 22, 2022	March 24, 2022	March 24, 2027	15	4.03	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821	June 10, 2022	June 14, 2022	June 14, 2025	25	2.9	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888	June 10, 2022	June 14, 2022	June 14, 2027	5	3.25	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693	August 18, 2022	August 22, 2022	August 22, 2025	20	2.56	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES S1	138582	November 15, 2022	November 17, 2022	May 16, 2023	10	2.5	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
22S2 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES S2	138731	December 14, 2022	December 16, 2022	June 14, 2023	15	2.95	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
23G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES G1	138955	February 21, 2023	February 23, 2023	February 28, 2024	20	2.8	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
23G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES G2	115109	March 21, 2023	March 23, 2023	March 27, 2024	30	2.75	Principal repayable and accrued interest payable upon maturity	Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No

SECTION IX RELEVANT INFORMATION ON BONDS

Settlement of interests and principals of the bonds during the Reporting Period

Bond name	Description for settlement of interests and principals of the bonds
2019 EBS Non-public Offering Corporate Bonds (First Tranche)	The principal and interest on the Bonds were paid on January 22, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2017 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	The principal and interest on the Bonds were paid on July 4, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2019 EBS Non-public Offering Corporate Bonds (Second Tranche)	The principal and interest on the Bonds were paid on August 22, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2017 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	The principal and interest on the Bonds were paid on October 16, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2021 EBS Non-public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	The principal and interest on the Bonds were paid on November 16, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
20F1 EBS Non-public Offering Corporate Bonds (First Tranche)	The principal and interest on the Bonds were paid on March 9, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities

II. Triggering and implementation of issuer or investor option terms and investor protection terms

During the Reporting Period, the Company implemented major terms of the corporate bonds of the issuer in strict compliance with the prospectus and paid the interest of bonds in a timely manner to safeguard the legitimate interests of investors. Meanwhile, the Company maintained stable operations and good profitability. There was no default in the redemption of, or payment of interest on, the bonds issued by the Company and none of relevant investor protection terms was triggered.

For the triggering and implementation of option terms and investor protection terms on the Company's existing perpetual subordinated bonds "20 EVERBRIGHT SECURITIES Y1", "21 EVERBRIGHT SECURITIES Y1", "22 EVERBRIGHT SECURITIES Y1", "22 EVERBRIGHT SECURITIES Y2" and "22 EVERBRIGHT SECURITIES Y3" as of the date of approval of this report, please refer to Note 56 "Other Equity Instruments" and Note 68 "Events after the Reporting Period" to the consolidated financial statements.

SECTION IX RELEVANT INFORMATION ON BONDS

III. The Intermediary Institutions Which Provide Services for Bonds Issuance and Duration Business

Name of intermediary institution	Office address	Name of the signing accountant	Contact person(s)	Telephone
Ernst & Young Hua Ming LLP (Special General Partnership)	Room 01-12, 17/F, EYHM Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing	Wang Ziqing and Chen Qi	Wei Huanhuan (魏歡歡)	021-22283479
AllBright Law Offices	11F & 12F, Shanghai Tower No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	N/A	Pei Zhenyu (裴振宇)	021-20511217
China Galaxy Securities Co., Ltd.	Qinghai Finance Building, Building No. 1, No. 8 Xiying Street, Fengtai District, Beijing	N/A	Deng Xiaoxia (鄧小霞)	010-80927231
Essence Securities Co., Ltd (安信證券股份有限公司)	35/F & Unit A02, 28/F, Anlian Building, No. 4018, Jintian Road, Futian District, Shenzhen	N/A	Liu Jian (劉健)	010-83321331
CITIC Securities Co., Ltd.	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	N/A	Zhang Baole	010-60837524
China Merchants Securities Co., Ltd.	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen	N/A	Liu Huachao (劉華超)	010-60840902
CSC Financial Co., Ltd.	Kaiheng Tower, 2 Chaoyangmen Inner Street, Dongcheng District, Beijing	N/A	Zhang Haihong (張海虹)	010-85130421
Industrial Securities Co., Ltd.	No. 36 Changliu Road, Pudong New Area, Shanghai, PRC	N/A	Yang Lingshan	021-20370733
China Chengxin International Credit Rating Co., LTD	No. 60101, Building 1, No.2 Nanzhugan hutong, Dongcheng District, Beijing	N/A	Zhao Tingting (趙婷婷) and Wang Rui (王瑞)	010-66428877

SECTION IX RELEVANT INFORMATION ON BONDS

IV. Use of Proceeds Raised from Issuance of Corporate Bonds

Unit: 100 million Yuan Currency: RMB

Bond code	185407	185445	185600	185821	185888	137693	138582	138731	138955	115109
Bond abbreviation	22	22	22	22	22	22	22	22	23	23
	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES
	Y1	Y2	Y3	G1	G2	G3	S1	S2	G1	G2
Total amounts of proceeds	20	10	15	25	5	20	10	15	20	30
Utilized Amounts	20	10	15	25	5	20	10	15	20	30
Unutilized Amounts	0	0	0	0	0	0	0	0	0	0
The operating condition of the special account for the proceeds during the reporting period	As at the date of this report, the special proceeds account of the Company was under normal operation and the drawdown and utilization of the proceeds were in line with the purposes of the proceeds as stated in the prospectuses									
Specified use of proceeds (please present in the full text)	After deducting issuance expenses, it is intended to be used for the repayment principal to replace the previous corporate bonds			After deducting issuance expenses, it is intended to be used for replenishing the liquidity required in the ordinary production and operation of the Company						
Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus	Yes									
Procedures performed and information disclosure of adjustment to or modification of the use of proceeds (if any adjustment or modification occurred)	Nil									
Whether there was non-compliance utilization of proceeds during the Reporting Period	No									
Non-compliance utilization of proceeds during the Reporting Period (if any)	Nil									
Whether the rectification has been completed if the use of proceeds was not in compliance with the requirements and the status of rectification (if any)	N/A									
Whether the use of proceeds was in line with the debt administrative provisions of the local government during the Reporting Period	N/A									
The circumstances of the use of proceeds not compliant with the debt administrative provisions of the local government during the Reporting Period and the rectification (if any)	N/A									
The actual use of proceeds as of the end of the Reporting Period	Repayment of 18 EVERBRIGHT SECURITIES C1	Repayment of 18 EVERBRIGHT SECURITIES C1	Repayment of 20 EVERBRIGHT SECURITIES G6	Payment of inter-bank borrowings						
Whether the use of proceeds is in compliance with that specified in the prospectus during the Reporting Period	Yes									
Whether the use of proceeds covers the funds used for project construction, status of the project process and operating efficiency (if any)	N/A									

SECTION IX RELEVANT INFORMATION ON BONDS

V. Other information on corporate bonds

- (1) During the Reporting Period, the operation and management of the Company maintain normal and there were no events that have significant effect on its production and operation, financial position and solvency.
- (2) Explanation of the changes in revenue and expenses from the business of the Company during the Reporting Period, under the PRC Accounting Standards for Business Enterprises:

In 2022, the revenue of the wealth management business amounted to RMB5,612.19 million, representing a year-on-year decrease of 45%, mainly because the Company took the initiative to improve risk control measures to enhance the credit inspection, evaluation and approval of transaction clients and storage enterprises, resulting in the revenue of commodities basis trading business experiencing significant decrease; the operating expense of the wealth management business amounted to RMB2,838.42 million, representing a year-on-year decrease of 59%, because the commodities basis trading cost recorded a year-on-year decrease on the one hand, and on the other hand, part of credit impairment loss of the Company has been reversed due to the Company actively facilitated the settlement and recovery of stock pledge projects.

In 2022, the operating expense of the corporate financing business amounted to RMB552.35 million, representing a year-on-year decrease of 34%, mainly because of the decrease in staff costs and daily operating expenses.

In 2022, the operating revenue of the investment trading business was RMB-127.06 million, representing a year-on-year increase of 71%, mainly because of reduction of the directional stock investment and enrichment of diversified investment strategies driven by the market fluctuation in and increased downward pressure on the equity investment business, so as to alleviate risk exposure and maintain stable revenue.

In 2022, the equity investment business recorded operating revenue of RMB-170.00 million, representing a year-on-year decrease of 137%, mainly attributable to the fluctuation of the capital market in the year causing the fair value of investment projects of the subsidiaries fluctuated; the operating expenses of the equity investment business amounted to RMB83.41 million, representing a year-on-year decrease of 81%, mainly because the subsidiaries made larger amount of provision for credit impairment loss in the same period of the last year, while no similar provision has been made during the year.

SECTION IX RELEVANT INFORMATION ON BONDS

- (3) Particulars of the total amount of interest-bearing liabilities, year-on-year changes, type of interest-bearing liabilities and maturity structure at the end of the Reporting Period:

The total interest-bearing debts of the Company within the scope of consolidated statement at the beginning of the Reporting Period were RMB96.382 billion, and the total interest-bearing debts of the Company within the scope of consolidated statement at the end of the Reporting Period were RMB100.385 billion, representing a year-on-year change of 4.15%.

For the interest-bearing debts of the Company within the scope of consolidated statement at the end of the Reporting Period, the balance of corporate credit bonds was RMB41.616 billion, representing 41% of the balance of interest-bearing debts, among which, the corporate credit bonds expired or sold back within one year was RMB14.919 billion; the balance of bank loans was RMB5.240 billion, representing 5% of the balance of interest-bearing debts; the balance of other interest-bearing debts was RMB53.529 billion, representing 54% of the balance of interest-bearing liabilities.

As of the end of the Reporting Period, the balance of overseas bonds issued on consolidation basis was RMB0.

Type of interest-bearing debts	overdue	Closing balance (RMB100 million)			Total
		Within 3 months (inclusive)	3 months (exclusive) to 1 year (inclusive)	Over 1 year (exclusive)	
Bonds payable	–	30.77	118.42	266.98	416.16
Short-term borrowings	–	9.71	10.80	–	20.52
Long-term borrowings	–	1.02	11.05	19.82	31.89
Short-term financing payables	–	47.99	37.76	–	85.75
Placements from other financial institutions	–	135.03	2.01	–	137.04
Financial assets sold under repurchase agreements	–	312.45	0.04	–	312.49
Total	–	536.98	180.08	286.80	1,003.85

SECTION IX RELEVANT INFORMATION ON BONDS

- (4) Information on the lead underwriter and trust manager of corporate bonds existed during the Reporting Period:

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641.SH	-	China Merchants Securities Co., Ltd. and Industrial Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731.SH	-	China Merchants Securities Co., Ltd. and Industrial Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000.SH	-	CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062.SH	-	China Merchants Securities Co., Ltd. and Industrial Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584.SH	-	China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Galaxy Securities Co., Ltd.
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631.SH	-	China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Galaxy Securities Co., Ltd.
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104.SH	-	CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.

SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 2)	21 EVERBRIGHT SECURITIES 11	188886.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES 10	188884.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.

SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES S1	138582.SH	-	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
22S2 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES S2	138731.SH	-	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
23G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES G1	138955.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
23G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES G2	115109.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.

SECTION IX RELEVANT INFORMATION ON BONDS

- (5) Supplemental explanation for the perpetual subordinated bonds still existed during the Reporting Period:

Unit: 100 million Currency: RMB

Bond code	175000	188104	185407	185445	185600
	20	21	22	22	22
	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES	EVERBRIGHT SECURITIES
Bond abbreviation	Y1	Y1	Y1	Y2	Y3
Balance of bond	20	30	20	10	15
Renewal			N/A		
Interest step-up			N/A		
Interest deferral			N/A		
Enforcement of interest payment	The ordinary share profit distribution plan (announcement No. Lin 2022-023 of the Company published on the website of the SSE and the announcement dated June 14, 2022 published on the website of the Hong Kong Stock Exchange) considered and approved at the 2021 annual general meeting by the Company triggered the enforcement of interest payment events, the Company has recognized abovementioned interest payables of perpetual bonds in the dividend payable as at December 31, 2022.				
Whether they are still included in equity and corresponding accounting treatment or not			Yes		

- (6) Settlement of short-term financing bills of the Company as of the Reporting Period:

Unit: 100 million Currency: RMB

Bond name	Code	Issue date	Maturity date	Issue amount	Interest rate (%)
The 10th batch of short-term financing bills of Year 2021 of Everbright Securities Company Limited	072110048.IB	October 27, 2021	March 25, 2022	20	2.70
The 11th batch of short-term financing bills of Year 2021 of Everbright Securities Company Limited	072110090.IB	December 8, 2021	June 7, 2022	30	2.65
The 1st batch of short-term financing bills of Year 2022 of Everbright Securities Company Limited	072210147.IB	September 2, 2022	November 4, 2022	10	1.65
The 2nd batch of short-term financing bills of Year 2022 of Everbright Securities Company Limited	072210173.IB	October 19, 2022	February 17, 2023	15	1.89
The 3rd batch of short-term financing bills of Year 2022 of Everbright Securities Company Limited	072210194.IB	December 2, 2022	March 3, 2023	20	2.34

SECTION IX RELEVANT INFORMATION ON BONDS

VI. Accounting Data and Financial Indicators of the Company for the Past Two Years up to the End of the Reporting Period

Unit: Ten Thousand Yuan Currency: RMB

Major indicator	2022	2021	Increase/ decrease for the period over the same period of last year (%)	Reason for the change
Net profit attributable to shareholders of the listed company after deducting non-recurring gains or losses	291,358.72	402,691.94	(27.65)	Increase in non-recurring gains or losses for the year
Balance of cash and cash equivalents	6,621,507.65	6,329,127.97	4.62	
Current ratio	2.36	2.66	(11.28)	
Quick ratio	1.72	1.54	11.69	
Gearing ratio (%)	65.80	65.39	Increased by 0.41 percentage point	
EBITDA to total debts ratio	0.07	0.09	(22.22)	
Interest coverage ratio	3.46	3.84	(9.90)	
Cash interest coverage ratio	10.53	0.47	2,140.43	Increase in net cash flow from operating activities
EBITDA interest coverage ratio	3.85	4.15	(7.23)	
Loan payment ratio (%)	N/A	N/A	N/A	
Interest payment ratio (%)	100	100	–	

Notes:

- EBITDA to total debts ratio refers to EBITDA of interest-bearing debts/interest-bearing debts;
- Interest coverage ratio refers to EBIT of bonds payable/interest expense of bonds payable;
- Cash interest coverage ratio refers to (net cash flow from operating activities + cash interest expenses + income tax paid in cash)/cash interest expenses, the effect of client funds has been excluded from the net cash flow from operating activities;
- EBITDA interest coverage ratio refers to EBITDA of bonds payable/interest expense of bonds payable;
- The Company settled all kinds of debt interests as expected.
- The above financial indicators were calculated based on the PRC GAAP.

Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Audited Consolidated Financial Statements

31 December 2022



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INDEPENDENT AUDITOR'S REPORT
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Everbright Securities Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 143 which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for a contingent liability</i>	
<p>Everbright Capital Investment Co., Ltd. (hereinafter referred to as "Everbright Capital"), a wholly-owned subsidiary of the Group, is principally engaged in the private equity investment fund business. Everbright Jinhui Investment Management (Shanghai) Co., Ltd. (hereinafter referred to as "Everbright Jinhui") is a wholly-owned subsidiary of Everbright Capital.</p> <p>In April 2016, Everbright Jinhui together with Baofeng (Tianjin) Investment Management Co., Ltd. (hereinafter referred to as "Baofeng Investment"), a wholly-owned subsidiary of Baofeng Group Co., Ltd., and Shanghai Qunchang Financial Services Co., Ltd. signed a partnership agreement with the limited partners of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Jinxin Fund") as general partners. Jinxin Fund acquired a 65% stake in overseas MP & Silva Holding S.A. (hereinafter referred to as "MPS") through incorporation of a special purpose vehicle. Everbright Jinhui is the managing partner of Jinxin Fund. Jinxin Fund's senior-tranche limited partners contributed RMB3,200,000 thousand, the mid-tranche limited partners contributed RMB1,000,000 thousand, and the junior-tranche limited partners contributed RMB1,000,000 thousand.</p> <p>The stakeholders of the senior-tranche limited partners of Jinxin Fund presented the Company with the "Letter of Makeup of Shortfall" with the chop of Everbright Capital affixed, the main contents of which are that Everbright Capital shall have the obligation to make up the corresponding shortfall to the extent that the senior-tranche limited partners cannot exit their investments. One of the mid-tranche limited partners presented the "Supplementary Agreement" signed by all general partners, which agreed that general partners need to compensate the capital contribution and prospective return to the mid-tranche limited partners. Some mid-tranche limited partners of Jinxin Fund had tort liability disputes with Everbright Capital.</p>	<p>Our audit procedures related to the recognition of provision mainly included the following:</p> <ul style="list-style-type: none"> • We reviewed the relevant contracts, agreements, internal approval documentation and legal correspondence in respect of the investment and the related litigation and dispute; • We obtained an understanding of management and reviewed management's perspective about the litigation, arbitration, and asset preservation related to the project investment of MPS, and reviewed the relevant legal documents and other information; • We obtained an understanding of management and reviewed management's assessment of the outcome of the above litigation and dispute; and • We assessed the relevant disclosures of the incident with reference to the requirements of the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for a contingent liability (continued)</i>	
<p>Based on the prevailing available information, the civil judgements, the results of the arbitration award and the progress of litigation, the Group made a provision in the consolidated financial statements as at 31 December 2022 amounting to RMB5,284,293 thousand for contingent losses that may result from the above-mentioned MPS related cases.</p> <p>We identified the recognition of provision as a key audit matter because of the significant balance and the significant management judgement and estimates used in the measurement of the provision.</p> <p>Refer to note 14 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provisions for expected credit losses</i>	
<p>The Group performs impairment assessment and recognises credit loss expense for margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income on the basis of expected credit losses ("ECLs") at the reporting date.</p> <p>If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECLs. If the credit risk has increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to the lifetime ECLs ("LTECLs"). If the financial asset is credit-impaired, the Group measures the loss allowance at an amount equal to LTECLs. The Group considers all reasonable and supportable information in the ECL assessment, including forward-looking information.</p> <p>As at 31 December 2022, the carrying amount of the Group's margin accounts receivable was RMB36,814,356 thousand with a cumulative allowance for ECLs of RMB606,285 thousand and financial assets held under resale agreements amounted to RMB1,404,134 thousand with a cumulative allowance for ECLs of RMB1,042,802 thousand.</p> <p>As at 31 December 2022, the carrying amount of the Group's financial assets measured at amortised cost was RMB3,589,372 thousand with a cumulative allowance for ECLs of RMB220,181 thousand and the carrying amount of the Group's debt investments at fair value through other comprehensive income was RMB21,750,476 thousand with a cumulative allowance for ECLs of RMB59,708 thousand.</p> <p>We identified the provisions for expected credit losses as a key audit matter because of the significance of the balances and the significant management judgement involved, including the classification of stages for measurement of ECLs and the estimation of future cash flows.</p> <p>Refer to note 28, note 29, note 31, note 40 and note 64(c) to the consolidated financial statements, the summary of significant accounting policies in note 2.4, the significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures related to the recognition of provisions mainly included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income; • We assessed the Group's criteria for classification of stages and the models for measurement of ECL; • We evaluated the results of ECL stages on a sampling basis and checked whether they are consistent with the criteria in the ECL measurement model; • We evaluated the key inputs related to the measurement of ECL used by management on a sampling basis, including the probability of default, loss given default, exposure at default, discount rate and forward-looking information; • We assessed management's ECL results and checked whether they are consistent with market practice and historical loss experience; and • We assessed the relevant disclosures of the impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income with reference to the requirements of the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Assessing fair value of financial instruments</u>	
<p>As at 31 December 2022, the fair values of the Group's financial assets that were measured at fair value totalled RMB117,410,876 thousand, of which financial assets of RMB66,525,680 thousand, RMB43,429,908 thousand and RMB7,455,288 thousand were classified under the fair value hierarchy as Level 1, Level 2 and Level 3 financial instruments, respectively.</p> <p>As at 31 December 2022, the fair values of the Group's financial liabilities that were measured at fair value totalled RMB800,647 thousand, of which financial liabilities of RMB75,987 thousand, RMB556,972 thousand and RMB167,688 thousand were classified under the fair value hierarchy as Level 1, Level 2 and Level 3 financial instruments, respectively.</p> <p>The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data are not readily available, as in the case of Level 3 financial instruments, significant management judgements and estimates can be involved.</p> <p>The Group has developed its models to value certain financial instruments which also involves significant management judgement and estimate. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement and estimate exercised by management in determining the inputs used in the valuation models.</p> <p>Refer to note 65 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the fair values of financial instruments included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of fair value of financial instruments; • We assessed the fair values of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data; • We read investment agreements entered into during the current year, on a sample basis, to obtain an understanding of the relevant investment terms and identified any conditions that were relevant to the valuation of financial instruments; • We involved our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain financial instruments and to perform, on a sample basis, independent valuations of financial instruments and compared these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and • We assessed the relevant disclosures of the fair value information of financial instruments with reference to the requirements of the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill</u>	
<p>As at 31 December 2022, the carrying amount of goodwill, which mainly arose from the acquisition of Everbright Securities Global Limited ("ESGL") (formerly known as "Everbright Securities (International) Limited") and Everbright Securities International Company Limited ("EBSIL") (formerly known as "Sun Hung Kai Financial Group Limited") in 2011 and 2015, respectively, was RMB834,718 thousand.</p> <p>There is a risk that the carrying value of goodwill may not be recoverable in full through the future cash flows to be generated from the relevant cash-generating units (the "CGUs") to which the goodwill has been allocated. In order to assess the recoverable amount of goodwill during the year, management engaged an external appraiser to calculate the value in use of the relevant CGUs using the discounted cash flow model with a cash flow forecast compiled by management.</p> <p>We identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and because determining whether any impairment is required involved a significant degree of management judgement and estimation, particularly in forecasting future cash flows, including budgeted income, the long-term growth rate and profit margins and in determining appropriate discount rates, all of which can be inherently uncertain.</p> <p>Refer to note 23 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the potential impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • We assessed management's identification of the CGUs and the allocation of goodwill and other assets to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards; • We evaluated the competence, capabilities and objectivity of the external appraiser appointed by management; • We involved our internal valuation specialists to evaluate the methodology and assumptions adopted in the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards; • We tested the assumptions and critical judgements adopted in the discounted cash flow forecasts by comparing key inputs, including budgeted income, the long-term growth rate and profit margins with the historical performance of the relevant subsidiaries, details in the financial budgets approved by the board of directors, recent business pipe line reports, industry research reports and industry statistics; • We assessed the discount rates applied in the discounted cash flow forecasts by recalculating the discount rates based on market data for similar companies in the same industry and compared our calculations with the discount rates adopted in the discounted cash flow forecasts; • We performed sensitivity analyses for the key assumptions, including budgeted income and the discount rates applied to assess the impact of changes in these key assumptions on the results of impairment assessments and considered whether there were any indicators of management bias in the selection of key assumptions; • We assessed the results of the value-in-use calculations by comparing them with valuations derived from price/book multiples of comparable companies in the market; and • We assessed the relevant disclosures of the impairment of goodwill with reference to the requirements of the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Consolidation of structured entities</u>	
<p>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management product, a trust product or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to collectively consider whether the Group is able to exercise the power over the activities of the entity and its exposures to and ability to influence the Group's returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>As at 31 December 2022, the carrying amount of the Group's investments in structured entities sponsored by third party institutions and not consolidated by the Group was RMB36,515,666 thousand. The carrying amount of the Group's investments in structured entities sponsored by the Group and not consolidated by the Group was RMB2,310,746 thousand.</p> <p>We identified the consolidation of structured entities as a key audit matter because significant management judgement was involved in determining whether a structured entity is required to be consolidated by the Group and because the impact of consolidating a structured entity to the consolidated statement of financial position could be significant.</p> <p>Refer to note 26 to the consolidated financial statements and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for consolidation of structured entities; • We selected significant structured entities for each key product type and performed the following procedures: <ul style="list-style-type: none"> - We inspected the related contracts, internal establishment documents and information disclosed to the investors to obtain an understanding of the purpose of the establishment of the structured entity and the involvement the Group had with the structured entity and to assess management's judgement over whether the Group had the ability to exercise its power over the structured entity; - We evaluated the risk and reward structure of the structured entity including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns to assess management's judgement as to variable returns from the Group's involvement in such an entity; - We evaluated management's analysis of the structured entity including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic investments in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; and - We evaluated management's judgement in determining whether the structured entity should be consolidated or not; and • We assessed the relevant disclosures of the consolidation of structured entities with reference to the requirements of the prevailing accounting standards.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (continued)
To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Everbright Securities Company Limited
(Established in the People's Republic of China with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Chi Keung.



Certified Public Accountants
Hong Kong
30 March 2023

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	2022	2021
Revenue			
Fee and commission income	5	7,271,598	9,345,505
Interest income	6	5,340,691	6,245,276
Net investment gains	7	1,096,821	1,438,456
Total revenue		13,709,110	17,029,237
Other income and gains	8	1,312,035	4,868,597
Total revenue and other income		15,021,145	21,897,834
Fee and commission expenses	9	(1,091,866)	(1,513,415)
Interest expenses	10	(3,248,434)	(3,740,079)
Staff costs	11	(4,034,078)	(4,115,982)
Depreciation and amortisation expenses	12	(613,088)	(585,731)
Tax and surcharges		(64,867)	(97,063)
Other operating expenses	13	(2,256,212)	(6,116,509)
Provision for contingent liabilities	14	-	(733,123)
Impairment losses	15	(201,853)	(250)
Credit loss expense	16	237,998	(394,172)
Total expenses		(11,272,400)	(17,296,324)
Operating profit		3,748,745	4,601,510
Share of profits of associates and joint ventures		105,160	66,696
Profit before income tax		3,853,905	4,668,206
Income tax expense	17	(613,280)	(1,105,000)
Profit for the year		3,240,625	3,563,206
Attributable to:			
Shareholders of the Company		3,189,073	3,484,332
Non-controlling interests		51,552	78,874
Total		3,240,625	3,563,206
Basic and diluted earnings per share (in Renminbi per share)	20	0.61	0.72

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2022</u>	<u>2021</u>
Profit for the year	3,240,625	3,563,206
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Debt investments at fair value through other comprehensive income		
- Net changes in fair value	(99,735)	221,347
- Provision for ECL allowance	5,174	(78,210)
- Reclassified to profit or loss	(11,815)	(77,753)
Share of other comprehensive income of associates	142	834
Exchange differences on translation of financial statements in foreign currencies	38,738	(24,915)
Income tax impact	26,594	(36,260)
Total items that may be reclassified subsequently to profit or loss	<u>(40,902)</u>	<u>5,043</u>
Items that will not be reclassified subsequently to profit or loss:		
Equity investments designated at fair value through other comprehensive income		
- Nets change in fair value	(92,830)	(172,486)
- Income tax impact	23,207	43,122
Total items that will not be reclassified subsequently to profit or loss	<u>(69,623)</u>	<u>(129,364)</u>
Total comprehensive income for the year	<u>3,130,100</u>	<u>3,438,885</u>
Attributable to:		
Shareholders of the Company	3,080,162	3,359,863
Non-controlling interests	49,938	79,022
Total	<u>3,130,100</u>	<u>3,438,885</u>

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	31 December 2022	31 December 2021
Non-current assets			
Property and equipment	21	823,147	836,894
Right-of-use assets	22	542,666	696,901
Investment properties		12,151	-
Goodwill	23	834,718	928,322
Other intangible assets	24	215,492	257,413
Investments in associates and joint ventures	27	1,062,535	1,004,204
Financial assets measured at amortised cost	28	3,485,729	1,787,443
Debt investments at fair value through other comprehensive income	29	14,310,552	11,675,724
Equity investments designated at fair value through other comprehensive income	30	2,485,330	559,564
Financial assets held under resale agreements	31	37,314	-
Refundable deposits	33	9,701,252	10,245,462
Deferred tax assets	34	2,480,145	2,156,069
Finance lease receivables	35	8,269	54,744
Receivables arising from sale-and-leaseback arrangements	36	674,741	851,140
Other non-current assets	37	389,274	241,286
Total non-current assets		37,063,315	31,295,166
Current assets			
Accounts receivable	38	1,450,422	1,939,085
Finance lease receivables	35	218,689	593,616
Receivables arising from sale-and-leaseback arrangements	36	981,066	902,106
Other receivables and prepayments	39	2,660,847	1,297,547
Margin accounts receivable	40	36,814,356	48,445,768
Financial assets measured at amortised cost	28	103,643	2,349,176
Debt investments at fair value through other comprehensive income	29	7,439,924	1,422,355
Financial assets held under resale agreements	31	1,366,820	6,792,387
Financial assets at fair value through profit or loss	32	92,067,675	68,750,197
Derivative financial assets	41	1,107,395	547,338
Clearing settlement funds	42	1,188,681	403,315
Cash held on behalf of brokerage clients	43	61,922,141	62,134,265
Cash and bank balances	44	13,969,508	12,235,280
Total current assets		221,291,167	207,812,435
Total assets		258,354,482	239,107,601

continued/...

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	31 December 2022	31 December 2021
Current liabilities			
Loans and borrowings	45	3,273,317	4,960,033
Short-term debt instruments	46	8,575,315	7,244,956
Placements from other financial institutions	47	13,704,055	13,692,415
Financial liabilities at fair value through profit or loss	48	97,458	342,425
Accounts payable to brokerage clients	49	69,297,987	70,224,000
Employee benefits payable	50	1,818,516	1,821,514
Other payables and accruals	51	15,166,850	4,336,714
Current tax liabilities	34	115,397	764,321
Financial assets sold under repurchase agreements	52	31,249,189	19,863,912
Derivative financial liabilities	41	703,189	512,046
Lease liabilities due within one year	22	283,243	249,072
Contract liabilities		44,636	49,863
Long-term bonds due within one year	53	15,349,694	11,896,011
Total current liabilities		<u>159,678,846</u>	<u>135,957,282</u>
Net current assets		<u>61,612,321</u>	<u>71,855,153</u>
Total assets less current liabilities		<u>98,675,636</u>	<u>103,150,319</u>
Non-current liabilities			
Loans and borrowings	45	1,966,887	2,793,973
Long-term bonds	53	26,266,790	35,930,692
Employee benefits payable	50	-	1,244
Provision	14	5,284,293	5,284,293
Lease liabilities	22	278,157	461,820
Deferred tax liabilities	34	22,873	18,103
Contract liabilities		-	988
Other non-current liabilities	54	72,197	63,944
Total non-current liabilities		<u>33,891,197</u>	<u>44,555,057</u>
Net assets		<u><u>64,784,439</u></u>	<u><u>58,595,262</u></u>

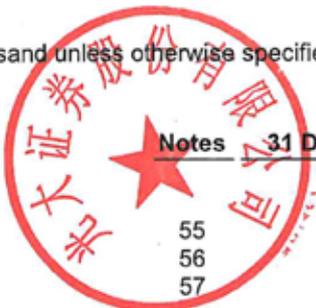
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The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

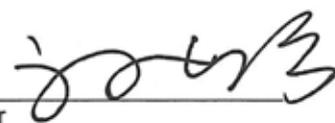
	Notes	31 December 2022	31 December 2021
Equity			
Share capital	55	4,610,788	4,610,788
Other equity instruments	56	9,498,943	4,999,057
Reserves	57	37,608,439	36,618,470
Retained profits	-57	12,286,664	11,637,280
Total equity attributable to shareholders of the Company		64,004,834	57,865,595
Non-controlling interests		779,605	729,667
Total equity		64,784,439	58,595,262



Approved and authorised for issue by the Board of Directors on 30 March 2023.



 Director



 Director

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Attributable to shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Surplus reserves	Reserves				Retained profits	Total	Non-controlling interests	Total equity
					General reserve	Fair value reserve	Translation reserve					
As at 1 January 2022	4,610,788	4,999,057	24,198,686	3,748,565	8,975,099	68,912	(372,792)	11,637,280	57,865,595	729,667	58,595,262	
Profit for the year	-	-	-	-	-	-	-	3,189,073	3,189,073	51,552	3,240,625	
Other comprehensive income	-	-	-	-	(147,649)	(147,649)	38,738	-	(108,911)	(1,614)	(110,525)	
Total comprehensive income	-	-	-	-	-	(147,649)	38,738	3,189,073	3,080,162	49,938	3,130,100	
Issuance of the perpetual bonds	-	4,499,886	-	-	-	-	-	-	4,499,886	-	4,499,886	
Appropriation to surplus reserve	-	-	-	293,798	-	-	-	(293,798)	-	-	-	
Appropriation to general reserve	-	-	-	-	805,082	-	-	(805,082)	-	-	-	
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(1,051,259)	(1,051,259)	-	(1,051,259)	
Perpetual bond Interest	-	-	-	-	-	-	-	(389,550)	(389,550)	-	(389,550)	
As at 31 December 2022	4,610,788	9,498,943	24,198,686	4,042,363	9,780,181	(78,737)	(334,054)	12,286,664	64,004,834	779,605	64,784,439	

continued/...

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Attributable to shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Surplus reserves	Reserves				Retained profits	Total	Non-controlling interests	Total equity
					General reserve	Fair value reserve	Translation reserve					
As at 1 January 2021	4,610,788	2,000,000	24,198,686	3,441,295	8,090,331	195,675	(347,877)	10,259,982	52,448,880	746,221	53,195,101	
Profit for the year	-	-	-	-	-	-	-	3,484,332	3,484,332	78,874	3,563,206	
Other comprehensive income	-	-	-	-	-	(99,554)	(24,915)	-	(124,469)	148	(124,321)	
Total comprehensive income	-	-	-	-	-	(99,554)	(24,915)	3,484,332	3,359,863	79,022	3,438,885	
Issuance of the perpetual bonds	-	2,999,057	-	-	-	-	-	-	2,999,057	-	2,999,057	
Appropriation to surplus reserve	-	-	-	307,270	-	-	-	(307,270)	-	-	-	
Appropriation to general reserve	-	-	-	-	884,768	-	-	(884,768)	-	-	-	
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(728,505)	(728,505)	(95,576)	(824,081)	
Perpetual bond Interest	-	-	-	-	-	-	-	(213,700)	(213,700)	-	(213,700)	
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(27,209)	-	27,209	-	-	-	
As at 31 December 2021	4,610,788	4,999,057	24,198,686	3,748,565	8,975,099	68,912	(372,792)	11,637,280	57,865,595	729,667	58,595,262	

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before income tax	3,853,905	4,668,206
Adjustments for:		
Interest expenses	1,955,599	2,397,719
Share of profit of associates and joint ventures	(105,160)	(66,696)
Depreciation and amortisation expenses	616,831	589,114
Impairment losses	201,853	250
Credit loss expense	(237,998)	394,172
Gains on disposal of property and equipment and other intangible assets	(351)	(666)
Provision for contingent liabilities	-	733,123
Foreign exchange (gains)/losses	(713)	3,256
Interest income and net realised gains from disposal of debt investments at fair value through other comprehensive income and financial assets measured at amortised cost	(658,929)	(902,446)
Loss/(gain) on disposal of associates and joint ventures	178	(3)
Dividend income from equity investments designated at fair value through other comprehensive income	(144,865)	(283,643)
Unrealised fair value changes of financial instruments at fair value through profit or loss	1,583,744	916,166
Unrealised fair value changes of derivative financial instruments	(393,255)	(12,333)
	<u>6,670,839</u>	<u>8,436,219</u>
Operating cash flows before movements in working capital		

continued/...

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
(continued)		
<i>Changes in operating assets</i>		
Decrease/(increase) in refundable deposits	544,210	(2,387,354)
Decrease/(increase) in margin accounts receivable	11,639,010	(1,540,489)
Decrease in finance lease receivables	428,178	1,021,523
Decrease/(increase) in receivable arising from sale-and-leaseback arrangements	93,517	(424,699)
(Increase)/decrease in accounts receivable, other receivables and prepayments	(329,755)	2,698,394
Decrease/(increase) in financial assets held under resale agreements	5,735,913	(1,431,206)
Increase in financial instruments at fair value through profit or loss	(25,146,189)	(12,442,974)
Decrease/(increase) in derivative financial instruments	24,341	(264,661)
Increase in restricted bank deposits	(51,069)	(62,001)
(Increase)/decrease in cash held on behalf of brokerage clients	(419,412)	1,348,352
Decrease in other investments	-	83,321
<i>Changes in operating liabilities</i>		
(Decrease)/increase in accounts payable to brokerage clients	(520,337)	9,486,199
Increase in other payables and accruals	10,675,727	1,292,676
(Decrease)/increase in employee benefits payable	(4,241)	112,568
Increase /(decrease) in financial assets sold under repurchase agreements	11,385,277	(1,791,945)
Increase /(decrease) in placements from other financial institutions	11,640	(4,030,366)
Cash from operations	20,737,649	103,557
Income taxes paid	(1,531,709)	(2,208,876)
Interest paid for operating activities	(1,295,853)	(1,378,667)
Net cash flows from/(used in) operating activities	<u>17,910,087</u>	<u>(3,483,986)</u>

continued/...

The accompanying notes form an integral part of these financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

	Note	2022	2021
Cash flows from investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		5,630,059	16,693,601
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		789,476	1,134,492
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		15,778	3,788
Proceeds from disposal of subsidiaries, associates and joint ventures		17,931	125,219
Dividends received from subsidiaries, associates and joint ventures		28,206	144,584
Purchase of financial assets at fair value through other comprehensive income and other investments		(15,223,944)	(11,116,037)
Purchases of property and equipment, other intangible assets and other non-current assets		(286,484)	(302,413)
Net cash flows (used in)/from investing activities		(9,028,978)	6,683,234
Cash flows from financing activities:			
Proceeds from issuance of perpetual bonds		4,499,886	2,999,057
Proceeds from issuance of long-term bonds		5,000,000	23,301,300
Proceeds from issuance of short-term debt instruments		31,110,113	37,738,662
Proceeds from loans and borrowings		7,608,193	16,030,308
Long-term bonds repaid		(11,101,300)	(19,411,609)
Short-term debt instruments repaid		(29,776,090)	(40,699,920)
Loans and borrowings repaid		(10,121,994)	(15,283,819)
Lease payments paid		(326,290)	(326,416)
Repurchase of non-controlling interests by a subsidiary		-	(1,547,015)
Interest paid		(2,040,848)	(2,405,404)
Dividends paid		(1,318,836)	(857,499)
Net cash flows used in financing activities		(6,467,166)	(462,355)
Net increase in cash and cash equivalents		2,413,943	2,736,893
Cash and cash equivalents at the beginning of the year		12,302,952	9,596,524
Effect of foreign exchange rate changes		90,439	(30,465)
Cash and cash equivalents at the end of the year	58	14,807,334	12,302,952

The accompanying notes form an integral part of these financial statements.

(All amounts expressed in RMB thousand unless otherwise specified)

1. GENERAL INFORMATION

Everbright Securities Company Limited (光大證券股份有限公司) (the “Company”), formerly known as Everbright Securities Limited Liability Company (光大證券有限責任公司), approved by the People’s Bank of China (“PBOC”), was incorporated in Beijing on 23 April 1996. The Company was renamed as Everbright Securities Company Limited (光大證券股份有限公司) on 14 July 2005 as a result of the conversion into a joint stock limited liability company.

As approved by the China Securities Regulatory Commission (“CSRC”), the Company publicly issued 520,000,000 ordinary shares (A Shares) and was listed on the Shanghai Stock Exchange on 18 August 2009.

On 1 September 2015, the Company completed the change of registration procedures for securities sold in a private placement to certain investors. Following the completion of this private placement, the total number of share capital of the Company increased from 3,418,000,000 A Shares to 3,906,698,839 A Shares, and the registered share capital of the Company increased from RMB3,418,000,000 to RMB3,906,698,839.

As at 18 August 2016, the Company completed its initial public offering of H Shares on the Main Board of the Hong Kong Stock Exchange, and issued 680,000,000 shares with a par value of RMB1.00 each. As at 19 September 2016, the Company exercised the over-allotment option in respect of 24,088,800 H Shares with a par value of RMB1.00 each.

As at 31 December 2022, the Company’s registered capital was RMB4,610,787,639 and the Company had a total of 4,610,787,639 issued shares of RMB1.00 each.

The registered address of the Company is No. 1508 Xinzha Road, Shanghai, the PRC. The Company and its subsidiaries (the “Group”) are principally engaged in securities and futures brokerage, securities investment consulting, securities trading, financial advisory related to securities investment activities, securities underwriting and sponsorship, securities proprietary trading, intermediary introduction services for futures companies, distribution of securities investment funds, margin financing and securities lending services, distribution of financial products, stock option market making business, and securities investment fund custody; investment management, asset management, equity investment, fund management business, financial leasing business and other business activities approved by the CSRC.

(All amounts expressed in RMB thousand unless otherwise specified)

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). The consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(All amounts expressed in RMB thousand unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The application of the revised IFRSs has had no significant impact on the consolidated financial statements of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback²</i>
IFRS 17	<i>Insurance Contracts⁷</i>
Amendments to IFRS 17	<i>Insurance Contracts^{3,7}</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information⁴</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current^{2,5,6}</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants^{2,6}</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies⁷</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates⁷</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction⁷</i>

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁴ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

⁵ As a consequence of the amendments to IAS 1 issued in January 2020 and October 2022- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

⁶ As a consequence of the amendments to IAS 1 Non-current Liabilities with Covenants, the effective date of the amendments to IAS 1 Classification of Liabilities as Current or Non-current was deferred to annual periods beginning on or after 1 January 2024. In addition, consequential amendments were made to IFRS Practice Statement 2 Making Materiality Judgements

⁷ Effective for annual periods beginning on or after 1 January 2023

The application of the new and revised IFRSs will not have a significant impact on the Group's consolidated financial statements.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling investments in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its derivative financial instruments and certain investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level I – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level II – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level III – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

<u>Types of assets</u>	<u>Estimated useful lives</u>	<u>Estimated residual values</u>	<u>Depreciation rates</u>
Buildings	40 years	0.00%	2.50%
Electronic equipment	3 years	0.00%	33.33%
Furniture and fixtures	5 years	0.00%	20.00%
Motor vehicles	5 – 25 years	0.00% – 5.00%	3.80% – 20.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of Investment property to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

<u>Types of assets</u>	<u>Estimated useful lives</u>	<u>Estimated residual values</u>	<u>Depreciation rates</u>
Buildings	40 years	0.00%	2.50%

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

<u>Types of asset</u>	<u>Estimated useful lives</u>
Software and others	3 years
Customer relationship	2.5 to 10 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components as a single lease component.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

<u>Types of asset</u>	<u>Estimated useful lives</u>
Buildings	1 to 12 years
Others	1 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the minimum lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Sale-and-leaseback transactions

IFRS 16 requires sale-and-leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted for as a sale.

Upon application of IFRS 16, the Group applies the requirements of IFRS 15 to assess whether sale-and-leaseback transaction constitutes a sale by a seller - lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as receivables arising from sale-and-leaseback arrangements within the scope of IFRS 9. In accordance with the transition provisions of IFRS 16, sale-and-leaseback transactions entered into before the date of initial application are not reassessed but the new requirements would partially impact the Group's sale-and-leaseback transactions entered into on or after the date of initial application.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and credit losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due or an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets measured at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage clients, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin financing receivables as loans and receivables, and recognises interest income using effective interest rate method. Securities lent are not derecognised when the risk and rewards are not transferred, and interest income is recognised using effective interest rate method.

The collateral is not recognised on the statement of financial position, and the transfer of the collateral from counterparties is only reflected on the statement of financial position if the risk and rewards of ownership are also transferred.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expenses respectively.

Accounts payable to brokerage clients

Accounts payable to brokerage clients are all deposited in the bank accounts designated by the Group. The Group recognises the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage clients would decrease by the difference, in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage clients would increase by the difference after deducting withholding stamp duty and commission.

Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

(d) Other business

Income from other business is recognised when control of goods or services is transferred to the customers.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognised as expenses when the services are received.

Interest expenses

Interest expenses are recognised based on the principal outstanding and at the effective interest rate applicable.

Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other expenses

Other expenses are recognised on an accrual basis.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

- property and equipment
- investment property
- right-of-use assets
- other intangible assets
- equity investments in subsidiaries
- equity investments in associates and joint ventures
- goodwill
- leasehold improvements and long-term deferred expenses

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, which have a credit rating of at least AA from a rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Dividends

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administration of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rates at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of debt investments at fair value through other comprehensive income or equity investments designated at fair value through other comprehensive income, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of the reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operations are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and the internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each product and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. Management needs to make significant judgement when assessing its business model, including but, not limited to, (a) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b) the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. Management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. For instance, determining whether contractual cash flows could be significantly different from the benchmark cash flows involves judgment when assessing a modified time value of money element, whether the fair value of prepayment features is insignificant also needs judgment when assessing and determining the financial assets with prepayment features.

Determination of the consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group controls an entity. The principle of control includes three elements: (i) power over the entity; (ii) exposure, or rights, to variable returns from involvement with the entity; and (iii) the ability to use power over the entity to affect the amount of entity's returns. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management products where the Group is involved as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management products that is of such significance indicating that the Group is a principal. The asset management products shall be consolidated if the Group acts in the role of principal.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using market valuation approach analysis, discounted cash flow analysis and option pricing models. The Group has established a work flow to ensure that the valuation techniques are constructed by qualified personnel and are validated and reviewed by independent personnel. Valuation techniques are certified and calibrated before implementation to ensure the valuation result reflects the actual market conditions. Valuation models established by the Group make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations, require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustments if necessary.

Deferred income tax assets

According to the provisions of the tax law, deferred income tax assets are measured at the applicable tax rates that are expected to apply to the period when the assets are realised. Deferred income tax assets are recognised for all unused tax losses, to the extent that it is likely that taxable profit will be available to offset these unused tax losses. Many judgements are needed from management to estimate the amount, timing and applicable tax rate of future taxable profit, together with the tax planning strategies, to determine the amount of deferred income tax assets to be recognised.

Impairment of financial instruments

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgment and estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such judgement and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economy indicators, and industry risk.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past events at each financial reporting date, and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the consolidated financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

4. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5%, 25%
Value added tax ("VAT")	Taxable revenue	1%-13%
City maintenance and construction tax	Value added tax paid	1%, 7%
Education surcharge	Value added tax paid	3%

The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%.

5. FEE AND COMMISSION INCOME

	2022	2021
Income arising from		
- Securities brokerage and investment advisory business	3,890,789	5,252,207
- Asset management business	1,506,824	1,596,129
- Underwriting and sponsorship business	1,277,473	1,787,347
- Futures brokerage business	493,426	596,818
- Financial advisory business	45,839	65,369
- Others	57,247	47,635
Total	7,271,598	9,345,505

6. INTEREST INCOME

	2022	2021
Income arising from		
- Margin financing and securities lending	2,511,925	3,168,520
- Deposits in financial institutions	1,933,576	1,889,691
- Debt investments at fair value through other comprehensive income	467,000	575,392
- Financial assets measured at amortised cost	177,569	213,808
- Securities-backed lending and stock repurchases	142,517	225,241
- Finance leases	81,613	121,219
- Financial assets held under resale agreements	18,136	22,720
- Others	8,355	28,685
Total	5,340,691	6,245,276

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

7. NET INVESTMENT GAINS

	<u>2022</u>	<u>2021</u>
Net realised gains from		
- Financial instruments at fair value through profit or loss	289,573	46,476
- Debt investments at fair value through other comprehensive income	11,815	77,753
- Financial assets measured at amortised cost	2,545	35,493
- Derivative financial instruments	(493,082)	(37,288)
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	1,991,624	1,936,212
- Equity investments designated at fair value through other comprehensive income	144,865	283,643
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	(1,583,744)	(916,166)
- Derivative financial instruments	733,225	12,333
Total	<u>1,096,821</u>	<u>1,438,456</u>

8. OTHER INCOME AND GAINS

	<u>2022</u>	<u>2021</u>
Income from bulk commodity trading	818,561	4,475,409
Government grants	384,696	269,171
Commodity options market making business	39,748	38,534
Income from agent business	17,137	23,750
Rental income	14,927	17,560
Exchange gains/(losses)	713	(3,256)
Others	36,253	47,429
Total	<u>1,312,035</u>	<u>4,868,597</u>

9. FEE AND COMMISSION EXPENSES

	<u>2022</u>	<u>2021</u>
Expenses arising from		
- Securities brokerage business	1,036,199	1,420,962
- Underwriting and sponsorship business	40,944	77,866
- Futures brokerage business	14,010	13,803
- Asset management business	713	784
Total	<u>1,091,866</u>	<u>1,513,415</u>

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

10. INTEREST EXPENSES

	2022	2021
Interest expenses for		
- Long-term bonds	1,565,433	1,901,251
- Financial assets sold under repurchase agreements	451,798	520,661
- Placements from other financial institutions	416,758	618,403
- Loans and borrowings	215,188	188,871
- Short-term debt instruments	147,854	275,768
- Accounts payable to brokerage clients	134,452	151,137
- Deposits of return swaps	45,084	7,261
- Lease liabilities	27,335	31,829
- Others	244,532	44,898
Total	<u>3,248,434</u>	<u>3,740,079</u>

11. STAFF COSTS

	2022	2021
Salaries, bonuses and allowances	3,163,490	3,301,969
Contributions to pension schemes	407,278	343,980
Other social welfare	463,310	470,033
Total	<u>4,034,078</u>	<u>4,115,982</u>

The domestic employees of the Group in Mainland China participate in social welfare plans, which cover pension, medical, housing, and other welfare benefits, and are organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on a regular basis and paid to the labour and social welfare authorities based on a certain percentage of the employees' salaries. These social welfare plans are defined contribution plans and contributions to the plans are expensed as incurred. The Group did not have any forfeited contributions under these pension plans.

The Group also provides an enterprise annuity plan to employees in Mainland China. According to the plan, when an employee resigns, part of the contributed amount may be returned to the Company's enterprise annuity account based on his/her actual working time. Such returned contributions had no impact on the level of annuity contributions for existing employees. The Group did not utilise any of such forfeited contributions to reduce the existing level of contributions.

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(All amounts expressed in RMB thousand unless otherwise specified)

12. DEPRECIATION AND AMORTISATION EXPENSES

	<u>2022</u>	<u>2021</u>
Amortisation of right-of-use assets	308,696	302,904
Depreciation of property and equipment	148,109	125,715
Amortisation of other intangible assets	127,629	111,345
Amortisation of leasehold improvements and long-term deferred expenses	<u>28,654</u>	<u>45,767</u>
Total	<u>613,088</u>	<u>585,731</u>

13. OTHER OPERATING EXPENSES

	<u>2022</u>	<u>2021</u>
Cost of bulk commodity trading	813,242	4,475,183
IT expenses	392,704	380,582
Fund and asset management plan distribution and custodian expenses	199,528	241,595
Promotion and entertainment expenses	134,981	200,326
Stock exchange management fees	129,728	109,714
Rental expenses and utilities	100,085	105,156
Consulting and professional services	62,802	43,180
Postal and communication expenses	61,757	79,900
Labour outsourcing expenses	55,901	54,839
Securities/futures investor protection funds	43,379	46,051
Business travel expenses	37,129	140,000
Auditors' remuneration	10,601	8,690
Others	<u>214,375</u>	<u>231,293</u>
Total	<u>2,256,212</u>	<u>6,116,509</u>

14. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	<u>31 December 2022</u>	<u>31 December 2021</u>
Litigation and arbitration	<u>5,284,293</u>	<u>5,284,293</u>

(b) Provision for contingent liabilities

	<u>2022</u>	<u>2021</u>
At the beginning of the year	5,284,293	4,551,975
Additional provision	-	733,123
Amounts utilised during the year	<u>-</u>	<u>(805)</u>
At the end of the year	<u>5,284,293</u>	<u>5,284,293</u>

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

Everbright Capital Investment Co., Ltd. (hereinafter referred to as "Everbright Capital"), a wholly-owned subsidiary of the Company, is principally engaged in the private equity investment fund business. Everbright Jinhui Asset Management Co., Ltd. (Shanghai) (hereinafter referred to as "Everbright Jinhui") is a subsidiary of Everbright Capital. In April 2016, Everbright Jinhui, together with Baofeng (Tianjin) Investment Management Co., Ltd., a wholly-owned subsidiary of Baofeng Group Co., Ltd. (hereinafter referred to as "Baofeng Group") and Shanghai Qunchang Financial Services Co., Ltd., signed a partnership agreement with the limited partners of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Jinxin Fund") as general partners with the proposition to directly or indirectly acquire 65% equity interests in an overseas company, MP & Silva Holding S.A. (hereinafter referred to as "MPS") through the incorporation of a special purpose vehicle held by Jinxin Fund. Everbright Jinhui is the managing partner of Jinxin Fund. Jinxin Fund's senior-tranche limited partners contributed RMB3,200,000 thousand, the mid-tranche limited partners contributed RMB1,000,000 thousand, and the junior-tranche limited partners contributed RMB1,000,000 thousand. The senior-tranche limited partners are China Merchants Wealth Asset Management Co., Ltd., which is a stakeholder of China Merchants Bank Co., Ltd. (hereinafter referred to as "Merchants Bank"), and Shanghai Aijian Trust Co., Ltd., which is a stakeholder of Shanghai Hua Rui Bank Co., Ltd. (hereinafter referred to as "Hua Rui Bank") contributed RMB2.8 billion and RMB400 million respectively. Meanwhile, each of the senior-tranche limited partners presented a "Letter of Makeup of Shortfall" with the chop of Everbright Capital affixed, however, it was not in compliance with the internal approval process of Everbright Capital, the main contents of which are that Everbright Capital shall have the obligation to make up the corresponding shortfall to the extent that the senior-tranche limited partners are unable to exit their investments with indicated returns within a 36-month investment period of Jinxin Fund. On 25 February 2019, the investment period of Jinxin Fund expired and Everbright Capital failed to exit as originally planned.

In October 2018, Hua Rui Bank initiated arbitration proceedings with Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) against Everbright Jinhui to recover investment principal, investment return, penalty, legal and arbitration costs amounting to RMB452.37 million regarding the "Supplementary Agreement to the Partnership Agreement of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership)". In May 2020, Everbright Jinhui received the Arbitration Award ([2020] Humao Arbitration No. 0338), which ruled that Everbright Jinhui, as a respondent, shall pay Hua Rui Bank the principal of RMB400 million and the corresponding expected income, legal fees, arbitration fees and other related expenses to Hua Rui Bank as an applicant.

In November 2018, Hua Rui Bank also filed a civil lawsuit with the Shanghai Financial Court against Everbright Capital over the same case with claims amounting to approximately RMB431.36 million. Hua Rui Bank also initiated preservative measures requesting the Shanghai Financial Court to freeze Everbright Capital's basic deposit account and equity interests in some investments. In August 2020, Everbright Capital received the paper of civil judgement of first instance ((2018) Hu 74 Min Chu No. 730) from the Shanghai Financial Court that Everbright Capital shall pay to Hua Rui Bank the principal of RMB400 million and the investment income from 1 January 2018 to the date of actual fulfilment, and bear the legal fees, preservation fee and other related expenses. If Hua Rui Bank receives the original capital of its investment and the income due to the enforcement of the outcome of arbitration, the payment obligation of Everbright Capital under the above judgment will be decreased correspondingly. Everbright Capital appealed to the Shanghai High People's Court. In June 2021, Everbright Capital received the paper of civil judgement of second instance ((2020) Hu Min Zhong No. 618) from the Shanghai High People's Court that rejected the request of Everbright Capital, and the original verdict was upheld.

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In November 2018, Shenzhen Hengxiang Equity Investment Fund LLP (limited partnership) (hereinafter referred to as "Shenzhen Hengxiang"), one of the mid-tranche limited partners of Jinxin Fund, initiated arbitration proceedings with Shanghai International Arbitration Center against Everbright Jinhui as one of the respondents in disputes over the partnership agreements and the supplementary agreements. The arbitration amount was about RMB167.81million. Shenzhen Hengxiang presented the "Supplementary Agreement" signed by all general partners. The Supplementary Agreement stated that all general partners have the obligation to make up the corresponding shortfall to the extent that Shenzhen Hengxiang is unable to exit its investment principal of RMB150 million with indicated returns. In November 2018, the People's Court of Jingan District of Shanghai accepted the application of the property preservation of Shenzhen Hengxiang and has frozen the relevant equity interests in some investments held by Everbright Jinhui. In April 2020, Everbright Jinhui received the Arbitration Award ([2020] Humao Arbitration No. 0322), which ruled that Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Services Co., Ltd., as respondents, shall pay Shenzhen Hengxiang's investment principal of RMB150 million and the corresponding expected income, legal fees, arbitration fees and other related expenses. In December 2020, the execution of Judgment Document ([2020] Hu 02 Zhi 1332) was terminated by the Shanghai No. 2 Intermediate People's Court, because it was verified that Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Services Co., Ltd. had no executable property. Shenzhen Hengxiang has applied to the Shanghai No. 2 Intermediate People's Court for the addition of Everbright Capital as the defaulter, but Shenzhen Hengxiang has currently withdrawn the application.

In May 2019, Everbright Capital received the notice of responding to prosecution from the Shanghai Financial Court. Merchants Bank initiated a civil lawsuit as plaintiff against Everbright Capital, requesting Everbright Capital to fulfil the obligation of making up the shortfall according to the "Letter of Makeup of Shortfall". The lawsuit amount was approximately RMB3,489 million for the principal of RMB2,800 million, expected income, penalties and other related expenses. In May 2019, Shanghai Financial Court accepted the application of the property preservation of Everbright Capital and has frozen the relevant equity interests in some investments held by Everbright Capital. In August 2020, Everbright Capital received the paper of civil judgement of first instance ((2019) Hu 74 Min Chu No. 601) from the Shanghai Financial Court that Everbright Capital shall pay RMB3,116 million and the accrued interest from 6 May 2019 to the date of actual payoff to Merchants Bank, and bear part of the legal fees, property preservation fee and other related expenses. Everbright Capital appealed to the Shanghai High People's Court. In June 2021, Everbright Capital received the paper of civil judgement of second instance ((2020) Hu Min Zhong No. 567) from the Shanghai High People's Court that rejected the request of Everbright Capital, and the original verdict was upheld.

In September 2020, Jiaying Zhaoyuan Yongjin Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhaoyuan Yongjin"), one of the mid-tranche limited partners of Jinxin Fund, initiated a civil lawsuit as plaintiff against Everbright Capital, regarding tort liability dispute, to request Everbright Capital to compensate for the loss of investment principal of RMB600 million and the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgment ((2020) Hu 74 Min Chu No. 2467) from the Shanghai Financial Court that Everbright Capital shall compensate Zhaoyuan Yongjin for 30% of the investment principal, which is RMB180 million; Zhaoyuan Yongjin's remaining claims are not supported. Everbright Capital has appealed the verdict of the case, and the trial of this lawsuit is still in progress and has not judged.

In May 2021, Guizhou Guian Financial Investment Co., Ltd., the stakeholder of another mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital, regarding tort liability dispute, to request Everbright Capital to compensate for the loss of their investment principal of RMB95 million, together with the corresponding expected income. The trial of this lawsuit is still in progress and has not judged.

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In June 2021, Shanghai Dongxing Investment Holdings Co., Ltd., the stakeholder of one of mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital and Everbright Jinhui, regarding tort liability dispute, to request Everbright Capital and Everbright Jinhui to compensate for the loss of their investment principal of RMB246.5 million, together with the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgement ([2021] Hu 74 Min Chu No. 283) from the Shanghai Financial Court that rejected the request of the plaintiff, and the verdict of the first instance has taken effect.

Everbright Capital has filed a retrial application with the Shanghai High People's Court regarding the civil lawsuit cases of Hua Rui Bank and Merchants Bank. In June 2022, Everbright Capital received civil rulings from the Shanghai High People's Court, which ruled to reject the retrial application. As of the date of approval of the financial statements, Hua Rui Bank and Merchants Bank have applied for enforcement, and Everbright Capital has received the enforcement notices but has not fulfilled the payments.

In March 2022, Everbright Capital received the enforcement ruling (one of [2021] Hu 74 Zhi No. 466) from the Shanghai Financial Court, ruling that 35% of Everbright Fortune Financial Leasing Co., Ltd. and 10,669,350 shares of Tianyang Hongye Technology Co., Ltd held by Everbright Capital were adjudicated as price. There are still uncertainties in the above enforcement results, and the impact on the Group needs to be assessed according to the relevant enforcement results.

In March 2022, for the Kunming Purchase on behalf of Construction Investment Partnership (Limited Partnership) that was frozen by the judicial system, Everbright Development Investment Co., Ltd. (hereinafter referred to as "Everbright Development") has filed a lawsuit against the execution objection of an outsider with the Shanghai Financial Court. In November 2022, Everbright Development received the first instance civil judgement from the Shanghai Financial Court that rejected the request of the plaintiff. In December 2022, Everbright Development has submitted a petition of appeal to the Shanghai Financial Court and appealed to the Shanghai Higher People's Court. As of the date of approval of the financial statements, the second instance lawsuit is still in progress.

Based on the assessment of the latest developments in relevant litigation and arbitration, combined with the information currently obtained, and taking into the account the requirements of the relevant laws and regulations, the Group made a provision for contingent liabilities amounting to RMB5.28 billion as of 31 December 2022 (31 December 2021: RMB5.28 billion) in accordance with the relevant provisions of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The provision was made based on an assessment and estimate of probable losses, after considering the repurchase agreement for Baofeng Group and its controlling shareholder, Feng Xin, to repurchase equity interests in MPS from Jinxin Fund as contractually agreed. In this regard, in 13 March 2019, Everbright Jinhui, in its capacity as the executive partner of Jinxin Fund, together with Jinxin Fund, jointly pursued civil legal action against Baofeng Group and Feng Xin at Beijing Higher People's Court, seeking compensation for losses arising from the non-fulfilment of their obligations to repurchase the 65% equity interests in MPS from Jinxin Fund and other related costs, totalling RMB751.19 million. In December 2020, Everbright Jinhui received the first instance Civil Judgement ([2019] Jing Min Chu No. 42), which rejected the plaintiff's claim, and the relevant case acceptance fees and property preservation fees were borne by the plaintiff. The Group has appealed to against the judgement of the first instance. In June 2022, Baofeng Group received the civil ruling ([2021] Supreme Fa Min Zhong No. 580), which ruled to revoke the Civil Judgement ([2019] Jing Min Chu No. 42) from Beijing Higher People's Court and send back to Beijing Higher People's Court for retrial.

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14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In June 2021, Jinxin Inc., the special purpose vehicle of Jinxin Fund registered in the Cayman Islands, filed a lawsuit against Riccardo Silva, Andreaa Radrizzani and other previous shareholders of MPS, regarding fraudulent misrepresentation and breach of tax commitment, in the higher court of England and Wales, amounted to USD661 million. As of the date of approval of the financial statements, the trial of this lawsuit is still in progress.

The Company will continue to monitor the progress and results of the matter, evaluate the responsibility to be undertaken, and disclose the relevant information.

Please refer to the Group's announcements of No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009, No. Lin 2022-032, No. Lin 2022-052 and No. Lin 2022-054 for more details.

15. IMPAIRMENT LOSSES

	<u>2022</u>	<u>2021</u>
Goodwill	171,862	-
Inventories	29,991	250
Total	<u>201,853</u>	<u>250</u>

16. CREDIT LOSS EXPENSE

	<u>2022</u>	<u>2021</u>
Provision for/(reversal of) credit losses against		
- Other receivables and prepayments	40,028	339,865
- Margin accounts receivable	(6,934)	61,287
- Accounts receivable	3,422	8,935
- Receivable arising from sale-and-leaseback arrangements	3,922	5,711
- Finance lease receivables	(6,776)	5,158
- Debt investments at fair value through other comprehensive income	5,174	1,435
- Other non-current assets	23,864	20,990
- Financial assets measured at amortised cost	(6,353)	(22,673)
- Financial assets held under resale agreements	(294,345)	(26,536)
Total	<u>(237,998)</u>	<u>394,172</u>

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17. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	<u>2022</u>	<u>2021</u>
Current tax		
Mainland China income tax	844,442	1,438,700
Hong Kong profits tax	<u>8,444</u>	<u>44,673</u>
Subtotal	<u>852,886</u>	<u>1,483,373</u>
Adjustment in respect of prior years		
Mainland China income tax	30,000	8,809
Hong Kong profits tax	<u>(101)</u>	<u>(687)</u>
Subtotal	<u>29,899</u>	<u>8,122</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(269,505)</u>	<u>(386,495)</u>
Total	<u>613,280</u>	<u>1,105,000</u>

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rate:

	<u>2022</u>	<u>2021</u>
Profit before income tax	<u>3,853,905</u>	<u>4,668,206</u>
Tax at Mainland China statutory tax rate of 25%	963,476	1,167,051
Effect of different tax rates of subsidiaries	26,216	(5,819)
Adjustment for prior years	29,899	8,122
Profits and losses attributable to joint ventures and associates	(26,264)	(16,427)
Income not subject to tax	(334,542)	(231,054)
Expenses not deductible for tax	69,327	51,495
Recognition of deductible temporary differences and tax losses previously not recognised	(45,909)	(502)
Tax effect of unrecognised temporary differences and unused tax losses	65,409	155,734
Others	<u>(134,332)</u>	<u>(23,600)</u>
Total	<u>613,280</u>	<u>1,105,000</u>

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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18. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office during the reporting period is as follows:

Name	2022				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
Directors:					
Zhao Ling ⁽²⁾	-	1,492	131	236	1,859
Liu Qiuming	-	2,121	192	1,338	3,651
Song Bingfang ⁽¹⁾	-	-	-	-	-
Fu Jianping ⁽¹⁾	-	-	-	-	-
Yin Lianchen ⁽¹⁾	-	-	-	-	-
Yin Yanwu ⁽¹⁾⁽³⁾	-	-	-	-	-
Chan Ming Kin ⁽¹⁾	-	-	-	-	-
Tian Wei ⁽¹⁾	-	-	-	-	-
Yu Mingxiong ⁽¹⁾	-	-	-	-	-
Independent directors:					
Wang Yong	240	-	-	-	240
Po Wai Kwong	240	-	-	-	240
Ren Yongping	240	-	-	-	240
Yin Junming	240	-	-	-	240
Liu Yunhong	240	-	-	-	240
Supervisors:					
Liang Yi ⁽²⁾	-	1,324	120	209	1,653
Wu Chunsheng ⁽¹⁾	-	-	-	-	-
Wang Hongyang ⁽¹⁾	-	-	-	-	-
Huang Xiaoguang ⁽¹⁾⁽⁴⁾	-	-	-	-	-
Zhu Wuxiang	200	-	-	-	200
Cheng Fengchao	200	-	-	-	200
Wang Wenyi ⁽¹⁾	-	-	-	-	-
Huang Qin	-	1,229	194	2,006	3,429
Li Xianzhi	-	1,159	145	580	1,884
Lin Jingmin	-	706	103	816	1,625
Total	1,600	8,031	885	5,185	15,701

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Name	2021				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
Directors:					
Yan Jun ⁽⁵⁾	-	2,656	1,753	194	4,603
Liu Qiuming	-	2,446	1,710	171	4,327
Song Bingfang ⁽¹⁾	-	-	-	-	-
Fu Jianping ⁽¹⁾	-	-	-	-	-
Yin Lianchen ⁽¹⁾	-	-	-	-	-
Cai Minnan ⁽¹⁾⁽⁶⁾	-	-	-	-	-
Chan Ming Kin ⁽¹⁾	-	-	-	-	-
Tian Wei ⁽¹⁾	-	-	-	-	-
Yu Mingxiong ⁽¹⁾	-	-	-	-	-
Independent directors:					
Wang Yong	130	-	-	-	130
Po Wai Kwong	130	-	-	-	130
Ren Yongping	130	-	-	-	130
Yin Junming	130	-	-	-	130
Liu Yunhong	130	-	-	-	130
Supervisors:					
Liu Jiping ⁽⁵⁾	-	2,368	1,659	194	4,221
Wu Chunsheng ⁽¹⁾	-	-	-	-	-
Wang Hongyang ⁽¹⁾	-	-	-	-	-
Yang Weirong ⁽¹⁾⁽⁷⁾	-	-	-	-	-
Zhu Wuxiang	108	-	-	-	108
Cheng Fengchao	108	-	-	-	108
Wang Wenyi ⁽¹⁾	-	-	-	-	-
Huang Qin	-	1,247	1,923	172	3,342
Li Xianzhi	-	1,160	1,002	146	2,308
Lin Jingmin	-	122	-	15	137
Total	866	9,999	8,047	892	19,804

(All amounts expressed in RMB thousand unless otherwise specified)

18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- (1) The remuneration of these directors and supervisors of the Company was borne by its shareholders and other related parties including China Everbright Group Ltd. and China Everbright Limited. No allocation of the remuneration between these related parties and the Group has been made during the reporting period.
- (2) Appointed as director/supervisor on 14 June 2022.
- (3) Appointed as director on 22 November 2022.
- (4) Appointed as supervisor on 23 August 2022.
- (5) Resigned as director/supervisor on 19 April 2022.
- (6) Resigned as supervisor on 19 August 2022.
- (7) Resigned as supervisor on 28 June 2022.

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or as an inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the reporting period.

19. INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments are directors or supervisors whose emoluments are disclosed in note 18. The aggregate of the emoluments is as follows:

	2022	2021
Salaries and allowances	5,753	5,716
Discretionary bonuses	42,482	37,954
Employer's contributions to pension schemes	961	857
Total	<u>49,196</u>	<u>44,527</u>

The emoluments with the highest emoluments are within the following bands:

	2022	2021
	Number of individuals	Number of individuals
HKD8,000,001 to HKD8,500,000	2	1
HKD8,500,001 to HKD9,000,000	-	1
HKD9,000,001 to HKD9,500,000	-	1
HKD9,500,001 to HKD10,000,000	1	-
HKD12,000,001 to HKD12,500,000	1	1
HKD15,500,001 to HKD16,000,000	1	1
Total	<u>5</u>	<u>5</u>

No emoluments are paid or payable to these individuals as benefits for retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the reporting period.

EVERBRIGHT SECURITIES COMPANY LIMITED
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20. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue. There has been no change in the number of ordinary shares during the reporting period.

	<u>2022</u>	<u>2021</u>
Earnings		
Profit attributable to equity holders of the Company	3,189,073	3,484,332
Less: Profit attributable to other equity instruments holders of the Company	(1) 357,498	168,236
Profit attributable to ordinary equity holders of the Company	<u>2,831,575</u>	<u>3,316,096</u>
Shares (in thousand)		
Weighted average number of ordinary shares in issue	<u>4,610,788</u>	<u>4,610,788</u>
Earnings per share attributable to ordinary equity holders of the Company (RMB yuan per share)		
— Basic	<u>0.61</u>	<u>0.72</u>

- (1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2022, RMB357,498 thousand (2021: RMB168,236 thousand) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

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21. PROPERTY AND EQUIPMENT

Cost	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
As at 1 January 2021	914,993	676,364	353,641	110,049	-	2,055,047
Additions	-	77,326	16,830	-	859	95,015
Disposals and others	-	(46,948)	(71,214)	(492)	-	(118,654)
As at 31 December 2021	914,993	706,742	299,257	109,557	859	2,031,408
Additions	-	131,320	19,157	-	473	150,950
Transfers out during the year	(28,782)	-	-	-	(1,174)	(29,956)
Disposals and others	-	(68,750)	14,727	(3,385)	-	(57,408)
As at 31 December 2022	886,211	769,312	333,141	106,172	158	2,094,994
Accumulated depreciation						
As at 1 January 2021	(341,274)	(530,632)	(275,306)	(24,737)	-	(1,171,949)
Charge for the year	(23,747)	(79,056)	(21,735)	(4,560)	-	(129,098)
Disposals and others	-	46,453	59,589	491	-	106,533
As at 31 December 2021	(365,021)	(563,235)	(237,452)	(28,806)	-	(1,194,514)
Charge for the year	(22,507)	(94,382)	(30,503)	(4,100)	-	(151,492)
Transfers out during the year	16,271	-	-	-	-	16,271
Disposals and others	-	69,177	(14,614)	3,325	-	57,888
As at 31 December 2022	(371,257)	(588,440)	(282,569)	(29,581)	-	(1,271,847)
Carrying amount						
As at 31 December 2022	514,954	180,872	50,572	76,591	158	823,147
As at 31 December 2021	549,972	143,507	61,805	80,751	859	836,894

Note: Others include the effect of foreign exchange rate changes.

As at 31 December 2022 and 2021, for buildings of carrying amounts of RMB1,055 thousand and RMB1,126 thousand, respectively, the Group has yet to obtain the relevant land or building certificate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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(All amounts expressed in RMB thousand unless otherwise specified)

22. LEASES

(i) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	Others	Total
Cost			
As at 1 January 2021	1,341,539	6,496	1,348,035
Additions	182,604	2,213	184,817
Disposals and others	(134,164)	(278)	(134,442)
As at 31 December 2021	1,389,979	8,431	1,398,410
Additions	155,902	267	156,169
Disposals and others	(193,047)	(1,338)	(194,385)
As at 31 December 2022	1,352,834	7,360	1,360,194
Accumulated depreciation			
As at 1 January 2021	(524,157)	(1,610)	(525,767)
Charge for the year	(301,329)	(1,575)	(302,904)
Disposals and others	126,965	197	127,162
As at 31 December 2021	(698,521)	(2,988)	(701,509)
Charge for the year	(307,202)	(1,494)	(308,696)
Disposals and others	191,713	964	192,677
As at 31 December 2022	(814,010)	(3,518)	(817,528)
Net carrying amount			
As at 31 December 2022	538,824	3,842	542,666
As at 31 December 2021	691,458	5,443	696,901

Note: Others include the effect of foreign exchange rate changes.

(ii) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021
Carrying amount at 1 January	710,892	823,634
New leases	161,166	184,817
Accretion of interest recognised during the year	27,335	31,829
Payments	(326,290)	(326,416)
Others	(11,703)	(2,972)
Carrying amount at 31 December	561,400	710,892
Analysed into:		
Current portion	283,243	249,072
Non-current portion	278,157	461,820

(iii) The amounts recognised in profit or loss in relation to leases are as follows:

	2022	2021
Amortisation of right-of-use assets	308,696	302,904
Interest on lease liabilities	27,335	31,829
Expense relating to short-term leases	9,391	9,121
Expense relating to leases of low-value assets	61	542
Total	345,483	344,396

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23. GOODWILL

	31 December 2022	31 December 2021
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	188,056	45,497
Less: Provision for impairment losses	(818,993)	(647,131)
Effect of exchange rate changes for impairment provision	(38,546)	25,755
Carrying amount	<u>834,718</u>	<u>928,322</u>

Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segments as follows:

	31 December 2022	31 December 2021
Wealth management business	<u>1,692,257</u>	<u>1,549,698</u>

The Group acquired the futures brokerage business in Mainland China together with the relevant assets and liabilities, and the interest in Everbright Futures Co., Ltd. in 2007. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The Group acquired the investment banking business and brokerage business in Hong Kong together with the relevant assets and liabilities, and the interest in ESGL in 2011. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the investment banking and brokerage CGU.

The Group acquired the wealth management and brokerage business in Hong Kong together with the relevant assets and liabilities, and the interest in EBSIL in 2015. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the wealth management and brokerage CGU.

In 2020, the Group has reasonably redistributed the goodwill generated from the above acquisitions to the wealth management business segment. Due to the need of business restructuring, ESGL and EBSIL were dissolved in 2022, and the relevant business has been transferred to Everbright Securities International (HK) Limited and China Everbright Securities International Company Limited.

The recoverable amount of the wealth management CGU is based on the present value of expected future cash flows, which was determined on financial forecasts approved by management covering a five-year period and a pre-tax discount rate of 17.06% (2021: 15.66%), which reflected specific risks related to the CGU. The cash flows beyond the five-year budget period were extrapolated using an estimated long-term growth rate of 2.50% (2021: 2.50%), which does not exceed the long-term average growth rate for the business in which the CGU operates.

Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted income and profit margins. Such estimation is based on the CGU's past performance and management's expectations for the market development.

As the main assumptions made by management for future cash flows forecast may change, management believes that any unfavourable changes in assumptions may cause the carrying amount exceed its recoverable amount. The Group believes that the assumptions made based on the current available information are appropriate.

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24. OTHER INTANGIBLE ASSETS

	Customer relationship	Software and others	Total
Cost			
As at 1 January 2021	863,494	954,521	1,818,015
Additions	-	156,326	156,326
Disposals and others	(132)	(24,384)	(24,516)
As at 31 December 2021	863,362	1,086,463	1,949,825
Additions	-	96,036	96,036
Disposals and others	-	9,145	9,145
As at 31 December 2022	<u>863,362</u>	<u>1,191,644</u>	<u>2,055,006</u>
Accumulated amortisation			
As at 1 January 2021	(858,881)	(742,894)	(1,601,775)
Charge for the year	(4,481)	(106,864)	(111,345)
Disposals and others	-	20,708	20,708
As at 31 December 2021	(863,362)	(829,050)	(1,692,412)
Charge for the year	-	(127,629)	(127,629)
Disposals and others	-	(19,473)	(19,473)
As at 31 December 2022	<u>(863,362)</u>	<u>(976,152)</u>	<u>(1,839,514)</u>
Carrying amount			
As at 31 December 2022	<u>-</u>	<u>215,492</u>	<u>215,492</u>
As at 31 December 2021	<u>-</u>	<u>257,413</u>	<u>257,413</u>

Note: Others include the effect of foreign exchange rate changes.

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25. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. All shares held are ordinary shares unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
Everbright Futures Co., Ltd.* ⁽²⁾ 光大期貨有限公司	Mainland China 8 April 1993	Mainland China	RMB 1,500,000,000	100%	100%	Futures brokerage	EY PRC PRC GAAP	EY PRC PRC GAAP
Shanghai Everbright Securities Assets Management Co., Ltd.* ⁽²⁾	Mainland China 21 February 2012	Mainland China	RMB 200,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
上海光大證券資產管理有限公司	Mainland China 26 September 2012	Mainland China	RMB 2,000,000,000	100%	100%	Alternative investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Investment Co., Ltd.* ⁽²⁾ 光大富尊投資有限公司	Mainland China 19 November 2010	Hong Kong	HKD 5,065,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Everbright Securities International Holdings Limited ("EBSI") (formerly known as "Everbright Securities Financial Holdings Limited") ⁽²⁾	Mainland China 12 June 2017	Mainland China	RMB 500,000,000	100%	100%	Direct investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Development Investment Co., Ltd.* ⁽²⁾ 光大發展投資有限公司	Mainland China 22 April 2004	Mainland China	RMB 160,000,000	55%	55%	Fund management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Pramerica Fund Management Co., Ltd.* ⁽²⁾ 光大保德信基金管理有限公司	Mainland China 7 November 2008	Mainland China	RMB 4,000,000,000	100%	100%	Direct investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Capital Investment Co., Ltd.* ⁽²⁾ 光大資本投資有限公司								
Everbright Fortune Financial Leasing Co., Ltd.* (formerly known as "Everbright Fortune International Leasing Co., Ltd.") ⁽⁷⁾	Mainland China 29 September 2014	Mainland China	RMB 1,000,000,000	85%	85%	Finance leasing	EY PRC PRC GAAP	EY PRC PRC GAAP
光大幸福融資租賃有限公司 (原名：光大幸福國際租賃有限公司)	Mainland China 26 June 2014	Mainland China	RMB 300,000,000	100%	100%	Risk management service	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Photon Investment Management Co., Ltd.* 光大光子投資管理有限公司	Mainland China 19 November 2015	Mainland China	RMB 10,000,000	100%	100%	Investment management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Evertop Investment Management (Shanghai) Co., Ltd.* 光大富尊泰鋒投資管理(上海)有限公司	Mainland China 27 August 2015	Mainland China	RMB 250,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Pramerica Assets Management Co., Ltd.* 光大保德信資產管理有限公司								
Everbright Jinhui Investment Management (Shanghai) Co., Ltd.* 光大滙輝投資管理(上海)有限公司	Mainland China 4 May 2015	Mainland China	RMB 100,000,000	100%	100%	Investment management	EY PRC PRC GAAP	EY PRC PRC GAAP
光大愛輝投資管理(上海)有限公司								

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
Everbright Fortune International Commercial Factoring Co., Ltd.* 光大幸福國際商業保理有限公司	Mainland China 3 May 2017	Mainland China	RMB 200,000,000	100%	100%	Trade financing	EY PRC PRC GAAP	EY PRC PRC GAAP
Evershine Development Investment Holdings Limited ⁽⁶⁾ Guanghang No. 1 (Tianjin) Leasing Co., Ltd.* 光航一號(天津)租賃有限公司	Hong Kong 25 January 2017 Mainland China 22 January 2018	Hong Kong	HKD10,000	N/A	100%	Inactive	N/A	N/A
Guanghang No. 2 (Tianjin) Leasing Co., Ltd.* 光航二號(天津)租賃有限公司	Mainland China 25 January 2018	Mainland China	RMB100,000	100%	100%	Finance leasing	N/A	N/A
Everbright Financial Investment Limited	Hong Kong 14 August 2014	Mainland China	RMB100,000 HKD	100%	100%	Finance leasing	N/A EY	N/A EY
Everbright Securities Global Limited (formerly known as "Everbright Securities (International) Limited") ⁽⁶⁾	Hong Kong 14 August 2014	Hong Kong	650,000,000	100%	100%	Investment holding	HKFRS	HKFRS
Everbright Securities International Company Limited (formerly known as "Sun Hung Kai Financial Group Limited") ⁽⁶⁾	British Virgin Islands 14 July 1992	Hong Kong	HKD1,000	N/A	100%	Investment holding	N/A	EY HKFRS
China Everbright Fortune Immigration Services Limited ⁽³⁾	Hong Kong 9 December 2011	Hong Kong	USD 210,851,998	N/A	100%	Investment holding	N/A EY	EY HKFRS
China Everbright Fortune Investment Limited ⁽³⁾	Hong Kong 4 July 2013	Hong Kong	HKD1,000	100%	100%	Immigration services	HKFRS	HKFRS
Everbright Fortune (Shenzhen) Information Technology Co., Ltd. (formerly known as "Everbright Fortune (Shenzhen) Financial Services Co., Ltd.") ⁽³⁾ 陽光富尊(深圳)信昌技術有限公司(原名: 陽光富尊(深圳)金融服務諮詢有限公司)	Hong Kong 23 September 2011	Hong Kong	HKD1,000	100%	100%	Investment	HKFRS	HKFRS
China Everbright Securities Asset Management Limited ⁽³⁾	Mainland China 23 September 2011	Mainland China	HKD 30,000,000	100%	100%	Advisory service	Bo Zhong PRC GAAP	Bo Zhong PRC GAAP
Majestic Luck Limited ⁽³⁾	Hong Kong 23 September 2011	Hong Kong	HKD 10,000,000	100%	100%	Asset management	EY HKFRS	EY HKFRS
China Everbright Securities International Structured Finance Company Limited ⁽³⁾	British Virgin Islands 6 September 2011	Hong Kong	USD1 HKD	100%	100%	Investment holding	N/A EY	N/A EY
Everbright Capital Return Company Limited ⁽³⁾	Hong Kong 11 April 2016 Cayman Islands 20 October 2016	Hong Kong	USD1	100%	100%	Structured finance	HKFRS	HKFRS
Everbright Capital Return Company Limited ⁽³⁾	Hong Kong 20 October 2016	Hong Kong	USD1	100%	100%	Fund management	N/A	N/A

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
Everbright Capital Investment Management (Cayman) Limited ⁽³⁾ China Everbright Securities International Fixed Income Investment Company Limited (formerly known as "China Everbright Securities International Principal Investment Company Limited") ⁽⁴⁾⁽⁵⁾ 中國光證國際固定收益投資有限公司 (原名：中國光大證券國際直接投資有限公司) Everbright Securities International (HK) Limited (formerly known as "China Everbright Securities International Limited") ⁽⁵⁾	Cayman Islands 20 October 2016	Hong Kong	USD1	100%	100%	Investment management	N/A	N/A
Timbo Investment Limited ⁽³⁾	Hong Kong 13 December 2017	Hong Kong	HKD 10,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Luxfull Limited ⁽³⁾	Hong Kong 4 January 1994	Hong Kong	HKD 5,000,000	100%	100%	Investment holding and provision of management services	EY HKFRS	EY HKFRS
China Everbright Capital Limited ⁽³⁾	British Virgin Islands 8 April 1997	Hong Kong	USD1	100%	100%	Investment holding	N/A	N/A
China Everbright Research Limited ⁽³⁾	British Virgin Islands 7 March 1997	Hong Kong	USD1 HKD	100%	100%	Investment holding	N/A	N/A
China Everbright Securities (HK) Limited ⁽³⁾	Hong Kong 4 January 1994	Hong Kong	50,000,000 HKD	100%	100%	Corporate finance advisory	EY HKFRS	EY HKFRS
China Everbright Forex & Futures (HK) Limited ⁽³⁾	Hong Kong 30 July 1992	Hong Kong	5,500,000 HKD	100%	100%	Investment research	EY HKFRS	EY HKFRS
China Everbright Wealth Management Limited ⁽³⁾	Hong Kong 4 January 1991	Hong Kong	1,000,000,000 HKD	100%	100%	Securities brokerage and margin financing	EY HKFRS	EY HKFRS
Bolson Limited ⁽³⁾ Shenzhen Baoyoudi Archives Co., Ltd (formerly known as "Shenzhen Baoyoudi Technology Co., Ltd.") ⁽⁴⁾⁽⁵⁾ 深圳寶又迪檔案整理有限公司(原名：深圳寶又迪科技有限公司)	Hong Kong 19 August 1993 Hong Kong 6 December 2002 Hong Kong 2 November 2007	Hong Kong	200,000,000 HKD 500,000 HKD10,000	100%	100%	Futures brokerage and leveraged foreign exchange Wealth management Holding of motor vehicles and licences	EY HKFRS EY HKFRS EY HKFRS	EY HKFRS EY HKFRS EY HKFRS
	Mainland China 18 January 2008	Mainland China	HKD8,000,000	100%	100%	Inactive	Peng Sheng PRC GAAP	Peng Sheng PRC GAAP

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
EBS Investment Limited (formerly known as "EAS Corporate Secretarial Services Limited") ⁽⁴⁾	Hong Kong 6 November 2017 British Virgin Islands	Hong Kong	HKD1	100%	100%	Company secretary services	HKFRS	EY HKFRS
Advance I (BVI) Limited (formerly known as "Sun Hung Kai Financial (UK) Limited") ⁽⁴⁾	Hong Kong 23 May 2018	Hong Kong	USD1	100%	100%	Financing	N/A	N/A
China Everbright Securities International Company Limited (formerly known as "Everbright Sun Hung Kai Company Limited") ⁽⁵⁾	Hong Kong 27 February 1973 Cayman Islands	Hong Kong	HKD 157,748,221	100%	100%	Investment holding	HKFRS	EY HKFRS
SHK Absolute Return Managers Limited ⁽⁴⁾⁽⁶⁾	Hong Kong 15 April 2005 Cayman Islands	Hong Kong	USD10	N/A	100%	Investment holding	N/A	N/A HKFRS
SHK Alternative Managers Limited ⁽⁴⁾⁽⁶⁾	Hong Kong 11 January 2006	Hong Kong	USD1	N/A	100%	Fund management	N/A	N/A HKFRS
Bright Fund Management Limited (formerly known as "SHK Fund Management Limited") ⁽⁴⁾	Hong Kong 20 January 1989	Hong Kong	HKD 106,000,000	100%	100%	Fund marketing investment advising and fund management	HKFRS	EY HKFRS
Everbright Securities Digital Finance (HK) Limited (formerly known as "SHK Online (Securities) Limited") ⁽⁴⁾	Hong Kong 23 December 1975	Hong Kong	HKD 40,000,000	100%	100%	Online securities broking and margin financing	HKFRS	EY HKFRS
CES Private (HK) Limited (formerly known as "SHK Private Limited") ⁽⁴⁾	Hong Kong 11 July 1975	Hong Kong	HKD100,000	100%	100%	Business marketing and promotion	HKFRS	EY HKFRS
Shun Loong Holdings Limited ⁽⁴⁾	Hong Kong 1 August 1980	Hong Kong	HKD 200,000,000	100%	100%	Investment holding	HKFRS	HKFRS EY
Sun Hing Bullion Company Limited ⁽⁴⁾	Hong Kong 24 November 1992	Hong Kong	HKD5,500,000	100%	100%	Bullion trading	HKFRS	HKFRS EY
CES Nominees (HK) Limited (formerly known as "Sun Hung Kai (Nominees) Limited") ⁽⁴⁾	Hong Kong 18 April 1972	Hong Kong	HKD200	100%	100%	Nominee services	HKFRS	HKFRS Moore
Everbright Securities (UK) Company Limited (formerly known as "Everbright Sun Hung Kai (UK) Company Limited") ⁽⁴⁾	UK 16 December 2009	UK	GBP 1,852,282	100%	100%	Brokerage and research services	Kingston Smith LLP UK GAAP	Kingston Smith LLP UK GAAP

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
Bright Bullion Company Limited (formerly known as "Sun Hung Kai Bullion Company Limited") ⁽⁴⁾	Hong Kong 12 September 1972	Hong Kong	HKD 210,000,000	100%	100%	Bullion trading and investment holding	EY HKFRS	EY HKFRS
CES Commodities (HK) Limited (formerly known as "Sun Hung Kai Commodities Limited") ⁽⁴⁾	Hong Kong 4 August 1976	Hong Kong	HKD 133,300,000	100%	100%	Commodities broking	EY HKFRS	EY HKFRS
CES Insurance Consultants (HK) Limited (formerly known as "Sun Hung Kai Insurance Consultants Limited") ⁽⁴⁾	Hong Kong 5 July 1988	Hong Kong	HKD 21,000,000	100%	100%	Insurance broking consultancy services	EY HKFRS	EY HKFRS
CES International Commodities (HK) Limited (formerly known as "Sun Hung Kai International Commodities Limited") ⁽⁴⁾	Hong Kong 24 March 1972	Hong Kong	HKD 25,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Everbright Securities Global (HK) Limited (formerly known as "Sun Hung Kai International Limited") ⁽⁴⁾	Hong Kong 3 May 1974	Hong Kong	HKD 22,000,000	100%	100%	Corporate finance services	EY HKFRS	EY HKFRS
CES Investment Services (Macau) Limited (formerly known as "Sun Hung Kai Investment Services (Macau) Limited") ⁽⁴⁾	Macau 5 February 1991	Macau	MOP 48,900,000	100%	100%	Inactive	EY Macau FRS	EY Macau FRS
Everbright Securities Investment Services (HK) Limited (formerly known as "Sun Hung Kai Investment Services Limited") ⁽⁴⁾	Hong Kong 4 August 1972	Hong Kong	HKD 2,430,000,000	100%	100%	Investment holding securities broking and margin financing	EY HKFRS	EY HKFRS
Structured Solutions Limited (formerly known as "Everbright Sun Hung Kai Structured Solutions Limited") ⁽⁴⁾	Hong Kong 21 March 1980	Hong Kong	HKD2	100%	100%	Inactive	EY HKFRS	EY HKFRS
CES Wealth Management (HK) Limited (formerly known as "Sun Hung Kai Wealth Management Limited") ⁽⁴⁾	Hong Kong 21 December 1990 Hong Kong 24 December 1976 Hong Kong 19 November 1982	Hong Kong Hong Kong Hong Kong Hong Kong	HKD 5,000,000 HKD 25,000,000 HKD 15,000,000	100%	100%	Investment advisory financial planning wealth management	EY HKFRS	EY HKFRS
Sun Tai Cheung Finance Company Limited ⁽⁴⁾⁽⁶⁾	Hong Kong 30 October 2014	Hong Kong	HKD2,000,001	100%	100%	Financial services	N/A EY HKFRS	N/A EY HKFRS
Sun Yi Company Limited ⁽⁴⁾ CES Insurance Agency (HK) Limited (formerly known as "Sun Hung Kai Insurance Agency Limited") ⁽⁴⁾	Hong Kong 30 October 2014	Hong Kong	HKD2,000,001	100%	100%	Insurance agency	EY HKFRS	EY HKFRS

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
				2022	2021		2022	2021
Shun Loong Bullion Limited ⁽⁴⁾	Hong Kong 7 September 1995	Hong Kong	HKD6,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Shun Loong Finance Limited ⁽⁴⁾⁽⁶⁾	Hong Kong 7 September 1995	Hong Kong	HKD1,000,000 HKD	N/A	100%	Inactive	N/A	EY HKFRS
Grand Securities Company Limited ⁽⁴⁾⁽⁶⁾	Hong Kong 20 January 1993	Hong Kong	20,000,000	N/A	100%	Inactive	N/A	EY HKFRS
OP EBS Fintech Investment Limited ⁽³⁾	British Virgin Islands 13 January 2021	Hong Kong	-	100%	100%	Inactive	N/A	N/A

Note: All of the subsidiaries established in Mainland China are registered as companies with limited liability under PRC law.

The Group acted as a principal of several structured entities during the reporting period according to the relevant accounting policies of the Group, and details of these structured entities are included in the financial statements. More detailed information of consolidated structured entities is disclosed in note 26.

(1) Auditors of the respective subsidiaries of the Group are as follows:

- EY PRC represents Ernst & Young Hua Ming LLP, a firm of certified public accountants registered in Mainland China;
- EY represents Ernst & Young, Hong Kong, a firm of certified public accountants registered in Hong Kong;
- Bo Zhong represents Shenzhen Bo Zhong Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- Peng Sheng represents Shenzhen Peng Sheng Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- Beijing Zhong Sheng Jia Hua represents Beijing Zhong Sheng Jia Hua Certified Public Accountants, a firm of certified public accountants registered in Mainland China.
- PRC GAAP represents the China Accounting Standards;
- HKFRS represents Hong Kong Financial Reporting Standards;
- UK GAAP represents the Financial Reporting Standards;
- Macau FRS represents Macau Financial Reporting Standards;

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25. INVESTMENTS IN SUBSIDIARIES (continued)

- (2) These subsidiaries are directly held by the Company.
- (3) The equity interest in the subsidiary represents the equity interest held directly or indirectly by Everbright Securities International (HK) Limited.
- (4) The equity interest in the subsidiary represents the equity interest held directly or indirectly by China Everbright Securities International Company Limited.
- (5) The equity interest in the subsidiary represents the equity interest held directly by Everbright Securities International Holdings Limited.
- (6) The subsidiaries were dissolved in 2022.
- (7) A 35% equity interest in the subsidiary has been frozen. Please refer to note 14(b) for details.

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

The following table lists out the information related to a major subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

Everbright Pramerica Fund Management Co., Ltd.

	<u>31 December 2022</u>	<u>31 December 2021</u>
NCI percentage	45%	45%
Assets	1,507,440	1,559,100
Liabilities	(196,397)	(353,365)
Net assets	1,311,043	1,205,735
Carrying amount of NCI	589,969	542,581
	<u>2022</u>	<u>2021</u>
Revenue	518,986	653,978
Profit for the year	105,308	162,950
Total comprehensive income	105,308	162,950
Total comprehensive income attributable to NCI	47,389	73,328
Dividend paid to NCI	-	41,792
Cash flows from operating activities	124,197	107,651
Cash flows from investing activities	135,012	3,645
Cash flows used in financing activities	(261,646)	(113,110)

(All amounts expressed in RMB thousand unless otherwise specified)

26. INVESTMENTS IN STRUCTURED ENTITIES

(a) Investments in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly investments in funds and asset management products. For those structured entities where the Group is involved as manager or as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that it indicates that the Group is a principal.

As at 31 December 2022 and 2021, the net assets of the consolidated structured entities were RMB10,533,584 thousand and RMB15,384,052 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB10,310,791 thousand and RMB15,159,061 thousand respectively.

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

At the end of the reporting period, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

(b) Structured entities sponsored by third party institutions and not consolidated by the Group but in which the Group holds an interest

The types of structured entities that the Group does not consolidate but in which it holds an interest include mutual funds, trust products, asset management products, wealth management products, segregated accounts and other products issued by banks or other financial institutions.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at the end of the reporting period, and their respective carrying amounts are listed below:

Financial assets at fair value through profit or loss	<u>31 December 2022</u>	<u>31 December 2021</u>
Funds	29,741,703	33,913,691
Asset management products	370,457	186,412
Wealth management products	6,211,633	8,189,774
Others	<u>191,873</u>	<u>76,261</u>
Total	<u>36,515,666</u>	<u>42,366,138</u>

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26. INVESTMENTS IN STRUCTURED ENTITIES (continued)

(c) Structured entities sponsored by the Group and not consolidated by the Group

The types of structured entities sponsored by the Group and not consolidated by the Group but in which it holds an interest include funds and asset management products.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by the Group as at the end of the reporting period, and their respective carrying amounts are listed below:

Financial assets at fair value through profit or loss	<u>31 December 2022</u>	<u>31 December 2021</u>
Funds	417,563	577,084
Asset management products	1,603,916	1,440,091
Others	<u>289,267</u>	<u>-</u>
Total	<u>2,310,746</u>	<u>2,017,175</u>

As at 31 December 2022 and 31 December 2021, the net assets of these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests amounted to RMB347,171,401 thousand and RMB363,611,171 thousand, respectively.

During the years ended 31 December 2022 and 2021, the Group recognised the income amounted to RMB1,166,481 thousand and RMB1,201,411 thousand, respectively, from these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests. As at 31 December 2022 and 31 December 2021, the corresponding remuneration receivables totalled RMB107,593 thousand and RMB128,931 thousand, respectively.

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Share of net assets		
- Associates	812,135	737,463
- Joint ventures	<u>250,400</u>	<u>266,741</u>
Total	<u>1,062,535</u>	<u>1,004,204</u>

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

Name of associates and joint ventures	Registered capital (RMB Yuan)	Equity interest held		Principal activities
		As at 31 December 2022	As at 31 December 2021	
Associates				
Dacheng Fund Management Co., Ltd.* 大成基金管理有限公司	RMB 200,000,000	25.00%	25.00%	Fund management
Everbright Yunfu Internet Co., Ltd.* 光大雲付互聯網股份有限公司	RMB 200,000,000	40.00%	40.00%	Financial data processing
Everbright Eascreate Internet Co., Ltd.* 光大易創網路科技股份有限公司	RMB 100,000,000	40.00%	40.00%	Financial data processing
CRECG & EB Private Equity Fund Management (Shanghai) Co., Limited* 中鐵光大股權投資基金管理(上海)有限公司	RMB 50,000,000	30.00%	30.00%	Investment management
Tianjin Zhongchen Zhongli Investment Management Co., Ltd.* 天津中城光麗投資管理有限公司	RMB 20,000,000	30.00%	30.00%	Investment management
Gui'an Everbright Securities Investment Management Co., Ltd.* 貴安新區光證投資管理有限公司	RMB 10,000,000	30.00%	30.00%	Investment management
Zhongnengjian Fund Management Co., Ltd.* 中能建基金管理有限公司	RMB 50,000,000	30.00%	30.00%	Investment management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Registered capital (RMB Yuan)	Equity interest held		Principal activities
		As at 31 December 2022	As at 31 December 2021	
<u>Joint ventures</u>				
Hangzhou Everbright Tunlan Investment LLP*(3) 杭州光大瞰瀾投資合夥企業(有限合夥)	RMB 106,000,000	47.17%	47.17%	Investment management
Everbright Ivy (Shanghai) Investment Center (Limited Partnership)*(3) 光大常春藤(上海)投資中心(有限合夥)	RMB 185,000,000	27.03%	27.03%	Fund management
Shanghai Everbright Sports & Culture Equity Fund (Limited Partnership)* 上海光大體育文化投資合夥企業(有限合夥)	RMB 163,944,800	24.76%	24.76%	Fund management
Everbright securities Forex (HK) Limited (formerly known as "Sun Hung Kai Forex Limited") (1) Jiaxing Everbright Meiyin No. 1 Investment LLP*(3) 嘉興光大美銀壹號投資合夥企業(有限合夥)	HKD 75,166,707 RMB 100,000,000	51.00%	51.00%	Foreign exchange dealing
Jiaxing Everbright BoPu Investment LLP (Limited Partnership)*(3) 嘉興光大礪璞投資合夥企業(有限合夥)	RMB 100,000,000	24.90%	24.90%	Investment management
EBS Fund Management Co., Ltd.*(1) 上海光大光證股權投資基金管理有限公司	RMB 20,000,000	75.50%	75.50%	Investment management
Everbright Ivy Investment Management (Shanghai) Co., Ltd.*(1) 光大常春藤投資管理(上海)有限公司	RMB 10,000,000	51.00%	51.00%	Investment management
Everbright LeadBank Assets Management (Shanghai) Co., Ltd.*(1) 光大利得資產管理(上海)有限公司	RMB 10,000,000	95.00%	95.00%	Investment management
Jiaxing Everbright Meiyin Investment Management Co., Ltd.*(1) 嘉興光大美銀投資管理有限公司	RMB 2,000,000	51.00%	51.00%	Investment management
Beijing BCID-EBS Cultural & Innovation No.2 Investment Fund (Limited Partnership)*(1)(3) 北京文資光大文創貳號投資基金管理中心(有限合夥)	RMB 97,550,000	99.90%	99.90%	Fund management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2022	As at 31 December 2021	
Joint ventures (continued)					
Shanghai JinXin Investment Consultancy LLP (Limited Partnership) ("Jinxin Fund")*(2)	Shanghai	RMB 5,203,000,000	1.15%	1.15%	Fund management
上海浸鑫投資諮詢合夥企業(有限合夥)					
Jingning Everbright Zhetong No. 1 Investment Fund L.P. *(2)	Lishui	RMB 65,600,000	15.24%	15.24%	Fund management
景寧光大浙通壹號投資管理合夥企業(有限合夥)					
Jingning-Everbright ECO Investment Fund L.P. *(2)	Lishui	RMB 20,000,000	9.01%	9.01%	Fund management
景寧光大生態壹號投資管理中心(有限合夥)					
Jingning She Autonomous Country-Everbright ECO Fund Management Co., Ltd. *(1)(4)	Lishui	RMB 5,000,000	-	51.00%	Investment management
景寧畚族自治縣光大生態經濟產業基金管理有限公司					
Shanghai Everbright Fortune Jingtian Investment Center (Limited Partnership)*(2)	Shanghai	RMB 52,350,000	0.20%	0.20%	Investment management
上海光大富尊環閣投資中心(有限合夥)					
Gansu Duzhe Everbright Private Equity Fund Management Co., Ltd (formerly known as "Gansu Duzhe Everbright Fund Management Co., Ltd.")*(1)	Lanzhou	RMB 5,000,000	51.00%	51.00%	Fund management
甘肅讀者光大私募基金管理有限公司 (原名: 甘肅讀者光大基金管理有限公司)					

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Registered capital (RMB Yuan)	Equity interest held		Principal activities
		As at 31 December 2022	As at 31 December 2021	
Joint ventures (continued)				
Shanghai Jingjun Enterprise Management L.P.* (formerly known as "Hangzhou Jingxing Investment L.P.")				
上海璟僑企業管理合夥企業 (有限合夥)	RMB 10,000,000	40.00%	40.00%	Investment management
(原名: 杭州璟星投資合夥企業 (有限合夥))				
Beijing Everbright 360 Investment Management Center*(2)	RMB 680,800,000	0.07%	0.07%	Investment management
北京光大三六零投資管理中心 (有限合夥)				
Hohhot Haotian Construction Co., Ltd.*(2)	RMB 100,000,000	1.00%	1.00%	Investment management
呼和浩特市昊天建設有限公司	USD 50,000	-	19.97%	USD bond investment
Sunshine Anti Epidemic Investment Fund SP(2) (4)				

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

(1) The Group's shareholding of these investees is higher than 50%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.

(2) The Group's shareholding of these investees is lower than 20%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.

(3) As at 31 December 2022, the Group's shareholding of these investees has been restricted by the judicial department. Please refer to note 14(b) for details.

(4) As at 31 December 2022, the Group's shareholding in this investee has been disposed, and has lost joint control.

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

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Summarised financial information of the Group's material associate reconciled to the carrying amounts in the financial statement is disclosed below:

Dacheng Fund Management Co., Ltd.

	<u>31 December 2022</u>	<u>31 December 2021</u>
Gross amounts of the associate:		
Assets	5,313,359	4,820,396
Liabilities	<u>(2,159,225)</u>	<u>(1,951,659)</u>
Net assets	<u>3,154,134</u>	<u>2,868,737</u>
	<u>2022</u>	<u>2021</u>
Revenue	<u>1,893,809</u>	<u>1,735,643</u>
Profit for the year	417,295	388,864
Other comprehensive income	567	3,335
Total comprehensive income	<u>417,862</u>	<u>392,199</u>
Dividend declared this year from the associate	<u>32,000</u>	<u>27,750</u>
Dividend received this year from the associate	<u>27,750</u>	<u>142,000</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>
Reconciled to the Group's interest in the associate:		
Net assets	3,154,134	2,868,737
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	<u>788,534</u>	<u>717,184</u>
Carrying amount in the consolidated financial statements	<u>788,534</u>	<u>717,184</u>

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	<u>2022</u>	<u>2021</u>
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	<u>1,952</u>	<u>(30,520)</u>
Total comprehensive income	<u>1,952</u>	<u>(30,520)</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	<u>274,001</u>	<u>287,020</u>

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28. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31 December 2022	31 December 2021
Non-current		
Debt securities	3,537,929	1,839,161
Others	167,951	168,503
Less: Allowance for ECLs	<u>(220,151)</u>	<u>(220,221)</u>
Total	<u>3,485,729</u>	<u>1,787,443</u>
Analysed as:		
Listed outside Hong Kong	19,981	113,851
Unlisted	<u>3,465,748</u>	<u>1,673,592</u>
Total	<u>3,485,729</u>	<u>1,787,443</u>
Current		
Debt securities	103,673	2,357,540
Less: Allowance for ECLs	<u>(30)</u>	<u>(8,364)</u>
Total	<u>103,643</u>	<u>2,349,176</u>
Analysed as:		
Listed inside Hong Kong	-	157,618
Listed outside Hong Kong	387	53,745
Unlisted	<u>103,256</u>	<u>2,137,813</u>
Total	<u>103,643</u>	<u>2,349,176</u>

As at 31 December 2022, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB1,810,627 thousand (as at 31 December 2021: RMB2,646,046 thousand).

(a) Analysis of the movements of allowance for ECLs:

	2022	2021
At the beginning of the year	228,585	330,918
Charge for the year	1,628	4,613
Reversal for the year	(7,981)	(27,286)
Amounts written off	(2,403)	(79,400)
Others	<u>352</u>	<u>(260)</u>
At the end of the year	<u>220,181</u>	<u>228,585</u>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	<u>2,387</u>	<u>-</u>	<u>217,794</u>	<u>220,181</u>
31 December 2021	<u>3,039</u>	<u>338</u>	<u>225,208</u>	<u>228,585</u>

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29. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	31 December 2022	31 December 2021
Debt securities	14,310,552	11,675,724
Total	14,310,552	11,675,724
Analysed as:		
Listed outside Hong Kong	843,747	374,942
Unlisted	13,466,805	11,300,782
Total	14,310,552	11,675,724
Current	31 December 2022	31 December 2021
Debt securities	7,439,924	1,422,355
Total	7,439,924	1,422,355
Analysed as:		
Listed outside Hong Kong	195,805	160,352
Unlisted	7,244,119	1,262,003
Total	7,439,924	1,422,355

As at 31 December 2022, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB15,050,127 thousand (as at 31 December 2021: RMB9,035,084 thousand).

(a) Analysis of the movements of allowance for ECLs:

	2022	2021
At the beginning of this year	56,042	137,851
Charge for the year	5,638	2,518
Reversal for the year	(464)	(1,083)
Amounts written off	(1,508)	(83,244)
At the end of the year	59,708	56,042

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	9,204	504	50,000	59,708
31 December 2021	5,640	402	50,000	56,042

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30. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	<u>31 December 2022</u>	<u>31 December 2021</u>
Equity securities	2,148,586	559,564
Others	<u>336,744</u>	<u>-</u>
Total	<u>2,485,330</u>	<u>559,564</u>
Analysed as:		
Listed outside Hong Kong	2,102,785	187,591
Unlisted	<u>382,545</u>	<u>371,973</u>
Total	<u>2,485,330</u>	<u>559,564</u>

For the year ended 31 December 2022, the Group did not dispose any equity investments designated at fair value through other comprehensive income.

For the year ended 31 December 2021, the Group disposed of some of the equity investments designated at fair value through other comprehensive income as a result of an adjustment in its investment strategy. The accumulated net realised gains on the equity instruments disposed of was RMB36,278 thousand.

As at 31 December 2022 and 31 December 2021, there were no equity investments designated at fair value through other comprehensive income of the Group having lock-up periods or commitment conditions.

31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Non-Current	<u>31 December 2022</u>	<u>31 December 2021</u>
Equity securities	894,973	-
Debt securities	184,300	-
Less: Allowance for ECLs	<u>(1,041,959)</u>	<u>-</u>
Total	<u>37,314</u>	<u>-</u>
Current	<u>31 December 2022</u>	<u>31 December 2021</u>
Equity securities	171,368	1,761,000
Debt securities	1,196,295	6,421,849
Less: Allowance for ECLs	<u>(843)</u>	<u>(1,390,462)</u>
Total	<u>1,366,820</u>	<u>6,792,387</u>

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31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

(b) Analysed by market:

Non-Current	31 December 2022	31 December 2021
Stock Exchange	1,079,273	-
Less: Allowance for ECLs	(1,041,959)	-
Total	37,314	-
Current	31 December 2022	31 December 2021
Stock Exchange	209,265	2,109,729
Inter-bank market	1,158,398	6,073,120
Less: Allowance for ECLs	(843)	(1,390,462)
Total	1,366,820	6,792,387

(c) Analysis of the movements of allowance for ECLs:

	2022	2021
At the beginning of the year	1,390,462	1,471,697
Charge for the year	2,482	135,767
Reversal for the year	(296,827)	(162,303)
Amounts written off	(53,315)	(54,699)
At the end of the year	1,042,802	1,390,462

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	829	14	1,041,959	1,042,802
31 December 2021	6,001	120	1,384,341	1,390,462

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32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	31 December 2022	31 December 2021
Funds	30,159,266	34,490,775
Debt securities	22,371,941	14,952,323
Wealth management products	6,211,633	8,189,774
Equity shares	23,319,852	5,068,355
Others	10,004,983	6,048,970
	<u>92,067,675</u>	<u>68,750,197</u>
Total		
Analysed as:		
- Listed outside Hong Kong	30,662,663	13,576,465
- Listed inside Hong Kong	30,203	212,507
- Unlisted	61,374,809	54,961,225
	<u>92,067,675</u>	<u>68,750,197</u>
Total		

As at 31 December 2022 and 31 December 2021, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss with total fair values of RMB112,314 thousand and RMB206,276 thousand to external clients, respectively. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy. The fair value of collateral for the securities lending business is analysed in note 40(c) together with the fair value of collateral of margin financing business.

As at 31 December 2022 and 31 December 2021, financial assets at fair value through profit or loss of the Group included financial assets of RMB22,386,822 thousand and RMB12,857,513 thousand, respectively, which are pledged, restricted or frozen, of which the equity shares in the financial assets at fair value through profit or loss with lock-up periods held by the Group amounted to RMB1,866,133 thousand and RMB1,754,263 thousand, respectively.

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33. REFUNDABLE DEPOSITS

	31 December 2022	31 December 2021
Deposits with stock exchanges and clearing houses		
- China Securities Depository and Clearing Corporation Limited	1,217,791	1,161,227
- Shanghai Clearing House	46,020	45,503
- Hong Kong Securities Clearing Company Limited	20,447	21,129
- The Stock Exchange of Hong Kong Limited	12,940	11,869
Subtotal	<u>1,297,198</u>	<u>1,239,728</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	2,295,304	3,482,748
- Shanghai Futures Exchange	2,217,004	1,801,020
- Dalian Commodity Exchange	2,007,481	1,725,198
- Zhengzhou Commodity Exchange	1,603,915	1,446,961
- Shanghai International Energy Exchange	163,238	120,382
- Shanghai Gold Exchange	55,284	2,820
- Hong Kong Futures Exchange	8,039	7,358
Subtotal	<u>8,350,265</u>	<u>8,586,487</u>
Deposits with other institutions		
- CSFC	50,886	415,203
- Other institutions	2,903	4,044
Subtotal	<u>53,789</u>	<u>419,247</u>
Total	<u>9,701,252</u>	<u>10,245,462</u>

34. INCOME TAX

(a) Current taxation

	31 December 2022	31 December 2021
Current tax liabilities	<u>115,397</u>	<u>764,321</u>
	<u>2022</u>	<u>2021</u>
At the beginning of the year	764,321	1,472,633
Provision for the year	882,785	1,491,495
Increase through the sale of equity investments designated at fair value through other comprehensive income	-	9,069
Tax paid	<u>(1,531,709)</u>	<u>(2,208,876)</u>
At the end of the year	<u>115,397</u>	<u>764,321</u>

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34. INCOME TAX (continued)

(b) Deferred tax assets/liabilities recognised

The components of deferred tax assets/liabilities recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

Deferred tax arising from:	Allowance for ECLs/ Impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Others	Total
As at 1 January 2021	1,730,449	388,320	(393,164)	9,935	1,735,540
Recognised in profit or loss	75,314	38,733	277,726	(5,278)	386,495
Recognised in reserves	-	-	6,862	-	6,862
Transferred out	-	-	9,069	-	9,069
As at 31 December 2021	1,805,763	427,053	(99,507)	4,657	2,137,966
Recognised in profit or loss	(67,012)	16,401	187,050	133,066	269,505
Recognised in reserves	-	-	49,801	-	49,801
As at 31 December 2022	1,738,751	443,454	137,344	137,723	2,457,272

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34. INCOME TAX (continued)

(c) Reconciliation to the statement of financial position

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net deferred tax assets recognised in the consolidated statement of financial position	2,480,145	2,156,069
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(22,873)</u>	<u>(18,103)</u>
Total	<u>2,457,272</u>	<u>2,137,966</u>

(d) Recognised in other comprehensive income

	<u>2022</u>		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	(99,735)	24,934	(74,801)
- Provision for ECL allowance	5,174	(1,294)	3,880
- Reclassified to profit or loss	(11,815)	2,954	(8,861)
Equity investments designated at fair value through other comprehensive income	(92,830)	23,207	(69,623)
- Net changes in fair value			
Share of other comprehensive income of associates	142	-	142
Exchange differences on translation of financial statements in foreign currencies	<u>38,738</u>	<u>-</u>	<u>38,738</u>
Total	<u>(160,326)</u>	<u>49,801</u>	<u>(110,525)</u>
	<u>2021</u>		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	221,347	(55,337)	166,010
- Provision for ECL allowance	(78,210)	(362)	(78,572)
- Reclassified to profit or loss	(77,753)	19,439	(58,314)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	(172,486)	43,122	(129,364)
Share of other comprehensive income of associates	834	-	834
Exchange differences on translation of financial statements in foreign currencies	<u>(24,915)</u>	<u>-</u>	<u>(24,915)</u>
Total	<u>(131,183)</u>	<u>6,862</u>	<u>(124,321)</u>

(e) Deferred tax assets not recognised

As at 31 December 2022 and 2021, the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences amounting to RMB4,680,139 thousand and RMB4,202,335 thousand respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity, including a deductible temporary differences of RMB2,925,022 thousand and a deductible losses of RMB1,755,117 thousand, with a term of 5 years or more.

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35. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	31 December 2022	31 December 2021
Minimum lease payments to be received	343,789	784,014
Less: Unrealised finance income	(39,351)	(51,398)
Balance of finance lease receivables	304,438	732,616
Less: Allowance for ECLs	(77,480)	(84,256)
Finance lease receivables, net	226,958	648,360
Analysis for presentation purposes:		
Non-current assets	8,269	54,744
Current assets	218,689	593,616

Minimum lease payments to be received and the corresponding present value are as follows:

	As at 31 December 2022		As at 31 December 2021	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	333,452	296,018	723,772	677,337
1 to 2 years	4,865	3,807	49,904	46,859
2 to 3 years	4,865	4,084	4,865	3,807
Over 3 years	607	529	5,473	4,613
Total	343,789	304,438	784,014	732,616
Unrealised finance income	(39,351)	-	(51,398)	-
Balance of finance lease receivables	304,438	304,438	732,616	732,616
Allowance for ECLs	(77,480)	(77,480)	(84,256)	(84,256)
Finance lease receivables, net	226,958	226,958	648,360	648,360

(b) Analysis of the movements of allowance for ECLs:

	2022	2021
At the beginning of the year	84,256	79,098
Charge for the year	10,952	25,716
Reversal of impairment	(17,728)	(20,558)
At the end of the year	77,480	84,256

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	218	2,552	74,710	77,480
31 December 2021	1,602	16,903	65,751	84,256

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36. RECEIVABLES ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Minimum lease payments to be received	1,805,585	1,908,810
Less: Unrealised finance income	<u>(111,716)</u>	<u>(121,424)</u>
Balance of receivables arising from sale-and-leaseback arrangements	1,693,869	1,787,386
Less: Allowance for ECLs	<u>(38,062)</u>	<u>(34,140)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,655,807</u>	<u>1,753,246</u>
Analysis for presentation purposes:		
Non-current assets	<u>674,741</u>	<u>851,140</u>
Current assets	<u>981,066</u>	<u>902,106</u>

Minimum lease payments to be received and the corresponding present values are as follows:

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	1,094,062	1,014,953	1,011,877	929,296
1 to 2 years	499,553	473,946	650,800	618,428
2 to 3 years	<u>211,970</u>	<u>204,970</u>	<u>246,133</u>	<u>239,662</u>
Total	<u>1,805,585</u>	<u>1,693,869</u>	<u>1,908,810</u>	<u>1,787,386</u>
Unrealised finance income	<u>(111,716)</u>	-	<u>(121,424)</u>	-
Balance of receivables arising from sale-and-leaseback arrangements	1,693,869	1,693,869	1,787,386	1,787,386
Allowance for ECLs	<u>(38,062)</u>	<u>(38,062)</u>	<u>(34,140)</u>	<u>(34,140)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,655,807</u>	<u>1,655,807</u>	<u>1,753,246</u>	<u>1,753,246</u>

(b) Analysis of the movements of allowance for ECLs:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	34,140	28,429
Charge for the year	7,417	9,231
Reversal of impairment	<u>(3,495)</u>	<u>(3,520)</u>
At the end of the year	<u>38,062</u>	<u>34,140</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	<u>4,247</u>	<u>2,606</u>	<u>31,209</u>	<u>38,062</u>
31 December 2021	<u>4,937</u>	<u>787</u>	<u>28,416</u>	<u>34,140</u>

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37. OTHER NON-CURRENT ASSETS

Analysed by nature:

		<u>31 December 2022</u>	<u>31 December 2021</u>
Other receivables		399,219	275,504
Bulk commodity trading inventories		86,214	-
Deposits		55,559	55,302
Long-term deferred expenses	(a)	53,710	62,058
Less: Allowance for ECLs	(b)	(175,442)	(151,578)
Provision for impairment losses		<u>(29,986)</u>	<u>-</u>
Total		<u>389,274</u>	<u>241,286</u>

(a) The movements of long-term deferred expenses are as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	62,058	77,192
Additions	20,306	30,633
Amortisation	<u>(28,654)</u>	<u>(45,767)</u>
Balance at the end of the year	<u>53,710</u>	<u>62,058</u>

(b) Analysis of the movements of allowance for ECLs:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	151,578	1,413
Charge for the year	28,676	20,990
Reversal of impairment	(4,812)	-
Transfer in from other receivables and prepayments	-	121,114
Transfer out to accounts receivable	-	(1,413)
Others	<u>-</u>	<u>9,474</u>
At the end of the year	<u>175,442</u>	<u>151,578</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2022	<u>-</u>	<u>-</u>	<u>175,442</u>	<u>-</u>	<u>175,442</u>
31 December 2021	<u>-</u>	<u>-</u>	<u>151,578</u>	<u>-</u>	<u>151,578</u>

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38. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Accounts receivable of		
- Settlement	733,417	823,268
- Brokers and dealers	458,316	788,949
- Fees and commissions	304,500	368,628
- Others	39,132	41,832
Less: Allowance for ECLs	<u>(84,943)</u>	<u>(83,592)</u>
Total	<u>1,450,422</u>	<u>1,939,085</u>

(b) Analysed by ageing:

As at the end of the reporting period, the ageing analysis of accounts receivable is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Within 1 year	1,432,989	1,856,422
1 to 2 years	11,028	12,306
2 to 3 years	2,155	67,690
Over 3 years	<u>4,250</u>	<u>2,667</u>
Total	<u>1,450,422</u>	<u>1,939,085</u>

(c) Analysis of the movements of allowance for ECLs:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	83,592	73,360
Charge for the year	3,422	9,900
Reversal of impairment	-	(965)
Transfer in from other non-current assets	-	1,413
Amounts written-off	(2,500)	-
Others	<u>429</u>	<u>(116)</u>
At the end of the year	<u>84,943</u>	<u>83,592</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2022	<u>161</u>	<u>-</u>	<u>-</u>	<u>84,782</u>	<u>84,943</u>
31 December 2021	<u>4,419</u>	<u>4</u>	<u>-</u>	<u>79,169</u>	<u>83,592</u>

(e) Accounts receivable that were not impaired

Accounts receivable that were not impaired were not past due and related to a wide range of customers for whom there was no recent history of default.

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39. OTHER RECEIVABLES AND PREPAYMENTS

(a) Analysed by nature:

	31 December 2022	31 December 2021
Other receivables ⁽¹⁾	2,887,071	1,512,553
Dividend receivables ⁽²⁾	280,518	235,477
Withholding tax	113,926	4,847
Bulk commodity trading inventories	637	88,801
Interest receivable	45,991	39,676
Deferred expenses	20,112	23,921
Factoring receivables	4,800	4,800
Others	16,147	55,811
Less: Allowance for ECLs	(708,350)	(668,089)
Provision for impairment losses	(5)	(250)
Total	<u>2,660,847</u>	<u>1,297,547</u>

⁽¹⁾ The balance of other receivables and prepayments mainly represents receivables from the securities and futures investor protection fund, rental deposits and sundry receivables and prepayments arising from the normal course of business.

⁽²⁾ As at 31 December 2022, due to the judicial freezing of the limited partner's share of the Kunming Purchase on behalf of Construction Investment Partnership (Limited Partnership) held by the Group, please refer to Note 14(b) for details, the income distribution receivables (dividend receivables) of RMB237,592 thousand have been frozen. (31 December 2021: RMB206,025 thousand).

(b) Analysis of the movements of allowance for ECLs:

	2022	2021
At the beginning of the year	668,089	449,484
Charge for the year	40,034	379,443
Reversal of impairment	(6)	(39,578)
Amounts written off	-	(31)
Transfer out to other non-current assets	-	(121,114)
Others	233	(115)
At the end of the year	<u>708,350</u>	<u>668,089</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	<u>351</u>	<u>-</u>	<u>707,999</u>	<u>708,350</u>
31 December 2021	<u>433</u>	<u>-</u>	<u>667,656</u>	<u>668,089</u>

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40. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Individuals	34,112,582	43,746,496
Institutions	3,308,059	5,313,155
Less: Allowance for ECLs	<u>(606,285)</u>	<u>(613,883)</u>
Total	<u>36,814,356</u>	<u>48,445,768</u>

(b) Analysis of the movements of credit loss expense:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	613,883	671,470
Charge for the year	34,501	105,791
Reversal of impairment	(41,435)	(44,504)
Amounts written off	(7,639)	(112,390)
Others	<u>6,975</u>	<u>(6,484)</u>
At the end of the year	<u>606,285</u>	<u>613,883</u>

(c) The fair value of collateral for margin financing and securities lending business is analysed as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Fair value of collateral:		
- Equity securities	101,634,035	145,347,776
- Cash	4,079,342	4,767,364
- Funds	1,779,125	3,479,247
- Debt securities	751,487	1,452,871
- Others	<u>482,439</u>	<u>440,627</u>
Total	<u>108,726,428</u>	<u>155,487,885</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2022	<u>27,398</u>	<u>1,257</u>	<u>577,630</u>	<u>606,285</u>
31 December 2021	<u>31,293</u>	<u>612</u>	<u>581,978</u>	<u>613,883</u>

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42. CLEARING SETTLEMENT FUNDS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits with		
- China Securities Depository and Clearing Corporation Limited	865,324	403,315
- Others	323,357	-
Total	<u>1,188,681</u>	<u>403,315</u>

43. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of brokerage business. The Group has classified its brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies.

In Mainland China, cash held on behalf of brokerage clients for their transaction and settlement funds is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

44. CASH AND BANK BALANCES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash on hand	99	195
Bank balances	13,969,409	12,235,085
Total	<u>13,969,508</u>	<u>12,235,280</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 31 December 2022 and 31 December 2021, the Group's bank balances of RMB338,850 thousand and RMB287,781 thousand, respectively, were restricted.

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45. LOANS AND BORROWINGS

31 December 2022

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.10% - Hibor+1.90%	2023	2,825,064
- Non-current	HKD	Hibor+1.50% - Hibor+1.85%	2024	1,668,359
Secured bank loans				
- Current	RMB	3.20%-5.40%	2023	448,253
- Non-current	RMB	3.20%-5.20%	2024-2025	298,528
Total				<u>5,240,204</u>

31 December 2021

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.13% - Hibor+2.39%	2022	4,396,299
- Non-current	HKD	Hibor+1.30% - Hibor+2.39%	2023-2024	2,251,412
Secured bank loans				
- Current	RMB	3.95%-6.70%	2022	563,734
- Non-current	RMB	4.35%-5.80%	2023-2024	542,561
Total				<u>7,754,006</u>

46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	Book value as at 1 January 2022	Increase	Decrease	Book value as at 31 December 2022
Short-term financing bills payable and corporate bonds, structured notes	0.00% -6.00%	7,244,956	31,202,814	(29,872,455)	8,575,315
	Nominal interest rate	Book value as at 1 January 2021	Increase	Decrease	Book value as at 31 December 2021
Short-term financing bills payable and corporate bonds, structured notes	0.00% -6.05%	10,324,937	33,015,433	(36,095,414)	7,244,956

In 2022, the Group issued 166 tranches of structured notes, and repaid 179 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.00% per annum, and was repayable within 1 year.

In 2021, the Group issued 191 tranches of structured notes, and repaid 145 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.05% per annum, and was repayable within 1 year.

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47. PLACEMENT FROM OTHER FINANCIAL INSTITUTIONS

		<u>31 December 2022</u>	<u>31 December 2021</u>
Interbank lending	(1)	13,704,055	12,742,119
Placements from CSFC	(2)	-	950,296
Total		<u>13,704,055</u>	<u>13,692,415</u>

(1) As at 31 December 2022, the interbank lending was unsecured and bore interest at rates ranging from 1.00% to 3.70% per annum, with maturity ranging from 2 days to 319 days. As at 31 December 2021, the interbank lending was unsecured and bore interest at rates ranging from 1.70% to 3.00% per annum, with maturity ranging from 3 days to 326 days.

(2) As at 31 December 2022, there were no placement from CSFC. As at 31 December 2021, placements from CSFC were repayable within one year, and bore interest at a rate of 2.80% per annum.

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		<u>31 December 2022</u>	<u>31 December 2021</u>
At fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	<u>2,988</u>	<u>56,746</u>
Designated as fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	<u>94,470</u>	<u>285,679</u>
Total		<u>97,458</u>	<u>342,425</u>
Analysis for presentation purposes:			
- Current		<u>97,458</u>	<u>342,425</u>
Total		<u>97,458</u>	<u>342,425</u>

(1) The financial liabilities at fair value through profit or loss resulted from the consolidation of structured entities, as the Group has the obligation to pay other investors upon maturity or redemption dates of the structured entities based on the net book value and related terms of those consolidated structured entities.

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49. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	31 December 2022	31 December 2021
Clients' deposits for other brokerage business	62,928,604	63,472,319
Clients' deposits for margin financing and securities lending	6,369,383	6,751,681
Total	<u>69,297,987</u>	<u>70,224,000</u>

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

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

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

50. EMPLOYEE BENEFITS PAYABLE

	2022			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Current				
Salaries, bonuses and allowances	1,812,762	3,163,490	(3,181,460)	1,794,792
Contributions to pension schemes	4,014	407,278	(406,755)	4,537
Other social welfare	4,738	463,310	(448,861)	19,187
Sub-total	<u>1,821,514</u>	<u>4,034,078</u>	<u>(4,037,076)</u>	<u>1,818,516</u>
Non-current				
Salaries, bonuses and allowances	1,244	-	(1,244)	-
Sub-total	<u>1,244</u>	<u>-</u>	<u>(1,244)</u>	<u>-</u>
Total	<u>1,822,758</u>	<u>4,034,078</u>	<u>(4,038,320)</u>	<u>1,818,516</u>
	2021			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Current				
Salaries, bonuses and allowances	1,687,584	3,301,969	(3,176,791)	1,812,762
Contributions to pension schemes	4,367	343,980	(344,333)	4,014
Other social welfare	15,944	470,033	(481,239)	4,738
Sub-total	<u>1,707,895</u>	<u>4,115,982</u>	<u>(4,002,363)</u>	<u>1,821,514</u>
Non-current				
Salaries, bonuses and allowances	2,295	-	(1,051)	1,244
Sub-total	<u>2,295</u>	<u>-</u>	<u>(1,051)</u>	<u>1,244</u>
Total	<u>1,710,190</u>	<u>4,115,982</u>	<u>(4,003,414)</u>	<u>1,822,758</u>

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(All amounts expressed in RMB thousand unless otherwise specified)

51. OTHER PAYABLES AND ACCURUALS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits of derivative business	13,134,127	2,388,691
Settlement payable	620,703	296,401
Dividends payable	302,255	180,281
Distribution expenses payable	164,679	192,590
Risk reserve for futures brokerage business	141,755	153,873
Other tax payable	138,803	497,734
Party organization work funds	65,130	40,270
Accrued expenses	58,672	49,648
Interest payable	49,343	22,880
Commission payable	44,487	61,121
Subscription amount payable	42,000	-
Payables to custodians	41,342	32,494
Deposits of bulk commodity trading	30,929	30,479
Bond underwriting fees	25,103	33,864
Payables to the securities and futures investor protection fund	24,310	24,213
Other deposits	21,668	23,038
Construction cost payable	20,424	12,500
Temporary receipt	13,422	10,498
Payables on behalf of staff	8,864	8,054
Deposits of financial leasing business	1,500	86,732
Others ⁽¹⁾	217,334	191,353
	<u>15,166,850</u>	<u>4,336,714</u>

(1) The balance of others mainly represents sundry payables arising from the normal course of business.

52. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by collateral type:

Current

	<u>31 December 2022</u>	<u>31 December 2021</u>
Debt securities	31,249,189	19,863,912
Total	<u>31,249,189</u>	<u>19,863,912</u>

(b) Analysed by market:

Current

	<u>31 December 2022</u>	<u>31 December 2021</u>
Inter-bank market	28,208,980	18,057,318
Stock exchanges	3,040,209	1,806,594
Total	<u>31,249,189</u>	<u>19,863,912</u>

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53. LONG-TERM BONDS

Name	Par value in original currency	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at 31 December 2021	Increase/ Interest accrual	Decrease	Book value as at 31 December 2022
17 EVERBRIGHTG2 ⁽¹⁾	1,500,000	04/07/2017	04/07/2022	1,492,500	4.70%	1,533,637	36,863	(1,570,500)	-
17 EVERBRIGHTG4 ⁽²⁾	1,600,000	16/10/2017	16/10/2022	1,595,200	4.90%	1,615,467	62,933	(1,678,400)	-
19 EVERBRIGHT01 ⁽³⁾	3,000,000	22/01/2019	22/01/2022	2,991,000	3.88%	3,109,676	6,724	(3,116,400)	-
19 EVERBRIGHT02 ⁽⁴⁾	3,000,000	22/08/2019	22/08/2022	3,000,000	3.75%	3,037,537	74,963	(3,112,500)	-
20 EVERBRIGHTF1 ⁽⁵⁾	3,000,000	09/03/2020	09/03/2023	3,000,000	3.19%	3,074,329	98,530	(95,700)	3,077,159
20 EVERBRIGHTG1 ⁽⁶⁾	1,500,000	22/06/2020	22/06/2023	1,498,585	3.10%	1,521,398	48,544	(46,500)	1,523,442
20 EVERBRIGHTG3 ⁽⁷⁾	3,700,000	14/07/2020	14/07/2023	3,692,075	3.60%	3,756,190	137,257	(133,200)	3,760,247
20 EVERBRIGHTG5 ⁽⁸⁾	4,800,000	28/08/2020	28/08/2023	4,789,528	3.70%	4,852,671	182,820	(177,600)	4,857,891
20 EVERBRIGHTG7 ⁽⁹⁾	1,700,000	25/12/2020	25/12/2022	1,696,792	3.60%	1,699,056	62,269	(61,200)	1,700,125
21 EVERBRIGHTF1 ⁽¹⁰⁾	2,000,000	11/11/2021	16/11/2022	2,000,000	2.85%	2,007,964	49,818	(2,057,782)	-
21 EVERBRIGHTG1 ⁽¹¹⁾	5,300,000	14/01/2021	14/01/2024	5,296,792	3.57%	5,468,900	195,877	(189,210)	5,475,567
21 EVERBRIGHTG2 ⁽¹²⁾	2,000,000	07/06/2021	07/06/2024	1,992,925	3.30%	2,031,341	68,887	(66,000)	2,034,228
21 EVERBRIGHTG3 ⁽¹³⁾	1,000,000	07/06/2021	07/06/2026	995,283	3.67%	1,016,734	37,643	(36,700)	1,017,677
21 EVERBRIGHTG4 ⁽¹⁴⁾	1,300,000	16/07/2021	16/07/2024	1,295,755	3.12%	1,315,189	41,974	(40,560)	1,316,603
21 EVERBRIGHTG5 ⁽¹⁵⁾	1,700,000	16/07/2021	16/07/2026	1,691,981	3.45%	1,719,879	60,253	(58,650)	1,721,482
21 EVERBRIGHTG6 ⁽¹⁶⁾	3,000,000	11/08/2021	11/08/2024	2,987,264	3.12%	3,025,597	97,841	(93,600)	3,029,838
21 EVERBRIGHTG8 ⁽¹⁷⁾	3,000,000	16/09/2021	16/09/2024	3,000,000	3.10%	3,027,263	91,389	(93,000)	3,025,652
21 EVERBRIGHTG9 ⁽¹⁸⁾	1,000,000	16/09/2021	16/09/2026	1,000,000	3.50%	1,010,260	33,389	(35,000)	1,008,649
21 EVERBRIGHT10 ⁽¹⁹⁾	2,000,000	23/12/2021	23/12/2024	2,000,000	3.02%	2,001,489	59,468	(60,400)	2,000,557
21 EVERBRIGHT11 ⁽²⁰⁾	1,000,000	23/12/2021	23/12/2026	1,000,000	3.35%	1,000,826	32,375	(33,500)	999,701
22 EVERBRIGHTG1 ⁽²¹⁾	2,500,000	14/06/2022	14/06/2025	2,500,000	2.90%	-	2,540,201	-	2,540,201
22 EVERBRIGHTG2 ⁽²²⁾	500,000	14/06/2022	14/06/2027	500,000	3.25%	-	508,949	-	508,949
22 EVERBRIGHTG3 ⁽²³⁾	2,000,000	22/08/2022	22/08/2025	2,000,000	2.56%	-	2,018,516	-	2,018,516
Guangjing NO.17 Structured Notes	1,300	24/09/2021	28/09/2022	1,300	0.00%	1,300	-	(1,300)	-
Total						47,826,703	6,547,483	(12,757,702)	41,616,484

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53. LONG-TERM BONDS (continued)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Long-term bonds due within one year	15,349,694	11,896,011
Long-term bonds due after one year	26,266,790	35,930,692
Total	<u>41,616,484</u>	<u>47,826,703</u>

As approved by the board and related regulatory authorities, the Group issued the following corporate bonds, subordinated bonds and structured notes:

- (1) 5-year corporate bond amounting to RMB1.5 billion on 4 July 2017
- (2) 5-year corporate bond amounting to RMB1.6 billion on 16 October 2017
- (3) 3-year corporate bond amounting to RMB3 billion on 22 January 2019
- (4) 3-year corporate bond amounting to RMB3 billion on 22 August 2019
- (5) 3-year corporate bond amounting to RMB3 billion on 9 March 2020
- (6) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020
- (7) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020
- (8) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020
- (9) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020
- (10) 1-year corporate bond amounting to RMB2 billion on 16 November 2021
- (11) 3-year corporate bond amounting to RMB5.3 billion on 14 January 2021
- (12) 3-year corporate bond amounting to RMB2 billion on 7 June 2021
- (13) 5-year corporate bond amounting to RMB1 billion on 7 June 2021
- (14) 3-year corporate bond amounting to RMB1.3 billion on 16 July 2021
- (15) 5-year corporate bond amounting to RMB1.7 billion on 16 July 2021
- (16) 3-year corporate bond amounting to RMB3 billion on 11 August 2021
- (17) 3-year corporate bond amounting to RMB3 billion on 16 September 2021
- (18) 5-year corporate bond amounting to RMB1 billion on 16 September 2021
- (19) 3-year corporate bond amounting to RMB2 billion on 23 December 2021
- (20) 5-year corporate bond amounting to RMB1 billion on 23 December 2021
- (21) 3-year corporate bond amounting to RMB2.5 billion on 14 June 2022
- (22) 5-year corporate bond amounting to RMB0.5 billion on 14 June 2022
- (23) 3-year corporate bond amounting to RMB2 billion on 22 August 2022

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54. OTHER NON-CURRENT LIABILITIES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits of financial leasing business	49,371	48,064
Others	<u>22,826</u>	<u>15,880</u>
Total	<u><u>72,197</u></u>	<u><u>63,944</u></u>

55. SHARE CAPITAL

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Registered, issued and fully paid (at RMB1 per share)	<u>4,610,788</u>	<u>4,610,788</u>

56. OTHER EQUITY INSTRUMENTS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Perpetual subordinated bonds	<u>9,498,943</u>	<u>4,999,057</u>

As approved by the CSRC, the Company issued a batch of perpetual subordinated bonds ("20 Guangzheng Y1") amounting to RMB2 billion with an initial interest rate of 4.40% on 14 August 2020, a batch of perpetual subordinated bonds ("21 Guangzheng Y1") amounting to RMB3 billion with an initial interest rate of 4.19% on 10 May 2021, a batch of perpetual subordinated bonds ("22 Guangzheng Y1") amounting to RMB2 billion with an initial interest rate of 3.73% on 17 February 2022, a batch of perpetual subordinated bonds ("22 Guangzheng Y2") amounting to RMB1 billion with an initial interest rate of 4.08% on 10 March 2022 and a batch of perpetual subordinated bonds ("22 Guangzheng Y3") amounting to RMB1.5 billion with an initial interest rate of 4.03% on 22 March 2022. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bps. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on the webpage of China Bond 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

(All amounts expressed in RMB thousand unless otherwise specified)

57. RESERVES AND RETAINED PROFITS

(a) Capital reserve

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

(b) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve.

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

(c) General reserve

General reserve includes the general risk reserve and transaction risk reserve.

In accordance with the requirements of the Financial Rules for Financial Enterprises (Order No. 42 of the Ministry of Finance of the PRC) and its implementation guide (Caijin [2007] No. 23) and the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve. Several subsidiaries of the Company are also subject to the relevant general risk reserve requirement according to CSRC regulations.

In accordance with the Securities Law and the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the transaction risk reserve. In accordance with the provisions of the Interim Measures for the Supervision and Administration of Risk Reserves of Publicly Offered Securities Investment Funds (Order No. 94 of the CSRC) issued on 24 September 2013, the Company appropriates other risk reserve at a monthly rate of not less than 2.5% of the fund custody fee income.

(d) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair values of debt investments at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income until the assets are derecognised or impaired.

(e) Translation reserve

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

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57. RESERVES AND RETAINED PROFITS (continued)

(f) Retained profits

The movements in retained profits are set out below:

	<u>2022</u>	<u>2021</u>
At beginning of the year	11,637,280	10,259,982
Profit for the year	3,189,073	3,484,332
Appropriation to surplus reserve	(293,798)	(307,270)
Appropriation to general reserve	(805,082)	(884,768)
Dividends	(1,051,259)	(728,505)
Perpetual bond interest	(389,550)	(213,700)
Others	-	27,209
	<u>12,286,664</u>	<u>11,637,280</u>

58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash on hand	99	195
Bank balances	13,969,409	12,235,085
Clearing settlement funds	1,188,681	403,315
Less: Restricted bank deposits	(338,850)	(287,781)
Less: Interest receivable	(12,005)	(47,862)
	<u>14,807,334</u>	<u>12,302,952</u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Long-term bonds	Lease liabilities
At 1 January 2021	7,007,516	10,324,937	42,019,167	823,634
Changes from financing cash flows	557,619	(3,356,374)	4,012,646	(326,416)
Interest expense	188,871	275,768	1,901,251	31,829
New leases	-	-	-	184,817
Adjustment about premiums or discounts	-	625	(106,361)	(2,972)
	<u>7,754,006</u>	<u>7,244,956</u>	<u>47,826,703</u>	<u>710,892</u>
At 31 December 2021	7,754,006	7,244,956	47,826,703	710,892
Changes from financing cash flows	(2,728,990)	1,186,043	(7,808,168)	(326,290)
Interest expense	215,188	147,854	1,565,221	27,335
New leases	-	-	-	161,166
Adjustment about premiums or discounts	-	(3,538)	32,728	(11,703)
	<u>5,240,204</u>	<u>8,575,315</u>	<u>41,616,484</u>	<u>561,400</u>
At 31 December 2022	5,240,204	8,575,315	41,616,484	561,400

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58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

	<u>2022</u>	<u>2021</u>
Within operating activities	9,452	9,663
Within financing activities	326,290	326,416

59. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, they are recognised as financial assets sold under repurchase agreements.

(b) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised such assets.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

31 December 2022	<u>Repurchase agreements</u>	<u>Securities lending</u>
Carrying amount of transferred assets	<u>803,578</u>	<u>112,314</u>
Carrying amount of related liabilities	<u>769,846</u>	<u>N/A</u>
31 December 2021	<u>Repurchase agreements</u>	<u>Securities lending</u>
Carrying amount of transferred assets	<u>-</u>	<u>206,276</u>
Carrying amount of related liabilities	<u>-</u>	<u>N/A</u>

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60. COMMITMENTS

Capital commitments

	<u>31 December 2022</u>	<u>31 December 2021</u>
Contracted, but not provided for	300,429	25,042

61. CONTINGENCIES

As of the approval date of the financial statements of 2022 and 2021, the Company's contingent liabilities due to pending litigation amounted to RMB241,781 thousand and RMB18,191 thousand, respectively.

Refer to note 14(b) for details of the Group's pending litigations as at 31 December 2022.

62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership. Share percentages in the Company are follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.73%	20.83%

(ii) Associates and joint ventures of the Company

The detailed information of the Company's associates and joint ventures is set out in note 27.

(iii) Other related parties

Other related parties include subsidiaries of major shareholders, non-controlling shareholders of major subsidiaries of the Company and individuals which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals.

(b) Related party transactions and balances

(i) Transactions between the Group and major shareholders:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balances at the end of the year:		
Other payables and accruals	92	212
	<u>2022</u>	<u>2021</u>
Transactions during the year:		
Fee and commission income	34,682	31,928
Investment income	-	(94)

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62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Related party transactions and balances (continued)

(ii) Transactions between the Group with associates, joint ventures and other related parties:

	31 December 2022	31 December 2021
Balances at the end of the year:		
Right-of-use assets	35,788	26,803
Financial assets at fair value through profit or loss	2,463,238	1,113,600
Accounts receivable	13,203	9,468
Other receivables and prepayments	202,042	98,784
Cash and bank balances	11,750,659	9,378,548
Loans and borrowings	1,124,141	1,091,236
Placements from other financial institutions	1,500,925	2,000,667
Other payables and accruals	61,936	66,661
Financial assets sold under repurchase agreements	200,956	114,029
Lease liabilities	30,229	22,735
	<u>2022</u>	<u>2021</u>
Transactions during the year:		
Transaction amounts for financial assets sold under repurchase agreements	20,420,628	78,275,055
Transaction amounts for placements from other financial institutions, loans and borrowings	188,316,385	36,402,846
Fee and commission income	118,208	138,060
Fee and commission expenses	48,907	57,156
Interest income	211,002	166,814
Interest expenses	58,446	48,416
Investment income	25,727	19,350
Other income and gains	4,068	3,981
Other operating expenses	69,437	65,336

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 18, is as follows:

	2022	2021
Short-term employee benefits and post-employment benefits	<u>42,038</u>	<u>52,028</u>

Total remuneration is included in "staff costs" (see note 11).

(d) Government related entities

Other than those disclosed above, the Group has entered into transactions with other government related entities. These transactions are entered into under normal commercial terms and conditions. None of them were individually significant. Management considers that transactions with government related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related.

(All amounts expressed in RMB thousand unless otherwise specified)

63. SEGMENT REPORTING

Management commenced to allocate resources and assessed the segment performance based on the grouping of operating segments. Accordingly, the reporting period's segment reporting presentation has been presented in accordance with the approach adopted by management in the financial statements.

- Wealth management business segment: The Company provides brokerage and investment consulting services for retail clients to earn fee and commission, holds cash on behalf of clients to earn interest income, and sells financial products developed by the Company and other financial institutions to earn commission fee; and earns interest income from margin financing and securities lending, collateralized stock repurchase transactions, securities transactions under repurchase agreement and stock option exercise with respect to share incentive schemes of listed companies.;
- Corporate financing business segment: The Company provides one-stop direct financing services for corporate customers and government customers, such as equity financing, debt financing, merger and acquisition financing, NEEQ and structural financing, asset securitisation and financial advisory service, to earn fee and commission, and also earns income from financial leasing business carried out by Everbright Leasing.
- Institutional customer business segment: The Company earns fee and commission by providing integrated services such as investment research and prime brokerage services to institutional clients.
- Investment trading business segment: On the premise of value investment and steady operation, the Company engages in various investment in and trading of stocks, bonds and derivatives to earn investment income.
- Asset management business segment: The Company provides institutional and individual clients with various securities asset management services and fund asset management services to earn management and advisory fees.
- Equity investment business segment: The Company generates income from private equity investment, alternative investment and PPP businesses.
- Others mainly includes other businesses in addition to the above, including the operation of headquarters and investment holding platforms, and the management of general working capital.

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63. SEGMENT REPORTING (continued)

(a) Business segments

For the year ended 31 December 2022

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	3,681,118	1,346,124	730,287	-	1,513,592	1,214	(737)	7,271,598
- Inter-segment	81,730	-	-	-	-	-	(325)	81,405
Interest income								
- External	3,825,388	88,090	90,088	384,559	54,206	370,021	528,339	5,340,691
- Inter-segment	9,295	-	-	-	9	14	386,362	395,680
Net investment gains								
- External	42,089	182,541	582,452	(214,946)	(20,386)	(146,884)	671,955	1,096,821
- Inter-segment	-	-	-	-	-	-	629,000	629,000
Total revenue								
- External	7,548,595	1,616,755	1,402,827	169,613	1,547,412	224,351	1,199,557	13,709,110
- Inter-segment	91,025	-	-	-	9	14	1,015,037	1,106,085
Other income and gains								
- External	930,165	5,047	102	-	33,075	1,070	342,576	1,312,035
- Inter-segment	1,409	-	-	-	-	-	3,325	4,734
Segment revenue and other income								
- External	8,478,760	1,621,802	1,402,929	169,613	1,580,487	225,421	1,542,133	15,021,145
- Inter-segment	92,434	-	-	-	9	14	1,018,362	1,110,819
Segment expenses								
- External	(5,781,118)	(634,398)	(551,438)	(343,090)	(827,870)	(108,256)	(3,026,230)	(11,272,400)
- Inter-segment	(19,372)	(5,956)	-	-	(71,388)	(381,946)	(500,916)	(979,578)
Segment operating profit/(loss)								
- External	2,697,642	987,404	851,491	(173,477)	752,617	117,165	(1,484,097)	3,748,745
- Inter-segment	73,062	(5,956)	-	-	(71,379)	(381,932)	517,446	131,241
Share of profits of associates and joint ventures								
- External	2,958	(13,323)	124	-	99,741	1,647	14,013	105,160
- Inter-segment	-	13,339	-	-	-	9,715	-	23,054
Profit/(loss) before income tax								
- External	2,700,600	974,081	851,615	(173,477)	852,358	118,812	(1,470,084)	3,853,905
- Inter-segment	73,062	7,383	-	-	(71,379)	(372,217)	517,446	154,295
Interest expenses	(1,891,185)	(47,373)	(187,874)	(296,676)	(29,623)	(25,318)	(770,385)	(3,248,434)
Impairment losses	(201,853)	-	-	-	-	-	-	(201,853)
Credit loss expense	304,721	1,253	(2,793)	(4,831)	-	6,325	(66,677)	237,998
Depreciation and amortisation expenses	(237,022)	(44,414)	(26,188)	(2,393)	(56,940)	(6,060)	(240,071)	(613,088)

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63. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the year ended 31 December 2021

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	4,858,766	1,871,614	1,004,125	131	1,601,672	2,718	6,479	9,345,505
- Inter-segment	23,933	-	-	-	-	-	-	23,933
Interest income								
- External	4,262,031	125,851	112,859	505,124	55,091	736,637	447,683	6,245,276
- Inter-segment	8,505	-	-	-	10	12	749,058	757,585
Net investment gains								
- External	104,886	151,284	149,732	(516,690)	242,120	477,448	829,676	1,438,456
- Inter-segment	-	-	-	-	-	-	116,814	116,814
Total revenue								
- External	9,225,683	2,148,749	1,266,716	(11,435)	1,898,883	1,216,803	1,283,838	17,029,237
- Inter-segment	32,438	-	-	-	10	12	865,872	898,332
Other income and gains								
- External	4,587,699	12,330	3,089	50	26,352	3,653	235,424	4,868,597
- Inter-segment	1,574	-	-	-	-	-	990	2,564
Segment revenue and other income								
- External	13,813,382	2,161,079	1,269,805	(11,385)	1,925,235	1,220,456	1,519,262	21,897,834
- Inter-segment	34,012	-	-	-	10	12	866,862	900,896
Segment expenses								
- External	(10,475,112)	(962,831)	(375,706)	(483,230)	(855,830)	(1,186,313)	(2,957,302)	(17,296,324)
- Inter-segment	(20,655)	(15,629)	-	-	(9,348)	(735,037)	(810)	(781,479)
Segment operating profit/(loss)								
- External	3,338,270	1,198,248	894,099	(494,615)	1,069,405	34,143	(1,438,040)	4,601,510
- Inter-segment	13,357	(15,629)	-	-	(9,338)	(735,025)	866,052	119,417
Share of profits of associates and joint ventures								
- External	4,842	(18,779)	999	-	83,080	(22,225)	18,779	66,696
- Inter-segment	-	18,779	-	-	-	12,942	-	31,721
Profit/(loss) before income tax								
- External	3,343,112	1,179,469	895,098	(494,615)	1,152,485	11,918	(1,419,261)	4,668,206
- Inter-segment	13,357	3,150	-	-	(9,338)	(722,083)	866,052	151,138
Interest expenses	(2,148,799)	(67,852)	(64,404)	(431,409)	(20,213)	(18,085)	(989,317)	(3,740,079)
Impairment losses	(250)	-	-	-	-	-	-	(250)
Credit loss expense	2,050	(21,562)	(1,088)	(13,362)	-	(356,143)	(4,067)	(394,172)
Depreciation and amortisation expenses	(239,316)	(46,165)	(22,382)	(1,846)	(48,887)	(4,217)	(222,918)	(585,731)

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63. SEGMENT REPORTING (continued)

(b) Geographical segments

The following table sets out (i) information about the geographical locations of the Group's revenue from external customers and (ii) the Group's property and equipment, right-of-use assets, goodwill, other intangible assets, investments in associates and joint ventures and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location in which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property and equipment and other non-current assets, the location of the operation to which they are allocated in the case of goodwill and other intangible assets, and the location of the operations in the case of investments in associates and joint ventures.

Segment revenue:

	Year ended 31 December 2022			Year ended 31 December 2021		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Total revenue	12,891,381	817,729	13,709,110	15,803,319	1,225,918	17,029,237
Other income and gains	1,299,404	12,631	1,312,035	4,830,827	37,770	4,868,597
Total revenue and other income	14,190,785	830,360	15,021,145	20,634,146	1,263,688	21,897,834

Specified non-current assets:

	31 December 2022			31 December 2021		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	803,394	19,753	823,147	807,061	29,833	836,894
Right-of-use assets	492,690	49,976	542,666	579,176	117,725	696,901
Goodwill	9,380	825,338	834,718	9,380	918,942	928,322
Other intangible assets	169,518	45,974	215,492	199,148	58,265	257,413
Investments in associates and joint ventures	1,018,329	44,206	1,062,535	949,452	54,752	1,004,204
Other non-current assets	53,710	-	53,710	62,058	-	62,058

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, liquidity risk and market risk from its use of financial instruments.

(a) Policies for risk management

The Company has established a comprehensive risk management and internal control process to supervise, evaluate and manage risk exposures related to various businesses. The Company formulated the *Basic Risk Management System of Everbright Securities Co., Ltd.* in accordance with the requirements of the *Regulations for Comprehensive Risk Management of Securities Companies*, which clarified the Company's risk management objectives, principles, management structure, risk management procedures, systems, and assessments, and has formed the institutional basis for the company's risk management work. Meanwhile, to strengthen the Company's market and credit classification risk management, and to clarify the Company's valuation process for non-exchange traded derivatives, the Company has formulated the *Market Risk Management Measures of Everbright Securities Co., Ltd.*, *Credit Risk Management Measures of Everbright Securities Co., Ltd.* and *Interim Measures for Valuation of Non-Exchange Traded Derivatives of Everbright Securities Co., Ltd.*

In accordance with the requirements of the *Guidelines for Liquidity Risk Management of Securities Companies*, the Company has issued the *Measures for the Liquidity Risk Management of Everbright Securities Co., Ltd.*, *Measures for the Liquidity Risk Management Control Indicators of Everbright Securities Co., Ltd.* and the *Liquidity Risk Contingency Plan of Everbright Securities Co., Ltd.* to clarify the objectives, basic principles, governance structure, reserve account management, indicator monitoring and limit management, stress testing and emergency response mechanism, etc.. The Company has formed the institutional basis for the Company's liquidity risk management. In order to strengthen the Company's risk control index management and stress testing, the Company has compared the requirements of the *Measures for the Administration of Risk Control Indicators of Securities Companies* and formulated the *Measures for the Risk Control Indicators Management with Net Capital as the Core of Everbright Securities Co., Ltd.* and *Stress Test Measures of Everbright Securities Co., Ltd.*

(b) Structure of risk management

In strict accordance with the *Company Law*, *Securities Law* and the requirements of the relevant rules and regulations of CSRC, the Company has established a corporate governance structure composed of shareholders' meetings, the board of directors, the board of supervisors and the Company's management, forming a mechanism of mutual coordination and mutual checks and balances with clear powers and responsibilities among the power organs, decision-making organs, supervisory organs and the management organs to ensure the Company's standardized operation.

The Company's risk management organisation consists of four levels, including the board of directors and its risk management committee; the board of supervisors, management and its subordinate professional committees; the risk management functional departments; and various departments, branches and subsidiaries.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Structure of risk management (continued)

The board of directors is responsible for supervising, reviewing and evaluating the Company's risk management work and shall undertake ultimate responsibility for the Company's risk management. The board of directors sets up a risk management committee to carry out its work within the scope of the board's authorization; the board of supervisors assumes the supervisory responsibility of comprehensive risk management, and is responsible for supervising and inspecting the performance of duties and responsibilities of the board of directors and the management in terms of risk management; the Company's operating management is responsible for the implementation of the Company's risk management work, formulating risk management systems and specific implementation plans for risk management policies within the scope of authorization of the board of directors; to establish effective risks for the Company management and; to assess risk management status and to assume primary responsibilities for overall risk management. The Company sets up a chief risk officer who is responsible for promoting the Company's comprehensive risk management work. The operation management sets up professional committees to be responsible for part of the risk management functions within their respective responsibilities; each risk function department identifies, monitors, evaluates and reports on the Company's different risks in accordance with the Company's authorization. The risk function department includes the risk management department and legal compliance department, audit department, information technology department, financial management department, fund management department, operation management headquarters office (the board of supervisors office), investment banking quality control headquarters and investment banking internal affairs office. The Company's departments, branches and subsidiaries conduct business within the scope of the granted authority in accordance with the Company's authorized management system, conduct timely risk self-control in the process of business decision-making and development, and assume direct responsibility for the effectiveness of risk management.

(c) Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing the other party to suffer financial losses. The credit risk of the Group mainly comes from cash and cash equivalents, debt investments, margin financing and securities lending, agreed repurchase business, stock pledged repurchase business, securities brokerage business and futures business. Management will continue to monitor these credit risk exposures.

The Group's cash and cash equivalents other than cash are mainly deposited in financial institutions with good credibility. Management believes that there is no significant credit risk, and it is expected that there will be no losses to the Group caused by the counterparty's default.

In order to control the credit risk arising from debt securities trading, Transactions are completed with securities settlement institutions with corresponding qualifications to complete securities settlement and payment clearing, and the possibility of default risk is relatively small; When conducting inter-bank market transactions, the Group mostly chooses counterparties with good credit, and chooses the payment method with debt securities in terms of transaction methods. The Company's overall risk of default by counterparties is relatively small.

In order to control the credit risk of margin financing and securities lending, the Group has formulated the margin ratio, interest rate, margin ratio of margin financing and securities lending, margin ratio of floating securities lending, credit factor, and maintenance guarantee ratio (warning line, replenishment line, liquidation line). The range of securities that can be used to offset the margin and the conversion rate are more stringent than those stipulated in the CSRC's guidelines. The Group adopts a graded authorization approval method to strictly approve the credit lines of margin trading and securities lending customers. The Group prevents credit risks at different stages before, during and after the event through customer risk education, day-to-day mark-to-market, customer risk warning, forced liquidation, and judicial recourse.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

For the agreed repurchase business and the stock pledged repurchase business, the credit risk faced by the Group is mainly due to insufficient performance of customers or malicious non-performance of the contract, resulting in the inability to recover the full amount of loaned funds and interest. In this regard, the Group has established a strict, scientific and effective system for the evaluation of customer transaction qualifications, based on which the Group has established a customer's maximum transaction quota management mechanism, an alternative database of underlying securities, and reasonably calculated discount rates, and controlled the overall scale of the business to prevent credit risks.

The Group acts as an agent for customers to buy and sell securities and conduct futures transactions. If the customer's funds are insufficient to pay for the transaction on the day of settlement, or the customer's funds are in shortfall due to other reasons, the Group is responsible for the settlement on behalf of the customer, which may cause the losses of the Group. In this regard, the Group's securities transactions on behalf of customers are all risk-avoided by means of full margin settlement; in futures transactions on behalf of customers, credit risks are controlled by strict screening of customers, day-to-day mark-to-market, and strong equalisation measures.

ECLs

For businesses such as margin financing and securities lending, stock pledged repurchase, the Group established a migration model to estimate the probability of default based on practical experience and business historical default data, and set the default loss rate based on industry information and market data, combined with forward-looking adjustment factors to estimate ECLs.

For debt instrument investments, the Group has formulated investments credit ratings and credit management systems, and formulated corresponding investment restrictions based on investments credit ratings and credit lines; the Group has established a mapping relationship between ratings and default probabilities based on credit ratings, industry information and market; and the Group sets a default loss rate based on the data, combined with forward-looking adjustment factors, to confirm the ECLs.

For accounts receivable, based on historical credit loss experience, the Group considers forward-looking information related to the debtor and the economic environment, and adopts the loss rate method to measure the impairment provision.

For financial instruments measured by the loss rate method, the Group initially measures its loss reserves at an amount equivalent to the expected credit losses of the financial instrument in the next 12 months. ECLs in the next 12 months refers to the event of a financial instrument default that may occur within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, then the expected duration), which are part of the entire duration of ECLs. If the credit risk of the financial instrument has increased significantly since its initial recognition, the Group will measure its loss provision at an amount equivalent to the ECLs during the entire lifetime of the financial instrument.

The ECLs for the entire duration or within the next 12 months is based on the nature of the financial instrument itself, and is calculated as a single financial instrument or a combination of financial instruments.

The Group has formulated corresponding expected credit loss policies. On the balance sheet date, the Group evaluates whether the credit risk of financial instruments has increased significantly since the initial confirmation by considering the changes in the default risk of financial instruments during the remaining period. Based on the above procedures, the Group divides debt instrument investments into the following stages.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

ECLs (continued)

Stage 1: When debt financial assets are first recognised, the Group recognises an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collateral caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collateral.

For stock-pledged repurchase business, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information. The Group sets differentiated collateral to loan ratios (generally the early warning line of the collateral to loan ratios is no less than 150%) as force liquidation thresholds, which is normally no less than 130%, against different exposures related to these transactions.

- Stock-pledged financing with the maintenance margin ratio above the warning line of the collateral to loan ratios, the risk level is designated as a safety level. Stock-pledged financing with the maintenance margin ratio above the force liquidation but lower than the warning line of the collateral to loan ratios, the risk level is designated as an attention level. The safety level and attention level are classified under Stage 1;
- Stock-pledged repurchase business with the maintenance margin ratio above 100% while falling below the force liquidation thresholds, the risk level is designated as a risk level, or stock-pledged repurchase business which is past due for more than 30 days but less than 90 days, or the stock-pledged repurchase business with a right defect (stock pledged frozen) are classified under Stage 2;
- Stock-pledged repurchase business with the maintenance margin ratio falling below 100%, the risk level is designated as a loss level, or the stock-pledged repurchase business which is past due for more than 90 days are classified under Stage 3.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

When one or more of the following quantitative and qualitative standards are triggered, the Group believes that the credit risk of financial instruments has increased significantly:

- The quantitative criteria are mainly as follows: the remaining lifetime default probability on the reporting date has increased by more than a certain percentage from the initial recognition, the maintenance margin ratio is below the liquidation thresholds, and the latest rating is below investment grade;
- Qualitative criteria: Major adverse changes in the business or financial situation of major debtors, the list of customers with early warning signs.

Regardless of the method used to assess whether the credit risk has increased significantly, if the contract payment is overdue for more than (including) 30 days, it can usually be presumed that the credit risk of the financial asset has increased significantly, unless reasonable and well-founded information can be obtained at a reasonable cost. Even if the payment is overdue for more than 30 days, the credit risk would not increase significantly.

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following quantitative and qualitative indicators:

- The contractual payments of the borrower are more than 90 days past due;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a steep discount, which reflects the fact that a credit loss has occurred;
- Other circumstances showing that financial assets are credit-impaired.

The credit impairment of financial assets may be caused by a combination of multiple events, and may not be caused by a separately identifiable event.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment) and forward-looking information, to establish a model of PD, LGD, and EAD.

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower default. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs, which is calculated based on the next 12 months or the entire lifetime;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty’s default in the future 12 months or the whole remaining lifetime;
- Forward-looking information which is included in both the assessment of a significant increase in credit risk and calculation of expected credit losses. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD.

For stock-pledged financing, the Group periodically makes assessment on the borrowers’ credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity. Loss ratios (considering PD& LGD) applied by the Group under the 3 stages as at 31 December 2022 were as follows:

- Stage 1: 0.05% to 0.24% according to different maintenance margin ratios;
- Stage 2: 0.05% to 3.01% according to different maintenance margin ratios, overdue days, whether there is a right defect;
- Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collateral, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collateral conditions, and the credit enhancement measures of the third party.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(i) Maximum exposure to credit risk

Maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Financial assets measured at amortised cost	3,589,372	4,136,619
Debt investments at fair value through other comprehensive income	21,750,476	13,098,079
Financial assets held under resale agreements	1,404,134	6,792,387
Financial assets at fair value through profit or loss	22,371,941	14,952,323
Refundable deposits	9,701,252	10,245,462
Finance lease receivables	226,958	648,360
Receivable arising from sale-and-leaseback arrangements	1,655,807	1,753,246
Other non-current assets	279,170	179,228
Accounts receivable	1,450,422	1,939,085
Other receivables and prepayments	2,421,198	1,148,082
Margin accounts receivable	36,814,356	48,445,768
Derivative financial assets	1,107,395	547,338
Clearing settlement funds	1,188,681	403,315
Cash held on behalf of brokerage clients	61,922,141	62,134,265
Bank balances	13,969,409	12,235,085
	<u>179,852,712</u>	<u>178,658,642</u>
Total maximum credit risk exposure		

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area is as follows:

31 December 2022	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	3,589,372	-	3,589,372
Debt investments at fair value through other comprehensive income	21,750,476	-	21,750,476
Financial assets held under resale agreements	1,404,134	-	1,404,134
Financial assets at fair value through profit or loss	22,350,605	21,336	22,371,941
Refundable deposits	9,656,348	44,904	9,701,252
Finance lease receivables	226,958	-	226,958
Receivable arising from sale-and-leaseback arrangements	1,655,807	-	1,655,807
Other non-current assets	279,170	-	279,170
Accounts receivable	212,997	1,237,425	1,450,422
Other receivables and prepayments	2,292,220	128,978	2,421,198
Margin accounts receivable	33,951,179	2,863,177	36,814,356
Derivative financial assets	1,107,395	-	1,107,395
Clearing settlement funds	1,188,681	-	1,188,681
Cash held on behalf of brokerage clients	53,120,702	8,801,439	61,922,141
Bank balances	13,009,882	959,527	13,969,409
Total maximum credit risk exposure	165,795,926	14,056,786	179,852,712

31 December 2021	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	3,979,001	157,618	4,136,619
Debt investments at fair value through other comprehensive income	13,098,079	-	13,098,079
Financial assets held under resale agreements	6,792,387	-	6,792,387
Financial assets at fair value through profit or loss	14,912,514	39,809	14,952,323
Refundable deposits	10,200,105	45,357	10,245,462
Finance lease receivables	648,360	-	648,360
Receivable arising from sale-and-leaseback arrangements	1,753,246	-	1,753,246
Other non-current assets	179,228	-	179,228
Accounts receivable	526,840	1,412,245	1,939,085
Other receivables and prepayments	1,015,843	132,239	1,148,082
Margin accounts receivable	43,970,593	4,475,175	48,445,768
Derivative financial assets	444,730	102,608	547,338
Clearing settlement funds	403,315	-	403,315
Cash held on behalf of brokerage clients	52,677,255	9,457,010	62,134,265
Bank balances	11,038,582	1,196,502	12,235,084
Total maximum credit risk exposure	161,640,078	17,018,563	178,658,641

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(iii) Credit rating analysis of financial assets

The Group adopts a credit rating method to monitor the credit risk of the debt securities portfolio. The rating of debt securities is determined with the reference to credit ratings from major credit rating institutions in which the debt issuers are located. The carrying amounts of debt securities at the end of the reporting period are categorised by rating as follows:

	31 December 2022	31 December 2021
Rating		
Short-term bonds		
- AAA	11,522,595	5,338,612
- A- to AA+	467,071	1,514,430
- Non-rated	1,009,934	187,356
Sub-total	<u>12,999,600</u>	<u>7,040,398</u>
Long-term bonds		
- AAA	24,793,396	16,318,428
- AAA-	160,568	-
- A to AA+	7,262,860	7,063,300
- C to CC	-	32,802
- Non-rated	2,495,365	1,732,093
Sub-total	<u>34,712,189</u>	<u>25,146,623</u>
Total	<u><u>47,711,789</u></u>	<u><u>32,187,021</u></u>

Non-rated financial assets mainly represent debt instruments issued by the MOF, the PBOC, policy banks, private placed bonds, etc.

(d) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfils its obligation to deliver cash or other financial assets for settlement, and liquidity refers to whether the asset has the ability to quickly realise without losing value. The liquidity of funds affects the ability of the Group to repay the maturing debt.

Each subsidiary within the Group is responsible for its own cash flow forecast. By summarising the cash flow forecasts of various subsidiaries, the financial department of the headquarters continuously monitors the short-term and long-term funding needs on the group level to ensure that sufficient cash reserves and securities that can be realised at any time are maintained to meet daily operations and reimbursement funding requirements related to maturing debts.

At the end of the reporting period, the remaining contract periods of the Group's various financial liabilities and lease liabilities based on undiscounted contractual cash flows (including interest calculated at the contract rate (if it is a floating rate, the current rate on 31 December) and the earliest date to be required to pay are as follows:

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	31 December 2022						Total
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	
Financial liabilities							
Loans and borrowings	5,240,204	-	802,810	281,574	2,350,380	2,251,343	5,686,107
Short-term debt instruments issued	8,575,315	-	490,894	4,321,460	3,810,807	-	8,623,161
Placements from other financial institutions	13,704,055	-	12,307,041	1,200,555	202,873	-	13,710,469
Financial liabilities at fair value through profit or loss	97,458	97,458	-	-	-	-	97,458
Accounts payable to brokerage clients	69,297,987	69,297,987	-	-	-	-	69,297,987
Other payables and accruals	14,757,190	13,959,623	523,024	94,123	180,420	-	14,757,190
Financial assets sold under repurchase agreements	31,249,189	-	31,251,767	-	4,020	-	31,255,787
Derivative financial liabilities	703,189	80,372	16,556	52,699	506,261	47,301	703,189
Lease liabilities	561,400	-	24,443	38,627	234,420	276,864	591,567
Long-term bonds	41,616,484	-	189,210	3,095,700	12,777,110	27,651,720	43,713,740
Other non-current liabilities	58,744	42	-	-	21	57,969	58,744
Total	185,861,215	83,435,482	45,605,745	9,084,738	20,066,312	30,285,197	188,495,399

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	31 December 2021					Total		
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year		More than 1 year but less than 5 years	More than 5 years
Financial liabilities								
Loans and borrowings	7,754,006	-	430,984	1,647,797	2,972,472	2,929,171	-	7,980,424
Short-term debt instruments issued	7,244,956	-	442,760	3,276,320	3,637,706	-	-	7,356,786
Placements from other financial institutions	13,692,415	-	11,471,496	1,362,437	880,883	-	-	13,714,816
Financial liabilities at fair value through profit or loss	342,425	342,425	-	-	-	-	-	342,425
Accounts payable to brokerage clients	70,224,000	70,224,000	-	-	-	-	-	70,224,000
Other payables and accruals	3,628,495	3,026,732	297,968	74,372	229,423	-	-	3,628,495
Financial assets sold under repurchase agreements	19,863,912	-	19,871,442	1,496	91	-	-	19,873,029
Derivative financial liabilities	512,046	200,794	28,178	18,319	208,787	55,968	-	512,046
Lease liabilities	710,892	-	24,079	35,888	210,408	438,237	61,701	770,313
Long-term bonds	47,826,703	-	3,349,519	-	9,241,797	40,120,752	-	52,712,068
Other non-current liabilities	51,173	-	-	-	-	42,173	9,000	51,173
Total	171,851,023	73,793,951	35,916,426	6,416,629	17,381,567	43,586,301	70,701	177,165,575

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk

Market risk is the risk of loss, in respect of the Group's income and value of financial instruments held, arising from the adverse market movements such as changes in interest rates, stock prices, and foreign exchange rates. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to unfavourable changes in market interest rates. The Group's interest-earning assets mainly include financial assets measured at amortised cost, debt instruments at fair value through other comprehensive income, financial assets held under resale agreements, margin accounts receivable, refundable deposits, clearing settlement funds, and bank balances. The interest-bearing liabilities mainly include loans and borrowings, short-term debt instruments, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, and long-term bonds.

The Group uses sensitivity analysis as the main tool to monitor interest rate risk. Sensitivity analysis is used to measure the impact on net profit and equity when a reasonable and possible change in interest rates occurs under the assumption that other variables remain unchanged.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

The following table lists the Group's interest rate risk at the end of the reporting period. The financial assets, financial liabilities and lease liabilities in the table are classified according to the earlier of the contract next repricing dates and maturity dates, and are presented at their book value:

Financial assets	31 December 2022						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial assets measured at amortised cost	-	-	50,688	3,406,700	79,029	52,955	3,589,372
Debt investments at fair value through other comprehensive income	-	521,892	6,953,900	12,473,736	1,475,626	325,322	21,750,476
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	2,485,330	2,485,330
Financial assets held under resale agreements	1,224,022	44,979	96,327	-	-	38,806	1,404,134
Financial assets at fair value through profit or loss	314,913	1,971,348	11,314,044	7,565,577	922,694	69,979,099	92,067,675
Refundable deposits	606,281	-	-	-	-	9,094,971	9,701,252
Finance lease receivables	52,922	7,958	26,344	8,269	-	131,465	226,958
Receivable arising from sale-and-leaseback arrangements	69,503	179,109	554,189	674,741	-	178,265	1,655,807
Other non-current assets	-	-	-	-	-	279,170	279,170
Accounts receivable	-	-	-	-	-	1,450,422	1,450,422
Other receivables and prepayments	-	-	1,379	-	-	2,419,819	2,421,198
Margin accounts receivable	4,481,695	9,106,501	22,566,740	-	-	659,420	36,814,356
Derivative financial assets	-	-	-	-	-	1,107,395	1,107,395
Clearing settlement funds	1,188,681	-	-	-	-	-	1,188,681
Cash held on behalf of brokerage clients	47,358,069	4,140,000	10,350,000	-	-	74,072	61,922,141
Cash and bank balances	13,961,596	-	-	-	-	7,912	13,969,508
Total	69,257,682	15,971,787	51,913,611	24,129,023	2,477,349	88,284,423	252,033,875

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2022						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial liabilities							
Loans and borrowings	795,102	270,716	2,173,910	1,966,887	-	33,589	5,240,204
Short-term debt instruments issued	490,000	4,299,343	3,770,744	-	-	15,228	8,575,315
Placements from other financial institutions	12,300,000	1,188,720	200,313	-	-	15,022	13,704,055
Financial liabilities at fair value through profit or loss	-	-	-	-	-	97,458	97,458
Accounts payable to brokerage clients	47,636,989	-	-	-	-	21,660,998	69,297,987
Other payables and accruals	-	-	-	-	-	14,757,190	14,757,190
Financial assets sold under repurchase agreements	31,225,360	-	3,991	-	-	19,838	31,249,189
Derivative financial liabilities	-	-	-	-	-	703,189	703,189
Lease liabilities	23,046	35,969	224,227	261,836	16,322	-	561,400
Long-term bonds	-	2,999,467	11,692,406	26,266,790	-	657,821	41,616,484
Other non-current liabilities	-	-	-	-	-	58,744	58,744
Total	92,470,497	8,794,215	18,065,591	28,495,513	16,322	38,019,077	185,861,215
Net interest rate risk exposure	(23,212,815)	7,177,572	33,848,020	(4,366,490)	2,461,027	50,265,346	66,172,660

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2021						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial assets							
Financial assets measured at amortised cost	-	389,711	1,876,631	1,538,492	248,951	82,834	4,136,619
Debt investments at fair value through other comprehensive income	100,074	84,128	960,550	11,479,319	196,405	277,603	13,098,079
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	559,564	559,564
Financial assets held under resale agreements	6,278,770	241,007	265,784	-	-	6,826	6,792,387
Financial assets at fair value through profit or loss	824,503	1,501,833	6,023,031	4,878,149	1,548,046	53,974,635	68,750,197
Refundable deposits	498,287	-	-	-	-	9,747,175	10,245,462
Finance lease receivables	42,738	81,567	181,397	54,744	-	287,914	648,360
Receivable arising from sale-and-leaseback arrangements	40,632	191,437	585,513	851,140	-	84,524	1,753,246
Other non-current assets	-	-	-	-	-	179,228	179,228
Accounts receivable	-	-	-	-	-	1,939,085	1,939,085
Other receivables and prepayments	-	-	1,379	-	-	1,146,703	1,148,082
Margin accounts receivable	6,866,190	11,974,964	28,976,882	-	-	627,732	48,445,768
Derivative financial assets	-	-	-	-	-	547,338	547,338
Clearing settlement funds	403,315	-	-	-	-	-	403,315
Cash held on behalf of brokerage clients	49,248,328	1,740,000	11,050,000	-	-	95,937	62,134,265
Cash and bank balances	12,187,109	-	-	-	-	48,171	12,235,280
Total	76,489,946	16,204,647	49,921,167	18,801,844	1,993,402	69,605,269	233,016,275

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

Financial liabilities	31 December 2021						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Loans and borrowings	412,785	1,634,677	2,897,752	2,793,973	-	14,819	7,754,006
Short-term debt instruments issued	441,861	3,254,391	3,533,350	-	-	15,354	7,244,956
Placements from other financial institutions	11,455,000	1,344,524	856,848	-	-	36,043	13,692,415
Financial liabilities at fair value through profit or loss	-	-	-	-	-	342,425	342,425
Accounts payable to brokerage clients	44,840,409	-	-	-	-	25,383,591	70,224,000
Other payables and accruals	-	-	-	-	-	3,628,495	3,628,495
Financial assets sold under repurchase agreements	19,862,332	1,489	91	-	-	-	19,863,912
Derivative financial liabilities	-	-	-	-	-	512,046	512,046
Lease liabilities	21,119	29,526	198,427	402,467	59,353	-	710,892
Long-term bonds	2,999,847	-	8,096,696	35,930,692	-	799,468	47,826,703
Other non-current liabilities	-	-	-	-	-	51,173	51,173
Total	80,033,353	6,264,607	15,583,164	39,127,132	59,353	30,783,414	171,851,023
Net interest rate risk exposure	(3,543,407)	9,940,040	34,338,003	(20,325,288)	1,934,049	38,821,855	61,165,252

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The Group uses sensitivity analysis to measure the possible impact of changes in interest rates on the Group's equity and net profit. The following table shows the sensitivity of the Group's equity and net profit to possible reasonable changes in interest rates when other variables are fixed. The impacts on the shareholders' equity and net profit of the Group include: (1) The impact of fair value changes on shareholders' equity and net profit resulting from the revaluation of fixed-rate financial assets held at the end of the reporting period by a certain interest rate change; and (2) The impact of a certain interest rate change on the equity and net profit of the annualised cash flow changes generated by the floating interest rate non-derivative instruments held at the end of the reporting period .

Assuming that the yield curve moves in parallel by 25 basis points, the analysis of the potential impact on the Group's equity and net profit on each of the balance sheet dates is as follows:

	Sensitivity of profit after tax	
	2022	2021
Move in yield curve		
- Up 25 basis points	(111,542)	(33,774)
- Down 25 basis points	112,683	34,195
	Sensitivity of equity	
	2022	2021
Move in yield curve		
- Up 25 basis points	(202,762)	(79,682)
- Down 25 basis points	205,042	80,488

The above forecast assumes that the rate of return moves up or down in parallel, so it does not reflect the possible impact of only certain changes in interest rates while the remaining interest rates remain unchanged. This forecast is also based on other simplified assumptions, including all positions will be held to maturity.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(ii) Currency risk

Foreign exchange risk refers to the risk of foreign currency business conducted by the Group due to changes in foreign exchange rates. Except for the assets and liabilities held in HKD by overseas subsidiaries of the Group, other foreign currency assets and liabilities are insignificant to the overall assets and liabilities. For foreign currency assets and liabilities that are not denominated in the functional currency, such as refundable deposits, accounts receivable, clearing settlement funds, and cash and bank balances., if there is a short-term imbalance, the Group will exchange foreign currencies at market exchange rates to ensure that the net risk exposure remains acceptable.

Sensitivity analysis

Assuming that all other risk variables except the exchange rate remain unchanged, the exchange rate changes of RMB against the USD, HKD and other currencies on December 31 will cause the RMB to appreciate by 10%, which will result in an increase/(decrease) in the equity and net profit of the Group details as following. This effect is converted into RMB and presented at the spot exchange rate at the end of the reporting date.

	Sensitivity of profit after tax	
	2022	2021
USD	(40,965)	(37,988)
HKD	131,591	116,020
Other currency	357	(18,878)
	Sensitivity of equity	
	2022	2021
USD	(40,965)	(37,988)
HKD	131,591	116,020
Other currency	357	(18,878)

On 31 December, assuming that other variables remain unchanged, changes in the exchange rate of RMB against the USD, HKD and other currencies depreciate the RMB by 10%, which will result in changes in the equity and net profit of the Group as shown in the above table. The amount is the same but in the opposite direction.

The above sensitivity analysis is based on the assumption that the exchange rate changes at the end of the reporting date, and the financial instruments held by the Group at the end of the reporting date that are exposed to exchange rate risks are remeasured at the exchange rate.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(iii) Price risk

Price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, regardless of whether these changes are caused by factors related to a single financial instrument or its issuer, or by all similarities with transactions in the market. Price risks can stem from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

The price risk faced by the Group mainly comes from the price fluctuation of financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Relevant financial assets mainly include equity, stock (including stock indices), funds and commodities, as well as financial derivatives such as swaps, futures and options linked to them. In addition to monitoring positions, transactions and profit and loss indicators, the Group conducts daily monitoring of price risk mainly through value-at-risk, sensitivity indicators, and stress testing indicators.

Assuming that the market price of the above financial instruments rises or falls by 10% and other variables remain unchanged, the impact of the above financial instruments on the Group's equity and net profit based at the end of the reporting date is as follows:

	Sensitivity of profit after tax	
	2022	2021
Increase by 10%	5,250,781	4,032,718
Decrease by 10%	(5,250,781)	(4,032,718)
	Sensitivity of equity	
	2022	2021
Increase by 10%	5,437,180	4,070,429
Decrease by 10%	(5,437,180)	(4,070,429)

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(f) Capital management

The main goal of the Group's capital management is to ensure the Group to continue as a going concern, and to be able to continue to provide shareholders with returns by setting product and service prices commensurate with the risk level and ensuring financing at reasonable financing costs.

On 8 May 2018, the CSRC issued the revised *Securities Company Risk Control Index Management Measures* (CSRC Order No. 125). On 23 January 2020, the CSRC revised the *Regulations on the Calculation Standards for Risk Control Indexes of Securities Companies*, which has revised the risk control index system and standards that securities companies must continuously to meet and to implement on 1 June 2020. The Company must continuously meet the following standards for risk control indexes:

- (i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- (ii) The ratio of core net capital divided by on balance sheet assets and off balance sheet assets shall be no less than 8%;
- (iii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100%;
- (iv) The ratio of available stable funds divided by required stable funds shall be no less than 100%;
- (v) The ratio of net capital divided by net assets shall be no less than 20%;
- (vi) The ratio of net capital divided by liabilities shall be no less than 8%;
- (vii) The ratio of net assets divided by liabilities shall be no less than 10%;
- (viii) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;
- (ix) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500%; and
- (x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400%.

Certain subsidiaries of the Group also are also subject to capital requirements under the regulatory requirements imposed by the CSRC.

The Group strictly implements the relevant requirements of regulatory agencies and has established a dynamic monitoring and supplementary mechanism for net capital and other risk control indicators: First, the Group has established a monitoring system for net capital and other risk control indicators, and continuously updates and upgrades it in accordance with the regulatory guidelines of the regulatory agencies. Second, the Group has formulated and implemented net capital monitoring and stress testing related systems, clearly standardised net capital dynamic monitoring, stress testing, emergency response and net capital replenishment procedures and mechanisms. Third, the Group has designated the risk management department as the functional department for risk control index management, and carrying out pressure tests on net capital and other risk control indexes on a regular or irregular basis as needed.

The Group regularly reviews and manages its own capital structure, and strives to achieve the most ideal capital structure and shareholder returns. The factors considered by the Group include: the Group's future funding needs, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures, etc. If economic conditions change and affect the Group, the Group will adjust the capital structure.

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65. FAIR VALUE INFORMATION

(a) Fair value of financial instruments

The following table lists the fair value information of the Group's assets and liabilities that are continuously and non-continuously measured at fair value and their fair value measurement levels at the end of the reporting period. The level of fair value measurement results depends on the lowest level of input value that is significant to the fair value measurement as a whole. The three levels of input values are defined as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

(b) Fair value hierarchy

	31 December 2022			Total
	Level I	Level II	Level III	
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	6,790,405	15,581,536	-	22,371,941
– Equity shares	21,305,017	33,626	1,981,209	23,319,852
– Funds	25,477,298	2,389,826	2,292,142	30,159,266
– Others	4,071,810	9,786,175	2,358,631	16,216,616
Debt investments at fair value through other comprehensive income				
– Debt securities	6,843,644	14,906,832	-	21,750,476
Equity investments designated at fair value through other comprehensive income				
– Equity securities	2,017,517	-	131,069	2,148,586
– Others	-	-	336,744	336,744
Derivative financial assets	19,989	731,913	355,493	1,107,395
Total	66,525,680	43,429,908	7,455,288	117,410,876
Liabilities				
Financial liabilities at fair value through profit or loss	10	97,448	-	97,458
Derivative financial liabilities	75,977	459,524	167,688	703,189
Total	75,987	556,972	167,688	800,647

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

	31 December 2021			Total
	Level I	Level II	Level III	
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	3,139,348	11,778,965	34,010	14,952,323
– Equity shares	3,166,461	728	1,901,166	5,068,355
– Funds	22,684,632	10,112,178	1,693,965	34,490,775
– Others	1,780,299	9,545,098	2,913,347	14,238,744
Debt investments at fair value through other comprehensive income				
– Debt securities	-	13,098,079	-	13,098,079
Equity investments designated at fair value through other comprehensive income				
– Equity securities	82,401	-	477,163	559,564
Derivative financial assets	19,571	389,608	138,159	547,338
Total	30,872,712	44,924,656	7,157,810	82,955,178
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	17,020	225,568	269,458	512,046
Total	17,020	567,993	269,458	854,471

For the year ended 31 December 2022, financial assets of Level 3 of RMB8,868 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB165,688 thousand were transferred from Level 3. There were no significant transfers between other Levels.

For the year ended 31 December 2021, financial assets of Level 3 of RMB36,806 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB132,255 thousand were transferred from Level 3; financial assets of Level 2 of RMB1,421,629 thousand were transferred from Level 3; financial liabilities of Level 2 of RMB285,679 thousand were transferred from Level 3. There were no significant transfers between other Levels.

(i) Financial instruments in Level I

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, debt investments at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income) traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer and those prices represent actual and regularly occurring market transactions on an arm's length basis.

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(ii) Financial instruments in Level II

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, and debt investments at fair value through other comprehensive income) are quoted by the valuation system of the third-party valuation service providers. Third-party valuation service providers use valuation techniques such as discounted cash flow methods to determine the fair value by using observable market parameters or recent transaction prices of the same or similar assets.

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and derivative instruments) that are not traded in an active market, the fair value of those instruments are determined by valuation techniques. Observable inputs required by valuation techniques include, but are not limited to, valuation parameters such as the yield curve, net asset value, and price-to-earnings ratio.

In 2022, the valuation technique used in the above-mentioned continuous Level II fair value measurement of the Group has not changed.

(iii) Valuation methods for specific investments

The Group has developed relevant procedures to determine appropriate valuation techniques and input values in the continuous Level III fair value measurement. The Group regularly reviews the relevant procedures and the suitability of fair value determination.

Financial assets/ liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investments with disposal restrictions within a specific period	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Equity securities and unlisted equity investment	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Trust products, bonds, asset management products and Wealth management products	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative assets	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative liabilities	Option pricing model	Volatility	The higher the volatility, the higher the fair value

In 2022, the valuation technique used in the above-mentioned continuous Level III fair value measurement of the Group has not changed.

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
As at 31 December 2021	6,542,488	477,163	138,159	-	(269,458)
Gains/(losses) for the year	206,580	-	155,325	-	82,748
Changes in fair value recognised in other comprehensive income	-	5,340	-	-	-
Purchases or issues	6,527,898	-	342,061	-	(432,472)
Transfer in	548	8,320	-	-	-
Transfer out	(142,678)	(23,010)	-	-	-
Sales and settlements	(6,502,854)	-	(280,052)	-	451,494
As at 31 December 2022	6,631,982	467,813	355,493	-	(167,688)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	478,847	-	(1,015)	-	(10,177)

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy (continued):

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
As at 31 December 2020	6,258,829	471,340	64,315	(1,301,326)	(304,379)
Gains/(losses) for the year	470,493	-	1,745	42,908	(17,248)
Changes in fair value recognised in other comprehensive income	-	36,789	-	-	-
Purchases or issues	10,925,133	-	96,734	-	(77,370)
Transfer in	13,788	23,018	-	-	-
Transfer out	(1,548,746)	(5,137)	-	285,679	-
Sales and settlements	(9,577,009)	(48,847)	(24,635)	972,739	129,539
As at 31 December 2021	6,542,488	477,163	138,159	-	(269,458)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	683,910	-	4,064	-	(12,457)

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(c) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 2021 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

Carrying amount:

	31 December 2022	31 December 2021
Financial assets		
- Financial assets measured at amortised cost	3,589,372	4,136,619
Financial liabilities		
- Long-term bonds	41,616,484	47,826,703

Fair value:

	31 December 2022			Total
	Level I	Level II	Level III	
Financial assets				
- Financial assets measured at amortised cost	-	3,607,739	-	3,607,739
Financial liabilities				
- Long-term bonds	-	41,702,984	-	41,702,984
	31 December 2021			Total
	Level I	Level II	Level III	
Financial assets				
- Financial assets measured at amortised cost	-	4,223,406	1,473	4,224,879
Financial liabilities				
- Long-term bonds	-	48,280,514	-	48,280,514

66. GUARANTEES

During the reporting period, guarantees provided by the Company mainly included the net capital guarantee for Shanghai Everbright Securities Assets Management Co., Ltd. and the counter-guarantee to the guarantor for borrowing loans from overseas commercial bank for Everbright Securities International Holdings Limited, wholly-owned subsidiaries of the Company. As at 31 December 2022, the balance of the above guarantees amounted to RMB4.927 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees, financing guarantees and business guarantees provided by Everbright Securities International Holdings Limited, and its subsidiaries to their subsidiaries for the business development of such companies. As at 31 December 2022, the balance of the above guarantees amounted to RMB1.411 billion.

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

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67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>31 December 2022</u>	<u>31 December 2021</u>
Non-current assets		
Property and equipment	695,678	698,797
Right-of-use assets	429,916	493,324
Investment properties	12,151	-
Other intangible assets	129,174	157,330
Investments in subsidiaries	8,608,690	8,608,690
Investments in associates and joint ventures	788,534	717,185
Financial assets measured at amortised cost	3,485,729	1,787,443
Debt investments at fair value through other comprehensive income:	14,310,552	11,675,724
Equity investments designated at fair value through other comprehensive income	2,412,787	472,668
Financial assets held under resale agreements	37,314	-
Refundable deposits	951,630	1,226,605
Deferred tax assets	1,973,043	1,836,094
Other non-current assets	418,029	154,181
Total non-current assets	<u>34,253,227</u>	<u>27,828,041</u>
Current assets		
Accounts receivable	205,634	480,971
Other receivables and prepayments	2,674,326	1,642,208
Margin accounts receivable	33,951,179	43,970,593
Financial assets measured at amortised cost	103,643	2,191,558
Debt investments at fair value through other comprehensive income:	7,439,924	1,422,355
Financial assets held under resale agreements	1,328,923	6,622,623
Financial assets at fair value through profit or loss	84,292,937	60,220,934
Derivative financial assets	1,095,496	418,835
Clearing settlement funds	5,650,328	3,553,344
Cash held on behalf of brokerage clients	39,124,679	39,411,653
Cash and bank balances	5,315,651	4,381,650
Total current assets	<u>181,182,720</u>	<u>164,316,724</u>
Total assets	<u>215,435,947</u>	<u>192,144,765</u>

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Current liabilities		
Short-term debt instruments	8,575,315	7,244,956
Placements from other financial institutions	13,704,055	13,692,415
Accounts payable to brokerage clients	38,535,502	38,445,307
Employee benefits payable	1,326,883	1,132,710
Other payables and accruals	14,429,764	3,276,118
Current tax liabilities	-	550,347
Financial assets sold under repurchase agreements	30,475,739	19,342,985
Derivative financial liabilities	687,838	349,209
Lease liabilities due within one year	181,940	141,548
Contract liabilities	31,671	25,075
Long-term bonds due within one year	15,349,694	11,896,011
Total current liabilities	<u>123,298,401</u>	<u>96,096,681</u>
Net current assets	<u>57,884,319</u>	<u>68,220,043</u>
Total assets less current liabilities	<u>92,137,546</u>	<u>96,048,084</u>
Non-current liabilities		
Long-term bonds	26,266,790	35,930,692
Lease liabilities	252,831	357,988
Other non-current liabilities	42	71
Total non-current liabilities	<u>26,519,663</u>	<u>36,288,751</u>
Net assets	<u>65,617,883</u>	<u>59,759,333</u>
Equity		
Share capital	4,610,788	4,610,788
Other equity instruments	9,498,943	4,999,057
Reserves	37,089,021	36,346,067
Retained profits	14,419,131	13,803,421
Total equity	<u>65,617,883</u>	<u>59,759,333</u>

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital	Other equity instruments	Capital reserve	Reserves				Retained profits	Total
				Surplus reserves	General reserve	Fair value reserve			
As at 1 January 2022	4,610,788	4,999,057	25,138,971	3,748,565	7,376,191	82,340	13,803,421	59,759,333	
Profit for the year	-	-	-	-	-	-	2,937,972	2,937,972	
Other comprehensive income	-	-	-	-	(138,499)	-	-	(138,499)	
Total comprehensive income	-	-	-	-	(138,499)	-	2,937,972	2,799,473	
Issuance of the perpetual bonds	-	4,499,886	-	-	-	-	-	4,499,886	
Appropriation to surplus reserve	-	-	-	293,798	-	-	(293,798)	-	
Appropriation to general reserve	-	-	-	-	587,655	-	(587,655)	-	
Dividends approved in respect of the previous year	-	-	-	-	-	-	(1,051,259)	(1,051,259)	
Perpetual bond Interest	-	-	-	-	-	-	(389,550)	(389,550)	
As at 31 December 2022	4,610,788	9,498,943	25,138,971	4,042,363	7,963,846	(56,159)	14,419,131	65,617,883	

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2022

(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital	Other equity instruments	Capital reserve	Reserves				Fair value reserve	Retained profits	Total
				Surplus reserves	General reserve					
As at 1 January 2021	4,610,788	2,000,000	25,138,971	3,441,295	6,761,624	209,931	12,567,550	54,730,159		
Profit for the year	-	-	-	-	-	-	3,072,704	3,072,704		
Other comprehensive income	-	-	-	-	-	(100,382)	-	(100,382)		
Total comprehensive income	-	-	-	-	-	(100,382)	3,072,704	2,972,322		
Issuance of the perpetual bonds	-	2,999,057	-	-	-	-	-	2,999,057		
Appropriation to surplus reserve	-	-	-	307,270	-	-	(307,270)	-		
Appropriation to general reserve	-	-	-	-	614,567	-	(614,567)	-		
Dividends approved in respect of the previous year	-	-	-	-	-	-	(728,505)	(728,505)		
Perpetual bond Interest	-	-	-	-	-	-	(213,700)	(213,700)		
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(27,209)	27,209	-		
As at 31 December 2021	4,610,788	4,999,057	25,138,971	3,748,565	7,376,191	82,340	13,803,421	59,759,333		

(All amounts expressed in RMB thousand unless otherwise specified)

68. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of corporate bonds after the reporting period

On 21 February 2023, the Company publicly issued the first batch of corporate bonds of Year 2023 amounting to RMB2 billion to the professional investors, which has a term of 370 days and bears a coupon interest rate of 2.80%. And the value date is 23 February 2023.

On 21 March 2023, the Company publicly issued the second batch of corporate bonds of Year 2023 amounting to RMB3 billion to the professional investors, which has a term of 370 days and bears a coupon interest rate of 2.75%. And the value date is 23 March 2023.

(b) Redemption of corporate bonds after the reporting period

On 9 March 2020, the Company issued the first batch of corporate bonds of Year 2020 amounting to RMB3 billion through non-public offering, which has a term of 3 years and bears a fixed interest rate of 3.19%. The redemption work of these bonds was completed on 9 March 2023 and the total principal and interest paid by the Company were RMB3 billion and RMB96 million, respectively.

(c) Proposal on capital increase to subsidiaries after the reporting period

On 1 March 2023, the Board of Directors of the Company reviewed and approved the Proposal on Capital Increase to the wholly-owned subsidiary, EBSI, within the limitation of USD300 million or an amount in equivalent currency, and authorized management to decide the time and amount of capital injections in a single or in batches according to the regulatory approval and actual business needs, and to implement it.

(d) Dissolution of subsidiaries after the reporting period

Structured Solutions Limited, a subsidiary of EBSI, was dissolved on 5 March 2023.

(e) Profit distribution plan after the accounting period

On 30 March 2023, based on the total number of 4,610,787,639 ordinary shares of the Company, the board proposed to distribute cash dividend of RMB2.10 (tax inclusive) per 10 ordinary shares to all the shareholders, with a total amount of RMB968,265 thousand (2021: RMB1,051,260 thousand).

The proposal is subject to the approval by the shareholders at the next general meeting. The cash dividend is not recognised as a liability as at 31 December 2022.

(f) Guarantee after the reporting period

On 13 January 2023, the Company provided joint and several liability guarantee for the loan of HKD1.2 billion applied by EBSI to the Hong Kong Branch of China Everbright Bank Co., Ltd. by way of internal guarantee and external loan. The guarantee period is 3 years from the next day of the maturity date of the loan in the independent contract.

On 13 January 2023, the Company signed the Letter of Guarantee Credit Contract with the Puxi Branch of Bank of Shanghai Limited ("PBBOS"). In the contract, PBBOS can issue financing guarantees with a cumulative amount of no more than RMB1.2 billion for the overseas loans of the wholly-owned subsidiary of the Company, EBSI, in separate tranches. The Company provides guarantee to PBBOS.

On 13 January 2023, in accordance with the Letter of Guarantee Credit Contract, the Company applied for and signed the first Letter of Guarantee Application to PBBOS, applying for issuing a financing guarantee for the HKD300 million loan handled by EBSI to Huarui Bank. The guarantee amount is HKD315 million, and the guarantee period is 2 years from the date of issuance of the guarantee.

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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68. EVENTS AFTER THE REPORTING PERIOD (continued)

(f) Guarantee after the reporting period (continued)

On 17 March 2023, China Everbright Securities International Co., Ltd., a wholly-owned subsidiary of the Company, signed a "Guarantee Deed" with Volkswagen Bank (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited, respectively, to provide a joint and several liability guarantee for its wholly-owned subsidiary, Everbright Securities Investment Services (Hong Kong) Limited, with a maximum limit of HKD890 million in the revolving credit facilities of the two banks. The guarantee period is from the effective date of the "Guarantee Deed" until the relevant credit is cancelled.

69. COMPARATIVE FIGURES

Certain comparative figures in the audited consolidated financial statements have been reclassified to conform with the current year's presentation.

70. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2023.

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

I. Relevant Information on the Significant Administrative Permission Items of the Company

(I) Significant administrative permissions of the Company

Date	Issuing Authority	Document Number	Title
August 15, 2022	China Securities Regulatory Commission	Zheng Jian Xu Ke [2022] No.1791	Reply on Approving Everbright Securities Company Limited Publicly Offering Short-term Corporate Bonds Targeted at Professional Investors for Registration
September 8, 2022	Shenzhen Stock Exchange	Shen Zheng Hui [2022] No. 313	Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of GEM ETF options and CSI 500ETF Options on Shenzhen Stock Exchange
September 15, 2022	Shanghai Stock Exchange	Shang Zheng Han [2022] No. 1623	Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 500ETF Options
December 2, 2022	Shenzhen Stock Exchange	Shen Zheng Hui [2022] No. 421	Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of SZSE 100ETF Options on Shenzhen Stock Exchange

(II) Other administrative penalties and administrative regulatory measures imposed during and subsequent to the Reporting Period

Date	Issuing Authority	Document Number	Title
January 13, 2022	CSRC Shanghai Office	Hu Zheng Jian Jue [2022] No. 6	Decision on Imposing Measures Ordering Everbright Pramerica Fund Management Co., Ltd. to Make Corrections
January 19, 2022	CSRC Guangdong Office	Xing Zheng Jian Guan Cuo Shi Jue Ding Shu [2022] No. 9	Decision on Issuing Warning Letter to the Securities Brokerage Branch at Hongfu Road, Nancheng, Dongguan of Everbright Securities Company Limited
June 16, 2022	SFC	-	Statement on Disciplinary Action Against China Everbright Securities (HK) Limited
June 23, 2022	CSRC Guangdong Office	Xing Zheng Jian Guan Cuo Shi Jue Ding Shu [2022] No.81	Decision on Ordering Dongguan Branch of Everbright Futures Co., Ltd. to Take Rectification Measures

II. Qualifications of Each of the Businesses of the Company and Its Majority-owned Subsidiaries

(I) Business qualifications of the Company

Approving Authority	Business Qualification
People's Bank of China	Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81) Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81) Underwriting of commercial papers (Notice of the People's Bank of China on Engaging in Underwriting of Commercial Papers by Everbright Securities Limited and Haitong Securities Co., Ltd., Yin Fa [2005] No. 173) Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31) Member of the national inter-bank market (inter-bank lending and trading of bonds, spot bonds transactions and bond repurchase businesses) (Notice on Approving the Admission of Some Securities Companies into the National Inter-bank Market, Yin Ban Fa [1999] No. 147)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
CSRC and its branch offices	Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)
	Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)
	Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121) and Qualification for intermediary introduction for futures (Zheng Jian Xu Ke [2008] No. 482)
	Sponsor underwriting and merger and acquisition businesses
	Agency for spot precious metal (including gold) contracts and proprietary trading of spot gold contracts (Letter of No Objection on Carrying out the Businesses of Agency for Precious Metals (including Gold) Spot Contract and Proprietary Trading of Spot Gold Contract by Everbright Securities Company Limited, Ji Gou Bu Han [2015] No. 280)
	Qualification for equity securities returns swap business (Letter of No Objection on Engaging in Equity Securities Returns Swap Business by Everbright Securities Company Limited, Ji Gou Bu Han [2013] No. 30)
	Market making for stock index options (Reply on Opinions of Everbright Securities Company Limited in Market Making for Stock Index Options, Ji Gou Bu Han [2019] No. 3065)
	Market making for stock options (Reply on Approving the Qualification of Everbright Securities Company Limited in Market Making for Stock Options, Zheng Jian Xu Ke [2015] No. 164)
	Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)
	Securities transactions under repurchase agreements (pilot) (Ji Gou Bu Han [2012] No. 459)
	Qualification for entrusted investment management (Reply on Approving the Qualification of Everbright Securities Limited in Entrusted Investment Management, Zheng Jian Ji Gou Zi [2002] No. 127)
	Carrying out of direct investment business (pilot) (Letter of No Objection on Carrying out Direct Investment Business by Everbright Securities Company Limited, Ji Gou Bu Han [2008] No. 446)
	Notice on Supporting the Carrying out of Credit Derivatives by Securities Companies and Serving Private Enterprises in Bond Financing (Hu Zheng Jian Ji Gou Zi [2019] No. 41)
	Letter of No Objection on Carrying out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited (CSRC Ji Gou Bu Han [2012] No. 560)
	Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)
	Fund investment consultancy business qualification (Zheng Jian Ji Gou Bu Han [2021] No. 1683)
	Securities Association of China
Qualification for stock quotation and transfer business (Letter on Granting Qualification for Quotation and Transfer Business to Everbright Securities Company Limited, Zhong Zheng Xie Han [2006] No. 3)	
Become a secondary dealer for OTC options business to carry out related OTC options business (Letter on Unifying the Filing of Secondary Dealers for OTC Options Businesses, Zhong Zheng Xie Han [2018] No. 657)	

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Shanghai Stock Exchange	<p>Lead market maker of CSI 300ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 300ETF Options, Shang Zheng Han [2019] No. 2301)</p> <p>Lead market maker for SSE 50ETF options (Qualification for Lead Market Maker of SSE 50ETF Options, Shang Zheng Han [2016] No. 152)</p> <p>Qualification for participant of stock options transactions of Shanghai Stock Exchange (stock options brokerage, authority for proprietary trading business) (Notice on Everbright Securities Company Limited Becoming a Participant of Stock Options Transactions of Shanghai Stock Exchange, Shang Zheng Han [2015] No. 63)</p> <p>Qualifications for A-share trading unit transactions under Southbound Trading (Shang Zheng Han [2014] No. 650)</p> <p>Authority for securities transactions under repurchase agreements (Shang Zheng Hui Zi [2012] No. 176)</p> <p>Authority for collateralized stock repurchase transactions (Shang Zheng Hui Zi [2013] No. 67)</p> <p>Lead market maker of CSI 500ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 500ETF Options, Shang Zheng Han [2022] No. 1623)</p>
Shenzhen Stock Exchange	<p>Lead market maker of CSI 300ETF options of Shenzhen Stock Exchange (Notice on Approving CITIC Securities and other Option Agencies to Become Market Maker of CSI 300ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2019] No. 483)</p> <p>Authority for securities transactions under repurchase agreements (Shen Zheng Hui [2013] No. 15)</p> <p>Authority for collateralized stock repurchase transactions (Shen Zheng Hui [2013] No. 58)</p> <p>Financing for exercise of options under share options incentive schemes of listed companies (pilot) (Shen Zheng Han [2014] No. 320)</p> <p>Authority for transactions under Southbound Trading of Shenzhen – Hong Kong Stock Connect (Shen Zheng Hui [2016] No. 330)</p> <p>Dealer authority for stock option transactions on Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 470)</p> <p>Lead market maker of CSI 500ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of GEM ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)</p> <p>Lead market maker of GEM ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of GEM ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)</p> <p>Lead market maker of SZSE 100ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of SZSE 100ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 421)</p> <p>SZSE ETF liquidity service provider (Shenzhen Stock Exchange)</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Other Institutions	<p>Market maker of CSI 300ETF stock index options of China Financial Futures Exchange (Notice on Announcing the List of Market Maker of CSI 300ETF Stock Index Options)</p> <p>Market making for National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 772)</p> <p>Filing as outsourcing services institution for private funds (Asset Management Association of China, [Filing Number: A00037])</p> <p>Qualification for commercial paper transactions of Shanghai Commercial Paper Exchange (Piao Jiao Suo [2017] No. 9)</p> <p>Qualification for interbank gold bilateral transactions (Reply on Approving the Carrying out of Interbank Gold Bilateral Transactions by Everbright Securities Company Limited, Shang Jin Jiao Fa [2017] No. 68)</p> <p>Interest rate swaps</p> <p>Pooled settlement of and quotation for credit default swaps (Notice on Approval of Becoming a Member of the Group for Pooled Settlement of and Quotation for Credit Default Swaps)</p> <p>Margin refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 124)</p> <p>Refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 115)</p> <p>Securities lending refinancing (pilot) (Zhong Zheng Jin Han [2013] No. 45)</p> <p>Adjusting the credit limit of refinancing (Zhong Zheng Jin Han [2014] No. 278, Zhong Zheng Jin Han [2016] No. 28)</p> <p>Qualification for Agreed Reporting Refinancing Business on Sci-Tech Innovation Board (pilot) (Zhong Zheng Jin)</p> <p>Securities business foreign exchange operation license (foreign currency securities underwriting, foreign currency securities brokerage and foreign currency lending) (Notice of Approving Everbright Securities Company Limited Changing the Company Name Set out in Securities Business Foreign Exchange Operation License, Shanghai Hui Fu [2005] No. 72)</p> <p>Lead Underwriter for Debt Financing Instruments of Non-financial Enterprises (Announcement of National Association of Financial Market Institutional Investors, [2012] No. 19)</p> <p>Qualifications for Independently Conducting Lead Underwriting Business for Debt Financing Instruments of Non-financial Enterprises (Zhong Shi Xie Fa [2020] No. 170)</p> <p>Special membership qualification of Shanghai Gold Exchange: No. T009 (April 3, 2015)</p> <p>Lead market maker of CSI 1000ETF options of China Financial Futures Exchange (Notice on announcing the name list of Lead Market Maker of CSI 1000ETF Options)</p> <p>Lead market maker of SSE 50ETF options of China Financial Futures Exchange (Notice on announcing the name list of Lead Market Maker of SSE 50ETF Options)</p>
China Securities Depository and Clearing Co., Ltd.	<p>Qualification for account opening agency</p> <p>Qualification for class A clearing participant (Zhong Guo Jie Suan Han Zi [2008] No. 12)</p> <p>Qualification for participation in multilateral net amount guarantee settlement (Zhong Guo Jie Suan Fa Zi [2014] No. 28)</p> <p>Qualification for digital certificate service agency</p> <p>Qualification for securities pledge registration agency</p> <p>Qualification for settlement of options (Zhong Guo Jie Suan Han Zi [2015] No. 28)</p> <p>Qualification for remote account opening for special institutions and products</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Interbank Market Clearing House Co., Ltd.	<p>Qualification for clearing of bond netting transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 049)</p> <p>Qualification for the central clearing business of standard bond forward transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 115)</p> <p>Notice on Matters regarding Participation in the Centralized Clearing Business of Credit Default Swap (2018 Bian Han No. 355)</p> <p>Key dealer of credit risk mitigation tool, December 21, 2018 https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/hxjymd/202112/t20211207_93313.html</p> <p>Creator of credit risk mitigation warrant, December 21, 2018 https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/zcmt/202112/t20211207_93315.html</p> <p>Creator of credit-linked notes, December 21, 2018 https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/csjpgmd/202112/t20211207_93316.html</p>
Beijing Stock Exchange	<p>Notice on Matters in Relation to Application for Membership of the Beijing Stock Exchange (Bei Zheng Ban Fa [2021] No. 7)</p>

(II) Business qualifications of majority-owned subsidiaries

Name of Majority-owned Subsidiary	Business Qualification
Everbright Asset Management	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000047217)</p> <p>License for qualified domestic institutional investor to carry out overseas securities investment and management business (Reply on Approving the Establishment of a Securities Management Subsidiary of Everbright Securities Company Limited) (Zheng Jian Xu Ke [2011] No. 1886)</p> <p>Entrusted insurance fund management http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm</p>
Everbright Futures and its subsidiaries	<p>Commodity futures brokerage (CSRC)</p> <p>Financial futures brokerage (Zheng Jian Qi Huo Zi [2007] No. 297)</p> <p>Qualification for IB business (Hu Zheng Jian Qi Huo Zi [2010] No. 74)</p> <p>Futures investment consultancy (Zheng Jian Xu Ke [2011] No. 1770)</p> <p>Asset management (Zheng Jian Xu Ke [2012] No. 1499)</p> <p>Sales of publicly offered securities investment funds (Hu Zheng Jian Xu Ke [2017] No. 10)</p> <p>Qualification for the comprehensive settlement of financial futures (Zheng Jian Qi Huo Zi [2007] No. 298)</p> <p>Stock options (Shang Zheng Han [2015] No. 168 and Shen Zheng Han [2019] No. 721)</p> <p>Third-party risk management service (Zhong Qi Xie Han Zi [2014] No. 364)</p> <p>Business qualifications of Everbright Photon: warehouse receipt service and pricing service (business name is now changed to OTC derivatives business), basis transaction (business name is now changed to basis trade) (China Futures Association Han Zi [2014] No. 364) and market making (China Futures Association Bei Zi [2018] No. 56)</p>
Everbright Capital	<p>Private equity funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))</p>
Everbright Development	<p>Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))</p>
Everbright Fortune	<p>Member as alternative investment subsidiary (Public Notice of the Securities Association of China on Members of Private Investment Fund Subsidiaries and Alternative Investment Subsidiaries (4th Batch))</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
China Everbright Securities (HK) Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance Type 9 regulated activity – Asset management Exchange Participant Direct Clearing Participant	(SFC AAW536) The Stock Exchange Participant ID 01355 HKSCC Participant ID B01355
China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts Type 3 regulated activity – Leveraged foreign exchange trading Clearing participant Futures dealer	(SFC AEX690) HKCC DCASS Code CCEV HKFE HKATS Code CEV
China Everbright Research Limited	Type 4 regulated activity – Advising on securities	(SFC AEH589)
China Everbright Capital Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance	(SFC ACE409)
China Everbright Securities Asset Management Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000029462)	(SFC AYE648) (China Securities Regulatory Commission)
CES Wealth Management (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1134) (Hong Kong Mandatory Provident Fund Schemes Authority IC000854)
CES Insurance Consultants (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Insurance brokerage business under the regulation of the Monetary Authority of Macao Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1019) (Monetary Authority of Macao 02/CRE) (Hong Kong Mandatory Provident Fund Schemes Authority IC000203)
China Everbright Wealth Management Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1153)
CES Insurance Agency (HK) Limited	Insurance agency business	(Hong Kong Insurance Authority FA2265)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
Bright Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD – Loco London Gold – Loco London Silver	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: MEC-2112018; membership number: 044)
Sun Hing Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: MEC-2112043; membership number: 040)
Shun Loong Bullion Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 068)
Everbright Securities (UK) Company Limited	Dealing in securities; advising on securities; studying China's macro policies, industry policies and A shares (through Everbright Securities, its subsidiary in Shanghai) and global depository receipt cross-border conversion institution in UK for the Shanghai-London Stock Connect program	(Registration Number of English corporate: 07106467, a member of London Stock Exchange and registered in UK Financial Conduct Authority – Ref. NO.: 524544 Chinese Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange – Shang Zheng Han [2019] No. 2141)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

III. The Geographical Locations of the Branch Companies and Securities Brokerage Branches of the Company

(I) The geographical locations of the branch companies

Name of branch	Business address and postcode	Time of establishment	Person in charge	Customer service or complaint hotline
Everbright Securities Co., Ltd. Shenzhen Branch	17A, 17B, New Enterprise Office Building A, No. 6011 Shennan Avenue, Tian'an Community, Shatou Street, Futian District, Shenzhen, 518030	July 21, 2010	Wu Wenqu	0755-82960906
Everbright Securities Co., Ltd. Guangdong Branch	Room 4501 (Unit 01B-07), Yuexiu Financial Building, No. 28, Zhujiang East Road, Tianhe District, Guangzhou, 510623	July 21, 2010	Su Manlin	020-38036232
Everbright Securities Co., Ltd. Zhejiang Branch	11-2, 11-3, Building No. 1, Greenland Center, No. 9 Shijun Road, Jiangbei District, Ningbo, Zhejiang, 315020	July 1, 2010	Huang Qin	0574-83852203
Everbright Securities Co., Ltd. Shanghai Branch	10F, No. 1128 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	July 25, 2011	Wang Hanqing	021-58313335
Everbright Securities Co., Ltd. Beijing Branch	2nd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	August 5, 2011	Li Xi	010-68081186
Everbright Securities Co., Ltd. Nanjing Branch	Room 1101-1104, Building No. 4, Financial City, No. 248 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	August 3, 2011	Ni Tielian	025-52852258
Everbright Securities Co., Ltd. Shenyang Branch	No. 169 (301), Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110000	July 21, 2011	Jiang Xun	024-22856015
Everbright Securities Co., Ltd. Chongqing Branch	No. 108, Dapingzheng Street, Yuzhong District, Chongqing, 400042	August 23, 2011	Zhou Guoping	023-68890806
Everbright Securities Co., Ltd. Dongguan Branch	No. 1701A, Yuefeng Building, No.2 Sanyuan Road, Nancheng Street, Dongguan, 523000	June 27, 2016	Lin Yan'e	0769-22220682
Everbright Securities Co., Ltd. Chengdu Branch	Unit 6-8, 10/F, Western Cultural and Industrial Center, No. 16, Huaxing East Street, Jinjiang District, Chengdu, 610021	July 29, 2016	Wan Jiazhu	028-80582967
Everbright Securities Co., Ltd. Xi'an Branch	12F, Building B, Wanzhong International, No. 1 Qujiangchi East Road, Xi'an, 710061	September 9, 2016	Deng Yibin	029-89833670
Everbright Securities Co., Ltd. Wuhan Branch	20F, T2 Office Building, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, 430071	July 14, 2016	Zhang Youfu	027-87832666

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of branch	Business address and postcode	Time of establishment	Person in charge	Customer service or complaint hotline
Everbright Securities Co., Ltd. Shandong Branch	Floor A2, Everbright International Financial Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, 266000	July 19, 2016	Ma Yan	0532-82020180
Everbright Securities Co., Ltd. Fujian Branch	Unit 03B & 04A, 34F, No. 82 Zhanhong Road, Siming District, Xiamen, 361000	May 16, 2018	Wang Fei	0592-5021663

(II) The geographical locations of the securities brokerage branches

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
1	Shenzhen Branch	Securities brokerage branch at Jintian Road, Shenzhen	Unit 08, 09b and Unit 2503, A02 Floor, Rongchao Economic and Trade Center, No. 4028 Jintian Road, Lianhua Street, Futian District, Shenzhen, 518035	Guangdong Province	0755-83007118
2	Shenzhen Branch	Securities brokerage branch at Xinyuan Road, Shenzhen	5/F, Zhonghai Marketplace, No. 3 Xinyuan Road, Luohu District, Shenzhen, 518001	Guangdong Province	0755-82285197
3	Shenzhen Branch	Securities brokerage branch at Guomao Avenue, Haikou	Level 2, Xianle Garden, No. 63 Guomao Avenue, Longhua District, Haikou, Hainan, 570125	Hainan Province	0898-68550096
4	Shenzhen Branch	Securities brokerage branch at Jinpu Road, Nanning	Rooms 1401, 1402, 1403, 1405 & 1406, 14th Floor, Mingdu Building, No.22 Jinpu Road, Qingxiu District, Nanning, Guangxi, 530021	Guangxi Zhuang Autonomous Region	0771-5305000
5	Shenzhen Branch	Securities brokerage branch at Shennan Avenue, Shenzhen	3rd Floor, Podium Building, Metropolis Sunshine Garden, No. 6017, Shennan Avenue, Futian District, Shenzhen, 518040	Guangdong Province	0755-88308466
6	Shenzhen Branch	Securities brokerage branch at Haide Third Road, Shenzhen	Unit 04, Floor 05, China Resources Building, No. 2666 Keyuan South Road, Yuehai Street, Nanshan District, Shenzhen, 518057	Guangdong Province	0755-86055273
7	Shenzhen Branch	Securities brokerage branch at Longfu Road, Longgang District, Shenzhen	Unit 06.07, 5th Floor, Building A, Rongchaoyinglong Building, No. 5 Longfu Road, Longcheng Street, Longgang District, Shenzhen, 518172	Guangdong Province	0755-28370875
8	Shenzhen Branch	Securities brokerage branch at Haitian Road, Shenzhen	Room 1007, Building A, Zhuoyue Baozhong Times Square (Phase 1), No.15-1, Haitian Road, Area N23, Haibin Community, Xin'an Street, Bao'an District, Shenzhen, 518101	Guangdong Province	0755-29568779

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
9	Shenzhen Branch	Securities brokerage branch at Zhongshan Middle Road, Guilin	No. 4-1, 4th Floor, Nanfang Building, No. 39 Zhongshan Middle Road, Xiufeng District, Guilin, Guangxi, 541000	Guangxi Zhuang Autonomous Region	0773-2881288
10	Shenzhen Branch	Securities brokerage branch at Tanzhong East Road, Liuzhou	Rooms 12-13, Unit 2, Huaxin International Plaza, No. 17 Tanzhong East Road, Chengzhong District, Liuzhou, Guangxi, 545026	Guangxi Zhuang Autonomous Region	0772-2128001
11	Shenzhen Branch	Securities brokerage branch at Renmin North Road, Longhua, Shenzhen	Area B, 1st Floor, Podium Building, Floor 1-3, Building 3 and 4, Yinquan Garden, Minzhi Office, Longhua New District, Shenzhen, 518000	Guangdong Province	0755-81483239
12	Shenzhen Branch	Securities brokerage branch at Xiangmihu Road, Shenzhen	17D, Building A, New Enterprise Office Building, No. 6011 Shennan Avenue, Tian'an Community, Shatou Street, Futian District, Shenzhen, 518042	Guangdong Province	0755-82523596
13	Shenzhen Branch	Securities brokerage branch at Heping Road, Shenzhen	Room 1005-1006, 10th Floor, Jintian Building, No. 1199 Heping Road, Nanhu Street, Luohu District, Shenzhen, 518000	Guangdong Province	0755-82331552
14	Shenzhen Branch	Securities brokerage branch at Menghai Avenue, Shenzhen	Room 2104, Building A, Zhuoyue Qianhaiyihao Building, No.5033 Menghai Avenue, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen, 518052	Guangdong Province	0755-26927926
15	Shenzhen Branch	Securities brokerage branch at Keyuan Road, Shenzhen	No. 03A, 5th Floor, Oriental Science and Technology Building, No. 16 Keyuan Road, Yuehai Street, Nanshan District, Shenzhen, 518057	Guangdong Province	0755-86707407
16	Guangdong Branch	Securities brokerage branch at Zhujiang New Town, Guangzhou	Unit 11-15, 45F, Yuexiu Financial Building, No. 28 Zhujiang East Road, Zhujiang New Town, Tianhe District, Guangzhou, 510623	Guangdong Province	020-38883525
17	Guangdong Branch	Securities brokerage branch at Donghu Road, Guangzhou	Room 405 & 406, No. 126 Donghu Road, Yuexiu District, Guangzhou, 510000	Guangdong Province	020-37631955
18	Guangdong Branch	Securities brokerage branch at Huadi Avenue, Guangzhou	1st and 2nd floors of Building 5-6, Hongmianyuan North District, Huadi Avenue, Liwan District, Guangzhou, 510370	Guangdong Province	020-81598156
19	Guangdong Branch	Securities brokerage branch at Guangzhou Avenue Middle, Guangzhou	Room 101, 201, 204 & 207, Acquisition and Editing Building, No. 289 Guangzhou Avenue Middle, Yuexiu District, Guangzhou, 510699	Guangdong Province	020-86198353
20	Guangdong Branch	Securities brokerage branch at Daliang, Shunde	3rd Floor, Zhengye Building, No. 101 Fengshan Middle Road, Daliang, Shunde District, Foshan, Guangdong, 528300	Guangdong Province	0757-22381378
21	Guangdong Branch	Securities brokerage branch at Jihua 6th Road, Foshan	Room 07-11, 13th Floor, Building 1, Hengfu Center Office Building, No. 11 Jihua 6th Road, Chancheng District, Foshan, 528000	Guangdong Province	0757-83031618

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
22	Guangdong Branch	Securities brokerage branch at Fazhan Avenue, Jiangmen	4th Floor, 103, Building 1, No. 178 Fazhan Avenue, Pengjiang District, Jiangmen, Guangdong, 529000	Guangdong Province	0750-3166128
23	Guangdong Branch	Securities brokerage branch at Renmin Avenue North, Zhanjiang	Shop No. 1, 1st Floor, Huahe International Hotel, No. 6, Renmin Avenue North, Development Zone, Zhanjiang, 524000	Guangdong Province	0759-2231893
24	Guangdong Branch	Securities brokerage branch at Huishadi, Huizhou	Shop 02, Floor 2, Building 11, Fuchen Huilongwan, No. 68, Huishadi Second Road, Huicheng District, Huizhou, Guangdong Province, 516000	Guangdong Province	0752-2117318
25	Guangdong Branch	Securities brokerage branch at Machang Road, Guangzhou	Room 1001 & 1009, Building 1, No. 16 Machang Road, Tianhe District, Guangzhou, Guangdong, 510627	Guangdong Province	020-22169000
26	Guangdong Branch	Securities brokerage branch at Lvjing Road, Foshan	Room 01-10, 2nd Floor, Building 1 No. 39 Lvjing 3rd Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0857-83206228
27	Guangdong Branch	Securities brokerage branch at Gangzhou Avenue Middle, Xinhui, Jiangmen	Rooms 1401 & 1501, Building 1, Yongcuihuating, No. 3 Gangzhou Avenue Middle, Huicheng, Xinhui District, Jiangmen, Guangdong, 529100	Guangdong Province	0750-6620166
28	Guangdong Branch	Securities brokerage branch at Danshui, Huizhou	No. 55, Renmin 6th Road, Danshui Town, Huiyang District, Huizhou, 516211	Guangdong Province	0752-3725221
29	Guangdong Branch	Securities brokerage branch at Pingshan, Huizhou	2nd and 3rd Floors, Building 4, Yijingwan, Xizhijiangpan, Pingshan Overseas Chinese Town, Huidong County, Huizhou, Guangdong, 516300	Guangdong Province	0752-8558329
30	Guangdong Branch	Securities brokerage branch at Yifu Road, Beijiao, Shunde, Foshan	Unit 05, 8th Floor and 1T108, 1st Floor, Beijiao International Fortune Center, No. 1 Yifu Road, Beijiao Town, Shunde District, Foshan, Guangdong (subject to domicile declaration), 528311	Guangdong Province	0757-29998118
31	Guangdong Branch	Securities brokerage branch at Haibin South Road, Zhuhai	Unit B, Basement 1st Floor, Everbright International Trade Center, No. 47 Haibin South Road, Jida, Xiangzhou District, Zhuhai, Guangdong, 519000	Guangdong Province	0756-6868289
32	Guangdong Branch	Securities brokerage branch at Huashan Road, Shantou	2nd Floor, Binhai Building, No. 7 Huashan Road, Longhu District, Shantou, Guangdong, 515041	Guangdong Province	0754-88939393
33	Guangdong Branch	Securities brokerage branch at Huancheng East Road, Panyu, Guangzhou	1st and 2nd Floors, No. 153, Huancheng East Road, Shiqiao, Panyu District, Guangzhou, Guangdong, 511400	Guangdong Province	020-28641199

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
34	Guangdong Branch	Securities brokerage branch at Jiangnandadao Middle Road, Guangzhou	Room 318, No.168 Jiangnandadao Middle Road, Haizhu District, Guangzhou, 510240	Guangdong Province	020-89667701
35	Guangdong Branch	Securities brokerage branch at Qiguanxi Road, Zhongshan	2nd floor of Area 5 of the first floor of Xinghuijuntong, No. 32 Qiguan West Road, Shiqi District, Zhongshan, 528400	Guangdong Province	0760-87112018
36	Guangdong Branch	Securities brokerage branch at Xinghu Avenue North, Zhaoqing	A6-1, 3rd Floor of Street Shop, S1, Beihaiyi Peninsula, Xinghu Avenue, Duanzhou District, Zhaoqing, Guangdong, 526000	Guangdong Province	0758-2312021
37	Guangdong Branch	Securities brokerage branch at Jinyan Avenue, Meizhou	4D, 4th Floor, Baoying International Building, Jinyan Avenue, Sanjiao Town, Meijiang District, Meizhou, Guangdong, 514000	Guangdong Province	0753-2331968
38	Guangdong Branch	Securities brokerage branch at Yonghe East Road, Heyuan	No. 310-12, Yonghe East Road, Yuancheng District, Heyuan, 517000	Guangdong Province	0762-3124333
39	Guangdong Branch	Securities brokerage branch at Guangming Road, Kaiping, Jiangmen	Shops 102 and 103, No. 94 Guangming Road, Sanbu Sub-district Office, Kaiping, Guangdong, 529300	Guangdong Province	0750-2286936
40	Guangdong Branch	Securities brokerage branch at Xiyue South Road, Maoming	Shop 55, 1st Floor, Yard 15, No. 123, Xiyue South Road, Maonan District, Maoming, 525000	Guangdong Province	0668-2156555
41	Guangdong Branch	Securities brokerage branch at Nanzhuang, Foshan	Shop 106, No. 1, Lot "Zhufudaoutang" (Self-edited) of Jili Village Committee, Nanzhuang Town, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-85332737
42	Guangdong Branch	Securities brokerage branch at Country Garden, Beijiao, Shunde, Foshan	1-4 of the 1st Floor, Xiyuanmingcuigu Convenience Store, Country Garden, Beijiao Town, Shunde District, Foshan, Guangdong, 528311	Guangdong Province	0757-26671111
43	Guangdong Branch	Securities brokerage branch at Xincheng Road, Heshan, Jiangmen	3rd Unit of Room 1101, Hesui Building, No. 189 Xincheng Road, Shaping, Heshan, Jiangmen, Guangdong, 529700	Guangdong Province	0750-8202282
44	Guangdong Branch	Securities brokerage branch at Jingang Avenue, Nansha, Guangzhou	Rooms 805 & 806, No. 8 Jingang Avenue, Nansha Street, Nansha District, Guangzhou, 511458	Guangdong Province	020-39007020
45	Guangdong Branch	Securities brokerage branch at Liyuan Road, Xinxing, Yunfu	1st Floor, Shops 17 & 18, Level 1, Building 3, Hupan Huayuan, No. 4 Liyuan Road, Xincheng Town, Xinxing County, Yunfu, Guangdong (excluding mezzanines and stair area), 527400	Guangdong Province	0766-2223668
46	Guangdong Branch	Securities brokerage branch at Jianshe North Road, Yunfu	2nd Floor, Jinshan Building, No. 5 Jianshe North Road, Yuncheng District, Yunfu, Guangdong, 527300	Guangdong Province	0766-8922828

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
47	Guangdong Branch	Securities brokerage branch at Tianhe North Road, Guangzhou	Room 2706, Everbright Bank Building, No. 689 Tianhe North Road, Tianhe District, Guangzhou, 510620	Guangdong Province	020-31609980
48	Guangdong Branch	Securities brokerage branch at, Yingbin Avenue, Huadu, Guangzhou	1F-03, Minggao Mall, No. 123, Yingbin Avenue, Xinhua Street, Huadu District, Guangzhou, 510801	Guangdong Province	020-36823338
49	Guangdong Branch	Securities brokerage branch at Pazhou, Guangzhou	Room 408, No. 26 Chenyue Road, Haizhu District, Guangzhou, Guangdong (for office use only), 510000	Guangdong Province	020-31958889
50	Guangdong Branch	Securities brokerage branch at Huanshi East Road, Guangzhou	Room 4301, 4302 and 4303, No.372 Huanshi East Road, Yuexiu District, Guangzhou, 510000	Guangdong Province	020-81808809
51	Zhejiang Branch	Securities brokerage branch at Beichen Plaza, Shengli East Road, Shaoxing	Fifth Floor, Building 1, Beichen Plaza, Shengli East Road, Shaoxing, Zhejiang, 312000	Zhejiang Province	0575-85148800
52	Zhejiang Branch	Securities brokerage branch at Jiefang South Road, Ningbo	No. 67-1 Jiefang South Road, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-87196114
53	Zhejiang Branch	Securities brokerage branch at Danhe East Road, Xiangshan County	Foyer at 1st Floor and 2nd Floor, No. 901 Danhe East Road, Dandong Street, Xiangshan County, Ningbo, Zhejiang, 315700	Zhejiang Province	0574-65730271
54	Zhejiang Branch	Securities brokerage branch at Binhong Road, Jinhua	Floor 1-2, Kexin Building, No. 959 Binhong Road, Wucheng District, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-83189108
55	Zhejiang Branch	Securities brokerage branch at Huancheng North Road, Ningbo	Rooms 1-6 & 2-6, No. 403 & Room 2-7, No. 401 & Room 2-8, No. 399 Huancheng North Road West Section, Jiangbei District, Ningbo, Zhejiang, 315020	Zhejiang Province	0574-87352299
56	Zhejiang Branch	Securities brokerage branch at Xinqi, Beilun District, Ningbo	No. 945-2, Building 22, No. 945 Minshan Road, Xinqi Street, Beilun District, Ningbo, Zhejiang, 315800	Zhejiang Province	0574-86884305
57	Zhejiang Branch	Securities brokerage branch at Heyi Road, Ningbo	Shops 19-1 & 19-2, No.168 Heyi Road, Haishu District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87342364
58	Zhejiang Branch	Securities brokerage branch at Chengguan, Zhenhai, Ningbo	No. 85 Yanjiang West Road, Zhenhai District, Ningbo, Zhejiang, 315200	Zhejiang Province	0574-86261936
59	Zhejiang Branch	Securities brokerage branch at Liuting Street, Ningbo	No. 225, Liuting Street, No. 10-2-2 and 10-3, No. 66 Changchun Road, Room 1-4-7, Building 043, No. 54, 56, 58, 60, 62, 64, Changchun Road, Haishu District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87286608
60	Zhejiang Branch	Securities brokerage branch at Zhongshan East Road, Fenghua, Ningbo	Room 201, No. 461 Zhongshan East Road, Fenghua District, Ningbo, Zhejiang, 315500	Zhejiang Province	0574-88583617

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
61	Zhejiang Branch	Securities brokerage branch at Yuesheng Road, Ningbo	No. 21-6, 21-7, 21-8, 21-9, 21-10, 21-11, Building 007, No. 359 Yuesheng Road and No. 1-9, Building 007, No. 361-363 Yuesheng Road, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87529633
62	Zhejiang Branch	Securities brokerage branch at Qixiang North Road, Ninghai	No. 289 Qixiang North Road, Yuelong Street, Ninghai County, Ningbo, Zhejiang, 315600	Zhejiang Province	0574-65567368
63	Zhejiang Branch	Securities brokerage branch at Sanbei West Street, Cixi	Floor 1-4, No. 201, Sanbei West Street, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63925020
64	Zhejiang Branch	Securities brokerage branch at Yongjiang Avenue, Ningbo	Rooms 13-4, 37-1-1, 37-1-3 & 37-1-4, Building 001, No. 188 Yongjiang Avenue, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87885524
65	Zhejiang Branch	Securities brokerage branch at Yan'an Road, Hangzhou	Room 108 of Building A & 8th Floor of Building B, Yanzhong Building, No. 484 Yan'an Road, Gongshu District, Hangzhou, Zhejiang, 310009	Zhejiang Province	0571-87925551
66	Zhejiang Branch	Securities brokerage branch at Nanlei South Road, Yuyao	Rooms 701, 1701 & 1702, Chamber of Commerce Building, No. 2 Nanlei South Road, Yuyao, Zhejiang, 315400	Zhejiang Province	0574-62855112
67	Zhejiang Branch	Securities brokerage branch at Guanhaiwei, Cixi	No. 15-18, 19 & 21, Jinlong Building, Jinci Plastic, Guanhaiwei Town, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63011207
68	Zhejiang Branch	Securities brokerage branch at Shifu Road, Wenzhou	Room 602, Tongrenhengjiu Building, Shifu Road, Lucheng District, Wenzhou, Zhejiang, 325000	Zhejiang Province	0577-88900399
69	Zhejiang Branch	Securities brokerage branch at Baohua Street, Ningbo	No. 21, Baohua Street, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87953510
70	Zhejiang Branch	Securities brokerage branch at Wansong East Road, Ruian	Level 2, No. 170 & Levels 1-2, No. 172 Wansong East Road, Anyang Street, Ruian, Wenzhou, Zhejiang, 325200	Zhejiang Province	0577-66875987
71	Zhejiang Branch	Securities brokerage branch at Qianhu North Road, Ningbo	No. 946 Qianhu North Road, Yinzhou District, Ningbo, Zhejiang, 315100	Zhejiang Province	0574-88214052
72	Zhejiang Branch	Securities brokerage branch at Wangchong Road, Shangyu District, Shaoxing	No. 699 Wangchong Road, Baiguan Street, Shangyu District, Shaoxing, Zhejiang, 312300	Zhejiang Province	0575-82195525
73	Zhejiang Branch	Securities brokerage branch at Jinkeqiao Avenue, Keqiao, Shaoxing	Room 708, Building 16, World Trade Center (South District), Keqiao District, Shaoxing, Zhejiang, 312030	Zhejiang Province	0575-81167800
74	Zhejiang Branch	Securities brokerage branch at Tiaoxi West Road, Huzhou	No. 367 and 369 Tiaoxi West Road, Fucheng Commercial Building, Aishan Street, Wuxing District, Huzhou, Zhejiang, 313000	Zhejiang Province	0572-2795525
75	Zhejiang Branch	Securities brokerage branch at Shifu Avenue, Taizhou	Floor 1, No. 59 Taizhou Shifu Avenue, Baiyun Street, Taizhou Bay New District, Taizhou, Zhejiang, 318000	Zhejiang Province	0576-88537978

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
76	Zhejiang Branch	Securities brokerage branch at Dengta Street, Lishui	Rooms 101 & 201, No. 129 Dengta Street, Liandu District, Lishui, Zhejiang, 323000	Zhejiang Province	0578-2538888
77	Zhejiang Branch	Securities brokerage branch at Feiyunjiang Road, Hangzhou	Room 2002, No. 3 Zanchengtaihe Plaza, Shangcheng District, Hangzhou, Zhejiang, 310008	Zhejiang Province	0571-87609799
78	Zhejiang Branch	Securities brokerage branch at Wenzong South Road, Haining	No.101 Wenzong South Road, Haining, Jiaxing, Zhejiang, 314400	Zhejiang Province	0573-87327799
79	Zhejiang Branch	Securities brokerage branch at Baiyun Middle Avenue, Quzhou	No. 72 Baiyun Middle Avenue, Kecheng District, Quzhou, Zhejiang, 312400	Zhejiang Province	0570-8061888
80	Zhejiang Branch	Securities brokerage branch at Guanhe South Road, Shengzhou	No. 369-101, Guanhe South Road, Sanjiang Street, Shengzhou, Shaoxing, Zhejiang, 312400	Zhejiang Province	0575-81391290
81	Zhejiang Branch	Securities brokerage branch at Shixin North Road, Hangzhou	No. 62.66 Shixin North Road, Economic and Technological Development Zone, Xiaoshan District, Hangzhou, Zhejiang, 311200	Zhejiang Province	0571-82671828
82	Zhejiang Branch	Securities brokerage branch at Qingfeng South Road, Tongxiang	No. 79 Qingfeng South Road (South), Wutong Street, Tongxiang, Jiaxing, Zhejiang, 314500	Zhejiang Province	0573-88276969
83	Zhejiang Branch	Securities brokerage branch at Xuefeng West Road, Yiwu	No. 417 and 419 Xuefeng West Road, Beiyuan Street, Yiwu, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-85018333
84	Zhejiang Branch	Securities brokerage branch at Xinye Road, Hangzhou	Room 1307, Building 1, Raffles Center, No. 228, Xinye Road, Jianggan District, Hangzhou, Zhejiang, 310016	Zhejiang Province	0571-85075701
85	Zhejiang Branch	Securities brokerage branch at Xueyuan Road, Hangzhou	No. 131-1 Xueyuan Road, Xihu District, Hangzhou, Zhejiang, 310012	Zhejiang Province	0571-88130785
86	Zhejiang Branch	Securities brokerage branch at Caihong North Road, Ningbo	Rooms 20-3 & 20-4, No. 48 Caihong North Road, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87982000
87	Shanghai Branch	Securities brokerage branch at Dong'an Road, Xuhui District, Shanghai	Room 902, No. 562 Dong'an Road, Xuhui District, Shanghai, 200032	Shanghai	021-64279722
88	Shanghai Branch	Securities brokerage branch at Zhongxing Road, Shanghai	No. 1103 Zhongxing Road, Zhabei District, Shanghai, 200070	Shanghai	021-56313344
89	Shanghai Branch	Securities brokerage branch at Huaihai Middle Road, Shanghai	31st Floor, No. 1045 Huaihai Middle Road, Xuhui District, Shanghai, 200031	Shanghai	021-64727070
90	Shanghai Branch	Securities brokerage branch at Xianxia Road, Shanghai	Rooms 108 & 301, No. 333 Xianxia Road, Changning District, Shanghai, 200336	Shanghai	021-32522211
91	Shanghai Branch	Securities brokerage branch at Century Avenue, Shanghai	Floors 1 to 2 of East Section, No. 1118 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	Shanghai	021-20235713
92	Shanghai Branch	Securities brokerage branch at Xizang Middle Road, Huangpu District, Shanghai	Room A, 12th Floor, New Jinqiao Plaza, No. 585 Xizang Middle Road, Huangpu District, Shanghai, 200003	Shanghai	021-53082771

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
93	Shanghai Branch	Securities brokerage branch at Zhangyang Road, Shanghai	2-6-A & 2-7 No. 111 Songlin Road, Pudong New Area, Shanghai, 200120	Shanghai	021-58778388
94	Shanghai Branch	Securities brokerage branch at Tacheng Road, Shanghai	2nd Floor, Building 3, No. 885 Tacheng Road, Jiading District, Shanghai, 201800	Shanghai	021-69977159
95	Shanghai Branch	Securities brokerage branch at Huahe Road, Baoshan, Shanghai	No. 280 Huahe Road, Baoshan District, Shanghai, 200436	Shanghai	021-36527888
96	Shanghai Branch	Securities brokerage branch at Mudanjiang Road, Shanghai	Rooms 1503 & 1504, No. 1248 Mudanjiang Road, Baoshan District, Shanghai, 200940	Shanghai	021-66593811
97	Shanghai Branch	Securities brokerage branch at Weiqing West Road, Jinshan District, Shanghai	Floor 1-2, No.711 Weiqing West Road, Jinshan District, Shanghai, 200540	Shanghai	021-33691852
98	Shanghai Branch	Securities brokerage branch at Renmin South Road, Fengxian District, Shanghai	1st Floor, No. 333 and 2nd Floor, No. 333-339 Renmin South Road and 2nd Floor, No. 1859 Nanfeng Road, Fengxian District, Shanghai, 201499	Shanghai	021-57197911
99	Shanghai Branch	Securities brokerage branch at Renmin North Road, Shanghai	10th Floor & Room 105 of 1st Floor, Building 1, No. 151 Renmin North Road, Songjiang District, Shanghai, 201699	Shanghai	021-57812328
100	Shanghai Branch	Securities brokerage branch at Fushan Road, Pudong New Area, Shanghai	Unit 1009-1010, 10F, No. 500 Fushan Road, China (Shanghai) Pilot Free Trade Zone, 200120	Shanghai	021-61106352
101	Shanghai Branch	Securities brokerage branch at Jinke Road, Pudong New Area, Shanghai	Room 112, No. 2891 Jinke Road, China (Shanghai) Pilot Free Trade Zone, 201206	Shanghai	021-58950537
102	Shanghai Branch	Securities brokerage branch at Fangdian Road, Shanghai	Room 01, No. 1388 Fangdian Road, Pudong New Area, Shanghai, 201204	Shanghai	021-26120950
103	Shanghai Branch	Securities brokerage branch at Dongdaming Road, Hongkou District, Shanghai	Unit C, 22/F, No. 1158 Dongdaming Road, Hongkou District, Shanghai, 200082	Shanghai	021-65051008
104	Shanghai Branch	Securities brokerage branch at Xinzha Road, Shanghai	Room 111, 112, 113, 1st Floor, No. 1518 Xinzha Road, Jing'an District, Shanghai, 200040	Shanghai	021-60191918
105	Shanghai Branch	Securities brokerage branch at Minsheng Road, Shanghai	Room 901, Kaisa Financial Center, No. 1188 Minsheng Road, China (Shanghai) Pilot Free Trade Zone, 200135	Shanghai	021-61659729
106	Shanghai Branch	Securities brokerage branch at Hongbaoshi Road, Changning District, Shanghai	Room 02, 19th Floor, Building 1, No. 500 Hongbaoshi Road, Changning District, Shanghai, 201103	Shanghai	021-52555002
107	Shanghai Branch	Securities brokerage branch at Yaoyuan Road, Shanghai	Room 904-2, Building 3#, No. 58 Yaoyuan Road, China (Shanghai) Pilot Free Trade Zone, 200126	Shanghai	021-50818501

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
108	Beijing Branch	Securities brokerage branch at Yuetan North Road, Beijing	2nd, 3rd, 5th Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	Beijing	010-68081286
109	Beijing Branch	Securities brokerage branch at Xiaoying Road, Beijing	Room 701, 7th Floor, Floor -3-25 (101), Building A2, Huixin East Street, Chaoyang District, Beijing, 100101	Beijing	010-84742357
110	Beijing Branch	Securities brokerage branch at Dongzhong Street, Beijing	2nd Floor, Building B, Donghuan Plaza, No. 29 Dongzhong Street, Dongcheng District, Beijing, 100027	Beijing	010-64182499
111	Beijing Branch	Securities brokerage branch at Weidi Road, Tianjin	Street Floor, Building F, Zhonghao Century Yard, Weidi Road, Hexi District, Tianjin, 300201	Tianjin	022-23335777
112	Beijing Branch	Securities brokerage branch at Zhongguancun Road, Beijing	A-C, 2nd Floor, Building A, No. 8 Haidian Street, Haidian District, Beijing, 100080	Beijing	010-82483062
113	Beijing Branch	Securities brokerage branch at Lize Road, Beijing	Room 201-1, 2nd Floor, Building 1, Yard 14, Xisanhuan South Road, Fengtai District, Beijing, 100073	Beijing	010-83067026
114	Beijing Branch	Securities brokerage branch at Guanghua Road, Beijing	Rooms 1506 & 1507, 15th Floor, Building 3, Yard 4, Guanghua Road, Chaoyang District, Beijing, 102218	Beijing	010-85951550
115	Beijing Branch	Securities brokerage branch at West Street, Shijiazhuang	Room 605, Office Building 1, Wufang Building, No. 88 West Street, Chang'an District, Shijiazhuang, Hebei, 50000	Hebei Province	0311-68019169
116	Beijing Branch	Securities brokerage branch at Sanyuanqiao, Beijing	Unit 307, 3rd Floor, Block B, Building 1, No. 18 Xiaguangli, Dongsanhuan North Road, Chaoyang District, Beijing, 100027	Beijing	010-64735885
117	Beijing Branch	Securities brokerage branch at Sijiqing, Beijing	201-202A, Area B, 2nd Floor, No. 12, 14 & 16, Tonghui Road, Haidian District, Beijing, 100195	Beijing	010-58722477
118	Beijing Branch	Securities brokerage branch at Beijing Headquarters Base	Room 410, Floor 4, Floor -1-5 (501), Building 5, Yard 26, Waihuan West Road, Fengtai District, Beijing, 100070	Beijing	010-68787802
119	Beijing Branch	Securities brokerage branch at Chaoyang Road, Beijing	Rooms 918-922, 9th Floor, No. 41 Dongsihuan Middle Road, Chaoyang District, Beijing, 100025	Beijing	010-66066823
120	Beijing Branch	Securities brokerage branch at Xizhimen, Beijing	8C12, 8th Floor, Building 2, Yard 1, Xizhimenwai Street, Xicheng District, Beijing, 100044	Beijing	010-58302858
121	Beijing Branch	Securities brokerage branch at Daxing, Beijing	Room 101, Building 2, Yard 19 and No. 19 Jinxing West Road, Daxing District, Beijing, 102600	Beijing	010-53221688
122	Beijing Branch	Securities brokerage branch at Yonganli, Beijing	1604, 13th Floor, Building 1, Yard A3, Yongandongli, Chaoyang District, Beijing, 100022	Beijing	010-58793155

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
123	Nanjing Branch	Securities brokerage branch at Guangzhou Road, Nanjing	Rooms 1101 and 1102, No. 2 Guangzhou Road, Gulou District, Nanjing, Jiangsu, 210008	Jiangsu Province	025-83196985
124	Nanjing Branch	Securities brokerage branch at Zhongxin Road, Danyang	No. 5 Zhongxin Road, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86571122
125	Nanjing Branch	Securities brokerage branch at Suhui Road, Suzhou	Rooms 301 & 303, 3rd Floor, East Side Building, Guojian Building, No. 98 Suhui Road, Suzhou Industrial Park, Suzhou, Jiangsu, 215000	Jiangsu Province	0512-62986807
126	Nanjing Branch	Securities brokerage branch at Taiping South Road, Nanjing	Room 606, Fenghuangherui Building, No. 389 Taiping South Road, Qinhuai District, Nanjing, 210002	Jiangsu Province	025-84578511
127	Nanjing Branch	Securities brokerage branch at Nanhai Road, Haimen	Room 22111, 1st Floor, Building 2, No. 1399 Nanhai Road, Haimen Street, Haimen District, Nantong, Jiangsu, 226100	Jiangsu Province	0513-81203128
128	Nanjing Branch	Securities brokerage branch at Dongfang Road, Danyang	Shops 14 & 15, Area A, Newspaper Building, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86950029
129	Nanjing Branch	Securities brokerage branch at Jinshui'an, Changzhou	No. 1-23, 24 & 25, Juning Jinshui'an, Diaojiao Road, Tianning District, Changzhou, Jiangsu, 213161	Jiangsu Province	0519-81081205
130	Nanjing Branch	Securities brokerage branch at Beiyihuan Road, Hefei	Rooms 301 & 304, Tower A, Jinding Plaza, No. 287 Suixi Road, Luyang District, Hefei, Anhui, 230001	Anhui Province	0551-64630800
131	Nanjing Branch	Securities brokerage branch at Wenchang West Road, Yangzhou	No. 221 Wenchang West Road, Yangzhou, Jiangsu, 225009	Jiangsu Province	0514-87912288
132	Nanjing Branch	Securities brokerage branch at Chengde Road, Huaian	Shop 2, Building 8, Huaxia Homeland, No. 81 Chengde Road, Qingjiangpu District, Huaian, Jiangsu, 223001	Jiangsu Province	0517-83505003
133	Nanjing Branch	Securities brokerage branch at Jiefang South Road, Yancheng	Rooms 105 & 106, Building 1, Nanmenhuafu, No. 15 Jiefang South Road, Tinghu District, Yancheng, Jiangsu, 224001	Jiangsu Province	0515-89885599
134	Nanjing Branch	Securities brokerage branch at Fazhan Avenue, Suqian	Rooms 121, 122 & 123, 1st Floor, Guotai Plaza, Fazhan Avenue, Sucheng District, Suqian, Jiangsu, 223800	Jiangsu Province	0527-82280068
135	Nanjing Branch	Securities brokerage branch at Jinrong First Street, Wuxi	Units 4-405 & 4-406A, 4th Floor, Ping An Fortune Center Office Building, No. 15 Jinrong First Street, Economic Development Zone, Wuxi, Jiangsu, 214000	Jiangsu Province	0510-85183091
136	Nanjing Branch	Securities brokerage branch at Jiyang Road, Jiangyin	5th Floor, No. 20, Jiyang Road, Jiangyin, Jiangsu, 214400	Jiangsu Province	0510-86837803
137	Nanjing Branch	Securities brokerage branch at Jiubin South Road, Yixing	No. 100, Jiubin South Road, Xinjie Street, Yixing, Jiangsu, 214200	Jiangsu Province	0510-80705397
138	Nanjing Branch	Securities brokerage branch at Gongnong Road, Nantong	2nd Floor, No. 131 Gongnong Road, Nantong, Jiangsu, 226001	Jiangsu Province	0513-55083366

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
139	Nanjing Branch	Securities brokerage branch at Qianjin East Road, Kunshan	Oriental International Plaza, No. 1239-4, Qianjin East Road, Development Zone, Kunshan, Jiangsu, 215300	Jiangsu Province	0512-36691653
140	Nanjing Branch	Securities brokerage branch at Dengwei Road, Suzhou	Room 1201, Building 2, Runjie Plaza, No. 9 Dengwei Road, High-tech Zone, Suzhou, Jiangsu, 215011	Jiangsu Province	0512-62392600
141	Nanjing Branch	Securities brokerage branch at Wenyuan Road, Suzhou	No. 123, Wenyuan Road, Golden Eagle Commercial Center, No. 151 Wenyuan Road, East Taihu Ecological Travel Resort (Taihu New City), Wujiang District, Suzhou, 215200	Jiangsu Province	0512-63969692
142	Nanjing Branch	Securities brokerage branch at Taiping Road, Taicang	08, Building 6, Yijing South Garden, No. 1, Kangfu Road, Taiping South Road, Taicang, Jiangsu, 215400	Jiangsu Province	0512-53452888
143	Nanjing Branch	Securities brokerage branch at Zhujiang East Road, Changshu	No. 93-7 Zhujiang East Road, Yushan Town, Changshu, Jiangsu, 215500	Jiangsu Province	0512-52977750
144	Nanjing Branch	Securities brokerage branch at Zhongshan Road, Wuxi	3rd Floor, No. 131-135 Zhongshan Road, Wuxi, 214000	Jiangsu Province	0510-82728750
145	Nanjing Branch	Securities brokerage branch at Hexi South Road, Zhangjiagang	No. 37 & 39, Hexi South Road, Building 3, Yushui Shijia, Yangshe Town, Zhangjiagang, Jiangsu, 215600	Jiangsu Province	0512-56307781
146	Nanjing Branch	Securities brokerage branch at Dongfeng North Road, Taizhou	No. 1-1039 Dongfeng North Road, Hailing District, Taizhou, Jiangsu, 225300	Jiangsu Province	0523-86862688
147	Nanjing Branch	Securities brokerage branch at Wenhua Road, Wuhu	1st and 2nd Floors, Yihe Building, No.54 Wenhua Road, Jinghu District, Wuhu, Anhui, 241004	Anhui Province	0553-3872006
148	Nanjing Branch	Securities brokerage branch at Aoti Street, Nanjing	Room 313, No.128 Aoti Street, Jianye District, Nanjing, 210019	Jiangsu Province	025-86555863
149	Nanjing Branch	Securities brokerage branch at Shengtai Road, Nanjing	(Part of) Room 301, Huijinqilin Building, No. 6 Shengtai Road, Moling Street, Jiangning District, Nanjing, Jiangsu, 211106	Jiangsu Province	025-86167221
150	Nanjing Branch	Securities brokerage branch at Daxin Street, Zhenjiang	Room 1013, 1014, 1015 & 1016, Floor 1-2, Building c02, Wanda Plaza, Daxin Street, Runzhou District, Zhenjiang, Jiangsu, 212004	Jiangsu Province	0511-88859899
151	Shenyang Branch	Securities brokerage branch at Financial Street, Daqing	South of Weier Road (No. 1 Financial Street), Dongfeng New Village, Saertu District, Daqing, Heilongjiang, 163311	Heilongjiang Province	0459-8178858
152	Shenyang Branch	Securities brokerage branch at Jingwei'erdao Street, Harbin	No. 22 Jingwei'erdao Street, Daoli District, Harbin, Heilongjiang, 150010	Heilongjiang Province	0451-87655603
153	Shenyang Branch	Securities brokerage branch at Jiefang Road, Changchun	3rd Floor, Everbright Building, No. 2677 Jiefang Road, Changchun, Jilin, 130021	Jilin Province	0431-88400506

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
154	Shenyang Branch	Securities brokerage branch at Longhua Road, Qiqihar	No. 136 Longhua Road, Qiqihar, Heilongjiang, 161000	Heilongjiang Province	0452-6181114
155	Shenyang Branch	Securities brokerage branch at Shiyiwei Road, Shenyang	No.169 Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110014	Liaoning Province	024-23283000
156	Shenyang Branch	Securities brokerage branch at Wuwu Road, Dalian	6th Floor, No. 47 Wuwu Road, Zhongshan District, Dalian, Liaoning, 116001	Liaoning Province	0411-39852303
157	Shenyang Branch	Securities brokerage branch at Dongxing Road, Heihe	No. 2, Dongxing Road, Aihui District, Heihe, Heilongjiang, 164300	Heilongjiang Province	0456-6107000
158	Shenyang Branch	Securities brokerage branch at Xincheng Road, Fushun	No. 36 Fushuncheng Street, Shuncheng District, Fushun, Liaoning, 113000	Liaoning Province	024-53986116
159	Shenyang Branch	Securities brokerage branch at Chilechuan Street, Hohhot	Room 303, 3rd Floor, Building B, Lanhai, Greenland Central Plaza, No.15 Chilechuan Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, 010020	Inner Mongolia Autonomous Region	0471-4957945
160	Shenyang Branch	Securities brokerage branch at Jinshan Street, Dandong	Building 6, Guandian South Community, Yuanbao District, Dandong, Liaoning, 118000	Liaoning Province	0415-2831818
161	Chongqing Branch	Securities brokerage branch at Minquan Road, Chongqing	6th Floor, Unit 1, Hejingjurong Plaza, No. 58 Minquan Road, Yuzhong District, Chongqing, 400010	Chongqing	023-63711970
162	Chongqing Branch	Securities brokerage branch at Yongchuan, Chongqing	3D-1 and 3D-3, Building 3, No. 918, Middle Section, Yuxi Avenue, Yongchuan District, Chongqing, 402160	Chongqing	023-49828717
163	Chongqing Branch	Securities brokerage branch at Dapingzheng Street, Chongqing	Floors 2 & 3, Tianhai Building, No. 108 Dapingzheng Street, Yuzhong District, Chongqing, 400042	Chongqing	023-68808572
164	Chongqing Branch	Securities brokerage branch at Renmin Middle Road, Kunming	No. 26 Renmin Middle Road, Wuhua District, Kunming, Yunnan, 650021	Yunnan Province	0871-63183840
165	Chongqing Branch	Securities brokerage branch at Minzhu Road, Zunyi	6th Floor, Textile Building, No. 2 Minzhu Road, Honghuagang District, Zunyi, Guizhou, 563000	Guizhou Province	0851-28258328
166	Chongqing Branch	Securities brokerage branch at Lijiatuo, Chongqing	No. 5, Mawangpingzheng Street, Lijiatuo, Banan District, Chongqing, 400054	Chongqing	023-62861922
167	Chongqing Branch	Securities brokerage branch at Caifu Avenue, Chongqing	10-1, 10-2 & 10-3, No. 2 Caifu Avenue, Yubei District, Chongqing, 401120	Chongqing	023-66294198
168	Chongqing Branch	Securities brokerage branch at Changling North Road, Guiyang	No.1 (Room 2), 8/F, Unit 1, Building 5, East Tower 5, East Commercial Zone of Financial City, Area B of Zhongtian Exhibition City, Changling North Road, Guanshanhu District, Guiyang, Guizhou, 550081	Guizhou Province	0851-83852751
169	Chongqing Branch	Securities brokerage branch at Cuifeng West Road, Qujing	No. 1-77 Cuifeng West Road, Economic Development Zone, Qujing, Yunnan, 655000	Yunnan Province	0874-3137888

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
170	Chongqing Branch	Securities brokerage branch at Beixia West Road, Chongqing	2-2, No. 15 Beixia West Road, Beibei District, Chongqing, 400700	Chongqing	023-60306600
171	Chongqing Branch	Securities brokerage branch at Jinchang Road, Chongqing	1-2, Building 28, No. 7 Jinchang Road, New North Zone, Chongqing, 401122	Chongqing	023-65866354
172	Dongguan Branch	Securities brokerage branch at Hongfu Road, Nancheng, Dongguan	Rooms 30001 and 30002, Unit 2, Building 4, No. 200 Hongfu Road, Nancheng Street, Dongguan, Guangdong, 523073	Guangdong Province	0769-22229808
173	Dongguan Branch	Securities brokerage branch at Shilong, Dongguan	2nd Floor, Shop No. 5 and Shop No. 1-9, Phase 4, Haoxingyiyuan, Xincheng District, Shilong Town, Dongguan, Guangdong, 523320	Guangdong Province	0769-86620800
174	Dongguan Branch	Securities brokerage branch at Shida Road, Liaobu, Dongguan	411, Yinji Building, Shida Road, Liaobu, Dongguan, Guangdong, 523400	Guangdong Province	0769-83000899
175	Dongguan Branch	Securities brokerage branch at Changfu West Road, Dalang Town, Dongguan	Room 1610, 1611, 1612 & 1613, Building 1, No. 268 Changfu West Road, QiuFu Road, Dalang Town, Dongguan, Guangdong, 523770	Guangdong Province	0769-83111277
176	Dongguan Branch	Securities brokerage branch at Houjie, Dongguan	Ninth Floor, West Tower, Mingfeng Building, Kangle South Road, Houjie Town, Dongguan, Guangdong, 523960	Guangdong Province	0769-85937033
177	Dongguan Branch	Securities brokerage branch at Sanyuan Road, Dongguan	Room 1701B, Yuefeng Building, No. 2 Sanyuan Road, Nancheng Street, Dongguan, Guangdong, 523000	Guangdong Province	0769-28630008
178	Dongguan Branch	Securities brokerage branch at Humen Avenue, Dongguan	Room 310, No. 142 Humen Revenue, Humen Town, Dongguan, Guangdong, 523000	Guangdong Province	0769-82881168
179	Dongguan Branch	Securities brokerage branch at Xuexing Road, Dongguan	Room 1030, No. 76 Xuexing Road, Dongcheng Street, Dongguan, Guangdong, 523106	Guangdong Province	0769-21681165
180	Dongguan Branch	Securities brokerage branch at Zongbu 2nd Road, Songshan Lake, Dongguan	Room 103, Block 1, Building 1, District 1, Everbright Digital Home, No. 2 Zongbu 2nd Road, Songshan Lake High-tech Industrial Development Zone, Dongguan, Guangdong, 523000	Guangdong Province	0769-22897922
181	Dongguan Branch	Securities brokerage branch at Dezheng Middle Road, Chang'an Town, Dongguan	Room 113, No. 222 Dezheng Middle Road, Chang'an Town, Dongguan, Guangdong, 523843	Guangdong Province	0769-23660688
182	Dongguan Branch	Securities brokerage branch at Dongjun Road, Dongguan	Shops A205-A209, Phase 1, Dongjunhaoyuan, No. 28 Dongjun Road, Nancheng District, Dongguan, Guangdong, 523000	Guangdong Province	0769-22220811
183	Dongguan Branch	Securities brokerage branch at Changping Avenue, Dongguan	2nd Floor, Building 1, Lianguan Plaza, Changping Avenue, Changping Town, Dongguan, Guangdong, 523560	Guangdong Province	0769-83335253

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
184	Chengdu Branch	Securities brokerage branch at Hongxing Road, Chengdu	No. 70, Section 2, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610021	Sichuan Province	028-82007711
185	Chengdu Branch	Securities brokerage branch at Neijiang Park Street	3rd Floor, Block B, Dijing Commercial Building, No. 150 Gongyuan Street, Shizhong District, Neijiang, Sichuan, 641000	Sichuan Province	0832-2034888
186	Chengdu Branch	Securities brokerage branch at Weiyuan Avenue, Weiyuan County, Neijiang	Room 501, Building 1, No. 253 Weiyuan Avenue, Yanling Town, Weiyuan County, Neijiang, Sichuan, 642450	Sichuan Province	0832-8239403
187	Chengdu Branch	Securities brokerage branch at Mianyuan Street, Deyang	No. 2-1, 2nd Floor, Block B, 102 Life Plaza, No. 276, Section 1, Mianyuan Street, Deyang, Sichuan, 618000	Sichuan Province	0838-2231810
188	Chengdu Branch	Securities brokerage branch at Jin'an Avenue, Guang'an	No. 201 and 202, No. 46, Section 1, Jin'an Avenue, Guang'an District, Guang'an, Sichuan, 638000	Sichuan Province	0826-8089992
189	Chengdu Branch	Securities brokerage branch at Dangui Street, Zigong	2nd Floor, Yingxiang Commercial Building, Group 37, Dangui Street Neighborhood Committee, Ziliujing District, Zigong, Sichuan, 643000	Sichuan Province	0813-8111555
190	Chengdu Branch	Securities brokerage branch at Baituba Road, Nanchong	No. 1, 2, 3, 4, 5 & 6, 2nd Floor, No. 344 Baituba Road, Shunqing District, Nanchong, Sichuan, 637000	Sichuan Province	0817-2163333
191	Chengdu Branch	Securities brokerage branch at Hongxing Road, Meishan	Room 301, 3rd Floor, Building 14, District 10, Rose Garden, No.167, Section 2, Hongxing East Road, Dongpo District, Meishan, Sichuan, 620010	Sichuan Province	028-38299265
192	Chengdu Branch	Securities brokerage branch at Yuejin Road, Mianyang	No. 31-37, 3rd Floor, Building 29, North District, Phase II, Changhong International, No. 6 Yuejin Road, Fucheng District, Mianyang, Sichuan, 621000	Sichuan Province	0816-2829888
193	Chengdu Branch	Securities brokerage branch at Chunxi Road, Chengdu	No. 1205, Office Building 2, International Finance Square, No. 1, Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610017	Sichuan Province	028-82095230
194	Chengdu Branch	Securities brokerage branch at Guanghua Avenue, Chengdu	No. 201, 2nd Floor, Building 11, No. 78 Guanghua East 4th Road, Qingyang District, Chengdu, Sichuan, 610015	Sichuan Province	028-87056421
195	Chengdu Branch	Securities brokerage branch at Chongwen Road, Yibin	No. 2-6, Chongwen Road, Xuzhou District, Yibin, Sichuan, 644600	Sichuan Province	0831-8233666
196	Xi'an Branch	Securities brokerage branch at Jiefang Road, Taiyuan	No. 139 Jiefang Road, Xinghualing District, Taiyuan, Shanxi, 030002	Shanxi Province	0351-3020076
197	Xi'an Branch	Securities brokerage branch at Minzhu Road, Urumqi	No. 137, Minzhu Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region, 830002	Xinjiang Uygur Autonomous Region	0991-6298767

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
198	Xi'an Branch	Securities brokerage branch at Xingqing Road, Xi'an	3rd and 4th floor, No. 98 Xingqing Road, Beilin District, Xi'an, Shaanxi, 710048	Shaanxi Province	029-83280088
199	Xi'an Branch	Securities brokerage branch at Wusi Street, Xining	No. 48, Wusi Street, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-6109512
200	Xi'an Branch	Securities brokerage branch at Huanghe Road, Xining	Level 5 & Level 6, Building 1, No. 154 Huanghe Road, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-8214543
201	Xi'an Branch	Securities brokerage branch at Jianguo Street, Xining	No. 26 Jianguo Street, Chengdong District, Xining, Qinghai, 810000	Qinghai Province	0971-8163988
202	Xi'an Branch	Securities brokerage branch at East Street, Hanzhong	No. 8 East Street, Hantai District, Hanzhong, Shaanxi, 723000	Shaanxi Province	0916-2530229
203	Xi'an Branch	Securities brokerage branch at Donggang West Road, Lanzhou	No. 555 Donggang West Road, Chengguan District, Lanzhou, Gansu, 730000	Gansu Province	0931-8729955
204	Xi'an Branch	Securities brokerage branch at Fenghuang North Street, Yinchuan	Business Room 25-109, Zhongying Yujing, Fenghuang North Street, Xingqing District, Yinchuan, Ningxia, 750001	Ningxia Hui Autonomous Region	0951-2130676
205	Xi'an Branch	Securities brokerage branch at Yingbin Avenue, Karamay	No. 75-13-1 Yingbin Avenue, Karamay District, Karamay, Xinjiang Uygur Autonomous Region, 834000	Xinjiang Uygur Autonomous Region	0990-6609961
206	Xi'an Branch	Securities brokerage branch at Tangyan Road, Xi'an	Unit 70113, L1 Floor, Mall Block D, Hesheng Jinguang Centre (T11), No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi, 710065	Shaanxi Province	029-89833633
207	Xi'an Branch	Securities brokerage branch at Wenjing Road, Economic Development Zone, Xi'an	Room 207, Building D, Baihualin International Business Plaza, South to Fengcheng 3rd Road, Wenjing Road, Economic and Technological Development Zone, Xi'an, Shaanxi, 710021	Shaanxi Province	029-89820100
208	Wuhan Branch	Securities brokerage branch at Xinhua Road, Wuhan	1st & 3rd Floors, Xihuaxi Meilin Mansion, No. 485 Xinhua Road, Jiangnan District, Wuhan, Hubei, 430015	Hubei Province	027-85784820
209	Wuhan Branch	Securities brokerage branch at Furong Middle Road, Changsha	(13th Floor, News Building) No. 469, Section 1, Furong Middle Road, Kaifu District, Changsha, Hunan, 410005	Hunan Province	0731-84895525
210	Wuhan Branch	Securities brokerage branch at Jingnan Avenue, Wuhan	Unit 4901-4906, Wuhan Henglong Plaza Office Building, No. 688 Jingnan Avenue, Qiaokou District, Wuhan, Hubei, 430030	Hubei Province	027-88068067
211	Wuhan Branch	Securities brokerage branch at Renmin Middle Road, Changsha	12th Floor, No. 218 Renmin Road, Yuhua District, Changsha, Hunan, 410001	Hunan Province	0731-88658866

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
212	Wuhan Branch	Securities brokerage branch at Beijing North Road, Shiyan	No. 35-40, 11th Floor, Building A, Wanda Plaza, No. 99 Beijing North Road, Hanjiang Street Office, Zhangwan District, Shiyan, Hubei, 442000	Hubei Province	0719-8681908
213	Wuhan Branch	Securities brokerage branch at Mochou Avenue, Zhongxiang	No. 66 Mochou Avenue, Zhongxiang, Jingmen, Hubei, 431900	Hubei Province	0724-4267130
214	Wuhan Branch	Securities brokerage branch at Zhongbei Road, Wuhan	20th Floor, Building T2, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, Hubei, 430071	Hubei Province	027-87839209
215	Wuhan Branch	Securities brokerage branch at Tanxi Road, Xiangyang	Room 3 and 5, 6th Floor, Unit 1, Building 1, Mingyuan, District A of Shanshuitanxi, Tanxi Road, Xiangcheng District, Xiangyang, Hubei, 441000	Hubei Province	0710-3516580
216	Wuhan Branch	Securities brokerage branch at Guanshan Avenue, Wuhan	Room 02-03, 7th Floor, Fanyue City Tower 2, No. 21 Guanshan Avenue, Donghu New Technology Development Zone, Wuhan (Wuhan Area of the Hubei Pilot FTZ), 430079	Hubei Province	027-63496288
217	Shandong Branch	Securities brokerage branch at Jingshi Road, Jinan	Room A106 and A Zone of 3rd Floor, Huate Plaza, No. 17703 Jingshi Road, Lixia District, Jinan, 250016	Shandong Province	0531-66599161
218	Shandong Branch	Securities brokerage branch at Jinhua Street, Yantai	Rooms 2808-2811 & 2820, Block B, Wanda Financial Center, No. 1 Jinhua Street, Zhifu District, Yantai, Shandong, 264001	Shandong Province	0535-6632666
219	Shandong Branch	Securities brokerage branch at Hong Kong West Road, Qingdao	19th Floor, Everbright International Finance Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, Shandong, 266071	Shandong Province	0532-83891123
220	Shandong Branch	Securities brokerage branch at Jinshui Road, Zhengzhou	No. 125-1 Jinshui Road, Jinshui District, Zhengzhou, Henan, 450003	Henan Province	0371-66762911
221	Shandong Branch	Securities brokerage branch at Liuquan Road, Zibo	1st Floor, No. 272 Liuquan Road, Hightech Zone, Zibo, Shandong, 255000	Shandong Province	0533-3153788
222	Shandong Branch	Securities brokerage branch at Zhoushan Road, Luoyang	No. 408, 409 & 411, Zhongtai Mansion, Zhoushan Road, Jianxi District, Luoyang, Henan, 471003	Henan Province	0379-60672166
223	Shandong Branch	Securities brokerage branch at Wanfu Road, Laiwu	No. 1 Wanfu North Road, Laicheng District, Laiwu, Shandong, 271100	Shandong Province	0634-5626676
224	Shandong Branch	Securities brokerage branch at Dongchang West Road, Liaocheng	Shop 8, Building 1, Shuicheng Jiayuan Community, No. 113 Dongchang West Road, Dongchangfu District, Liaocheng, Shandong, 252000	Shandong Province	0635-2180599
225	Shandong Branch	Securities brokerage branch at Taibai Road, Jining	Rooms 1901 & 1902, Unit 1, Jining Suning Project, No. 10 Taibai Road, Rencheng District, Jining, Shandong, 272000	Shandong Province	0537-7979558

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
226	Shandong Branch	Securities brokerage branch at Haibin North Road, Weihai	302, No. 98 Haibin North Road, Zhudao Street, Huancui District, Weihai, Shandong, 264200	Shandong Province	0631-5305659
227	Shandong Branch	Securities brokerage branch at Dongfeng East Street, Weifang	Rooms 2105, 2106 & 2109, Complex 2, Shenghuayuan Community, No. 5922 Dongfeng East Street, Beihai Community, Xincheng Street, HiTech Industrial Development Zone, Weifang, Shandong, 261000	Shandong Province	0536-8595525
228	Shandong Branch	Securities brokerage branch at Fuqian Street, Dongying	Rooms 1306 & 1307, 13/F, No. 82 Fuqian Street, Development Zone, Dongying, Shandong, 257000	Shandong Province	0546-7761700
229	Shandong Branch	Securities brokerage branch at Yaodian Avenue, Pingdingshan	Rooms 105, 205 & 110, Floor 1-2, Separate Building, Yingcheng Mingzuo, North Side of Yaodian Avenue Middle Section, Zhanhe District, Pingdingshan, Henan, 467000	Henan Province	0375-2336178
230	Shandong Branch	Securities brokerage branch at Tongan Road, Qingdao	Room 1101, Building 1, Rongbai Fortune Building, No. 886 Tongan Road, Laoshan District, Qingdao, Shandong, 266000	Shandong Province	0532-88700307
231	Shandong Branch	Securities brokerage branch at Finance Island, Zhengzhou	Southwest corner of 1st Floor, China Everbright Center, No. 22 Middle Ring Road, Finance Island, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone, 450000	Henan Province	0371-88928992
232	Shandong Branch	Securities brokerage branch at Longao West Road, Jinan	204 and 205, 2nd Floor, Building 3, Yinfeng Fortune Plaza, No. 1 Longao West Road, Lixia District, Jinan, Shandong, 250102	Shandong Province	0531-82395525
233	Fujian Branch	Securities brokerage branch at Wuyi North Road, Fuzhou	7th Floor, 1#, Zhenqiang Center, East Side, No. 153 Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, 350001	Fujian Province	0591-87810343
234	Fujian Branch	Securities brokerage branch at Tian'an Road, Quanzhou	3rd Floor, Youth Building, No. 288 Tian'an North Road, Fengze District, Quanzhou, Fujian, 362000	Fujian Province	0595-28281788
235	Fujian Branch	Securities brokerage branch at Guangchang South Road, Nanchang	Building 17, Hengmao Huacheng, No. 205 Guangchang South Road, Xihu District, Nanchang, Jiangxi, 330003	Jiangxi Province	0791-86665000
236	Fujian Branch	Securities brokerage branch at Financial Center Building, Zhanhong Road, Xiamen	Unit 01, 02 & 03A, 34th Floor, No. 82 Zhanhong Road, Siming District, Xiamen, 361000	Fujian Province	0592-7797779
237	Fujian Branch	Securities brokerage branch at Haojiang Road, Shishi	10th Floor, Zhonghe International Building, Haojiang Road, Shishi, Fujian, 362700	Fujian Province	0595-83995525
238	Fujian Branch	Securities brokerage branch at Qingchang Avenue, Fuqing	105, 1st floor, 13#, Qiaorong Garden, Yinxi Street, Fuqing, Fujian, 350300	Fujian Province	0591-85250366

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
239	Fujian Branch	Securities brokerage branch at Nanchang Middle Road, Zhangzhou	No. D16, Building 6, Liyuan Plaza, No. 31 Nanchang Middle Road, Xiangcheng District, Zhangzhou, Fujian, 363000	Fujian Province	0596-2990528
240	Fujian Branch	Securities brokerage branch at Gaoshi Road, Yichun	No. 1-201, 2nd Floor, Building 1, No. 981 Gaoshi Road, Yuanzhou District, Yichun, Jiangxi, 336000	Jiangxi Province	0795-3563333
241	Fujian Branch	Securities brokerage branch at Xingguo Road, Ganzhou	Shops A204# & A228#, Building A, Ganzhou Book Center, Caizhi Plaza, No. 18 Xingguo Road, Zhanggong District, Ganzhou, Jiangxi, 341000	Jiangxi Province	0797-8102710
242	Fujian Branch	Securities brokerage branch at Xueyuan Middle Street, Putian	Room 201, No. 60/66/88 Xueyuan Middle Street, Fenghuangshan Street, Chengxiang District, Putian, Fujian, 351100	Fujian Province	0594-2022666
243	Branch directly under the headquarters	Securities brokerage branch at Nanjing West Road, Jingan District, Shanghai	Room 1005, No. 699 Nanjing West Road, Jing'an District, Shanghai, 200041	Shanghai	021-80197037
244	Branch directly under the headquarters	Securities brokerage branch at Kaixuan Road, Changning District, Shanghai	Room 301, Building 1, No. 399 Kaixuan Road, Changning District, Shanghai, 200050	Shanghai	021-62160279