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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, 2020**

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, 2020. This announcement, containing the full text of the 2020 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 final results for the year ended December 31, 2020 have been reviewed by the audit committee of the Company.

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.ebscn.com](http://www.ebscn.com)). The Company’s 2020 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**  
**Yan Jun**  
*Chairman*

Shanghai, the PRC  
March 25, 2021

*As at the date of this announcement, the board of directors of the Company comprises Mr. Yan Jun (Chairman, Executive Director), Mr. Liu Qiuming (Executive Director), Mr. Song Bingfang (Non-executive Director), Mr. Fu Jianping (Non-executive Director), Mr. Yin Lianchen (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), 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 4th 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. Yan Jun, the person-in-charge of the Company and Liu Qiuming, the person-in-charge of accounting affairs, and He Mannian, 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 2020 that was considered and approved at the 4th meeting of the sixth session of the Board of the Company is set forth as follows:

On the basis of a total share capital of 4,610,787,639 A Shares and H Shares in issue as of December 31, 2020, cash dividend of RMB1.58 per 10 shares (tax inclusive) will be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB728,504,446.96. The above distribution proposal will be proposed at the general meeting of the Company for consideration and is subject to the approval by the Company's shareholders at the general meeting before implementation.

- 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. 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:

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 cash flows
AUM	Assets under management
Board, Board of Directors	the board of Directors of the Company
CDR	China Depository Receipt
China or PRC	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
CMBN	Commercial mortgage – backed notes
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
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
EBSHK	Everbright Securities Financial Holdings Limited (光大證券金融控股有限公司), a wholly-owned subsidiary of the Company
ESIL	Everbright Securities (International) Limited (光大證券(國際)有限公司), a wholly-owned subsidiary of EBSHK
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 controlling 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 controlling subsidiary of the Company
Everbright SHK	Everbright Sun Hung Kai Company Limited (光大新鴻基有限公司), a wholly-owned subsidiary of SHKFGL
Everbright Yunfu	Everbright Yunfu Internet Co., Ltd. (光大雲付互聯網股份有限公司)
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)

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

IFRS	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board, and interpretation issued by the International Accounting Standards Committee (IASC)
IPO	initial public offering
maintenance margin ratio	the ratio 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 (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
MOT	moments of truth
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 2020 (January 1, 2020 to December 31, 2020)
SAFE	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

security transactions with repurchase agreement	a transaction in which a qualified client sells the subject securities at an agreed price to the securities firm which is the custodian of such securities, and agrees to purchase the subject securities from the securities firm at another agreed price on a future date, and the securities firm will return the relevant yields generated by the subject securities during the period pending for repurchase to the client pursuant to the agreement signed with the client
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
SHKFGL	Sun Hung Kai Financial Group Limited (新鴻基金金融集團有限公司), a wholly-owned subsidiary of the Company
SSE	Shanghai Stock Exchange
stock index futures	a financial futures contract using stock price index as the subject matter, that is, a standard form of contract to be entered into by both parties which stipulates the performance of a transaction on stock price index at an agreed price on a specific date in future, and in which the stock price index of a stock market is the subject matter of the transaction
Supervisor(s)	the supervisor(s) of the Company
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.

## 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 "III. Management Discussion and Analysis on the Future Development of the Company – (IV) Potential risk exposure" of Section IV "Report of the Board" and section V "Significant Events" in this report 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. Yan Jun and Dr. Ngai Wai Fung

### Registered capital and net capital of the Company:

	<b>As at December 31, 2020</b>	<i>Unit : RMB</i> As at December 31, 2019
Registered capital	<b>4,610,787,639.00</b>	4,610,787,639.00
Net capital	<b>40,337,555,050.59</b>	37,185,821,381.28

### 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 specific licensed projects that 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 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 subsidiaries, please refer to Appendix 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
Postal code of the registered address of the Company	200040
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	<a href="http://www.ebscn.com">http://www.ebscn.com</a>
E-mail address	<a href="mailto:ebs@ebscn.com">ebs@ebscn.com</a>
Principal place of business in Hong Kong of the Company	12/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong

### IV. Information Disclosure and Place of Inspection

Media designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of the annual report	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Website designated by Hong Kong Stock Exchange for publication of the annual report	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place where the annual report of the Company is available for inspection	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

### VI. Other Information of the Company

#### 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.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 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 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 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.

## **SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS**

### **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 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.

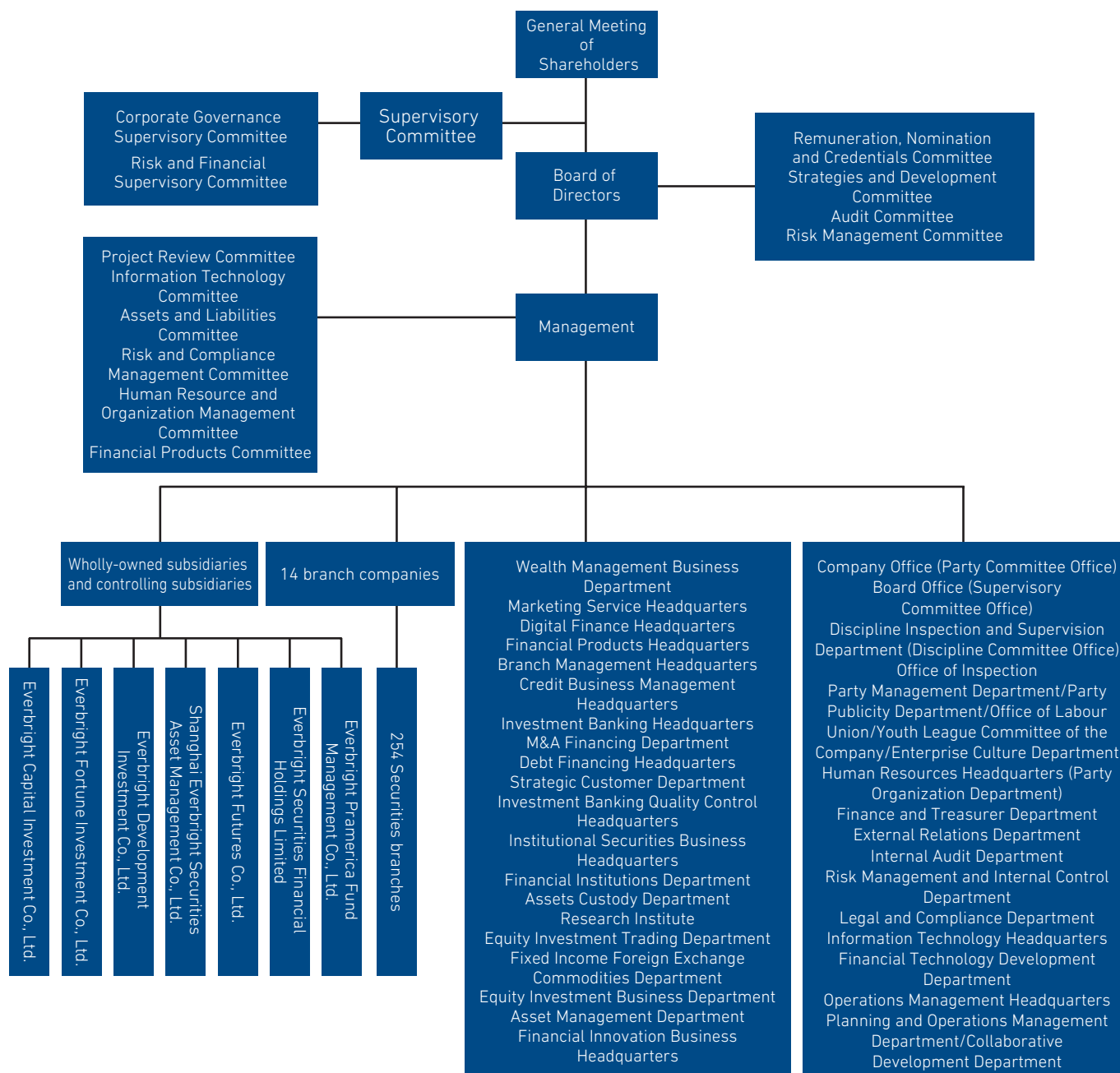
### **Public offering of H Shares and listing on the Hong Kong Stock Exchange in 2016**

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

### ORGANIZATION STRUCTURE

#### 1. Organizational chart



Note: The above organizational chart is the organization structure as of the date of this report and only contains the first-level controlling subsidiaries of the Company.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 2. Information about the first-level 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, No. 729 Yanggao South Road, Free Trade Experimental Zone (Shanghai), China	April 8, 1993	Yu Dawei (俞大偉) 021-80212288
Everbright Asset Management	RMB200 million	100%	26th Floor, Tower 3, Lujiazui Century Financial Plaza, No. 799 Yanggao South Road, Pudong New Area, Shanghai	February 21, 2012	Xiong Guobing (熊國兵) 021-22169999
Everbright Fortune	RMB2 billion	100%	Room 801-803, No. 1508 Xinzha Road, Jing'an District, Shanghai	September 26, 2012	Chen Xiaolong (陳曉龍) 021-68815575
EBSHK	HK\$5.065 billion	100%	28/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	November 19, 2010	Li Bingtao (李炳濤) 852-21068367
Everbright Development	RMB500 million	100%	Room 209, Western District, Level 2, No. 707 Zhangyang Road, Free Trade Experimental Zone (Shanghai), China	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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

As of the date of this report, the Company has 14 branch companies and 254 securities brokerage branches located nationwide in 126 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 the Appendix to this report.

## VII. Other Relevant Information

<b>Accounting firm engaged by the Company (Domestic):</b>	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	Wang Ziqing (王自清), Chen Qi (陳奇)
<b>Accounting firm engaged by the Company (International):</b>	Name	Ernst & Young
	Business address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
	Name of signatory accountants	Kelvin Leung
<b>Domestic legal advisor:</b>	King & Wood Mallesons	
<b>International legal advisor:</b>	Clifford Chance	
<b>A Share Registrar:</b>	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
<b>H Share Registrar:</b>	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

Item	2020 (RMB' 000)	2019 (RMB' 000)	Variance as compared to the last corresponding period	2018 (RMB' 000)
<b>Operating results</b>				
Revenue and other income	<b>21,033,981</b>	15,352,397	37.01%	13,482,584
Profit before income tax	<b>3,998,811</b>	1,218,853	228.08%	305,441
Net profit attributable to shareholders of the Company	<b>2,334,078</b>	567,945	310.97%	103,323
Net cash from operating activities	<b>13,255,982</b>	29,000,071	(54.29%)	(11,385,210)
	<b>(RMB/share)</b>	(RMB/share)		(RMB/share)
<b>Earnings per share</b>				
Basic earnings per share	<b>0.50</b>	0.12	316.67%	0.02
Diluted earnings per share	<b>0.50</b>	0.12	316.67%	0.02
<b>Index of profitability</b>				
Weighted average returns on net assets	<b>4.74%</b>	1.20%	Increased by 3.54 percentage points	0.21%

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	As of December 31, 2020 (RMB' 000)	As of December 31, 2019 (RMB' 000)	Variance as compared to the last corresponding period	As of December 31, 2018 (RMB' 000)
<b>Scale indices</b>				
Total assets	<b>228,736,384</b>	204,090,347	12.08%	205,779,038
Total liabilities	<b>175,541,283</b>	155,071,539	13.20%	157,021,183
Accounts payable to brokerage clients	<b>60,102,708</b>	45,710,991	31.48%	35,965,897
Equity attributable to shareholders of the Company	<b>52,448,880</b>	47,444,725	10.55%	47,203,028
Total equity of owners	<b>53,195,101</b>	49,018,808	8.52%	48,757,855
Total share capital ('000 shares)	<b>4,610,788</b>	4,610,788	–	4,610,788
Net assets per share attributable to shareholders of the Company (RMB/share) <sup>Note 1</sup>	<b>10.94</b>	10.29	6.32%	10.24
Gearing ratio <sup>Note 2</sup>	<b>68.46%</b>	69.05%	Decreased by 0.59 percentage point	71.29%

Note 1: Net assets per share is calculated based on owners' equity attributable to shareholders of the 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 listed companies for the comparable periods as disclosed in the financial reports prepared in accordance with the IFRS 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

Item	As of December 31, 2020 (RMB' 000)	As of December 31, 2019 (RMB' 000)
Core net capital	<b>38,337,555</b>	35,685,821
Subordinate net capital	<b>2,000,000</b>	1,500,000
Net capital	<b>40,337,555</b>	37,185,821
Net assets	<b>54,730,159</b>	48,140,820
Provisions for risk capital	<b>14,258,288</b>	13,895,826
On-balance sheet and off-balance sheet assets	<b>155,541,720</b>	136,400,307
Risk coverage ratio (%)	<b>282.91</b>	267.60
Capital leverage ratio (%)	<b>26.24</b>	28.25
Liquidity coverage ratio (%)	<b>209.17</b>	216.46
Net stable funding ratio (%)	<b>164.25</b>	146.79
Net capital/Net assets (%)	<b>73.70</b>	77.24
Net capital/Liabilities (%)	<b>41.45</b>	43.92
Net assets/Liabilities (%)	<b>56.24</b>	56.85
Value of proprietary trading of equity securities and equity derivatives/Net capital (%)	<b>25.27</b>	21.29
Value of proprietary trading of non-equity securities and non-equity derivatives securities/Net capital (%)	<b>166.95</b>	191.69

Note: In accordance with the Decision on Amending to the Administrative Measures for Risk Control Indicators of Securities Companies (CSRC Order No. 125) and the Calculation Standard for Risk Control Indicators of Securities Companies (CSRC Announcement [2020] No. 10), the opening data have been recalculated and presented in accordance with the new standard in order to comply with the reporting requirements for this year.

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

	2020	2019	2018	2017	2016
Revenue and other income	<b>21,034.0</b>	15,352.4	13,482.6	14,761.2	13,868.5
Total expenses	<b>17,125.0</b>	14,209.0	13,154.8	10,766.9	9,936.5
Profit before income tax	<b>3,998.8</b>	1,218.9	305.4	4,077.7	3,991.5
Profit for the year – attributable to shareholders of the Company	<b>2,334.1</b>	567.9	103.3	3,016.5	3,013.0

#### 2. Asset information

RMB: million

	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017	As of December 31, 2016
Total assets	<b>228,736.4</b>	204,090.3	205,779.0	205,864.4	177,637.3
Total liabilities	<b>175,541.3</b>	155,071.5	157,021.2	155,841.7	129,000.6
Accounts payable to brokerage clients	<b>60,102.7</b>	45,711.0	35,965.9	41,060.3	55,343.3
Equity attributable to shareholders of the Company	<b>52,448.9</b>	47,444.7	47,203.0	48,575.9	47,195.7
Share capital	<b>4,610.8</b>	4,610.8	4,610.8	4,610.8	4,610.8

#### 3. Key financial indicators

	2020	2019	2018	2017	2016
Basic earnings per share (RMB)	<b>0.50</b>	0.12	0.02	0.65	0.74
Diluted earnings per share (RMB)	<b>0.50</b>	0.12	0.02	0.65	0.74
Weighted average returns on net assets	<b>4.74%</b>	1.20%	0.21%	6.26%	7.29%
Gearing ratio <sup>Note 1</sup>	<b>68.46%</b>	69.05%	71.29%	69.65%	60.23%
Net assets per share attributable to shareholders of the Company <sup>Note 2</sup> (RMB/share)	<b>10.94</b>	10.29	10.24	10.54	10.24

Note 1: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients)

Note 2: Net assets per share are calculated based on equity attributable to shareholders of the Company less other equity instruments

## SECTION III SUMMARY ON THE BUSINESS OF THE COMPANY

### I. The Company's Main Businesses, Operation Model, and Industrial Description for the Reporting Period

#### (I) The Company's principal business and business model

**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 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 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, alternative investment and PPP businesses.

#### (II) Description of industrial situation during the Reporting Period

In 2020, affected by the COVID-19 pandemic, the world economy struggled to recover. In the face of severe domestic and foreign environments, China has taken the lead in controlling the epidemic, resuming work and production, and become the only major economy in the world that has achieved positive economic growth. In 2020, China's GDP reached RMB101.6 trillion, representing a year-on-year increase of 2.3%, of which fixed asset investment, total import and export, and per capita disposable income have all recorded growth; with GDP exceeding the milestone of RMB100 trillion, our national strength has been continuously strengthened, laying a solid foundation for the formation of a new development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement.

In 2020, the regulatory authorities have accelerated the deepening of capital market reforms. In the recommendations of the "14th Five-Year Plan", the "all-round implementation of the registration system for stock issuance" has been proposed to strengthen the capital market's function as a hub, and increase the proportion of direct financing, which would bring huge development opportunities for corporate financing. In this regard, the regulatory authorities held an attitude of "building a system without intervention but with zero tolerance for violation". During the year, the new Securities Law was implemented, which has made substantial improvements in reforming the securities issuance, trading and acquisition systems, strengthening information disclosure requirements, increasing investor protection, and increasing the fines of securities violations, further deepening the reform of the basic securities market system. The CSRC officially abolished the restrictions on the foreign equity ratio when investing in securities companies. Furthermore, in the future, foreign securities firms may seek controlling position. The industry entered a new stage of healthy competition with foreign competitors' entry, as these foreign securities firms with strong comprehensive strength would force domestic securities firms to reform and to transform.

## SECTION III SUMMARY ON THE BUSINESS OF THE COMPANY

In 2020, the prosperity of the securities industry has improved significantly. The A-share market has shown a trend of growth, the Shanghai and Shenzhen 300 Index has risen by 27.2%, and trading activity has greatly improved, with an average daily stock trading volume of RMB839.4 billion, representing a year-on-year increase of 62.5%. According to statistics from the Securities Association of China, in 2020, the securities industry realized operating income of RMB448.479 billion, representing a year-on-year increase of 24.41%; net profit of RMB157.534 billion, representing a year-on-year increase of 27.98%, and 127 securities companies had achieved profitability. As of the end of 2020, the total assets of the securities industry were RMB8.90 trillion, and the net assets were RMB2.31 trillion, an increase of 22.50% and 14.10% year-on-year respectively. The balance of client transaction settlement funds (including credit transaction funds) was RMB1.66 trillion, and the total principal under its management was RMB10.51 trillion. The market balance of the margin financing and securities lending was RMB1,619 billion, an increase of 58.8% from the beginning of the year. Equity and debt financing were showing an upward trend. In the two markets, the whole industry completed lead underwriting for a total of RMB1.7 trillion worth of shares, an increase of 8% year-on-year, of which IPO financing was RMB526 billion, an increase of 74.7% year-on-year. Securities companies had underwritten bonds amounted to RMB13.5 trillion, representing a year-on-year increase of 28%.

### *Descriptions of the material changes in the major assets of the Company during the Reporting Period*

The major assets of the Company include monetary assets, clearing settlement funds, margin accounts, financial assets held under resale agreements, long-term equity investment and financial instrument investments. For details of the changes in the major assets during the Reporting Period, please refer to "II. Business Review – (I) Analysis of the principal businesses – 5. Analysis on principal components of consolidated statement of financial position" under Section IV "Report of the Board". Of which: Overseas assets reached RMB23.728 billion, representing 10.37% of the total assets.

## II. Analysis on Core Competitive Strengths During the Reporting Period

### (I) Shareholder's strong background

Everbright Group, the controlling shareholder of Everbright Securities, was promoted and established by the MOF and Huijin. It has a complete set of financial services licenses and featured businesses related to environmental protection, tourism, healthcare, high-tech industry. It has established agencies and business presence at home and abroad. Everbright Group is a state-owned large-scale comprehensive finance holding group 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. With the strategic objective of building a flexible, technological and ecological world-class finance holding group and under the overall industrial strategy of "Refining finance, optimizing industries and consolidating the position of the Group", Everbright Group builds up the six E-SBU coordinated development mechanism of wealth, investment, investment banking, tourism, healthcare and environmental protection to make its efforts to achieve the coordinated development incorporated with quality, efficiency and scale. As one of the core financial service platforms of the Group, the Company adheres to the business philosophy of the Group and is committed to serving for the direct financing demand of the real economy. The Group will continuously broaden its own horizon to take insight on the changes in the industry and develop the customers' demand profoundly, by virtue of the vast platform and the extensive resources.

## SECTION III SUMMARY ON THE BUSINESS OF THE COMPANY

### (II) Firm strategy execution

2020 is the first year for the Company to comprehensively implement its new strategy. Adhering to the fundamental principle of “pursuing progress amid stability, seeking opportunity amid changes and seeking innovation amid progress” and taking “establishing a first-class investment bank in China” as our strategic goal, the Company unswervingly promoted the transformation of “marketization, specialization and intensification”. As the Company adhered to its strategies, continued to optimize the allocation of key resources and improved our services in line with the business strategy, the principal operational indicators improved significantly during the Reporting Period.

### (III) Distinctive synergy

With the guidance of the E-SBU coordinated development strategy, the Company continuously enhanced its cooperation with companies comprising the Group and realized synergies in aspects such as customer base expansion and channel exploration. The Company is committed to building an ecosystem of coordinated business development and providing diversified and integrated financial products and services to domestic and overseas customers under the “customer-centric” operational philosophy. Full internal and external linkage and distinctive synergy has created balanced and stable revenue streams for the Company.

### (IV) Marketing talent mechanism

The Company’s workforce comprises high-quality staff, young and energetic talent, and efficient and competent cadres. The Company deeply implemented the idea of “Eight Flexibility” to construct a marketing talent mechanism of “Flexible Recruitment and Dismissal, Flexible Promotion Demotion, Flexible Treatment and Flexible Cadre Alteration and Replacement”. During the Reporting Period, the Company recruited staff around the world to expand its senior management team so as to optimize and improve staffing of the management. It also introduced “Soliciting Talents Scheme” and other talent soliciting programme to take full advantage of all talents.

### (V) Culture construction to guide management improvement

The Company actively practiced the industry culture concept of “compliance, integrity, professionalism and prudence”, established the Supporting System and Improvement Plan for Industry Culture Construction and identified ten major directions for industry culture construction, strived to build cultural “soft power” with assimilation and leadership as the core, and transformed cultural advantages into the Company’s competitive advantages and development advantages, so as to empower its development with culture, build a powerful “cultural engine” to promote its high-quality development. During the Reporting Period, the Company carried out a pilot project of corporate culture diagnosis, established a unique corporate culture value by forming the basic cultural principles of “being energetic, sincere and brilliant”, and innovatively proposed the Light Chaser’s Covenant to become the code of conduct for all employees, so as to guide management improvement through culture construction.

## SECTION IV REPORT OF THE BOARD

The Board hereby presents the annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2020. All relevant sections of this report referred to in this Report of the Board form part of this Report of the Board.

### I. Discussion and analysis on business operation

Facing the complex and ever-changing market environment, under the leadership of the Company's party committee and Board of Directors, the Company has unified its thinking and understanding to reach a consensus on development, and promoted the rolling optimization of medium and long-term strategies. The business synergy ecosystem built on the basis of business "clusters" has been gradually taking shape, making the Company's competition advantages more prominent, and contributing to solid and effective internal and external collaboration, strict risk compliance, and greatly improved market recognition. During the Reporting Period, the classification rating of the Company returned to AA rating in A class, which was due to the significant increase in major financial indicators. During the Reporting Period, the Company has achieved cumulative revenue of RMB21.0 billion, representing a year-on-year increase of 37%; and achieved net profit attributable to shareholders of the parent company of RMB2.3 billion, representing a year-on-year increase of 311%. The Company has maintained Moody's Baa3 international credit rating, with a stable outlook.

Since January 2020, COVID-19 prevention and containment measures have been effectively implemented nationwide. COVID-19 has not caused a material adverse impact on the Company's finances and operations. The Company will strictly comply with the requirements listed in "Notice of Further Strengthening Financial Support for the Prevention and Control of the Epidemic of Novel Coronavirus Pneumonia" by People's Bank of China, Ministry of Finance, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and State Administration of Foreign Exchange Departments. The Company will also reinforce its support for pandemic prevention and control through financial means, continue to pay close attention to the development of COVID-19, and proactively respond to COVID-19's impact on the Group's financial situation and operations.

### II. Business review

#### (I) Analysis of the principal businesses

##### 1. Segment revenue and segment expenses

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.

Table 1: Table of the principal businesses by segments

Unit: RMB' 000

Item	2020				2019			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business segment	11,491,984	55%	9,295,703	54%	7,005,234	46%	5,778,988	41%
Corporate financing business segment	2,341,644	11%	1,106,753	6%	1,823,037	12%	1,196,656	8%
Institutional customer business segment	1,199,059	6%	422,160	2%	935,336	6%	502,605	4%
Investment trading business segment	2,575,134	12%	574,109	3%	2,406,089	16%	1,018,444	7%
Asset management business segment	2,236,931	11%	1,043,960	6%	2,005,610	13%	1,113,146	8%
Equity investment business segment	(467,451)	(2)%	2,485,254	15%	(538,289)	(4)%	2,471,797	17%

## SECTION IV 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 2020, this business segment achieved revenue of RMB11.5 billion, accounting for 55% of the Group's total revenue.

#### *Market environment*

In 2020, the increase momentum of A-share market has led the world's major stock markets, boosting investor confidence. Specifically, securities trading volume and activity continued to increase, the average daily turnover of stock bases increased by 63% year-on-year; the two drivers of stock trading and product sales has been promoted hand-in-hand, wealth management industry has shown the hierarchical competition pattern, and the penetration rate of Internet wealth management business continued to increase. The inflow of funds from the north continued to increase, so did foreign capital. It has increasingly become the mainstream to invest based on index, data, and value. The outstanding performance of professional institutional investors represented by public funds has driven the rapid growth of financial institutions' sales of financial products and other business income. The commission rate continued to decline, and the volume of traditional channel business decline further, promoting securities companies to accelerate their transformation towards wealth management and digitalization.

In 2020, the balance of margin financing and securities lending in the entire market increased substantially. As of the end of 2020, the balance of margin financing and securities lending in the entire market was RMB1,619.0 billion, an increase of 58.84% from the end of 2019. Among them, the margin financing balance was RMB1,482.0 billion, an increase of 47.39% from the end of 2019. In 2020, the scale of stock pledge in the entire market continued to decline. As of the end of 2020, the lending of proprietary funds of securities companies in stock pledge was RMB300.9 billion, a decrease of 30.20% from the end of 2019.

According to statistics from the China Futures Association, in 2020, the accumulated trading volume in the national futures market was 6.153 billion lots and the accumulated turnover was RMB437.53 trillion, representing a year-on-year increase of 55.29% and 50.56%, respectively.

In 2020, volatility in overseas securities markets has intensified. The epidemic prevention and gathering restriction order, immigration controls and other measures in Hong Kong region have a greater impact on the development of offline securities business. As of the end of 2020, the Hang Seng Index was 27,231 points, representing a 3.4% decline during the year, and trading in the Hong Kong stock market was relatively active.

## SECTION IV REPORT OF THE BOARD

### *Operational measures and performance*

#### (1) Retail business

In 2020, the Company established the wealth management department, the retail business was promoted in an orderly manner focusing on the following tasks, and the transformation of wealth management has achieved initial results. The first was to optimize the structure and upgrade management. The reform of branch management system and mechanism continued to advance. The second was to adopt three-dimensional marketing and strengthen the operation of business. Through marketing activities such as “2020 Wining at the Beginning”, “2020 Glory Campaign” and “Private Equity Competition”, the Company has managed to focus on customers, the introduction of high-quality assets and professional institutions. The third was the transformation of product sales and revenue model. The Company built three product systems to further improve product evaluation and asset allocation capabilities, established optimal fund pools and portfolios, and continued to enrich the types and quantities of its financial products; besides, it continued to improve the product quality of “Golden Sunshine Wealth Management Plan”; established full-process management of proxy sales to improve sales efficiency and customer experience; for the year, key public offering sales increased by 68% year-on-year, and private equity sales increased by 169% year-on-year. The fourth was to carry out the account opening project to achieve coordinated linkage. Based on the “E-SBU” framework of Everbright Group, the Company has jointly promoted the “110 Plan” with China Everbright Bank and launched “Cloud Sharing” and “Benefit Sharing” activities, in which a total of more than 80,000 new securities accounts were opened. The fifth was to focus on the existing customers, improve efficiency and benefit, based on customer classification and hierarchy, carry out labor division and hierarchical management in service, offer special services around margin financing and securities lending, sales, investment consulting and other businesses, so as to promote its asset income and efficiency. The sixth was to build long-tail project, provide supporting services and strengthen financial technology to improve online customer service by creating a new special area for fixed-term investment fund. The artificial intelligence service product “Smart Investment Rubik’s Cube” has attracted more than 72,000 subscribers. The seventh was to build a team and strengthen its foundation. Wealth managers increased by 15% to 1,352. Through the “Light Source Classroom” and “Hundred Days of Foundation Building” series of training, we have continued to build a professional and skilled marketing team and increase team productivity.

As of the end of 2020, the Company’s market share (including seat leasing) of net income from securities trading on behalf of customers was 2.26%, ranking 15th in the market, the same as the end of the previous year. The Company’s market share (excluding seat leases) of net income from securities trading as an agent was 2.07%, ranking 16th in the market, the same as the end of the previous year. The monthly activity of Golden Sunshine APP increased by 54% year-on-year to 2.56 million, and its ranking in the brokerage APPs increased by 2 to 15th. 540,000 new accounts were opened throughout the year, an increase of 106% year-on-year, of which online opening accounted for more than 60%. The total number of customers reached 4.12 million, and customer assets increased by 35% year-on-year to RMB1.16 trillion.



## SECTION IV REPORT OF THE BOARD

### (2) Margin financing and securities lending business

In 2020, the Company seized market opportunities to strengthen its leading position in marketing, establish a differentiated price management system, thus achieving growth in both the scale and market share of margin financing and securities lending business. As of the end of 2020, the Company's margin financing and securities lending balance was RMB43.641 billion, an increase of 59.09% over the end of 2019; the market share was 2.70%, an increase of 0.37% over the end of 2019. The Company's securities lending balance was RMB2.451 billion, with a market share of 1.79%.

### (3) Stock pledge business

In 2020, the Company has recorded steady development in stock pledge business, strictly controlled the quality of projects, and effectively resolved existing risks. As of the end of 2020, the Company's stock pledge balance was RMB5.998 billion, a decrease of 48.01% from the end of 2019. Of which, the balance of the Company's own funds was RMB4.124 billion, a decrease of 34.38% from the end of 2019. The weighted average performance guarantee ratio of the Company's stock pledge projects was 153.63%, while the weighted average performance guarantee ratio of self-funded projects was 196.25%.

### (4) Futures brokerage business

The Company mainly develops future brokerage business through its wholly-owned subsidiary, Everbright Futures. In 2020, Everbright Futures has firmly maintained its strategic positioning, closely caught up with market opportunities, and made every effort to take advantage of the trend, in order to boost its business development at a rapid pace, and expand its business scale; record substantial advancement in innovative businesses such as asset management, institutional business, and the Internet business; continuously optimize the customer structure, and accelerate the transformation to a wealth management futures company by technological innovation means and the improvement of service. In 2020, Everbright Futures achieved an average daily margin of RMB11.736 billion, and a market share of 2.44% in trading volume. The trading volume of Everbright Futures represented 1.64%, 1.76%, 3.63%, 3.62% and 1.34%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and the Energy Center. The cumulative market share of stock options trading of Everbright Futures in SSE was 1.79% for the year of 2020.

### (5) Overseas wealth management and brokerage business

The Company develops overseas wealth management and brokerage business through its Hong Kong subsidiary. In 2020, the Hong Kong subsidiary focused on improving the wealth management product platform to attract high-quality sales talents and expand high-net-worth customer groups. It actively promoted the upgrading of financial technology to improve the online and mobile service functions. According to public data from the Hong Kong Stock Exchange, its brokerage business market share was 0.41%, and the total transaction volume for the year increased by 88% year-on-year. It also further enriched wealth management product platforms, moved forward steadily its options and futures businesses; strengthened the US stock trading platform, and enriched products linked to US stocks. The total turnover of US stock products for the year increased by 2.5 times year-on-year. As of the end of 2020, the total number of overseas securities brokerage customers was 137,000, the total amount of client assets under custody was HK\$130.5 billion, and the total margin financing was HK\$6.268 billion.

## SECTION IV REPORT OF THE BOARD

### *Outlook for 2021*

In 2021, the Company's retail business will be guided by "expanding new growth and deepening existing market", consolidate our position in traditional business and seize the opportunities to expand market share in transformation, guide structural adjustments through marketing strategies, advance targeted marketing through continuous optimization of business development tools, build the Everbright Securities financial product sales brand through increasing the introduction of leading public offerings, private equity star products, promote the development of online and offline collaborative digital wealth management business through the empowerment of technology, and further deepen the transformation of wealth management. The Company will focus on institutional customers and high-net-worth customers to actively expand source of bonds and tap customer strategic trading needs, enhance professional services and customer experience, strengthen risk identification and management efficiency, so as to achieve high-quality development of margin financing and securities lending business; for the stock pledge business, the Company will strictly control the quality of projects, implement fine management of quotas, and enhance comprehensive service capabilities. Everbright SHK's wealth management and brokerage business will further optimize customer hierarchical management, focus on the expansion of high-net-worth customers, launch customer experience programs, improve service quality, to enhance customer loyalty. Everbright Futures will firmly grasp market development opportunities to explore institutional and product channels, accelerate the development of industrial customers, improve the quality of risk management business, and vigorously promote the development of wealth management business.

### **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 2020, the business segment achieved business income of RMB2.3 billion, accounting for 11% of the Company's total revenue.

#### *Market environment*

In 2020, new rules governing refinancing business and reformation on registration system for the ChiNext Market further promoted the development of capital market towards marketization and legalization, and investment banks ushered in a period of rapid business growth. The CSRC announced the launch of the comprehensive deepening reform of the NEEQ to further accelerate the reform of the financial system and to improve the basic system of the capital market, therefore achieved multi-tiered capital market connectivity. According to Wind data, as of the end of 2020, the total amount of funds raised in the A-share market was RMB1.7 trillion, representing a year-on-year increase of 8.19%; the number of IPOs increased significantly compared with 2019. The amount of IPO funds raised was RMB469.963 billion, representing a year-on-year increase of 85.57%. The bond market occurred more default events, further increasing the difficulty of bond underwriting business; market competition intensified markedly, leading the underwriting fee rate to show a downward trend; resources were further concentrated to leading brokerage companies, leading to increasingly fierce competition for the market place of underwriting scale. In 2020, the bond underwriting scale of securities companies was RMB10.24 trillion, representing a year-on-year increase of 34.38%. The China Banking and Insurance Regulatory Commission published the Interim Measures for the Supervision and Administration of Financial Leasing Companies to further strengthen the supervision of the financial leasing industry.

Various reforms have been introduced in the Hong Kong market, and the IPO market performed well in 2020. The number of IPOs of new economy stocks increased slightly by 5% to 41, while the amount increased significantly by 56% to approximately US\$30 billion; TMT and the medical industry continued to maintain their dominant positions. There were 16 mega projects with more than US\$1 billion raised, accounting for approximately 63% of the amount raised through the main board. The issuance of Chinese-funded US dollar bonds was approximately US\$214.7 billion, with an annual net increase of approximately US\$100.5 billion.

## SECTION IV REPORT OF THE BOARD

### **Operational measures and performance**

#### (1) Equity financing business

In 2020, the Company's investment bank insisted on improving quality and efficiency, and vigorously expanded IPO business opportunities, and effectively promoted the application, review and listing of high-quality Sci-tech Innovation Board projects, advancing project implementation and thus achieving major breakthroughs in performance. The Company's accumulated equity underwriting scale was RMB17.27 billion, an increase of 75.8% year-on-year, and its market share was 1.02%, an increase of 0.4 percentage point compared with the same period last year. Of which, the IPO financing scale was RMB10.87 billion, an increase of 403% year-on-year, and the market share was 2.26%, an increase of 1.41 percentage points from the same period last year. It has acted as the lead underwriter for 31 equity financing projects, ranking 11th in the industry, advanced 4 places over the same period last year. It has acted as lead underwriter for 18 IPO projects, ranking 9th in the industry, including 8 Sci-tech Innovation Board projects. The Company has abundant projects in its pipeline, with 22 IPOs being reviewed by official supervision organs, and relatively sufficient refinancing and M&A reserve projects at hand as of the end of the year 2020.

#### (2) Debt financing business

In 2020, the number of underwriting projects for corporate bonds was 1,503, representing a year-on-year increase of 37.89%. The underwriting amount was RMB412.547 billion, with a market share of 4.22%, ranking 7th in the industry. And the underwriting amount of asset securitization business was RMB138.091 billion, with a market share of 6.46% and ranking 7th in the industry. The Company deeply implements the national strategic deployment, actively participates in the underwriting of local debt, and the scale of local debt underwriting business ranks 6th in the industry.

In terms of innovative financing projects for bond underwriting business, the Company actively promoted innovation and has completed a number of first financing projects, i.e. the market's first innovative ABN project of local state-owned enterprise, the largest single-phase issuance of innovative ABN project, and the first storage shelf-type commercial REITs of real estate fund. The Company actively participated in epidemic prevention and control by successfully issuing 9 specialized financing projects for epidemic prevention and control including Shenzhen Metro. The Company has successively won the 2020 Outstanding Contribution Award for on-Bank Underwriters of Local Bonds by China Central Government Securities Depository Trust & Clearing Co., Ltd., Outstanding Local Government Bond Underwriter by Shanghai Stock Exchange, Outstanding Interest Rate Bond Underwriter by Shenzhen Stock Exchange and other honorary titles.

Table 1: The underwriting amount and number of issued projects of major types of bond of the Company

<b>Type of bonds</b>	<b>Underwriting amount (RMB100 million)</b>	<b>Number of issued projects</b>	<b>Industry ranking</b>
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	563.65	149	3
Corporate bonds	587.41	122	16
Asset securitization	1,380.91	442	7
Non-policy financial bonds	1,042.71	69	9
Local government bonds	489.84	713	6
Others	60.95	8	/

Note: Others include the corporate bonds and exchangeable bonds.

## SECTION IV REPORT OF THE BOARD

### (3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In 2020, the Hong Kong subsidiary completed 1 exclusive sponsorship project and 14 IPO underwriting projects in H-share market, ranking 19th in the Hong Kong market by the number of projects, and 7th among Chinese-funded investment banks. During the year, 18 overseas bond underwriting projects and 5 financial consulting projects and 4 compliance consulting projects were completed.

### (4) Financial leasing business

The Company promotes its finance lease business mainly through Everbright Leasing. In 2020, Everbright Leasing adhered to professional operations and carried out innovation and transformation while continuing to promote its business. In 2020, a total of 18 new projects had been launched, with a total investment of RMB1.167 billion in financial leasing business; a cumulative project investment of RMB14.381 billion had been completed, with a cumulative rental recovery of RMB12.304 billion; the balance of financial lease loans receivable at the end of the period was RMB3.011 billion.

### *Outlook for 2021*

In 2021, the Company, in terms of equity financing business, will continue to improve the quality of its practice. On the basis of ensuring the steady progress of existing projects that are under issuance, pending, under review, and proposed to declare, it will further strengthen the construction of pricing and sales capabilities of investment bank, and consolidate the foundation of investment bank project pricing to improve its issuance and sales of investment bank projects following market rules; it will also take IPO business as the core, and steadily accumulate experience in refinancing, mergers and acquisitions and restructuring projects, so as to gradually achieve balanced business development. In terms of debt financing business, the Company will continue to dig into strategic customers, tap the financing potential of various customers through the reserve of strategic key customer projects, and seize market opportunities with its business innovation capabilities. In addition, it will continue to consolidate the underwriting strength of superior varieties and achieve the balanced development of major varieties; continue to expand the scale of business, strive to achieve full coverage of business teams in key areas, deepen its operation in key areas, and enhance regional business competitiveness. Everbright Leasing will deeply explore the feasibility and starting points of two-way business introduction, and complete the secondary development of customer resources.

### **3. Institutional customer business segment**

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

In 2020, the business segment realized revenue of RMB1.2 billion, accounting for 6% of the Group's total revenue.

## SECTION IV REPORT OF THE BOARD

### *Market environment*

In 2020, the competition for trade allocation in the market was intensified and institutional clients put forward increasingly higher requirements on the professional, personalized and diversified services of brokers. In order to meet the demands of clients, securities companies further enriched their business modes. Securities firms with advantages in capital strength, comprehensive financial service capabilities, and research teams will have greater room for development and the advantages of leading companies in the industry were highlighted. The total management scale of private equity institutions has recorded steady growth and successive establishment of subsidiaries engaged in bank wealth management has further expanded the development space for prime brokerage business and provided greater market space for securities companies to carry out custodian and outsourcing business in the field of private equity investment funds.

### *Operational measures and performance*

(1) Institutional trading business

In 2020, the Company adjusted the service model in a timely manner and improved efficiency of customer service through the organic integration of online and offline services. The Company improved the graded management of customers, consolidated the basis of businesses and strived to enhance the profitability, achieving significant increase in revenue from institutional trading; the Company strengthened marketing coordination and planning and beefed up efforts in the building of service brands to consistently improve the quality of services for institutional customers. Meanwhile, the Company actively developed non-public offering customers and was awarded the "Most Anticipated Securities Company for Venture Capitals" (最受險資歡迎證券公司). In 2020, the income from seats commission of the Company recorded a year-on-year increase of 52.33%, of which, the income from fund seats commission recorded a year-on-year increase of 44.15%. As of the end of 2020, the market share of net income from seats commission of the Company was 3.38%, representing a decrease of 0.43 percentage point as compared to the end of 2019.

(2) Prime brokerage business

In 2020, the Company continuously focused on commercial banks and wealth management subsidiaries, large private equity institutions and trust companies, and provided comprehensive high-quality one-stop integrated services centered on trading system, investment research, financial product evaluation, fundraising and FOF/MOM investment to create the prime brokerage service market brand of the Company. As of the end of 2020, the Company had cumulatively cooperated with a total of 1,115 private equity institutions, representing a year-on-year increase of 18%, and introduced a total of 3,072 PB products, representing a year-on-year increase of 30%. There were 1,681 existing PB products, representing a year-on-year increase of 19%.

(3) Asset custodian and outsourcing business

In 2020, the Company vigorously expanded the custodian and outsourcing business of private equity investment funds and consolidated the outsourcing business on the registration of trust shares. The Company actively prepared for seizing the custodian business of mutual funds and explored the outsourcing business on the valuation of standard product trust and futures asset management after obtaining the custodian qualification of securities investment fund. The Company further improved its risk control, security assurance, operational capabilities and professional standards of fund outsourcing business, and passed certification of International Standard on Assurance Engagements (ISAE) 3402. The scales of private equity fund outsourcing services, new public offering custodian and trust share registration services amounted to RMB46.1 billion, RMB6.9 billion and RMB197.3 billion, respectively.

## SECTION IV REPORT OF THE BOARD

### (4) Investment research business

In 2020, adhering to a unique positioning of “cross-market and cross-category asset allocation advisory capabilities driven by macro-capacity” in the investment research business, the Company focused on “developing Everbright branded research products”. The Company held one large investor strategy conference, released a total of 4,832 research reports and provided 19,748 roadshow services for institutional clients. The Company provided a number of investment research businesses such as joint research, expert communications and teleconferences based on a multi-channel service model with online-offline integration, among which 721 online activities of all kinds were held. It hosted high-end and summit forums, forums on energy and Internet-based industries, education salons and other offline special forums. The Company strengthened research and planning, and closely followed market hotspots. As of the end of 2020, the Company tracked and researched 692 A-share listed companies and 164 overseas listed companies, with market influence continuing to increase.

### (5) Overseas institutional trading business

In 2020, the institutional sales income from Hong Kong subsidiaries represented a year-on-year increase of 40%. They enhanced early promotion in the primary market, improved the trading system and introduced well-known funds for business cooperation.

### *Outlook for 2021*

In 2021, the Company will further boost the efforts in customer services and develop the service brand of Everbright for the institutional trading business. It will facilitate coordination and linkage, integrate the resources of the Company, and give play to cluster advantages. It will continue to explore internal potential, vigorously expand sources of revenue and promote the stable growth of various businesses. For the prime brokerage business, the Company will closely fit the external market environment, continue to focus on exploring and serving the demands of commercial banks and wealth management subsidiaries, private funds, trusts and other financial institutions and provide closed-loop services covering extensive financial customers to constantly improve the customer stickiness and promote the comprehensive revenue growth. For the asset custodian business, the Company will continue to focus on the expansion of the custodian and outsourcing services for private equity investment funds, mutual funds and other securities products and explore the outsourcing business of standard product trust and banks on the valuation of net-value wealth management to achieve intensification in funds operation. The investment research business will unit research efforts, stick to industrial empowerment with capacity and capture the themes and research orientation on industries to provide the market with more valuable research.

## 4. Investment trading business segment

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

In 2020, the business segment realized income of RMB2.6 billion, accounting for 12% of the Group’s total revenue.

### *Market environment*

In 2020, the A-share market generally showed the trend with a wide range of fluctuations with frequent industry rotating. Under the background of the rapid control of the COVID-19 pandemic, the swift stabilization and recovery of the domestic economy and the loose liquidity, major stock indexes closed higher. The SSE Composite Index and the CSI 300 Index recorded an increase of 13.9% and 27.2% during the year. Due to the reasonable sufficiency of liquidity in the first quarter of 2020, the yield rate of the bond market declined. With the continuous advancing of work and production resumption after the second quarter, monetary policies emphasized flexibility and accuracy with margin adjustment and the interest rates of funds increased significantly, thereby promoting the increase of the yield rate of bonds. However, credit risk incidents in the fourth quarter disturbed the market and policies showed margin recovery and the input of capitals in the public market increased. As a result, the interest rates of funds declined significantly and the bond market experienced periodical declines in the yield rate.

## SECTION IV REPORT OF THE BOARD

### *Operational measures and performance*

(1) Proprietary equity investment business

In 2020, the Company's proprietary equity investment business continued to optimize the investment research system. Adhering to the investment concepts and the established strategic orientations and with fundamentals as the anchor, it strictly controlled risks, conducted key layouts and consistently adjusted and optimized the portfolio structure, achieving remarkable investment returns. Among them, the yield of equity investment businesses significantly outperformed the market. The derivatives business currently focused on the exchange-traded options market making business and the cultivation and improvement of trading hedging ability. For the OTC options business, the Company closely followed the business, reviewed the business system and adjusted the team structure to consolidate the foundation for business expansion. The Company actively advanced GDR market making and cross-border conversion business of Shanghai-London Stock Connect and cross-border conversion business based on regulatory requirements. The NEEQ market making business focused on revitalizing stock assets. As of the end of 2020, the Company provided market-making and quotation services for 2 NEEQ quoted companies.

(2) Proprietary fixed income investment business

In 2020, for the proprietary fixed income investment business, the Company seized market opportunities and appropriately adjusted trading strategies to increase investment returns. It researched and judged the trend of interest rates and grasped trading opportunities to boost returns through strategies such as basis trading, swap arbitrage and futures arbitrage. It maintained balanced allocation in high-quality credit bonds to improve the static yield rate of assets and increased the allocation in convertible bonds with high resilience. The Company strictly controlled new credit risks; and formulated the disposal system on the secondary market to reduce the exposure to risks. It further reduced financing costs and expanded financing channels; conducted income receipts business; and carried out innovative financing through derivatives transaction portfolios and structural income receipts. The Company actively developed the credit rating model, improved the investment research system; developed a model on the evaluation of default risks and established a model framework based on logistic regression; and established a research team and focused on the establishment a perfect research system on macro interest rates.

### *Outlook for 2021*

In 2021, the Company will further enhance investment research capabilities on the proprietary equity business, focus on allocation in quality assets from the medium- and long-term perspectives and seize structural investment opportunities to create stable investment returns. The proprietary fixed income business will continue to enhance investment research capabilities, appropriately adjust the position structure in a timely manner and invest in well-chosen credit bonds. It will strictly control credit risks, appropriately participate in swing investment opportunities and pay attention to allocation opportunities arising from the hike of interest rates. The Company will make more inputs in the investment research in the convertible bond market and appropriately adopt market neutral strategies to boost the yield of investment through various measures.

## SECTION IV REPORT OF THE BOARD

### 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 2020, the business segment realized income of RMB2.2 billion, accounting for 11% of the Group's total revenue.

#### *Market environment*

With the implementation of new regulations and supporting rules on asset management was postponed to the end of 2021, the securities asset management industry is still under adjustment and transformation on the whole. According to the statistics released by the Asset Management Association of China, as of the end of 2020, the total assets under management (AUM) of securities companies recorded a decrease of approximately 21% from the beginning of the year. Benefiting from the reform of the capital market and the continuous changes in the regulatory environment, the issuance size of mutual funds hit a new high. Meanwhile, the business of wealth management subsidiaries of banks was rapidly standardized and the competition in the asset management industry is more intense. Driven by the recovery of the capital market and the acceleration in the issuance of equity-type products of mutual funds, the size of mutual fund management showed a trend of growth. According to the statistics from Wind Info, as of the end of 2020, the AUM of mutual funds amounted to RMB20.02 trillion, excluding ETF feeder funds, representing a year-on-year increase of 36.5%.

#### *Operational measures and performance*

##### (1) Asset management business

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In 2020, Everbright Asset Management focused on the origin of active management and continued to optimize the structure of internal teams and improve the business quality and efficiency. It further strengthened its investment and research capabilities, actively developed diversified product types and investment strategies and enhanced its active management capabilities. In addition, Everbright Asset Management promoted the rectification of massive collective products in an orderly manner in strict compliance with regulatory requirements. As of the end of 2020, Everbright Asset Management has completed the public offering transformation of nine massive collective products. The total AUM amounted to RMB233.612 billion, representing a decrease of 4.21% from the beginning of the year. The assets under active management amounted to RMB174.235 billion, representing an increase of 14.5% from the beginning of the year, and the scale of the assets under active management accounted for 74.58% in the total asset of AUM.

##### (2) Funds management business

The Company mainly conducts funds management business through its controlling subsidiary, Everbright Pramerica. Everbright Pramerica has been actively promoting the stable development of all businesses of the Company in 2020. In terms of AUM, it actively seized the equity market conditions and promoted the launch of equity products. In terms of product layout, Everbright Pramerica has designed and developed various mutual securities investment funds and wealth management products for special accounts. During the year, Everbright Pramerica submitted the fundraising applications for nine mutual funds to the CSRC. The Company had 56 mutual funds and 27 products for special accounts under management and the total AUM amounted to RMB117.5 billion. The AUM of mutual funds amounted to RMB106.9 billion, representing an increase of 24% from the end of 2019 and the size of mutual funds excluding currency wealth management was RMB79.4 billion.



## SECTION IV REPORT OF THE BOARD

### (3) Overseas asset management

As of the end of 2020, the overseas AUM of Hong Kong subsidiaries amounted to HK\$3.8 billion. Benefiting from the long-term stable income performance of asset management products, 2 new asset management products were set up during the year and the size of assets under active management recorded a year-on-year increase of 47% to HK\$2.44 billion. All products under the business outperformed the income of relevant indexes through deepening investment research and driving investment during the year.

### *Outlook for 2021*

In 2021, Everbright Asset Management will continue to actively promote the transformation of public issuance of existing massive collective products and the standardization of existing private equity business and facilitate the steady transformation of existing products. It will seize market opportunities, expand businesses, optimize the business structure, continue to enhance investment management capabilities, optimize and stabilize products performance and strive to provide high-quality comprehensive asset management services for customers. Everbright Pramerica will further enrich investment research teams and capture market hotspots and investment opportunities in a timely manner. It will speed up in the layout of equity products through retail channels and further boost the management size of equity products. It will deeply focus on the "fixed income +" strategy and expand the cooperation with proxy sales channels. The overseas asset management business will continue to deepen investment research, diversify product lines and consolidate product investment performance. While maintaining the advantages of fixed income products, it will actively expand equity products.

## 6. Equity investment business segment

The equity investment business segment includes the private fund investment and financing business, the alternative investment business and the overseas structured financing business.

In 2020, the business segment realized income of RMB-0.5 billion.

### *Market environment*

In 2020, the private equity investment fund market showed the trend of continuous growth and the market entered the recovery cycle with increase in the scale and number of fundraising markets. Medical health, AI and high-end manufacturing, new energy and other industries have become investment hotspots. With the opening of the Sci-tech Innovation Board, the implementation of the registration-based IPO system on the ChiNext, the full promotion of the registration-based IPO system in the A-share market and other measures on the reform of the capital market, the IPOs of A shares boomed and the proportion and speed of withdrawal in the open market for private equity investment funds were improved. Under the background of strengthening regulation, the private equity fund industry for securities firms faced various changes, such as the transformation of types of fund businesses, further compliance and orderly development, improvement of marketization and investment capabilities.

## SECTION IV REPORT OF THE BOARD

### *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 2020, for direct investment projects and existing fund business, Everbright Capital took proactive measures to rectify such business to ensure they are in line with the regulatory requirements and strengthened post-investment management of the existing investment projects, properly solving risks. Everbright Development continued to promote the stable business development and guaranteed the stable operation of existing products. It steadily advanced the withdrawal of projects and strengthened internal and external linkage and coordination to provide diversified investment and financing channels for serving real economies by financial institutions. As of the end of 2020, Everbright Development and its subsidiary fund management institutions established 5 investment funds on government-enterprise cooperation with a paid-up scale of RMB20.3 billion; and have completed withdrawal from one fund.

#### (2) Alternative investment business

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. As an alternative investment subsidiary of the Company, Everbright Fortune reshaped business positioning and actively promoted and implemented relevant work on follow-up investment in the Sci-tech Innovation Board. As of the end of 2020, it has completed follow-up investment in seven companies on the Sci-tech Innovation Board. In terms of post-investment management, Everbright Fortune vigorously strengthened the construction of post-investment management staff and implemented refined post-investment management to ensure the safe and orderly withdrawal of projects. It has completed a new round of financing for various projects with direct investment, boosting the valuation.

#### (3) Overseas structured financing business

The overseas structured financing business is devoted to developing the coordinated integration of domestic and overseas businesses, and strengthening the post-investment management of the existing business. As of the end of 2020, the overseas structured financing business had 5 existing projects with an investment balance of approximately HK\$1.282 billion.

### *Outlook for 2021*

In 2021, Everbright Capital will enhance post-investment management of existing direct investment and fund business to continuously strengthen risk management and control capabilities, and optimize and upgrade compliance management. Everbright Development will focus on commercial properties and infrastructure asset projects and vigorously explore innovative ABN, public REITs and other products to expand financing channels for transforming non-standard asset to standard asset. Everbright Fortune will actively carry out follow-up investment in the Sci-tech Innovation Board and equity investment business; look for high-quality investment targets and investment opportunities based on in-depth industry research; strengthen the construction of a professional post-investment management team and manage to conduct post-investment management of existing projects to ensure the safe and orderly withdrawal of projects. Overseas structured financing business will focus on SOEs and large private enterprises, and innovate cooperation models.

## SECTION IV REPORT OF THE BOARD

### (II) Analysis on principal subsidiaries and investee companies

1. Everbright Futures, 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, 2020, Everbright Futures had total assets, net assets and net profit for 2020 amounting to RMB17.165 billion, RMB2.064 billion and RMB163 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, 2020, Everbright Asset Management had total assets, net assets and net profit for 2020 amounting to RMB3.303 billion, RMB2.254 billion and RMB740 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, 2020, Everbright Capital had total assets, net assets and loss for 2020 amounting to RMB2.980 billion, RMB-2.442 billion and RMB2.069 billion, 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, 2020, Everbright Fortune had total assets, net assets and net profit for 2020 amounting to RMB2.600 billion, RMB1.974 billion and RMB15 million, respectively.

5. Everbright Securities Financial Holdings Limited is a company with limited liability incorporated under the laws of Hong Kong with registered capital of HK\$5.65 billion on November 19, 2010, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services with Everbright SHK as the main management platform.

As of December 31, 2020, under IFRs measures, Everbright SHK had total assets of HK\$10.03 billion and net assets of HK\$3.25 billion, and net profit in 2020 of HK\$333 million.

As of December 31, 2020, the other subsidiary of EBSHK, ESIL, under IFRs measures, had total assets of HK\$2.455 billion and net assets of HK\$455 million, and a loss of HK\$840 million.

## SECTION IV REPORT OF THE BOARD

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, 2020, Everbright Development had total assets, net assets and net profit for 2020 amounting to RMB1.279 billion, RMB582 million and RMB25 million, respectively.

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 EBSHK. Among which, 35% equity interest held by Everbright Capital has been frozen due to the impact of MPS risk events. For details, please refer to the Company's announcement No. 2019-037. It is principally engaged in financial leasing and leasing business.

As of December 31, 2020, Everbright Leasing had total assets, net assets and net profit for 2020 amounting to RMB3.626 billion, RMB1.209 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, 2020, Everbright Pramerica had total assets, net assets and net profit for 2020 amounting to RMB1.469 billion, RMB1.255 billion and RMB160 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, 2020, Dacheng Fund had total assets, net assets and net profit for 2020 amounting to RMB4.147 billion, RMB2.588 billion and RMB325 million, respectively.

## SECTION IV REPORT OF THE BOARD

### 2. Analysis of the major items of the consolidated statement of profit or loss

Table 2: Major revenue items

Unit: RMB' 000

Item	2020		2019		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission income	9,201,865	44%	6,715,910	44%	2,485,955	37%
Interest income	5,843,168	28%	5,935,779	39%	(92,611)	(2)%
Net investment gains	2,246,316	11%	2,195,022	14%	51,294	2%
Other income and gains	3,742,632	18%	505,686	3%	3,236,946	640%
<b>Total revenue and other income</b>	<b>21,033,981</b>		15,352,397		5,681,584	37%

In 2020, the revenue and other income of the Company amounted to RMB21.03 billion, representing a year-on-year increase of 37%. In particular, fee and commission income amounted to RMB9.20 billion, representing a year-on-year increase of 37%, which was mainly due to a year-on-year increase in trading volume of brokerage business and the increased underwriting scale of the investment banking business in 2020. Interest income amounted to RMB5.84 billion, representing a year-on-year decrease of 2%, which was mainly due to the decrease in interest of collateralized stock repurchase and partially offset by the increase in interest of margin financing and securities lending. Net investment gains amounted to RMB2.25 billion, representing a year-on-year increase of 2%, which was due to the improvement in the investment performances of investment trading businesses and the increase in overall revenue under the condition that value of some equity and bonds decreased. Other income and gains amounted to RMB3.74 billion, representing a year-on-year increase of 640%, which was mainly due to the significant increase in income from commodities trading.

Table 3: Major expenditure items

Unit: RMB' 000

Item	2020	2019	Increase/decrease	
			Amount	Percentage
Fee and commission expenses	1,496,567	1,005,191	491,376	49%
Interest expenses	3,729,173	4,362,845	(633,672)	(15)%
Staff costs	3,734,887	3,286,739	448,148	14%
Depreciation and amortization expenses	707,833	670,589	37,244	6%
Tax and surcharges	83,382	59,469	23,913	40%
Other operating expenses	4,878,219	1,676,788	3,201,431	191%
Provision for contingent liabilities	1,549,750	1,610,922	(61,172)	(4)%
Impairment losses	–	263,919	(263,919)	(100)%
Credit loss expense	945,161	1,272,569	(327,408)	(26)%
<b>Total</b>	<b>17,124,972</b>	14,209,031	2,915,941	21%

## SECTION IV REPORT OF THE BOARD

In 2020, total expenses amounted to RMB17.12 billion, representing a year-on-year increase of 21%. In particular, fee and commission expenses amounted to RMB1.50 billion, representing a year-on-year increase of 49%, which was mainly due to the impact of the increase in trading volume of brokerage business and the increased underwriting scale of the investment banking business. Interest expenses amounted to RMB3.73 billion, representing a year-on-year decrease of 15%, which was mainly due to a decrease in bonds payable and borrowings. Staff costs amounted to RMB3.73 billion, representing a year-on-year increase of 14%, which was mainly due to the increase in performance-based gross payroll. Depreciation and amortization expenses amounted to RMB710 million, representing a year-on-year increase of 6%, which was mainly due to the increase in depreciation of right-of-use assets. Other operating expenses amounted to RMB4.88 billion, representing a year-on-year increase of 191%, which was mainly due to the increase in commodities trading expenses. Provision for contingent liabilities amounted to RMB1.55 billion, representing a year-on-year decrease of 4%, which was mainly due to the decrease in estimated debt provision of MPS matters during the Reporting Period. Impairment losses amounted to RMB0.26 billion, which was mainly due to the provisions for goodwill impairment loss for the previous period and no additional provisions for the Reporting Period. Credit loss expenses amounted to RMB0.95 billion, representing a year-on-year decrease of 26%, which was mainly due to the decrease in the provisions for impairments for financial assets purchased under resale agreements.

### 3. *Cash flows*

In 2020, the cash and cash equivalents of the Company recorded a net increase of RMB1.44 billion, of which:

Net cash flows from operating activities was RMB13.26 billion, mainly due to the increase in the placements from other financial institutions and the decrease in financial instruments measured at fair value with changes included in the current profit and loss, the size of financial assets purchased under resale agreements and financial lease receivables. Part of it was offset by the increase in funds receivable.

The net cash flows used for investment activities was RMB5.15 billion, which was mainly due to the increase in the purchase of financial instruments measured at fair value for investment purposes and the changes were included in other comprehensive income, which was partially offset by the recovery of investment funds.

The net cash flows used for financing activities was RMB6.67 billion, which was mainly due to the repayment of debt financing instruments during the Reporting Period, partially offset by the funds received from the issuance of bonds during the Reporting Period.

### 4. *Explanation of significant profit changes caused by non-principal businesses*

Due to the provisions for estimated liabilities on MPS project with an amount of RMB1.55 billion, non-recurring profit or loss of the Company decreased by RMB1.55 billion for the year. Please refer to the Company's announcement No. Lin 2021-006 published on the website of the SSE and the announcement dated January 26, 2021 published on the website of the Hong Kong Stock Exchange for details.

## SECTION IV REPORT OF THE BOARD

### 5. Analysis on principal components of consolidated statement of financial position

Unit: RMB' 000

Item	December 31, 2020		December 31, 2019		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Non-current assets</b>	<b>32,066,488</b>		32,310,592		(244,104)	(0.76)%
Property and equipment	883,098	0.39%	828,811	0.41%	54,287	6.55%
Right-of-use asset	822,268	0.36%	755,776	0.37%	66,492	8.80%
Goodwill	955,342	0.42%	1,016,193	0.50%	(60,851)	(5.99)%
Other intangible assets	216,240	0.09%	314,058	0.15%	(97,818)	(31.15)%
Interest in associates and joint ventures	1,093,419	0.48%	1,039,416	0.51%	54,003	5.20%
Financial assets measured at amortized cost	4,188,421	1.83%	5,768,844	2.83%	(1,580,423)	(27.40)%
Debt instruments at fair value through other comprehensive income	12,330,427	5.39%	8,875,024	4.35%	3,455,403	38.93%
Equity instruments at fair value through other comprehensive income	584,719	0.26%	5,072,522	2.49%	(4,487,803)	(88.47)%
Financial assets held under resale agreements	-	-	584,840	0.29%	(584,840)	(100.00)%
Refundable deposits	7,858,108	3.44%	4,415,528	2.16%	3,442,580	77.97%
Deferred tax assets	1,749,542	0.76%	1,618,157	0.79%	131,385	8.12%
Finance lease receivables	493,234	0.22%	1,598,189	0.78%	(1,104,955)	(69.14)%
Receivables arising from sale-and-leaseback arrangements	743,093	0.32%	254,379	0.91%	488,714	192.12%
Other non-current assets	148,577	0.06%	168,855	0.08%	(20,278)	(12.01)%
<b>Current assets</b>	<b>196,669,896</b>		171,779,755		24,890,141	14.49%
Accounts receivable	2,848,778	1.25%	3,077,872	1.51%	(229,094)	(7.44)%
Finance lease receivables	1,181,807	0.52%	1,644,785	0.81%	(462,978)	(28.15)%
Receivable arising from sale-and-leaseback arrangements	591,165	0.26%	199,676	0.90%	391,489	196.06%
Other receivables and prepayments	1,730,997	0.76%	1,809,717	0.89%	(78,720)	(4.35)%
Margin accounts receivable	46,815,972	20.47%	34,118,659	16.72%	12,697,313	37.22%
Debt instruments at fair value through other comprehensive income	5,307,960	2.32%	3,677,843	1.80%	1,630,117	44.32%
Equity instruments at fair value through other comprehensive income	4,593,864	2.01%	-	-	4,593,864	-
Financial assets held under resale agreements	5,279,946	2.31%	7,700,967	3.77%	(2,421,021)	(31.44)%
Financial assets measured at amortized cost	263,541	0.12%	1,437,022	0.70%	(1,173,481)	(81.66)%
Financial assets at fair value through profit or loss	58,452,676	25.55%	65,403,594	32.05%	(6,950,918)	(10.63)%
Derivative financial assets	65,946	0.03%	9,239	0.00%	56,707	613.78%
Clearing settlement funds	1,051,846	0.46%	1,723,018	0.84%	(671,172)	(38.95)%
Cash held on behalf of brokerage clients	52,378,308	22.90%	39,937,491	19.57%	12,440,817	31.15%
Cash and bank balances	16,107,090	7.04%	11,039,872	5.41%	5,067,218	45.90%
<b>Total assets</b>	<b>228,736,384</b>		204,090,347		24,646,037	12.08%

## SECTION IV REPORT OF THE BOARD

Item	December 31, 2020		December 31, 2019		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Current liabilities</b>	<b>144,799,785</b>		123,042,517		21,757,268	17.68%
Loans and borrowings	5,939,413	3.38%	7,868,827	5.07%	(1,929,414)	(24.52)%
Short-term debt instruments	10,324,937	5.88%	4,489,383	2.90%	5,835,554	129.99%
Placements from other financial institutions	17,722,781	10.10%	6,063,705	3.91%	11,659,076	192.28%
Accounts payable to brokerage clients	60,102,708	34.24%	45,710,991	29.48%	14,391,717	31.48%
Employee benefits payable	1,707,895	0.97%	1,557,274	1.00%	150,621	9.67%
Current tax liabilities	1,472,633	0.84%	653,972	0.42%	818,661	125.18%
Financial assets sold under repurchase agreements	21,655,857	12.34%	24,636,110	15.89%	(2,980,253)	(12.10)%
Financial liabilities at fair value through profit or loss	1,996,059	1.14%	893,218	0.58%	1,102,841	123.47%
Derivative financial liabilities	307,647	0.18%	103,677	0.07%	203,970	196.74%
Bonds payable due within one year	18,243,518	10.39%	23,175,697	14.95%	(4,932,179)	(21.28)%
Lease liabilities due within one year	259,666	0.15%	255,681	0.16%	3,985	1.56%
Contract liabilities	765	0.00%	65	0.00%	700	1076.92%
Other current liabilities	5,065,906	2.89%	7,633,917	4.92%	(2,568,011)	(33.64)%
<b>Total assets less current liabilities</b>	<b>83,936,599</b>		81,047,830		2,888,769	3.56%
<b>Non-current liabilities</b>	<b>30,741,498</b>		32,029,022		(1,287,524)	(4.02)%
Loans and borrowings	1,068,103	0.61%	3,811,364	2.46%	(2,743,261)	(71.98)%
Bonds payable	23,775,649	13.54%	24,180,767	15.59%	(405,118)	(1.68)%
Employee benefits payable	2,295	0.00%	998	0.00%	1,297	129.96%
Deferred tax liabilities	14,002	0.01%	128,462	0.08%	(114,460)	(89.10)%
Financial liabilities at fair value through profit or loss	616,136	0.35%	–	–	616,136	–
Accrued liabilities	4,551,975	2.59%	3,010,922	1.94%	1,541,053	51.18%
Lease liabilities	563,968	0.32%	489,167	0.32%	74,801	15.29%
Contract liabilities	181	0.00%	–	–	181	–
Other non-current liabilities	149,189	0.08%	407,342	0.26%	(258,153)	(63.38)%
<b>Total liabilities</b>	<b>175,541,283</b>		155,071,539		20,469,744	13.20%
<b>Net assets</b>	<b>53,195,101</b>		49,018,808		4,176,293	8.52%

Except for the liabilities disclosed in this report, as of December 31, 2020, the Company had no outstanding mortgage, charges, bonds, other capital liabilities under acceptance or other similar indebtedness, lease purchase and lease commitment, guarantee or other material contingent liabilities.



## SECTION IV REPORT OF THE BOARD

### **Non-current assets:**

As of December 31, 2020, the non-current assets of the Company amounted to RMB32.1 billion, basically the same as that of the beginning of the year, which was mainly due to the increase in debt instruments at fair value through other comprehensive income and refundable deposits, partially offset by the decrease in non-current equity instruments at fair value through other comprehensive income and financial assets measured at amortized cost.

### **Current assets:**

As of December 31, 2020, the current assets of the Company amounted to RMB196.7 billion, representing an increase of 14% as compared with that of the beginning of the year, which was mainly due to the increase in margin accounts receivable and cash held on behalf of brokerage clients.

### **Current liabilities:**

As of December 31, 2020, the current liabilities of the Company amounted to RMB144.8 billion, representing an increase of 18% as compared with that of the beginning of the year, which was mainly due to the increase in accounts payable to brokerage clients and placements from other financial institutions.

### **Non-current liabilities:**

As of December 31, 2020, the non-current liabilities of the Company amounted to RMB30.7 billion, representing a decrease of 4% as compared with that of the beginning of the year, which was mainly due to the decrease in the scale of loans and borrowings during the Reporting Period, partially offset by the increase in accrued liabilities.

## **Borrowings and bond financing**

Unit: RMB' 000

Item	2020	2019
Loans and borrowings	<b>7,007,516</b>	11,680,191
Short-term debt instruments issued	<b>10,324,937</b>	4,489,383
Long-term bonds	<b>42,019,167</b>	47,356,464
<b>Total</b>	<b>59,351,620</b>	63,526,038

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 22, 23 and 33 of the consolidated financial statements.

As of December 31, 2020, the Company's gearing ratio was 68.46%, the Company's borrowings, commercial papers payable and bonds due within one year amounted to RMB34.5 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB162.2 billion. Therefore, the liquidity risk exposure of the Company was not material.

## SECTION IV REPORT OF THE BOARD

### (II) Analysis on operational information by industries

Please refer to the description of industrial situation during the Reporting Period set out in Section III "Summary on the Business of the Company" in this report for details.

### (III) Analysis on investments

As of the end of the Reporting Period, long-term equity investment of the Company amounted to RMB1.093 billion, representing an increase of RMB54 million or 5.20% from the beginning of the year, which was mainly due to the income from investment recognised under the adoption of equity accounting for investment in an associate or joint venture. For details, please refer to the relevant disclosure in the financial report.

#### 1. Overall analysis on external equity investments

##### (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 investee companies

For details please refer to "I. (II) Analysis on principal subsidiaries and investee companies."

### (VI) Structured entities under the control of the Company

As of December 31, 2020, the Company consolidated 14 structured entities, including asset management plans and partnerships. For asset management plans and partnerships that the Company acts as the manager and 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 the rights of making decision on its investment and the exposure to its variable returns, and includes them into the scope of consolidation. As of December 31, 2020, the net assets of the above structured entities within the scope of consolidation amounted to RMB7.5 billion.

### (VII) Use of proceeds

In August 2016, the Company issued a total of 704,088,800 overseas listed foreign shares (H Shares), and raised effective proceeds amounting to HK\$8.927 billion (equivalent to RMB7.631 billion calculated based on the central parity rate of the HKD to RMB exchange rate announced by the People's Bank of China on the actual settlement date). The net proceeds amounted to RMB7.380 billion after deducting the issuance expenses.

The Company undertook that all such proceeds would be used in the ways as set out in the H Shares prospectus. The Proposal on the Change in the Use of Proceeds from the Issuance of H Shares was reviewed and approved by the 30th meeting of the fourth session of the Board and the 3rd extraordinary general meeting in 2017. The approved change in the percentage of the use of proceeds from the issuance of H Shares is as follows: approximately 59% of the proceeds will be used for developing capital intermediary business, approximately 11% of the proceeds will be used for funding operations of overseas business and inorganic expansion of onshore and offshore platforms, approximately 20% of the proceeds will be used for developing wealth management business and institutional securities services businesses, and approximately 10% of the proceeds will be used for funding working capital and establishing back office systems and other purposes.

## SECTION IV REPORT OF THE BOARD

As of December 31, 2020, the use of proceeds from the Company's issuance of H Shares is as follows: RMB4.527 billion was used to develop capital intermediary business, RMB868 million was used to expand overseas business, RMB1.46 billion was used to develop wealth management and institutional securities services business, RMB825 million was used for funding working capital, establishing back-office systems and other general corporate purposes, and the remaining amount was RMB1.15 million (The used proceeds from the issuance of H Shares denominated in RMB were calculated at the effective exchange rate; the used proceeds from the issuance of H Shares denominated in Hong Kong dollars were calculated at the current exchange rate; the exchange rate of the unused proceeds from the issuance of H Shares were calculated based on the exchange rate on December 31, 2020. Based on the translation at above exchange rates, the net proceeds from the issuance of H Shares amounted to RMB7.681 billion.). The Company will use the remaining proceeds for the purpose as disclosed in the circular of the Company dated June 27, 2017.

For details of the use of proceeds from all the bonds issued by the Company, please refer to "III. Use of Proceeds Raised from Issuance of Corporate Bonds" under Section IX "Relevant Information on Corporate Bonds" in this report.

### **(VIII) Financing channels of the Company**

The financing channels of the Company comprise equity financing and debt financing. In 2020, 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 financing bonds of the securities companies as well as structured notes, margin refinancing from CSFC, inter-bank borrowing, assets backed plan backed by financing credit assets. The principal and interest of the debt financing instruments were all paid in a timely manner.

### **(IX) Analysis of the financing capability of the Company**

As an A- and H-share listed securities firm with good market reputation and domestic and overseas financing capabilities, the Company focuses on the maintenance of the financing instruments and relations with transaction parties and maintains a good partnership with commercial banks. At the end of 2020, the total amount of banking facilities of the Company amounted to approximately RMB245.0 billion, of which the amount of approximately RMB57.0 billion was used and the remaining amount of approximately RMB188.0 billion was available for use. Meanwhile, the great capital strength of Everbright Group also provides solid protection for the Company.

## **III. Management Discussion and Analysis on the Future Development of the Company**

### **(I) Competition landscape and development trend of the industry**

The international situation remain complex and volatile. The basis for China's economic recovery is not solid and it faces limited external demands, bearish domestic demands and outstanding structural problems, and various derivative risks cannot be ignored. For capital market supervision, it will continue to implement the concepts of "system establishment, no interference and zero tolerance". Regulatory standards will be increasingly standardized and strict and the weakness in cross-sector regulation will be gradually shored up. "Marketization, legalization and internationalization" will become the development direction. The implementation of the new Securities Law further strengthened the responsibility of intermediaries as "watchdog" and intensified the test of the professional capabilities of securities companies. The launch of the comprehensive registration system in the capital market is imminent, which requires enhanced information disclosure, supporting follow-up investment systems and optimized delisting systems. All these raised higher requirements on the undertaking and sponsoring responsibilities, assets pricing and capital operation capabilities of securities firms. The restrictions on the proportion of shares held by foreign securities companies have been officially lifted, leading to intensified industry competition, and placing higher requirements on the comprehensive service capabilities of domestic securities companies.

## SECTION IV REPORT OF THE BOARD

### (II) Company's development strategy

With the strategic goal of "establishing a first-class investment bank in China" and the two strategic visions of "value leading with distinctive characteristics", the Company will unswervingly promote the reform of "marketization, specialization and intensification". The Company will firmly implement its strategic plans and adhere to the development principle of "pursuing progress amid stability, seeking opportunity amid changes, seeking innovation amid progress". It will maintain strategic consistency and continuously promote the coordinated development of six major business segments to enhance the brand attractiveness and market competitiveness of the Company. The Company will improve capabilities on service portfolios, securities sales, intermediary transactions, risk management and cost control. It will closely follow national strategies on regional development and match the development plans of the Group on the Yangtze River Delta, Guangdong-Hong Kong-Macau and Beijing-Tianjin-Hebei areas to establish effective coverage of key markets, deeply penetrate into regional featured industrial clusters and significantly enhance its comprehensive competitiveness.

### (III) Business plan

In 2021, the Company will focus on the new model of industry-service-oriented investment banking and transaction-oriented investment banking and vigorously build an ecosystem of coordinated business development for corporate, institutional, retail and wealth management customers under domestic and overseas as well as on-exchange and over-the-counter business scenarios.

The wealth management business segment will improve the "fundamentals" of retails and speed up in the transformation of wealth management. It will carry out customer classification, product upgrading and channel expansion to effectively expand the number of effective customers and the size of transaction assets.

The corporate financing business segment will capture opportunities on the registration-based IPO system, consolidate the advantages in IPO business, deploy key projects and expand refinancing and government financing businesses. It will fully improve the effectiveness and pricing capabilities and build a comprehensive investment bank with the characteristics of Everbright.

The institutional customer business segment will enhance research foundation, increase the proportion of key institutions for which it offers services and consolidate the market share of net income from seats commission. It will leverage on trust licenses to strengthen the PB business and boost the market influence.

The investment trading business segment will optimize assets allocation and enhance investment research capabilities. It will actively develop OTC transactions and other innovative businesses and build the new model of trading investment banks.

The asset management business segment will develop more popular star equity products to achieve progress in the size of asset management and the AUM of mutual funds.

The equity investment business segment will properly handle existing projects, achieve the value preservation and appreciation of assets and promote the follow-up coordination mechanism on the Sci-tech Innovation Board and the ChiNext.

## SECTION IV REPORT OF THE BOARD

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

#### 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 developmental objectives through 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 organization 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 the rectification.

The management of the Company shall undertake primary responsibility for comprehensive risk management and be responsible for establishing risk management system and making timely adjustment; 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 checking 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 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 respective duties.

The Company's departments with the risk management functions include risk management and internal control department, legal and compliance department, internal audit department, information technology headquarters, finance and treasury department, operations management headquarters, board (supervisory committee) office, investment banking quality control headquarters and investment banking internal audit office. According to the authorizations granted by the Company, each of the functional departments identifies, monitors, assesses and reports the various risks of the Company and also assists, guides and examines respective risk management work of different departments, branches and subsidiaries.

## SECTION IV REPORT OF THE BOARD

Each of the head 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 range of permission 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.

### 3. Measures against various risks

#### (1) Market risk

Market risk exposure to the Company refers to the future potential loss in value of its financial instruments resulting from changes or fluctuations in their market prices, mainly including equity and other price risk, interest rate risk and exchange rate 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 tolerance 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 and the Board determines the market risk loss tolerance and the committee under the senior management of the Company determines the market risk loss tolerance for each specific item and reviews and approves specific limits for each business, including net exposure value, investment concentration, basis point value, etc. Meanwhile, stress testing is an integrated part of the Company's market risk management, therefore the Company has established a stress testing mechanism to timely assess the potential loss that the Company may suffer under the stress scenario according to its business development and changes in market and provide a basis for the Company's management to make decisions. For the OTC derivatives business, the Company conducts market risk management mainly through measures such as underlying pool management and limit management, product pricing management, hedging management and market-to-market management, and back testing and stress testing before, during and after the operation, respectively.

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 entailed in 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 due to 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 small. 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 issuer. 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 to 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 to the counterparties.

## SECTION IV REPORT OF THE BOARD

(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.

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 strengthen the business process management and IT system construction, reinforce the accountability system and reduce the possibility of operational risk. In addition, the Company has promoted the construction and operation of tools for managing operational risk, and improved the operational risk event reporting and loss data collection mechanism, which has further enhanced the Company's capabilities in managing the operational risk. Besides, the Company attaches great importance to the identification and control of operational risks in innovative products and innovative businesses 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 finance and treasurer department to take charge of the overall liquidation risk management, implement overall control over the capital resources and financing management of the Company, coordinate to satisfy the capital requirements, and manage its cash flows. Meanwhile, the risk management and internal control department of the Company is responsible for monitoring the implementation of limit system for overall liquidation risk of the Company.

For the purpose of preventing the liquidation risk prudently, the Company has formulated administrative measures for the liquidation risk, specified the objective, strategy, governance structure and reporting system relating to the liquidation risk management. 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 liquidation risks covering parent company and subsidiaries pursuant to the overall risks management policies. It has gradually improved differentiated liquidation risk management frameworks tailored for subsidiaries with different performance. In addition, the Company has established differentiated funds management patterns and a supporting system for management, monitoring and alerts of liquidation risk limit based on the different characteristics of businesses. The Company continued to reasonably measure the management cost of liquidation risks and explored to fully incorporate liquidation 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 term 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 continued and stable source of funds.

## SECTION IV REPORT OF THE BOARD

(5) *Information technology risk*

**Business continuity risk:** The Company's brokerage and proprietary trading business heavily rely on the real-time processing of data via electronic information system, and storing enormous information on trading business and operating activities on electronic devices. Securities trading system involves various aspects and has higher requirement on maintaining continuity, which may subject to potential information system risks arising from a series of unforeseeable events such as hardware and software, computer room infrastructure as well as communication failure, in turn affecting the Company's reputation and service quality or leading to economic losses and legal disputes.

**Network security risk:** With the rapid development of information technology and changes in the technical system for the safe operation of information systems supporting the industry, the ongoing expansion and extension of channels for off-site securities business, the security of the system of businesses on the Internet is facing increasing challenges, including Internet security risks such as malicious cyber-attack, fake site, tampering information or virus and Trojan horse, which may result in serious threaten to online trading system, online business system and internal application system provided for Internet, and may even cause economic loss or reputation damage to the Company.

**Data leakage risk:** As financial technology has been rapidly developing in recent years, along with the advancement of transformation to digitalization and intensification of the Company, the importance of data governance continues to rise and the ability of high-quality data to support business will become more powerful. Consequently, data coverage is getting wider and data concentration is getting higher, thus posing a greater security risk of information leakage.

**Financial technology risks:** With the increasing popularity of financial technology application, technologies represented by big data, cloud computing and artificial intelligence have reshaped the traditional securities business, and product structure, business ecology and business models have changed significantly from traditional modes. Accordingly, the complexity of information systems related to transactions in the securities and futures industry has increased and the security risk factors affected are also diversified and complicated. New risks incurred by financial technology innovation are even more hidden, sudden, and contagious.

During the Reporting Period, the Company continued to deepen the reform on information technology and improve information technology expertise and financial technology innovation capability. It continuously consolidated the technical service mode with an emphasis on "front office, front-end service and full cooperation", and enhanced the institutional structure to promote the deep integration between technology and business. The Company continuously accelerated the construction of cloud computing platform, big data platform and platform for AI basic technology capacity so as to consolidate the foundation of digitalization transformation of the Company. The Company continuously strengthened trainings on network security awareness of employees, cultivated the Company's network security culture, continuously improved security defense capability of the network boundary and consolidated network security defense through attack and defence exercises. The security management mode has changed from passive defense to active prevention, so as to build a firm foundation for the Company's network security management. The Company adheres to the work philosophy of "prevention first, contingency plan as secondary measure, continuous improvement and pursuit of excellence", continues to advance the work goal of "stable support and efficient response", and further strengthens the work concept of "safety first, risks under control, demand driver and technology orientation". The Company continuously deepens the construction results of the ISO20000 IT service management international standard certification implementation project, actively promotes the establishment of ISO27001 information security management system, strengthens software testing and quality control capabilities and levels, adheres to the bottom line of safe production, strives to practice the new four directions of operation and maintenance – "service standardization, process automation, digital management, and intelligent decision-making", continuously improves operation and maintenance tools, accelerated the in-depth development of information technology risk prevention through refined management, enhances the overall management efficiency through information technology professional capabilities to effectively manage information technology risk.



## SECTION IV REPORT OF THE BOARD

(6) *Reputation risk*

Reputational risk refers to the risk of the negative evaluation from the Company's shareholders, employees, customers, third-party cooperation agencies, regulators, the media and the public due to the Company's management, other actions or external events.

In order to effectively control reputation 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 Reputation Risk and Public Opinion Work, Measures for the Management of Information Release, Management Measures for Major Emergencies Reporting, Management Measures for Major Emergency Response Plan, WeChat Official Account Management Regulations and other related measures.

The Company has a working group for media affairs management and a leading group for public opinion, which has realized the coordination and unity among the Company, the departments, the subsidiaries and sub-branches, and improved employee reputation risk awareness and reputation risk management capabilities through system promotion, training, emergency drills, etc. In addition, the Company has set up full-time positions for public opinion monitoring and maintenance of external media relations, 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 reputation risk prevention and control system, and each subsidiary has established system to prevent and dispose of reputation risk that matches its actual situation.

(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, through establishing a practicable compliance management system, has realized effective identification, assessment and management of compliance risks and develops long-term compliance assessment accountability and training mechanisms, to provide effective support and supervision for the Company's various operations in accordance with laws and regulations.

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 5 new systems, amended 19 systems and abolished 7 systems based on the requirements of new regulations and established a system with 1 basic system, 1 implementation measure and 46 specific regulations, consolidating the performance of various compliance functions.

## SECTION IV REPORT OF THE BOARD

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. For the compliance management mechanism, the Company enhances the compliance management and control mechanism in key sectors. The investment banking business line focuses on the reform of the registration-based IPO system and established a mechanism with the coordination of three defense lines on the investment banking business. The retail and institutional business line follows the trends of business development and strengthens the standardization of marketing and publicity activities. The subsidiaries management line continuously supervises and guides the improvement of the internal control mechanisms and the rectification and improvement of organizational structures of subsidiaries to enhance the routine compliance management and control capabilities of subsidiaries and strengthen the review on their significant businesses. The investment and research business line actively supervises and guides the implementation of rectifications under new rules on research reports and further improved the management and control mechanism on the sales process of research reports. The legal affairs business line breaks stereotypes, deepens the prevention and control mechanism on legal risks, gradually explores the transformation of the work on legal affairs from supporting services to value creation and facilitates the transformation from assisting legal affairs to driving legal affairs.

#### 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 the Group's control, optimize the risk management 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. The total amount of investment in risk management amounted to RMB76 million for the year, including investment in risk management system and technology, risk control related team expenditure, training and operating expenses.

The Company has attached great importance to compliance management and has always been committed to building a comprehensive compliance management system that is compatible with the Company's strategic development goals. During the Reporting Period, the Company continued to strengthen investment in compliance management. The first was to further improve the systematic management and control of compliance personnel. It has strengthened the empowerment of fintech in compliance management, further tightened the responsibilities of compliance personnel through scientific and technological means, enhanced the effectiveness of compliance management and control at all levels of the Company, established vertical management of compliance personnel, created a scientific and technological compliance personnel team, so as to build a solid line of defense to prevent regulatory risks, and ensure the standardized development of the Company's various businesses. The second was to invest in the construction of the compliance system. It has continued to establish and improve the review system of investment bank interest conflicts, information isolation wall system, office telephone recording system, collaborative platform compliance module, anti-money laundering system, and monitoring system for sensitive person. The investment in system construction related to compliance management this year was above RMB1 million. The third was to further enrich the form and content of compliance training. The Company has hired internal and external experts to organize a number of compliance training, conduct targeted training on special topics, and provide door-to-door services, etc., and actively provided targeted legal compliance training to relevant departments according to the needs of various departments, so as to enhance the employees' awareness of legal compliance.

## SECTION IV REPORT OF THE BOARD

The Company attaches great importance to the supporting role of information technology in the overall operation and continuous business development of the Company. It has invested a lot of resources to ensure continuous service capabilities of business and network security protection levels, improve application capabilities of information technology, optimize information technology systems, and actively explore financial technology empowerment for business development. The Company and its securities business subsidiaries' investment in information technology mainly includes: the depreciation and amortization expenses of IT fixed assets and intangible assets, research and development costs of new IT systems, the input to IT daily expenses, etc. The total investment in information technology (excluding Everbright Asset Management and staff remuneration) in 2020 was approximately RMB315 million.

### 5. *Business innovation*

The Company continued to explore a path of integrated development of business innovation and technology empowerment through process innovation, tool innovation and platform innovation. By promoting the in-depth integration of technology and business, the Company improved the construction of cloud computing platforms, big data platforms, and AI-based platforms of basic technology capabilities, to better improve the construction of customer service systems, and improve the operation and maintenance efficiency and financial service quality.

The Company established a financial innovation business headquarter to develop derivatives investment and trading business. As a product designer and counterparty, with derivatives, market maker, quantitative strategy, etc. as the main business forms, it has opened up channels for exchange-traded and over-the-counter transactions, domestic and overseas transactions, to provide customers with customized financial products and package solutions and serve customers' needs in investment, financing, risk management and liquidity.

## IV. Profit Distribution and Proposed Dividend

For details of the formulation and implementation of the Company's cash dividend policies and the 2020 annual profit distribution proposal, please refer to "I. Proposal of Profit Distribution for Ordinary Shares or Capitalization from Capital Reserve Fund" of Section V "Significant Events" in this report for details.

## V. 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 Section VII "Particulars about Directors, Supervisors, Senior Management and Employees" of this report.

## SECTION IV REPORT OF THE BOARD

### (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 term of the Directors and Supervisors, please refer to Section VII "Particulars about Directors, Supervisors, Senior Management and Employees" 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 transaction, arrangement or contract in which the Directors or Supervisors or their connected entities had or continue to 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.

### (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, 2020, 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 (especially affluent 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 2020, 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 Financial Statements and Note 42 to the Consolidated Financial Statements in this report.

## SECTION IV REPORT OF THE BOARD

### (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 “V. Information about the Staff of the Parent Company and Major Subsidiaries” under Section VII “Particulars about Directors, Supervisors, Senior Management and Employees” of this report.

### (XII) Equity-linked agreements

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

### (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 of December 31, 2020, Mr. Yin Lianchen, a non-executive Director of the Company, had personal interest of 26,000 shares of Everbright Limited, representing 0.00% of the total issued share capital of Everbright Limited. Everbright Limited is an associated corporation of the Company.

Save as disclosed above, as of December 31, 2020, 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) Poverty Alleviation

#### 1. Targeted poverty alleviation plan

2020 is the final year of building a moderately prosperous society in all aspects and fighting a decisive battle against poverty. Everbright Securities actively responded to the national call for poverty alleviation. Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company firmly implemented the central government's "Four Don'ts" policy. Closely following the requirements of the CSRC and the SAC's poverty alleviation work initiatives, the Company further increased "three efforts" in leadership, investment and target, and extended its "three contributions" in financial poverty alleviation, industrial poverty alleviation, and people's livelihood poverty alleviation. The Company also focused on industrial support and the difficult issues of "three guarantees". In accordance with the idea of emphasizing precision, characteristics and effectiveness, starting with the issues most prevalent to local people and most concerned by local governments, the Company implemented targeted assistance by leveraging on its own advantages and financial attributes, and consolidated the results of poverty alleviation, to ensure that the paired assistance regions such as Xintian County in Hunan can achieve stable poverty alleviation and move towards rural revitalization.

Bearing the spirit of General Secretary Xi Jinping's important speech at the decisive battle against poverty alleviation symposium deeply in mind, the Company formulated the "Poverty Alleviation Work Plan of Everbright Securities for 2020", and focused on "Securities + Industry", "Securities + Consumption", "Securities + Capital", "Securities + Health", "Securities + Education" and "Securities + Party Building", so as to continue to promote and improve the "Securities +" targeted poverty alleviation innovation model and contribute to the country's overall poverty alleviation in 2020.

## SECTION IV REPORT OF THE BOARD

### 2. Summary of targeted poverty alleviation for the year

Everbright Securities has deeply followed the spirit of General Secretary Xi Jinping's important speeches on poverty alleviation and continued to explore new modes of poverty alleviation that are in line with the characteristics of the industry and local conditions in 2020. It deepened the comprehensive and innovative modes of poverty alleviation represented by the "securities +" mode; strengthened poverty alleviation work through industries, finance, consumption, medical treatment, education and party building.

Firstly, for comprehensive poverty alleviation, the Company focused on Xintian County of Hunan Province with one-on-one assistance and direct investment assistance funds. It implemented ten poverty alleviation projects focusing on cultural tourism, industries and infrastructure to further consolidate the poverty alleviation achievements of Xintian County (both for villages and households).

Secondly, for financial poverty alleviation, the Company leveraged advantages of financial poverty alleviation. It directly raised RMB600 million for enterprises in impoverished regions through the issuance of special purpose corporate bonds and effectively reduced the operating pressures of enterprises in impoverished counties. Everbright Futures, a wholly-owned subsidiary of the Company, actively participated in eight "insurance + futures" pilot programs on Dalian Commodity Exchange, Zhengzhou Commodity Exchange and Shanghai Futures Exchange with a total premium of over RMB40 million covering nearly 80,000 agricultural households, benefiting nearly 20,000 registered impoverished households.

Thirdly, for consumption poverty alleviation, the Company actively responded to the nation's and the Group's call on assisting Hubei Province to sell unsalable featured agricultural products. It organized mass purchase of tea flower mushroom, olive oil and other unsalable products caused by the COVID-19 pandemic from Hubei Province, raising RMB1,138,500 in total.

Fourthly, for medical poverty alleviation, through the establishment of a "Sunshine Care" Insurance Plan for Poverty Alleviation ("陽光關愛"保險扶貧計劃), the Company prevented the teachers and students from becoming or returning to poverty-stricken because of sickness by purchasing critical illness insurance plans for the "one-on-one" assistance targeted 413,000 teachers and students in five regions, including Xintian County of Hunan Province, with premium amounts to RMB4,136,600 and total insured amount of approximately RMB14.5 billion.

Fifthly, for education poverty alleviation, the Company vigorously responded to Group's initiative on the "Mingde" One-on-One Poverty Alleviation and Aid Plan through a pledge for 374 students and a donation of RMB274,800.

Sixthly, for party building poverty alleviation, the Company donated party membership dues of RMB100,000 to Xintian County of Hunan Province for the improvement and expansion of the comprehensive service platform in rural areas and the enhancement of the capability and skills of grass-roots Party organizations in serving the public.

On November 16, 2020, as Xiji County of Ningxia was officially delisted from impoverished counties, the five impoverished counties for which Everbright Securities provides one-on-one assistance, namely Xintian County of Hunan Province, Xiji County of Ningxia, Wan'an County, Xingguo County and Xunwu County of Jiangxi Province, achieved success in poverty alleviation, and made positive contributions for the achievement of the national targets and tasks in poverty alleviation by the end of 2020 as scheduled.

## SECTION IV REPORT OF THE BOARD

### 3. Achievements of targeted poverty alleviation

Unit: RMB0'000 Currency: Renminbi

Indicator	Amount/Status
I. General information	
Including: 1. Cash	810
2. Value of goods	
3. Number of registered impoverished individuals having cast off poverty (person)	820
II. Breakdown	
1. Poverty alleviation through economic development	
Including: 1.1 Category of poverty alleviation	√ Agriculture and forestry √ Tourism √ Others
1.2 Number of programs	1
1.3 Project investment	RMB0.6 million was invested in Xintian's soybean products intensive processing project
1.4 Number of registered impoverished individuals having cast off poverty (person)	50
2. Education related poverty alleviation	
Including: 2.1 Education resource investment in poverty – stricken regions	RMB478,400 was invested in infrastructure maintenance of schools in Menlouxia
3. Poverty alleviation relating to ecological protection	
Including: 3.1 Project name	√ Implement ecological protection and construction
3.2 Project investment	1. RMB1.3 million was invested in Traditional Ancient Village Renovation Project in Heshanyan (河山岩傳統古村落修繕項目) 2. RMB1.0 million was invested in Beautiful Countryside Construction Project in Shantianwan Village (山田灣村美麗鄉村建設項目) 3. RMB1.0 million was invested in Environmental Quality Improvement Project of the Tail Area of Jinling Reservoir (金陵水庫庫尾環境提質改造工程)

## SECTION IV REPORT OF THE BOARD

Indicator	Amount/Status
4. Other projects	
Including: 4.1 Number of projects	5
4.2 Project investment	372.16
4.3 Number of registered impoverished individuals having cast off poverty (person)	770
4.4. Notes to other projects	Power Drainage Project of Zutingxia Village of Xinxu Town (新圩鎮祖亭下村電力排渠項目), Newly-built Unincorporated Villages Pavement (for Production Use) Construction Project of Zhulinping Village in Menlouxia (門樓下鄉竹林坪村新造自然村生產便道建設項目), Parking Space (for Agricultural Use) Construction Project of Hujia Community in Jicun Town (驢村鎮胡家社區農用停車坪建設項目), Radish-planting Area Road Hardening Project of Huanglishan Village in Jicun Town (驢村鎮黃栗山村紅皮蘿卜種植區道路硬化項目), "Xiaoyuan Conference Former Site" Party Member Education Base Renovation Project ("小源會議舊址"黨員教育活動基地修繕項目) and Comprehensive Service Platform Reconstruction and Expansion Project in Rural Areas (農村綜合服務平台改擴建項目)
III. Awards and recognitions (details and class)	
1. In May 2020, Shanghai One-on-one Assistance and Cooperation Leading Group Office and Yunnan & Shanghai Poverty Alleviation Cooperation Leading Group Office (上海市對口支援與合作交流工作領導小組辦公室和雲南省滬滇扶貧寫作領導小組辦公室) jointly awarded the "Certificate of Honor for Social Forces Assisting Poverty Alleviation and Supervision" (社會力量助力掛牌督戰工作榮譽證書) to Everbright Securities	
2. In June 2020, the Company was awarded the "National Finance Pioneer" by the Chinese Financial Workers' Union	
3. In August 2020, Everbright Futures, a wholly-owned subsidiary of Everbright Securities, was awarded the "2020 Junding Award for Outstanding Futures Company on Poverty Alleviation in China" (2020中國優秀扶貧期貨公司君鼎獎) by the Securities Times	
4. In September 2020, the Company was awarded the Shanghai Nomination Prize for the 11th "China Charity Award" by Shanghai Civil Affairs Bureau	
5. In December 2020, the Company was awarded the "Prize for Social Responsibilities of Securities Companies" (證券公司社會責任獎) under the 2020 Golden Bull Prize for the securities industry in China during the "2020 High-quality Development Forum on the Securities Industry in China" organized by the China Securities Journal	



## SECTION IV REPORT OF THE BOARD

### 4. *Subsequent targeted poverty alleviation plans*

After the success in poverty alleviation of counties receiving one-on-one assistance, the Company will follow General Secretary Xi Jinping's guidance and implement the "Four Don'ts" policy. It will establish long-term mechanism on poverty prevention, conduct research and continuously advance the effective integration of overall eradication of poverty with rural revitalization. It will assist impoverished counties in consolidating the results of poverty alleviation with "sincerity, true love and tangible efforts" and advance rural revitalization.

### **(XV) Active performance of social responsibilities**

As a state-owned holding financial enterprise, the Company will, combining its own business and development, continue to optimize management in terms of service innovation, targeted poverty alleviation, employee development and green operation, actively communicate with all stakeholders, continue to strengthen corporate governance, and strive to achieve sustainable economic, social and environmental development. At the time of publishing this report, the Company will also publish the 2020 Annual Corporate Social Responsibility Report of Everbright Securities Company Limited on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

The Company has complied the "2020 Environmental, Social and Governance Report of Everbright Securities Company Limited" pursuant to the Environmental, Social and Governance Reporting Guide contained in the Appendix 27 of the Hong Kong Listing Rules. For details, please refer to the "2020 Environmental, Social and Governance Report of Everbright Securities Company Limited" published by the Company and disclosed on the HKEx website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.ebscn.com](http://www.ebscn.com)). During the Reporting Period, the Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide.

### **(XVI) Donations**

During the Reporting Period, the Group's donations amounted to approximately RMB14,165,180.25 in total.

By order of the Board  
**Everbright Securities Company Limited**  
**Yan Jun**  
*Chairman*

Shanghai, the PRC  
March 25, 2021

## SECTION V SIGNIFICANT EVENTS

### I. Proposal of Profit Distribution for Ordinary Shares or Capitalization from Capital Reserve Fund

#### (I) Formulation, implementation or adjustment of cash dividend policy

##### 1. *The Company's Profit Distribution Policy*

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 2019 Profit Distribution during the Reporting Period*

During the Reporting Period, the 2019 annual general meeting of the Company considered and approved the proposal in relation to the Company's 2019 profit distribution proposal. On July 24, 2020, the Company's 2019 profit distribution was completed.

##### 3. *The 2020 Profit Distribution Plan*

The fourth meeting of the sixth session of the Board considered and approved the proposal in relation to the Company's 2020 profit distribution plan: on the basis of a total share capital of 4,610,787,639 A Shares and H Shares in issue as of December 31, 2020, cash dividend of RMB1.58 per 10 shares (tax inclusive) will be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB728,504,446.96. The above distribution plan will be submitted to the Company's general meeting for review, and will be implemented 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 five business days prior to the 2020 annual general meeting of the Company.

The Company will announce in due course the date of the 2020 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.

## SECTION V SIGNIFICANT EVENTS

### (II) Proposal or plan of the profit distribution for ordinary shares or capitalization from capital reserve fund to share capital for the last three years (including the Reporting Period)

Unit: Yuan Currency: RMB

Year of distribution	Amount of dividends (RMB) (tax inclusive) per ten shares	Amount of cash dividends (tax inclusive)	Net profit for the year attributable to the shareholders of ordinary shares of the Company in the consolidated statements during the year of distribution	Percentage in net profit for the year attributable to the shareholders of ordinary shares of the Company in the consolidated statements (%)
2020	1.58	728,504,446.96	2,334,078,122.69	31.21
2019	0.37	170,599,142.64	567,944,886.30	30.04
2018	1.00	461,078,763.90	103,322,859.82	446.25

## II. Performance of Undertakings

### (I) Undertakings of de facto controllers, shareholders, related parties, purchasers, the Company and connected parties made and/or remaining effective during the Reporting Period

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, 2020 to December 31, 2020.

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, 2020 to December 31, 2020, none of Everbright Group, any of its normally-operating wholly-owned subsidiaries, controlling subsidiaries or an entity controlled by it, substantively competes with Everbright Securities or subsidiaries of Everbright Securities in any business that is engaged in by a securities firm as the primary operating entity and regulated by the relevant securities regulatory authority, nor is there any potential substantive competition. Therefore, Everbright Group has complied with the relevant non-competition undertakings during the financial year from January 1, 2020 to December 31, 2020.

## SECTION V SIGNIFICANT EVENTS

### III. Analysis and Explanation of Causes and Effects of Changes in Terms of Accounting Policies, Accounting Estimates or Corrections of Significant Accounting Errors by the Company

The Proposal on the Changes of Accounting Policies of the Company was considered and approved at the 26th meeting of the fifth session of the Board of the Company, which has changed the presentation basis of segment reporting in periodic reports by reclassifying the original five business segments into six business segments. This change does not affect the data in the financial statement and its presentation, and only affects the presentation of segment reports. For details, please refer to the announcement No. Lin 2020-089 dated August 27, 2020 published on the website of the SSE and the announcement dated August 26, 2020 published on the website of the Hong Kong Stock Exchange.

In accordance with the Provisions on the Accounting Treatment of the COVID-19 Pandemic-Related Rent Concessions, a simplified method can be selected for the rental concessions related to the COVID-19 epidemic in accordance with this accounting treatment regulation. As a lessee, the Company has adopted the simplified method in the accounting treatment regulations for rent concessions related to housing leases that occurred from January 1, 2020, and the relevant lease concessions have no material impact on the financial statements.

### IV. Appointment and Dismissal of Accounting Firms

	<b>Current engagement</b>
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	4
Name of overseas accounting firm	Ernst & Young
Remuneration of overseas accounting firm	Note
Years of audit service of overseas accounting firm	4

	<b>Name</b>	<b>Remuneration</b>
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 EBSHK, ESIL and SHKFGL amounted to HK\$4.78 million (equivalent to approximately RMB4.25 million).

The 26th meeting of the fifth session of the Board of the Company and the 2020 second extraordinary general meeting have considered and approved the Proposal on the Re-appointment of External Auditors for the Year 2020, to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the domestic external auditors of the Company for the year 2020; and re-appoint Ernst & Young as the overseas external auditors of the Company for the year 2020.

## SECTION V SIGNIFICANT EVENTS

### 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 SSE Listing Rules. For the particulars of other litigations of the Company, please refer to "VIII. Other Significant Events and Subsequent Events" in Section V "Significant Events" of this report.

### VI. 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; SHKC, a substantial shareholder of subsidiaries of the Company, owns 30% of the preferred shares of SHKFGL, the shareholding proportion accounts for 30% of the sum of ordinary shares and preferred shares, and hence 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 and SHKFGL and/or certain of its subsidiaries have entered into certain trademark license agreements. SHKC granted to SHKFGL and certain of its subsidiaries exclusive (save and except as Sun Hung Kai & Co. Limited), non-transferable and royalty-free licenses to use certain trademarks and domain names owned by Sun Hung Kai & Co. Limited 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 taken out with 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.

## SECTION V SIGNIFICANT EVENTS

4. SHKC, SHKFGL and EBSHK entered into a transitional services agreement, pursuant to which Sun Hung Kai & Co. Limited 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 China Everbright Bank Company Limited. The Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with setting the maximum daily deposit balance limit as required under Rule 14A.53 of the Hong Kong Listing Rules, and was granted a waiver from the Hong Kong Stock Exchange, which waives the Company's obligation to set a maximum daily deposit balance limit on the deposits of the proprietary funds and client funds deposited at China Everbright Bank Company Limited.

### ***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.

Before listing of H Shares of the Company on the Hong Kong Stock Exchange, the Company and the Everbright Group entered into a property leasing framework agreement (the "2016 Everbright Group Property Leasing Framework Agreement") and in the year 2018, the Company has renewed the property leasing framework agreement between the Company and the Everbright Group on the basis of the 2016 Everbright Group Property Leasing Framework Agreement (the "2018 Everbright Group Property Leasing Framework Agreement") during the Reporting Period for a term of three years commencing from January 1, 2019 to December 31, 2021.

The principal terms of the 2018 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 Group and the Everbright Group or its related associates shall enter into separate 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 2018 Everbright Group Property Leasing Framework Agreements; (3) the Group and the Everbright Group and its associates are entitled to lease additional gross floor area from and among the available properties owned by the other party during the term of the 2018 Everbright Group Property Leasing Framework Agreements; and (4) either party may, at any time before the applicable 2018 Everbright Group Property Leasing Framework Agreement expires, by giving not less than three months' written notice, to terminate any lease made pursuant to and contemplated under such agreement, and the rental will be reduced accordingly.

## SECTION V SIGNIFICANT EVENTS

In accordance with the 2018 Everbright Group Property Leasing Framework Agreement, the annual cap for the rental income from Everbright Group and its affiliated parties for the leased properties would be RMB6.0 million, RMB6.9 million and RMB8.0 million in 2019, 2020 and 2021, respectively; and the annual cap for the rental expenses to be incurred for the properties rented from Everbright Group and its affiliated parties would be RMB40.0 million, RMB46.0 million and RMB55.0 million in 2019, 2020 and 2021, respectively. In 2020, the actual amount of rental income from the properties leased to Everbright Group and its affiliated parties was RMB3.3946 million, and the actual rental expenditure incurred for the properties rented from Everbright Group and its affiliated parties was RMB25.1936 million.

Under the 2018 Everbright Group Property Leasing Framework Agreement, as the highest percentage ratio based on the relevant annual caps set out above is expected to be between 0.1% and 5% on an annual basis, such transactions are subject to the announcement, reporting and annual review requirements in Chapter 14A of Hong Kong Listing Rules, but are exempted from the independent shareholders' approval requirement.

For details of the 2018 Everbright Group Property Leasing Framework Agreement, please refer to the announcement of the Company dated August 28, 2018.

### *Non-financial Miscellaneous Services Framework Agreement*

In the ordinary and usual course of the Group's business, the Everbright Group and its associates provide certain nonfinancial services to the Group, and the Group expects that it will provide certain nonfinancial services to the Everbright Group and its associates. The non-financial miscellaneous services provided by the 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 the Everbright Group and its associates include, but not limited to, information technology and Internet network services, lease of advertising places, logistics, warehouse, consultancy services, labor outsourcing and other non-financial miscellaneous services.

To comply with the requirements of the Hong Kong Listing Rules, the Company has entered into a non-financial miscellaneous services framework agreement (the "2018 Everbright Group Nonfinancial Miscellaneous Services Framework Agreement") with the Everbright Group in 2018 pursuant to which, the Everbright Group and the Group will mutually provide certain non-financial miscellaneous services during the valid period of the 2018 Everbright Group Nonfinancial Miscellaneous Services Framework Agreement. The 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement shall be valid from January 1, 2019 to December 31, 2021.

In accordance with the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from Everbright Group and its affiliated parties for providing non-financial miscellaneous services would be RMB3.0 million, RMB4.0 million and RMB5.0 million in 2019, 2020 and 2021, respectively; and the annual cap for the expenses to be incurred for non-financial miscellaneous services provided by Everbright Group and its affiliated parties would be RMB69.0 million, RMB86.0 million and RMB100.0 million in 2019, 2020 and 2021, respectively. In 2020, the actual expenditure incurred for the non-financial miscellaneous services provided by Everbright Group and its affiliated parties was RMB6.9425 million.

## SECTION V SIGNIFICANT EVENTS

As the highest of the applicable percentage ratios in respect of the proposed annual caps for the continuing connected transactions contemplated under the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement for the three years ending December 31, 2021 exceed 0.1% but are 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 2018 Everbright Group Nonfinancial Miscellaneous Services Framework Agreement, please refer to the announcement of the Company dated August 28, 2018.

### *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. The Company entered into a financial products and services framework agreement (the "2016 Everbright Group Financial Products and Services Framework Agreement") with Everbright Group before the listing of the Company's H Shares and in 2018, the Company has renewed the financial products and services framework agreement between the Company and the Everbright Group on the basis of the 2016 Everbright Group Financial Products and Services Framework Agreement (the "2018 Everbright Group Financial Products and Services Framework Agreement"), for a term of three years commencing from January 1, 2019 to December 31, 2021.

#### A. Securities and Financial Products Transactions

The transaction of securities and financial products includes the transaction of various securities and financial products which are permitted to be traded by regulatory authorities.

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 and with high frequency. The pricing mechanisms of the Securities and Financial Products Transactions depend on the particular trading venue on which 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 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.

For the elaboration of the scope of the Securities and Financial Products Transactions under the 2018 Everbright Group Financial Products and Services Framework Agreement, please refer to the circular of the 2018 second extraordinary general meeting of the Company dated October 31, 2018.

In accordance with the 2018 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transaction of securities and financial products shall be RMB230,000 million, RMB280,000 million and RMB340,000 million in 2019, 2020 and 2021 respectively; and the annual cap for cash outflow for the transaction of securities and financial products shall be RMB230,000 million, RMB280,000 million and RMB340,000 million in 2019, 2020 and 2021 respectively. In 2020, the actual cash inflow from the transaction of securities and financial products was RMB165.053 billion; and the actual cash inflow for the transaction of securities and financial products was RMB168.93 billion.



## SECTION V SIGNIFICANT EVENTS

### B. 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 affiliated parties, including but not limited to the services such as investment banking, brokerage, asset management, deposit and loan, proxy sales of financial products, insurance, etc. 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.

Further elaboration of the scope of the securities and financial services provided by the Group to the Everbright Group and its associates (or such services) under the 2018 Everbright Group Financial Products and Services Framework Agreement, please refer to the circular of 2018 second extraordinary general meeting of the Company dated October 31, 2018.

In accordance with the 2018 Everbright Group Financial Products and Services Framework Agreement, the annual cap for the revenue to be gained by the Group for the securities and financial services provided to Everbright Group and its affiliated parties shall be RMB950.0 million, RMB1,050.0 million and RMB1,200.0 million in 2019, 2020 and 2021 respectively; and the annual cap for the expense to be paid by the Group for the securities and financial services provided by Everbright Group and its affiliated parties shall be RMB250.0 million, RMB290.0 million and RMB330.0 million in 2019, 2020 and 2021 respectively. In 2020, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its affiliated parties was RMB329.8712 million, and the actual expense paid by the Group for the securities and financial services provided by Everbright Group and its affiliated parties was RMB153.4476 million.

Under the 2018 Everbright Group Financial Products and Services Framework Agreement, as the highest applicable percentage ratio based on the relevant annual caps set out above are expected to be 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 2018 Everbright Group Financial Products and Services Framework Agreement are set out in the Company's announcement dated August 28, 2018 and the circular dated October 31, 2018 on the second extraordinary general meeting of 2018.

The Company had made its application to the Hong Kong Stock Exchange for a waiver from the strict compliance with the 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 September 14, 2018, waiving the Company from the obligation of setting a maximum daily deposit balance limit under the 2018 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 17, 2018.

## SECTION V SIGNIFICANT EVENTS

### (II) Transaction on Performance of Put Option Between ESFH and SHKC

According to the 2015 Shareholders' Agreement and the relevant supporting legal documents entered into between ESFH and SHKC in 2015, SHKC is entitled to the put option and other relevant rights. On November 17, 2020, based on the friendly negotiation, ESFH and SHKC have reached an agreement on the arrangement for exercising the put option for mutual benefit and have entered into a series of agreements, namely the Amended and Restated Shareholders' Agreement, the Agreement for Repurchase and Subscription of Shares, the Amended and Restated Trade Mark Licence Agreement, the Deed of Release, and the Loan Receivables Charge Agreement, which provide matters about the exercise of the put option, non-competition undertaking and use of trademarks, etc. The transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction exceeds 1% but is less than 5%. Hence, the transaction is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirements under Chapter 14A of the Listing Rules.

As agreed in the 2015 Shareholders' Agreement, SHKC is entitled to the put option in relation to the 30% equity interests it holds in SHKFGL and other relevant rights, and is entitled to exercise the put option as agreed during June 2, 2020 to December 2, 2020. Under the put option, SHKC is entitled to sell the remaining 30% equity it holds in SHKFGL to ESFH based on the initial price agreed in the 2015 Shareholders' Agreement, plus an annual compound annual rate of return of 8.8%, minus the dividends already distributed to SHKC. The 30% of the ordinary shares of SHKFGL held by SHKC will be converted into the same number of preference shares according to the relevant legal procedures, and the payment will be made in installments through the redemption of preference shares by SHKFGL, and all preference shares of SHKFGL will be redeemed finally. On November 17, 2020, ESFH paid SHKC in cash at an amount of approximately HK\$1.257 billion as initial payment and the balance of approximately HK\$1.156 billion will be paid by SHKFGL in installments.

SHKFGL may choose between mandatory redemption and accelerated redemption to redeem the preference shares. Under the mandatory redemption arrangement, SHKFGL will redeem one third of the preference shares from SHKC on each of June 1, 2021, June 1, 2022 and June 1, 2023, respectively. The amount paid for each period will be approximately HK\$450 million to HK\$480 million respectively. Under the accelerated redemption arrangement, SHKFGL may decide based on specific circumstances, that on one of June 1, 2021, December 1, 2021, June 1, 2022 or December 1, 2022, it will redeem all the remaining preference shares held by SHKC in advance at one time, with an amount of approximately HK\$1.237 billion, HK\$825 million, HK\$864 million and HK\$412 million, respectively.

The above-mentioned transaction has been approved by the Board at the 28th meeting of the fifth session of the Board. The independent non-executive directors of the Company are of the view that the transaction and relevant agreements have been negotiated by the parties on the normal commercial terms and are in the interest of the Company and the shareholders of the Company as a whole, and there is no violation of relevant regulations and damage to the interests of the Company and its shareholders. For details, please refer to announcement No. Lin 2019-108 published on the website of SSE and the announcement published on the website of the Hong Kong Stock Exchange dated November 17, 2020.

## SECTION V SIGNIFICANT EVENTS

### (III) Confirmation of the Auditors

The Board has received the letter of confirmation from the Company's auditors in relation to the above-mentioned 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:

1. 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;
2. 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 Group for transactions involving the provision of goods or services by the Group;
3. 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
4. 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.

### (IV) Independent Non-executive Directors' Confirmation

The independent non-executive Directors have reviewed the above-mentioned 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.

### (V) 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 56 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 requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

## SECTION V SIGNIFICANT EVENTS

### VII. Material Contracts and Their Performance

#### (I) Guarantee

Unit: RMB in 100 million

<b>External guarantees provided by the Company (excluding guarantees provided for subsidiaries)</b>	
Total amount of guarantees provided during the Reporting Period (excluding guarantees provided for subsidiaries)	–
Total amount of guarantees outstanding at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)	–
<b>Guarantees provided by the Company and its subsidiaries for subsidiaries</b>	
Total amount of guarantees provided for subsidiaries during the Reporting Period	19.32
Total amount of guarantees provided for subsidiaries outstanding at the end of the Reporting Period (B)	65.60
<b>Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)</b>	
Total amount of guarantees (A+B)	65.60
Proportion of the total amount of guarantees to the Company's net assets (%)	12.33%
Including:	
Guarantees provided for shareholders, de facto controller and their related parties (C)	–
Debt guarantees provided directly or indirectly for guaranteed objects with a gearing ratio of over 70% (D)	30.60
The guarantees whose total amount exceeds 50% of the net assets (E)	–
Total amount of the above three guarantees (C+D+E)	30.60
Description of guarantees outstanding that may be involved in joint and several liabilities	
Description of guarantees	<ol style="list-style-type: none"> <li>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 EBSHK. As of December 31, 2020, the balance of such guarantees was approximately RMB3.395 billion. The guarantees of the Company's holding subsidiaries mainly include: the wholly-owned subsidiary EBSHK and its subsidiaries provided loan guarantees and financing guarantees for its subsidiaries, to facilitate their business operation. As of December 31, 2020, the balance of such guarantees was approximately RMB3.165 billion.</li> <li>2. The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.</li> </ol>

## SECTION V SIGNIFICANT EVENTS

### VIII. Other Significant Events and Subsequent Events

#### (I) Completion of the Board and the Supervisory Committee re-election

On October 28, 2020, the nomination of candidates for directors of the sixth session of the Board and independent directors was considered and approved at the 27th meeting of the fifth session of the Board of the Company, and the official assumption of duties of the directors of the sixth session of the Board on December 15, 2020 was considered and approved at the Company's third extraordinary general meeting in 2020. On December 15, 2020, the Company held the first meeting of the sixth session of the Board, at which Mr. Yan Jun was elected as the chairman of the sixth session of the Board of the Company, and members of each special committee under the Board were also elected. The sixth session of the Board currently consists of 13 directors, including five independent directors.

On October 28, 2020, the nomination of candidates for supervisors of the sixth session of the Supervisory Committee and external supervisors was considered and approved at the 17th meeting of the fifth session of the Supervisory Committee of the Company, and the official assumption of duties of other three employee supervisors elected by the Employee Congress of the Company as well as the official assumption of duties of supervisors of the sixth session of the Supervisory Committee on December 15, 2020 was considered and approved at the Company's third extraordinary general meeting in 2020. On December 15, 2020, the Company held the first meeting of the sixth session of the Supervisory Committee, at which Mr. Liu Jiping was elected as the chairman of the sixth session of the Supervisory Committee of the Company, and members of each special committee under the Supervisory Committee were also elected. The sixth session of the Supervisory Committee currently consists of nine supervisors, including two external supervisors and three employee supervisors. (For details, please refer to announcements No. Lin 2020-101, No. Lin 2020-102, No. Lin 2020-113, No. Lin 2020-114 and No. Lin 2020-115 published on the website of SSE and announcements published on the website of the Hong Kong Stock Exchange dated October 29, 2020, October 29, 2020, December 15, 2020, December 16, 2020 and December 16, 2020.)

#### (II) Relevant information on branches

In order to further optimize the layout of business outlets, the Company has cancelled the securities brokerage branch at Santan Road, Tianjin, the securities brokerage branch at East Suzhou Avenue, the securities brokerage of Tangshan, the securities brokerage branch at Shengli South Road, Anshan, the securities brokerage branch at Linhe West Road, Guangzhou, the securities brokerage branch at West Huangpu Avenue, Guangzhou, the securities brokerage branch at Lingnan Avenue, Foshan, the securities brokerage branch at Minhong Road, Minhang District, Shanghai, the securities brokerage branch at Tianfu Third Street, Chengdu, the securities brokerage branch at Zhongshan East Second Road, Huangpu District, Shanghai, the securities brokerage branch at Changjiang North Road, Wuxi, the securities brokerage branch at Zixia Road, Maanshan, the securities brokerage branch at Renmin Road, Heze, the securities brokerage branch at Changbaishan West Road, Yanji, the securities brokerage branch at Guilin North Road, Nanhai District, Foshan and the securities brokerage branch at Guotai South Road, Shunde District, Foshan. For details, please refer to announcements No. Lin 2020-011, No. Lin 2020-019, No. Lin 2020-024, No. Lin 2020-036, No. Lin 2020-043, No. Lin 2020-050, No. Lin 2020-060, No. Lin 2020-112, No. Lin 2020-118, No. Lin 2021-003 and No. Lin 2021-010 published on the website of SSE and announcements published on the website of the Hong Kong Stock Exchange dated January 21, 2020, February 12, 2020, March 6, 2020, April 1, 2020, April 23, 2020, May 9, 2020, June 6, 2020, December 11, 2020, December 24, 2020, January 16, 2021 and February 23 2021.

For the cancellation of the abovementioned securities brokerage branches, the Company has performed procedures according to regulatory requirements, completed the matters such as the transfer of customers, settlement of business and closure of the premises, and gone through formalities for industrial and commercial deregistration. As at the date of disclosure, the Company has 254 securities brokerage branches.

#### (III) Events of litigations disclosed with subsequent progress

For details on the Company's case against Shihezi Ruichen Equity Investment Partnership (Limited Partnership) (石河子市瑞晨股權投資合夥企業(有限合夥)), a margin financing and securities lending client, please refer to the announcement No. Lin 2020-002 (the "Announcement on Litigation") published on the website of the SSE and the announcement dated January 7, 2020 published on the website of the Hong Kong Stock Exchange. The original claims in the case were RMB52.36 million. During the judgment by the court, the Company has been fully compensated for the financing principal and interests involved in the case through liquidation execution. Currently, the Company has received the first-instance judgment, ruling that Shihezi Ruichen Equity Investment Partnership (Limited Partnership) (石河子市瑞晨股權投資合夥企業(有限合夥)) shall pay penalty interests of approximately RMB11.07 million and legal costs.

## SECTION V SIGNIFICANT EVENTS

For details on the Company's case against its stock pledge client, Shihezi Ruichen Equity Investment Partnership (Limited Partnership) (石河子市瑞晨股權投資合夥企業(有限合夥)), please refer to the announcement No. Lin 2020-061 ("Announcement on Progress of Litigation") published on the website of the SSE and the announcement dated June 10, 2020 published on the website of the Hong Kong Stock Exchange. Currently, the Company has made an application for enforcement.

For details on the Company's case against its stock pledge clients surnamed Zheng and surnamed Zhan, please refer to the announcement No. Lin 2020-104 ("Announcement on Litigation") published on the website of the SSE and the announcement dated November 3, 2020 published on the website of the Hong Kong Stock Exchange. Zhan have filed an appeal. Currently, the Shanghai High People's Court ruled against the appeal and upheld the first instance judgement.

For details on the Company's case against its stock pledge clients surnamed Zhang and surnamed Ma, please refer to the announcement No. Lin 2020-045 ("Announcement on Litigation") published on the website of the SSE and the announcement dated August 9, 2020 published on the website of the Hong Kong Stock Exchange. For the case against the stock pledge client surnamed Zhang, it ruled that Zhang and Ma shall return the financing principal of RMB245 million and pay the interests, default interests, legal costs and other expenses. For the case against the stock pledge client surnamed Ma, it ruled that Zhang and Ma shall return the financing principal of RMB190 million and pay the interests and default interests. Zhang and Ma have filed an appeal.

The Company brought a sue against the stock pledge client Dulwich Investment Group Co., Ltd. and a person with the family name of Zhou. For details, please refer to the Company's announcement (Announcement of Litigation Involved) No.Lin 2020-048 published on the website of SSE, and the announcement dated April 30, 2020 published on the website of the Hong Kong Stock Exchange. At present, the Company has received the first-instance judgment, ruling that Dulwich Investment Group Co., Ltd. shall return the financing principal of approximately RMB150.24 million, and pay interest and liquidated damages.

The Company's case against the stock pledge client Zhejiang Runcheng Holding Group Co., Ltd. (浙江潤成控股集團有限公司) has been disclosed in the section headed "VIII. Other Significant Events and Subsequent Events" under "Section V Significant Events" in the Company's 2019 annual report. Currently, the Company has received the first-instance judgment, ruling that Zhejiang Runcheng shall return the financing principal of approximately RMB26.94 million and the interests, default interests, legal costs and other expenses to the Company. The Company has made an application for enforcement.

The Company's case against a margin financing and securities lending client surnamed Wu has been disclosed in the section headed "XI. Other Significant Events and Subsequent Events" under "Section V Significant Events" in the Company's 2019 interim report. The court has ruled to end this execution procedure. Currently, Shanghai Financial Court has filed a retrial on Wu's margin financing and securities lending case.

The Company's case against a stock pledge client surnamed Shi has been disclosed in the section headed "XI. Other Significant Events and Subsequent Events" under "Section V Significant Events" in the Company's 2019 interim report. The court has ruled to end this execution procedure. Currently, the Company has received the judgment of the second instance, which ordered Shi to return the financing principal of RMB41 million and to pay the interest thereon and liquidated damages.

The Company's case against its margin financing and securities lending client surnamed Yin has been disclosed in the section headed "XII. Other Significant Events and Subsequent Events" under Section V "Significant Events" of the Company's 2020 interim report. Currently, the court has ruled to end the execution procedure.

The case, of which O:TU INVESTMENTS LIMITED filed a lawsuit against Shanghai International Wine Exchange Co., Ltd. and Everbright Fortune has been disclosed in the section headed "VII. Other Significant Events and Subsequent Events" under "Section V Significant Events" in the Company's 2018 annual report. Currently, the Shanghai Second Intermediate People's Court rejected all claims of the plaintiff in the first-instance judgment. O:TU INVESTMENTS LIMITED has filed an appeal.

## SECTION V SIGNIFICANT EVENTS

### (IV) Relevant events of additional litigations during the Reporting Period and after the Reporting Period

On November 19, 2020, Everbright Fortune submitted an arbitration application to Shanghai International Economic and Trade Arbitration Commission against Quanzhou Hongdao Investment Co., Ltd. (泉州弘道投資有限公司) and a natural person surnamed Hu on a dispute over an investment agreement with an approximate involved amount of repurchase payment of RMB20.79 million and liquidated damage of RMB6.17 million. The case has been accepted by Shanghai International Economic and Trade Arbitration Commission.

The Company filed lawsuits to each of the People's Court of Jing'an District of Shanghai and Shanghai Financial Court on disputes over margin financing and securities lending transactions in respect of relevant fourteen default cases, six of which had received the notice of acceptance on March 18, 2021. The total amount involved in above fourteen cases was approximately RMB435 million.

### (V) 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. Everbright Capital has received the civil judgment for the first instance trial. At present, Everbright Capital has filed an appeal, and the relevant litigation is still in the process of performing judicial procedures. Huarui Bank filed an arbitration against Everbright Jinhui on the same matter. 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 private equity investment contract dispute, and the above-mentioned arbitration has received the arbitral award. In the case of Everbright Jinhui and Shanghai Jinxin v. Baofeng Group and Fengxin on the equity transfer dispute, the Beijing Higher People's Court ruled to reject the litigation claims of Everbright Baptist and Shanghai Baptist. The case has been appealed to the Supreme People's Court. 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 and the corresponding interest, which is currently under trial.

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 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 and No. Lin 2020-094 published on the website of the SSE by the Company, and the announcements 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 and September 18, 2020 published on the website of the Hong Kong Stock Exchange.

After the Company disclosed the 2018 annual performance forecast, a large amount of estimated liabilities was accrued for MPS matters, which led to a significant decrease in 2018 annual performance. The Company corrected its announcement in performance disclosure. Due to related matters, the Company received the Decision on Circulating a Notice of Criticism on Everbright Securities Co., Ltd. and Relevant Responsible Persons (a letter of disciplinary decision of the SSE [2020] No. 55) from the Shanghai Stock Exchange on June 4, 2020.

## SECTION V SIGNIFICANT EVENTS

### IX. 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.

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 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 won't 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



## SECTION V SIGNIFICANT EVENTS

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 won't 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 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 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 enterprises may, personally or by entrusting an agent or withholding obligator, 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

## SECTION V SIGNIFICANT EVENTS

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 Exchanges and Clearing Limited through Shanghai-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 Exchanges and Clearing Limited 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 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 Exchanges and Clearing Limited 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 Exchanges and Clearing Limited 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 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.

### X Other Information

During the Reporting Period, the external auditors engaged by the Company did not issue any non-standard audit report.

## SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. Changes in Ordinary Share Capital

#### (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, 2020, 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

Types of shares and their derivative securities	Value date	Issue price (or interest rate)	Issue size (RMB in 100 million)	Date of listing	Number of shares permitted to be listed for trading (RMB in 100 million)	Date of termination of transaction
Convertible corporate bonds, detachable convertible bonds and corporate bonds						
Corporate bonds	January 16, 2020	3.30%	30	January 22, 2020	30	January 14, 2021
Corporate bonds	March 9, 2020	3.19%	30	March 16, 2020	30	March 9, 2023
Corporate bonds	June 22, 2020	3.10%	15	June 30, 2020	15	June 22, 2023
Corporate bonds	July 14, 2020	3.60%	37	July 21, 2020	37	July 14, 2023
Perpetual Subordinated Bonds	August 17, 2020	4.40%	20	September 9, 2020	20	August 17, 2025
Corporate Bonds	August 28, 2020	3.70%	48	September 2, 2020	48	August 28, 2023
Short-term corporate bonds	October 19, 2020	3.20%	50	October 23, 2020	50	October 18, 2021
Corporate bonds	December 25, 2020	3.12%	30	December 31, 2020	30	December 27, 2021
Corporate bonds	December 25, 2020	3.60%	17	December 31, 2020	17	December 25, 2023

For details of bonds issued by the subsidiaries of the Company during the Reporting Period, please refer to Note 53 to the consolidated financial statements.

#### (II) Description of issuance of securities during the Reporting Period

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

## SECTION VI CHANGES IN ORDINARY 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	229,439 (of which 229,266 were holders of A Shares and 173 were registered holders of H Shares)
Total number of shareholders of ordinary shares at the end of last month preceding the date of disclosure of the annual report	219,489 (of which 219,316 were holders of A Shares and 173 were registered holders of H Shares)

#### (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

Name of shareholders (Full name)	Shareholding of top ten shareholders					
	Changes in the number of shares during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Pledged 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	(21,783,000)	960,467,000	20.83	Nil	–	Foreign legal person
HKSCC Nominees Limited	43,800	703,678,700	15.26	Unknown	–	Unknown
China Securities Finance Corporation Limited	0	137,863,472	2.99	Nil	–	Others
Pingan Dahua Fund – Pingan Bank – Ping An Bank Company Limited	(92,187,901)	55,330,546	1.20	Nil	–	Others
HKSCC Limited	(16,122,104)	50,430,905	1.09	Nil	–	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	20,885,482	41,030,445	0.89	Nil	–	Others
Central Huijin Asset Management Ltd.	0	37,568,900	0.81	Nil	–	State-owned legal person
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	Nil	–	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	16,055,111	24,329,918	0.53	Nil	–	Others

## SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders without selling restrictions

Name of shareholders (Full name)	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	960,467,000	RMB ordinary shares	960,467,000
HKSCC Nominees Limited	703,678,700	Overseas listed foreign shares	703,678,700
China Securities Finance Corporation Limited	137,863,472	RMB ordinary shares	137,863,472
Pingan Dahua Fund – Pingan Bank – Ping An Bank Company Limited	55,330,546	RMB ordinary shares	55,330,546
HKSCC Limited	50,430,905	RMB ordinary shares	50,430,905
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	41,030,445	RMB ordinary shares	41,030,445
Central Huijin Asset Management Ltd.	37,568,900	RMB ordinary shares	37,568,900
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
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	24,329,918	RMB ordinary shares	24,329,918
Description of the connected relationships or action in concert between the above shareholders	Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd., which holds 63.16% equity interest in China Everbright Group Ltd. 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: Among the H shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.

Note 2: HKSCC Limited is the nominee holder of the Shanghai-Hong Kong Stock Connect shares.

## SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

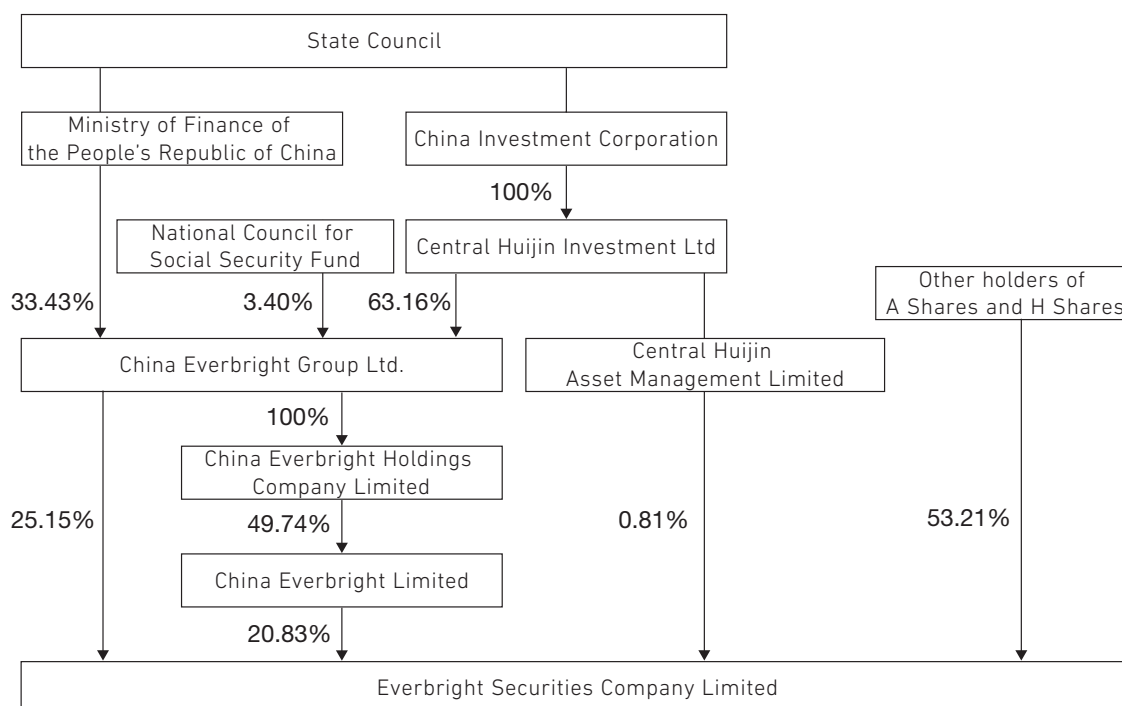
### IV. Controlling Shareholder and De Facto Controller

#### (I) Controlling shareholder

##### 1. Legal person

Name	China Everbright Group Ltd.
Person in charge of the unit or legal representative	Li Xiaopeng
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 non-financial 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	directly and indirectly holding 49.999% of China Everbright Bank Company Limited directly and indirectly holding 49.74% of Everbright Limited directly and indirectly holding 43.08% of China Everbright International Limited directly and indirectly holding 21.14% of China CYTS Tours Holding Co., Ltd. directly and indirectly holding 28.47% of Cachet Pharmaceutical Co., Ltd. directly and indirectly holding 74.99% of Everbright Grand China Assets Limited directly and indirectly holding 3.99% of Shenwan Hongyuan Group Co., Ltd.

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

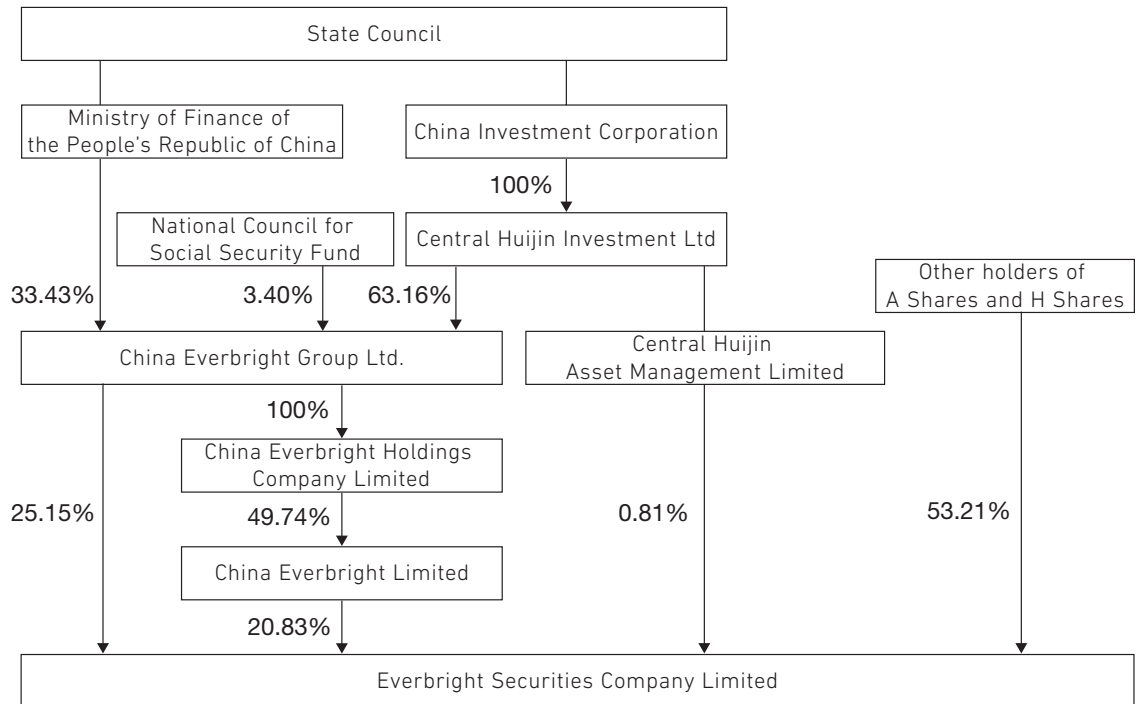


Note: The three shareholders of China Everbright Group Ltd. hold a total of 99.99% of the shares, which is due to the fact that the relevant data retains decimal places.

## SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### (II) De facto controller

- The de facto controller shall be disclosed to the level of state-owned assets management authority in accordance with the No. 2 of Contents and Format of the Information Disclosure for Companies Offering Securities Publicly – the Contents and Format of Annual Report (revised in 2017). The de facto controller of the Company is State Council, the ownership and controlling relationship between the Company and the de facto controller is as shown as above.
- Chart of the ownership and controlling relationship between the Company and de facto controller*



Note: The three shareholders of China Everbright Group Ltd. hold a total of 99.99% of the shares, which is due to the fact that the relevant data retains decimal places.

## SECTION VI CHANGES IN ORDINARY 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, 2020, 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 <sup>7</sup>	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company <sup>6</sup> (%)	Percentage of total issued A Shares/ H Shares of the Company <sup>6</sup> (%)	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 <sup>1</sup>	37,568,900	0.81	0.96	Long Position
		A Share	Interests in controlled corporation <sup>2</sup>	2,141,706,183	46.45	54.82	Long Position
				2,179,275,083	47.26	55.78	Long Position
2	Central Huijin Asset Management Limited (中央匯金資產管理有限責任公司)	A Share	Beneficial owners	37,568,900	0.81	0.96	Long Position
3	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owners	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation <sup>3</sup>	975,600,000	21.16	24.97	Long Position
				2,135,056,183	46.31	54.65	Long Position
4	China Everbright Holdings Company Limited (中國光大集團有限公司)	A Share	Interests in controlled corporation <sup>3</sup>	975,600,000	21.16	24.97	Long Position
5	Datten Investments Limited	A Share	Interests in controlled corporation <sup>3</sup>	975,600,000	21.16	24.97	Long Position
6	Honorich Holdings Limited	A Share	Interests in controlled corporation <sup>3</sup>	975,600,000	21.16	24.97	Long Position
7	China Everbright Limited (中國光大控股有限公司)	A Share	Beneficial owners	975,600,000	21.16	24.97	Long Position
8	China State Construction Engineering Corporation	H Share	Interests in controlled corporation <sup>4</sup>	138,812,800	3.01	19.72	Long Position
9	China State Construction Engineering Corporation Limited (中國建築股份有限公司)	H Share	Interests in controlled corporation <sup>4</sup>	138,812,800	3.01	19.72	Long Position
10	CSCEC Capital (Hong Kong) Limited	H Share	Beneficial owners	138,812,800	3.01	19.72	Long Position
11	China Shipbuilding Capital Limited (中國船舶資本有限公司)	H Share	Beneficial owners	138,588,800	3.01	19.68	Long Position
12	Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司)	H Share	Beneficial owners	131,344,200	2.85	18.65	Long Position
13	Guangdong Hengjian Investment Holding Co., Ltd (廣東恒健投資控股有限公司)	H Share	Interests in controlled corporation <sup>5</sup>	131,344,200	2.85	18.65	Long Position



## SECTION VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

*Notes:*

1. Central Huijin Investment Ltd. held 100% of the total issued share capital in Central Huijin Asset Management Limited. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in Central Huijin Asset Management Limited's interest in the Company under the SFO.
2. Central Huijin Investment Ltd. held a 55.67% 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.
3. 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 the 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.
4. 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.
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, 2020, 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, 2020, 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 VI CHANGES IN ORDINARY SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

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	Zhao Wei	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 shares, and the total paid-up amount is HK\$9,618,096,709(as of December 31, 2020)	China Everbright Limited is a Hong Kong listed company with alternative asset management as its core business in China. China Everbright Group Corporation is the Company's largest shareholder, holding 49.74% of its shares. The Company is committed to becoming "the world's leading cross-border asset management company", with fund management and its own capital investment as its main business operations. On the one hand, the Company focuses on the development of fund management business, on the other hand, it provides the funds needed for project cultivation and fund development through its own fund investment business, and promotes overall and sustainable development.

### VI. Sufficient Public Float

The Company has made an application to the Hong Kong Stock Exchange when applying for the listing of its H Shares, and the Hong Kong Stock Exchange has granted the Company a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the H Shares from time to time held by the public to be the highest of:

- 14.39% of the total issued share capital of the Company;
- such percentage of H Shares of the total issued share capital of the Company to be held by the public immediately after completion of the global offering (assuming the over-allotment option is not exercised); or
- such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public after the exercise of the over-allotment option.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any above securities of the Company or its subsidiaries.

### VIII. Preference Shares

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

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### I. Changes in Shareholding and Remuneration

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

1. *The basic information of current Directors, Supervisors and senior management is as follow:*

Name	Position (note)	Gender	Year of birth	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
Yan Jun	Chairman, Executive Director	Male	1970	December 15, 2020	December 14, 2023	270.02	No
Liu Qiuming	Executive Director, President	Male	1976	December 15, 2020	December 14, 2023	213.27	No
				March 13, 2020	-		
Song Bingfang	Director	Male	1971	December 15, 2020	December 14, 2023	0	Yes
Fu Jianping	Director	Male	1971	December 15, 2020	December 14, 2023	0	Yes
Yin Lianchen	Director	Male	1966	December 15, 2020	December 14, 2023	0	Yes
Chan Ming Kin	Director	Male	1969	December 15, 2020	December 14, 2023	0	Yes
Tian Wei	Director	Male	1973	December 15, 2020	December 14, 2023	0	No
Yu Mingxiong	Director	Male	1977	December 15, 2020	December 14, 2023	0	Yes
Wang Yong	Independent Director	Male	1966	December 15, 2020	December 14, 2023	11.06	No
Po Wai Kwong	Independent Director	Male	1957	December 15, 2020	December 14, 2023	0	No
Ren Yongping	Independent Director	Male	1963	December 15, 2020	December 14, 2023	0	No
Yin Junming	Independent Director	Male	1972	December 15, 2020	December 14, 2023	0	No
Liu Yunhong	Independent Director	Male	1976	December 15, 2020	December 14, 2023	0	No
Liu Jiping	Chairman of the Supervisory Committee	Male	1964	December 15, 2020	December 14, 2023	240.60	No
Wu Chunsheng	Supervisor	Male	1963	December 15, 2020	December 14, 2023	0	Yes
Wang Hongyang	Supervisor	Male	1977	December 15, 2020	December 14, 2023	0	Yes
Yang Weirong	Supervisor	Male	1975	December 15, 2020	December 14, 2023	0	No
Zhu Wuxiang	External Supervisor	Male	1965	December 15, 2020	December 14, 2023	7.64	No
Cheng Fengchao	External Supervisor	Male	1959	December 15, 2020	December 14, 2023	0	No
Wang Wenyi	Employee Supervisor	Female	1966	December 15, 2020	December 14, 2023	103.08	No
Huang Qin	Employee Supervisor	Female	1975	December 15, 2020	December 14, 2023	121.52	No
Li Xianzhi	Employee Supervisor	Male	1965	December 15, 2020	December 14, 2023	118.78	No
Xiong Guobing	Senior expert	Male	1968	September 14, 2007	-	217.01	No
Wang Cuiting	Chairman of the Labor Union, Senior expert	Female	1966	May 30, 2005	-	217.01	No
Wang Zhong	Vice President	Male	1972	March 12, 2015	-	212.05	No
Mei Jian	Vice President	Male	1970	January 12, 2017	-	216.96	No
Zhu Qin	Vice President, Chief Compliance Officer, Chief Risk Officer, Secretary to the Board	Female	1970	February 6, 2017	-	223.39	No
Li Bingtao	Business Line Director	Male	1976	February 13, 2017	-	246.64	No
Dong Jie	Business Line Director	Female	1967	July 22, 2017	-	148.72	No
Fang Ye	Chief Information Officer	Male	1971	April 17, 2020	-	137.52	No
Liang Chunliang	Business Line Director	Male	1971	April 17, 2020	-	118.16	No
<b>Total</b>						2,823.43	No

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### 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
Xue Keqing	Director	Male	1963	November 9, 2017	December 14, 2020
Meng Xiangkai	Director	Male	1961	March 15, 2019	June 4, 2020
Xu Jingchang	Independent Director	Male	1965	October 17, 2017	December 14, 2020
Xiong Yan	Independent Director	Male	1956	October 17, 2017	December 14, 2020
Li Zheping	Independent Director	Male	1965	October 17, 2017	December 14, 2020
Au Sing Kun	Independent Director	Male	1952	October 17, 2017	December 14, 2020
Zhang Jingcai	Supervisor	Male	1963	October 17, 2017	December 14, 2020
Sun Wenqiu	External Supervisor	Male	1967	September 30, 2018	June 23, 2020

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: Mr. Yan Jun served as a Director of the Company since August 9, 2018, a vice president of the Company since April 28, 2019, and the chairman of the Company since July 3, 2019. The duration of service in the above table refers to the time of serving as a Director of the sixth session of the Board of the Company.

Mr. Liu Qiuming served as an executive Director and the president of the Company since March 13, 2020. The duration of service in the above table refers to the time of serving as an executive Director of the sixth session of the Board and the president of the Company.

Note 3: The Company held the 2020 third extraordinary general meeting on December 15, 2020 and completed the election of members of the sixth session of the Board. Mr. Yan Jun and Mr. Liu Qiuming were elected as directors (executive directors) of the sixth session of the Board. Mr. Song Bingfang, Mr. Fu Jianping, Mr. Yin Lianchen, Mr. Chan Ming Kin, Mr. Tian Wei and Mr. Yu Mingxiong were elected as directors of the sixth session of the Board. Mr. Wang Yong, Mr. Po Wai Kwong, Mr. Ren Yongping, Mr. Yin Junming and Mr. Liu Yunhong were elected as independent directors of the sixth session of the Board. Mr. Po Wai Kwong obtained the qualification certificate as an independent director from Shanghai Stock Exchange on January 8, 2021. As approved at the first meeting of the sixth session of the Board, Mr. Yan Jun was elected as the chairman of the sixth session of the Board. The Board of the Company received a letter of resignation from Mr. Meng Xiangkai on June 4, 2020. Mr. Meng Xiangkai resigned as a director of the Company. The term of Mr. Xue Keqing expired on December 14, 2020 and he no longer served as a director of the Company. The terms of Mr. Xu Jingchang, Mr. Xiong Yan, Mr. Li Zheping and Mr. Au Sing Kun expired on December 14, 2020 and they no longer served as independent directors of the Company.

Note 4: The Company held the 2020 third extraordinary general meeting on December 15, 2020 and completed the election of members of the sixth session of the Supervisory Committee. Mr. Liu Jiping, Mr. Wu Chunsheng, Mr. Wang Hongyang and Mr. Yang Weirong were elected as supervisors of the sixth session of the Supervisory Committee. Mr. Zhu Wuxiang and Mr. Cheng Fengchao were elected as external supervisors of the sixth session of the Supervisory Committee. At the fourteenth meeting of the fifth session of the employee representative meeting of the Company, Ms. Wang Wenyi, Ms. Huang Qin and Mr. Li Xianzhi were elected as employee supervisors of the sixth session of the Supervisory Committee of the Company. The term of Mr. Zhang Jingcai expired on December 14, 2020 and he no longer served as a supervisor of the Company. The Supervisory Committee of the Company received a resignation letter from Mr. Sun Wenqiu, a supervisor, on June 23, 2020 and he resigned from his position as a supervisor of the Company. As approved at the first meeting of the sixth session of the Supervisory Committee, Mr. Liu Jiping was elected as the chairman of the sixth session of the Supervisory Committee.

Note 5: On April 17, 2020, after review and approval at the 23rd meeting of the fifth session of the Board of the Company, it was agreed to appoint Mr. Fang Ye as the Company's chief information officer and Mr. Liang Chunliang as the Company's business director. The appointments of Mr. Fang Ye and Mr. Liang Chunliang would take effect from the date of approval by the Company's Board of Directors.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

- Note 6: 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 bonus of 2019 and deferred performance bonus of previous years: Yan Jun (閻峻): RMB1,024,300; Liu Jiping (劉濟平): RMB2,235,800; Wang Wenyi (王文藝): RMB873,300; Huang Qin (黃琴): RMB1,575,000; Li Xianzhi (李顯志): RMB1,161,300; Xiong Guobing (熊國兵): RMB2,093,900; Wang Cuiting (王翠婷): RMB1,917,000; Wang Zhong (王忠): RMB1,817,000; Mei Jian (梅鍵): RMB1,965,200; Zhu Qin (朱勤): RMB1,640,600; Li Bingtao (李炳濤): RMB1,961,700; Dong Jie (董捷): RMB1,797,300, totaling RMB20,062,400.
- Note 7: During the Reporting Period, the total pre-tax remuneration received by Mr. Xu Jingchang, Mr. Xiong Yan, Mr. Li Zheping and Mr. Au Sing Kun from the Company was RMB111,000; the total pre-tax remuneration received by Mr. Sun Wenqiu from the Company was RMB41,700.
- Note 8: Mr. Li Bingtao receives remuneration as the business line director from overseas subsidiaries of the Company. His remuneration shown above was converted into RMB amount from HK dollars.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### 3. *Biographical Details of Current Directors, Supervisors and Senior Management*

Name	Main Working Experience
Yan Jun (閻峻)	Mr. Yan currently serves as the chairman and executive Director of the Company. He previously served at Industrial and Commercial Bank of China Limited ("ICBC", a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601398, Hong Kong Stock Exchange stock code: 1398) as deputy director of the credit department of communications and trade of the head office branch, deputy director and director of the third business department of the head office branch, vice general manager of the head office branch, executive director and vice president of ICBC Financial Leasing Co., Ltd., vice president and member of the party committee of Jiangxi Branch of ICBC and vice general manager and general manager of the special financing department (branch office) of the head office of ICBC; the officer of deepening reform and the executive deputy director of the Central Leading Group for Comprehensively Deepening Reforms of Everbright Group.
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).
Song Bingfang (宋炳方)	Mr. Song is currently a Director of the Company and the deputy director (director level) in the board office of China Everbright Group Ltd. He was a cadre of the business development department of China Investment Bank (中國投資銀行), a cadre of the market and industry analysis bureau of China Development Bank (國家開發銀行), a cadre, deputy head, head and senior manager of corporate business department 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), (during the same period, 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) and 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 and senior expert of the office of the Board of Directors of Everbright Group.
Fu Jianping (付建平)	Mr. Fu is currently a director of the Company, a senior expert of China Everbright Group Ltd. and the vice president of Everbright Yunfu Internet Co., Ltd. (光大雲付互聯網股份有限公司). He previously served at 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) 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.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
Yin Lianchen (殷連臣)	Mr. Yin is currently a Director of the Company, chief investment officer and a member of the Management Decision Committee, executive Director, and a member of the Executive Committee and the Strategy Committee of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165) and a supervisor 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 held various positions in China Everbright Limited, including the general manager of the insurance brokerage business department and general manager of the corporate planning and communications department. Mr. Yin worked as chief representative of China region of America Moody KMV Company, vice president of Beijing Yangde Investment Co., Ltd. (北京揚德投資有限公司), director of the general division of the general office of Everbright Group and assistant general manager and member of the management committee of China Everbright Limited.
Chan Ming Kin (陳明堅)	Mr. Chan is currently a Director of the Company, chief legal counsel and company secretary China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165). He is a Hong Kong lawyer, also a fellow of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. He served as a Supervisor of the Company.
Tian Wei (田威)	Mr. Tian is currently a director of the Company, 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), vice chairman of Central SOEs Industrial Investment Fund for Poor Area Co., Ltd. (中央企業貧困地區產業投資基金股份有限公司) and a director of China State Construction Finance Co., Ltd. Mr. Tian has 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, and general manager of the financial department of China State Construction Engineering Corporation Limited (中國建築股份有限公司) and a director of CSCEC Capital (Hong Kong) Limited.
Yu Mingxiong (余明雄)	Mr. Yu is currently a director of the Company, the director and general manager of China Shipbuilding Capital Limited (中國船舶資本有限公司) and a director of China National Shipbuilding Equipment & Materials Co., Ltd. (中國船舶工業物資有限公司) and China Heavy Shipping Finance Co., Limited (中船重工財務有限責任公司). 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.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
Wang Yong (王勇)	Mr. Wang is currently an independent director of the Company, director of the Executive Committee of the China Enterprise Development and M&A Research Center, the assistant to the dean of the School of Economics and Management, Tsinghua University and the office director of the Business Scholars Program, director of the Cooperative Development Office and 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). 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).
Po Wai Kwong (浦偉光)	Mr. Po is currently an independent director of the Company, a member of the International Advisory Council of the CSRC and 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.
Ren Yongping (任永平)	Mr. Ren is currently an independent director of the Company, an accounting professor of management school of Shanghai University, doctoral supervisor, academic director of MBA Center of Shanghai University and an independent director of Jiangsu Hengshun Vinegar Industry Co., Ltd. (江蘇恆順醋業股份有限公司, a company listed on SSE, stock code: 600305), Wuxi Longsheng Technology Co., Ltd. (無錫隆盛科技股份有限公司, a company listed on SZSE, stock code: 300680), Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. (a company listed on the SZSE, stock code: 003015) and Jiangsu Guanlian New Material Technology Co., Ltd. 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 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 SSE, stock code: 600512), Kama Co., Ltd. (恒天凱馬股份有限公司, a company listed on SSE, stock code: 900953), Kehua Holdings Co., Ltd. (科華控股股份有限公司, a company listed on SSE, stock code: 603161) and other companies.
Yin Junming (殷俊明)	Mr. Yin is currently an independent director of the Company, the dean and professor of the accounting school of Nanjing Audit University and an independent director of Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司, a company listed on 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 SZSE, stock code: 002361), and Suning Universal Co., Ltd. (蘇寧環球股份有限公司, a company listed on SZSE, stock code: 000718). He was an associate professor at the Sias International College of Zhengzhou University and an accountant in the aircraft section of Nanchang Railway Bureau.



## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
Liu Yunhong (劉運宏)	Mr. Liu is currently an independent 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 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 SSE and the Hong Kong Stock Exchange, SSE stock code: 601727, Hong Kong Stock Exchange stock code: 2727) and Sinolink Securities Co., Ltd. (國金證券股份有限公司, a company listed on SSE, stock code: 600109), 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., the general manager of the Investment Banking Department and the assistant to president of Hwabao Securities Co. Ltd. and an independent director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (上海航天汽車機電股份有限公司, a company listed on SSE, stock code: 600151).
Liu Jiping (劉濟平)	Mr. Liu is currently a chief Supervisor of the Company. From September 2002 to June 2005, he served as a Director of the Company. Mr. Liu previously served as a director, deputy head and head of the audit department of the Everbright Group, chief supervisor of Shanghai Everbright Convention & Exhibition Center Co., Ltd. (上海光大會展中心有限公司), a supervisor of Everbright Investment and Management Limited (中國光大投資管理公司), and a director of Everbright Financial Holding Asset Management Co., Ltd. (光大金控資產管理有限公司). Mr. Liu was also a deputy director and a director of the investment and audit division of the State Auditing Administration.
Wu Chunsheng (吳春盛)	Mr. Wu is currently a supervisor of the Company, 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. 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.
Wang Hongyang (汪紅陽)	Mr. Wang is currently a Supervisor of the Company, deputy chief financial officer of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165), and vice chairman of Everbright Prestige Capital Asset Management Co., Ltd. (首譽光控資產管理有限公司) etc. Mr. Wang is a non-practicing member of the Chinese Institute of Certified Public Accountants. He was an auditor, assistant manager, manager, senior manager and partner of KPMG Huazhen LLP (Special General Partnership).
Yang Weirong (楊威榮)	Mr. Yang is currently a supervisor of the Company, a supervisor of Guangdong Hengfu Finance Leasing Co., Ltd. (廣東恒孚融資租賃有限公司), Baosteel Zhanjiang Iron & Steel Co., Ltd. (寶鋼湛江鋼鐵有限公司), Guangdong Yueao Cooperation and Development Fund Management Co., Ltd. (廣東粵澳合作發展基金管理有限公司), China Aviation Industry General Aircraft Co., Ltd. (中航通用飛機有限責任公司) and Guangdong Architectural Design & Research Institute Co., Ltd. (廣東省建築設計研究院有限公司), a minister of audit department of Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司). He was a vice minister of finance management department and audit department of Guangdong Hengjian Investment Holding Co., Ltd. and a director of Guangdong Hengwan Equity Investment Fund Management Co., Ltd. (廣東恒萬股權投資基金管理有限公司).

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
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), China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1359), Visual (China) Cultural Development Co., Ltd. (視覺(中國)文化發展股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 000681) and Shanghai Paineng Energy Technology Co., Ltd. (上海派能能源科技股份有限公司, a company listed on the SSE Star Market, stock code: 688063) and a supervisor of Unisplendour Corporation Limited (紫光股份有限公司, a company listed on the Shenzhen Stock Exchange, 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 Shanghai Stock Exchange, stock code: 600340), ZTE Corporation Co., Ltd. (中興通訊股份有限公司, a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, Shenzhen Stock Exchange 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 Shanghai Stock Exchange, 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 Shenzhen Stock Exchange, 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 Shanghai Stock Exchange, stock code: 600583).
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, an external supervisor of China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司, a company listed on Hong Kong Stock Exchange, stock code:2799), vice chairman of the second 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, 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) and an independent director of Beijing GeoEnviron Engineering & Technology, Inc (a company listed on the SSE, stock code: 603588). 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.
Wang Wenyi (王文藝)	Ms. Wang is currently an employee Supervisor of the Company. She was the general manager of the brokerage branch of the Company in Urumqi, general manager of the brokerage branch of the Company in Yuetan North Street in Beijing, the general manager of the Beijing branch of the Company and the vice chairman of the labor union of the Company.
Huang Qin (黃琴)	Ms. Huang is currently an employee Supervisor of the Company and the general manager of the Company's internal audit department. 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 and internal control 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.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
Xiong Guobing (熊國兵)	Mr. Xiong is currently a senior expert of the Company. 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. 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.
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 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 SSE and 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. 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.
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.
Dong Jie (董捷)	Ms. Dong is currently a business line director of the Company. She previously worked as a senior manager of budget finance department of Dalian branch of Bank of Communications, assistant to the president and vice president of Dalian branch of China Everbright Bank Company Limited.
Fang Ye (房擘)	The current 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 of Sinolink Securities Co., Ltd. (a Company listed on SSE, stock code: 600109), and general manager, director and member of the brokerage business executive committee of Internet financing business (financial technology) of Shanghai Internet Securities Branch of Sinolink Securities, etc.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main Working Experience
Liang Chunliang (梁純良)	The current 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. Worked in China Galaxy Securities Co., Ltd. (a company listed on SSE and 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.

#### 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 shares, stock options and restricted shares of the Company.

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

During the Reporting Period, the Directors, Supervisors and senior management of the Company were not granted any equity incentives by the Company.

## II. Employment of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

### (I) 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.	Deputy director (director level) in the board office	May 2020	-
Fu Jianping	China Everbright Group Ltd.	Senior expert	December 2020	-
Yin Lianchen	China Everbright Limited	Chief investment officer and member of management decision committee	April 2012	-
Yin Lianchen	China Everbright Limited	Executive director, member of executive committee and strategy committee	June 2017	-
Chan Ming Kin	China Everbright Limited	General legal counsel and company secretary	December 2007	-
Yu Mingxiong	China Shipbuilding Vantage Capitals Ltd (中國船舶資本有限公司)	Director, general manager	May 2020	-
Wu Chunsheng	China Everbright Group Ltd.	Senior expert of audit center, deputy general manager of audit department	May 2000	-
Wu Chunsheng	China Everbright Group Ltd.	Deputy secretary of the Disciplinary Committee	November 2015	-
Wang Hongyang	China Everbright Limited	Deputy Chief Financial Officer	October 2016	-

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (II) 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
Fu Jianping	Everbright Yunfu Internet Co., Ltd.	Standing vice president	September 2018	-
Yin Lianchen	China Everbright Bank Company Limited	Supervisor	December 2014	-
Yin Lianchen	Everbright San Shan Capital Management Company Limited	Director	August 2019	-
Yin Lianchen	China Everbright (Jiangsu) Investment Company Limited	Legal person/president/manager	November 2017	-
Yin Lianchen	CEL Venture Capital (Shenzhen) Limited	Legal person/president	August 2016	-
Yin Lianchen	Everbright New Industries Capital Company Limited	Legal person/president	October 2016	-
Tian Wei	China State Construction Engineering Corporation Limited	Director of the office	October 2020	-
Tian Wei	Central SOEs Industrial Investment Fund for Poor Area Co., Ltd.	Vice chairman	August 2019	-
Tian Wei	China State Construction Finance Co., Ltd.	Director	October 2019	-
Yu Mingxiong	China National Shipbuilding Equipment & Materials Co., Ltd.	Director	April 2019	-
Yu Mingxiong	China Heavy Shipping Finance Co., Limited	Director	October 2018	-
Wang Yong	Rici Healthcare Holdings Limited	Independent director	June 2016	-
Ren Yongping	Jiangsu Hengshun Vinegar Industry Co., Ltd.	Independent director	December 2017	-
Ren Yongping	Wuxi Longsheng Technology Co., Ltd.	Independent director	September 2018	-
Ren Yongping	Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd.	Independent director	December 2020	-
Ren Yongping	Jiangsu Guanlian New Material Technology Co., Ltd.	Independent director	December 2020	-
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.	Head of (Shanghai) Research 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	-
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	September 2020	-
Wang Hongyang	China Everbright Aerospace Holdings Limited	Director	June 2019	-

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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	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	December 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	Arctic Green Energy Corporation Pte. Limited	Director	April 2019	-
Wang Hongyang	CEL Impetus Corporate Finance Pte. Ltd.	Director	November 2019	-
Yang Weirong	Guangdong Hengfu Finance Leasing Co., Ltd.	Supervisor	November 2014	-
Yang Weirong	Baosteel Zhanjiang Iron & Steel Co., Ltd.	Supervisor	December 2016	-
Yang Weirong	Guangdong Yueao Cooperation and Development Fund Management Co., Ltd.	Supervisor	June 2017	-
Yang Weirong	China Aviation Industry General Aircraft Co., Ltd.	Supervisor	August 2019	-
Yang Weirong	Guangdong Architectural Design & Research Institute Co., Ltd.	Supervisor	July 2020	-
Yang Weirong	Guangdong Hengjian Investment Holding Co., Ltd.	Minister of audit department	March 2010	-
Zhu Wuxiang	China Cinda Asset Management Co., Ltd.	Independent director	October 2016	-
Zhu Wuxiang	Beijing Properties (Holdings) Limited	Independent director	January 2011	-
Zhu Wuxiang	Visual (China) Cultural Development Co., Ltd.	Independent director	October 2018	-
Zhu Wuxiang	Shanghai Paineng Energy Technology Co., Ltd.	Independent director	December 2019	-
Zhu Wuxiang	Unisplendour Corporation Limited	Supervisor	April 2005	-
Cheng Fengchao	China Huarong Asset Management Co., Ltd.	External supervisor	June 2020	-
Cheng Fengchao	Minmetals Capital Co., Ltd.	Independent director	May 2019	-
Cheng Fengchao	Beijing GeoEnviron Engineering & Technology, Inc.	Independent director	May 2019	-

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### 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 Directors and external Supervisors shall be decided by the general meeting, and the criteria of bonus based on annual performance of the senior management of the Company shall be considered and approved by the Remuneration, Nomination and Credentials Committee in accordance with relevant resolutions of the Board. Remuneration, Nomination and Credentials Committee is responsible for advising the remuneration of senior management of the Company to 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 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" in this section for details.
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	During the Reporting Period, total remuneration actually obtained by all current Directors, Supervisors and senior management of Company amounted to RMB28.2343 million; in addition, performance bonus actually obtained by chairman, chairman of the Supervisory Committee, employee Supervisors and senior management of Company in 2019 and the deferred performance bonus of previous years in total amounted to RMB20.0624 million.

### IV. Changes of Directors, Supervisors and Senior Management of the Company

Name	Position	Change	Reason for Change
Xue Keqing	Non-executive Director	Resigned	The term of office of Mr. Xue Keqing expired on December 14, 2020 and he ceased to be a non-executive director of the Company.
Meng Xiangkai	Non-executive Director	Resigned	The Board of Directors of the Company received a written resignation report from director Mr. Meng Xiangkai on June 4, 2020, for his resignation as a non-executive director of the Company.
Xu Jingchang	Independent non-executive Director	Resigned	The term of office of Mr. Xu Jingchang expired on December 14, 2020 and he no longer served as an independent non-executive director of the Company.
Xiong Yan	Independent non-executive Director	Resigned	Mr. Xiong Yan's term of office expired on December 14, 2020 and he no longer served as an independent non-executive director of the Company.
Li Zheping	Independent non-executive Director	Resigned	Mr. Li Zheping's term of office expired on December 14, 2020 and he no longer served as an independent non-executive director of the Company.
Au Sing Kin	Independent non-executive Director	Resigned	Mr. Ou Shengqin's term of office expired on December 14, 2020 and he no longer served as an independent non-executive director of the Company.
Fu Jianping	Non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Fu Jianping as a non-executive director of the sixth session of the Board of the Company.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position	Change	Reason for Change
Tian Wei	Non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Tian Wei as a non-executive director of the sixth session of the Board of the Company.
Yu Mingxiong	Non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Yu Mingxiong as a non-executive director of the sixth session of the Board of the Company.
Po Wai Kwong	Independent non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Po Wai Kwong as an independent non-executive director of the sixth session of the Board of the Company.
Ren Yongping	Independent non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Ren Yongping as an independent non-executive director of the sixth session of the Board of the Company.
Yin Junming	Independent non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Yin Junming as an independent non-executive director of the sixth session of the Board of the Company.
Liu Yunhong	Independent non-executive Director	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Liu Yunhong as an independent non-executive director of the sixth session of the Board of the Company.
Zhang Jingcai	Supervisor	Resigned	The term of office of Mr. Zhang Jingcai expired on December 14, 2020 and he ceased to serve as a supervisor of the Company.
Sun Wenqiu	External supervisor	Resigned	The Supervisory Committee of the Company received a written resignation report from the supervisor, Mr. Sun Wenqiu, on June 23, 2020, and Mr. Sun Wenqiu resigned as a supervisor of the Company.
Wu Chunsheng	Supervisor	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Wu Chunsheng as a supervisor of the sixth session of the Supervisory Committee.
Yang Weirong	Supervisor	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Yang Weirong as a supervisor of the sixth session of the Supervisory Committee.
Cheng Fengchao	External supervisor	Elected	On December 15, 2020, the Company's 2020 Third Extraordinary General Meeting of Shareholders elected Mr. Cheng Fengchao as the external supervisor of the sixth session of the Supervisory Committee.
Fang Ye	Chief Information Officer	Appointed	On April 17, 2020, the Company approved the appointment of Mr. Fang Ye as the Company's chief information officer after review and approval at the 23rd meeting of the Company's fifth session of the Board of Directors. Mr. Fang Ye's appointment has taken effect from the date of approval by the Board of the Company.
Liang Chunliang	Business Line Director	Appointed	On April 17, 2020, the Company agreed to appoint Mr. Liang Chunliang as the Company's Business Line Director after review and approval at the 23rd meeting of the Company's fifth session of the Board of Directors. The appointment of Mr. Liang Chunliang has taken effect from the date of approval by the Board of the Company.



## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### V. Information about the Staff of the Parent Company and Major Subsidiaries

#### (I) Information about the staff

As of December 31, 2020, the Company had 9,240 employees (including brokers), of which parent company had 7,226 employees, wholly owned and controlled subsidiaries had 2,014 employees. The employee structure is as follows:

Number of staff employed by the parent company	7,226
Number of staff employed by the major subsidiaries	2,014
The total number of staff employed (including brokers)	9,240
Number of paid retired staff by the parent company and its subsidiaries	0

#### Profession Composition

Profession	Number
Brokerage business personnel	6,459
Investment banking personnel	670
Research personnel	151
Assets management personnel	191
Investment business personnel	144
Information technology personnel	277
Financial personnel	168
Compliance/risk/audit personnel	201
Other business and administration personnel	979
<b>Total</b>	<b>9,240</b>

#### Education

Levels of education	Number
Doctoral degree and above	64
Master's degree	2,411
Bachelor's degree	5,008
Others	1,757
<b>Total</b>	<b>9,240</b>

#### (II) Remuneration policy

In order to fully stimulate the enthusiasm and creativity of employees, attract outstanding external talents to join the Company, and strengthen its incentive and restraint mechanism, the Company has established a salary and welfare management policy based on the four principles of legal compliance, market orientation, differentiation and internal fairness.

The Company implemented a remuneration system based on MD ranks, and employees' remuneration is mainly composed of basic salary, performance bonus, allowances and benefits. The basic salary is determined based on the employee's job type and MD rank; the performance bonus is linked to the Company's operating conditions, department performance, employee personal performance and the length of continuous service term, etc.; the allowance is based on the employee's actual job title, professional qualifications, etc., and can be adjusted in time according to market conditions; benefits refers to other treatments provided by the Company to employees in addition to basic salaries, performance bonus, and allowance, including statutory benefits, security benefits and other benefits.

## SECTION VII PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

The Company's remuneration and welfare policies fully take into consideration factors such as industry characteristics, job characteristics, work intensity and working hours, and will make timely adjustments according to the Company's strategic changes, performance development, and industry development to achieve dynamic management and retain key talents to a greatest extent.

At the same time, the Company also adopts a market-based negotiated remuneration model to ensure the flexibility of remuneration for key competitive positions, special and rare professionals, and middle and senior management talents in short supply selected through market-based means.

In addition, in order to further standardize performance bonus management, the Company has implemented risk funds and bonus deferral mechanisms for performance bonus to secure stable development.

### (III) Training plan

In 2020, the Company has organized various trainings in accordance with the strategic planning of the Group and the Company, taking the in-depth implementation of the Party's organizational line as an important main line, adhered to market-oriented talent training standards, and aimed to forge a strong and powerful first-class investment banking team. Guided by the cultural fundamental values of "Being energetic, sincere and brilliant", it has comprehensively improved the professionalism of the majority of its cadres and employees. Specifically, it has continuously improved and optimized the hierarchical and classified education and training system, focused on key groups, strengthened cadres' training and practical exercises, distinguished the characteristics of cadres and employees, organized training for employees and business backbones and trainings of other topics; increased its investment in business training to improve the professionalism and management capabilities at grass-roots level of front-line employees, meet the needs of various business segments, and empower branches with trainings; organized training for important employees by innovative means to create an atmosphere of dedication and improve endogenous motivation; carried out on-site and off-site, online and offline training, video broadcast and platform teaching to enrich training methods; strengthened the quality of lecturers and construction of the new version of online learning platform to create a learning organization.

### (IV) Labor outsourcing

1. In 2020, 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 243 securities brokerage branches to carry out securities brokerage business, and 2,270 domestic securities brokers in China, 2,270 of which have registered with the Securities Association of China.
2. In the year of 2020, the average number of outsourced dispatch employees of the Company is 70 and the total amount of remuneration cost paid for outsourced dispatch is RMB11.8431 million.

## VI. Other Matters

- (1) None of the existing and resigned Directors, Supervisors and senior management during the Reporting Period had been subjected to any penalty by the securities regulatory authorities in the recent three years.

## SECTION VIII 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 and Corporate Governance Report 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 in Appendix 14 to the Hong Kong Listing Rules, and met the requirements of the vast majority of the recommended best practices set out in the Corporate Governance Code.

During the Reporting Period, the Company further revised and improved the Articles of Association according to regulatory requirements and its business development needs, and convened 4 general meetings, 11 Board meetings, 6 meetings of the Supervisory Committee, 5 meetings of the Remuneration, Nomination and Credentials Committee, 6 meetings of the Audit Committee, and 3 meetings of the Risk Management Committee.

#### (II) 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 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 A.5.1 of appendix 14 of Hong Kong Listing Rules (in respect of nomination committee), independent non-executive directors shall account for a larger portion of members of Remuneration, Nomination and Credentials Committee and Audit Committee of the Board of the Company. Currently, the composition of the special committee of the Board has conformed with the above requirements under Hong Kong Listing Rules and Corporate Governance Code.

Except as specifically disclosed above, the Company has fully complied with the applicable provisions in the Corporate Governance Code during the Reporting Period, and met most of the recommended best practice in the Corporate Governance Code.

## SECTION VIII CORPORATE GOVERNANCE

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;
- (II) to review and monitor the training and continuous professional development of the Directors and the senior management;
- (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 of 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. 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 the normal and effective operating of general meeting, and safeguarding the interests of the shareholders, especially minority shareholders of the Company.

According to Article 79 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.

In addition, according to Article 84 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 VIII CORPORATE GOVERNANCE

### (II) General meetings during the Reporting Period

Meeting	Date of meeting	Enquiry index of the websites designated for publication of the resolutions
The first extraordinary general meeting in 2020	March 3, 2020	For shareholders' resolutions during the Reporting Period, please refer to the announcements published on the following websites: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
2019 annual general meeting	June 2, 2020	
The second extraordinary general meeting in 2020	October 12, 2020	
The third extraordinary general meeting in 2020	December 15, 2020	

#### *Description of General Meetings:*

On March 3, 2020, the Company held the first extraordinary general meeting in 2020 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. The meeting considered and approved the resolution in relation to the proposed election of Mr. Liu Qiuming as an executive Director of the Company.

On June 2, 2020, the Company held the 2019 annual general meeting at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. The meeting considered and approved the 2019 Report of the Board of Directors, the 2019 Report of the Supervisory Committee, the 2019 Annual Report and its summary, the 2019 Profit Distribution Plan, the Proposal of Expected Ordinary Related Party/ Connected Transactions in 2020 and the Proposal of Proprietary Trading Businesses Scale in 2020.

On October 12, 2020, the Company held the second extraordinary general meeting in 2020 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. The meeting considered and approved the resolution of the re-appointment of external auditors for 2020 and the resolution of change in scope of business of the Company and amendments to the Articles of Association.

On December 15, 2020, the Company held the third extraordinary general meeting in 2020 at Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC. The meeting considered and approved the resolution regarding the proposed amendments to the Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited, the resolution regarding the election of directors of the sixth session of the board of the Company, the resolution regarding the election of independent non-executive directors of the sixth session of the board of the Company and the resolution regarding the election of supervisors of the sixth session of the supervisory committee 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 Management Rules (《光大證券內幕信息知情人登記管理規定》) 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.

## SECTION VIII CORPORATE GOVERNANCE

### III. 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 regularly and efficiently.

##### 1. *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 117 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. Regarding the specific procedure of nominating candidates for Directors by the shareholders, the Company has formulated the Procedures for Shareholders to Propose a Person for Election as Director, which has been published on the website of the Company.

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 two terms. 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 VIII CORPORATE GOVERNANCE

### 2. *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 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, 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 or to manage related parties transactions within the scope of authorization by a general meeting; to decide the establishment of the internal management organizations of the Company; to appoint or remove the president or the secretary to the Board of Directors nominated by the Chairman of the Board of Directors; to appoint or remove the vice president, assistant president, chief financial officer, chief compliance officer, chief risk officer and other officers nominated by the president and decide the remunerations and rewards and punishments thereof; 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 general manager; 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 of the Company 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 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.

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.

During the Reporting Period, the primary measures adopted by the Board of Directors in respect of corporate governance included amendments to the Articles of Association according to new requirements of the relevant regulatory provisions.

## SECTION VIII CORPORATE GOVERNANCE

### 3. *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 and other senior officers identified by CSRC to be appointed or removed 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 determine the salary, benefits, rewards and punishments of the employees of the Company and decide on the appointment and removal of such employees; to propose to 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. The Articles of Association stipulates that the Board of Directors of the Company could delegate its management and administrative authority to the management when necessary and provides clear guidance on the act of authorization. The senior management of the Company shall be appointed and dismissed by the Board of Directors. The office term for senior management shall be three years and eligible for re-appointment.

### 4. *Chairman and president*

According to the code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and president should be separate and should not be performed by the same individual. Mr. Yan Jun, the chairman of the Company, had concurrently been acting as the president of the Company from October 8, 2019 to March 12, 2020 due to the changes in internal staff of the Company. Mr. Yan Jun, as a key leading role in the Company, mainly participates in the strategic development, overall operation and management, and major decision-making of the Group, and the Board considers that the arrangement at that time would not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors, such arrangement would not impair the balance between power and responsibilities and the then arrangement could enable the Company to make and execute decisions in a prompt and effective manner. Since March 13, 2020, the chairman and president of the Company have been taken up by Mr. Yan Jun and Mr. Liu Qiuming, respectively.

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 provision of the Corporate Governance Code.

## IV. 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 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.



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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. When necessary, the temporary meeting of the Board of Directors may be held by video conference, telephone and facsimile or by way of an on-site meeting or other ways at the same time. A Director may attend any board meetings in person, and also may appoint in writing other Directors to attend such meeting on his/her behalf.

During the Reporting Period, attendance of the sixth session of Board 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	Number of general meetings attended
			Attendance in person	Attendance by teleconference	Attendance by proxy	Absence			
Yan Jun	No	1	1	0	0	0	No	0	
Liu Qiuming	No	1	1	0	0	0	No	0	
Song Bingfang	No	1	1	1	0	0	No	0	
Fu Jianping	No	1	1	0	0	0	No	0	
Yin Lianchen	No	1	1	1	0	0	No	0	
Chan Ming Kin	No	1	1	1	0	0	No	0	
Tian Wei	No	1	1	1	0	0	No	0	
Yu Mingxiong	No	1	1	1	0	0	No	0	
Wang Yong	Yes	1	1	0	0	0	No	0	
Po Wai Kwong	Yes	1	1	1	0	0	No	0	
Ren Yongping	Yes	1	1	0	0	0	No	0	
Yin Junming	Yes	1	1	0	0	0	No	0	
Liu Yunhong	Yes	1	1	0	0	0	No	0	

Note: The appointment of members of the sixth session of the Board became effective from December 15, 2020.

## SECTION VIII CORPORATE GOVERNANCE

During the Reporting Period, attendance of the fifth session of Board 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				Attendance at general meetings	
			Attendance in person	Attendance by teleconference	Attendance by proxy	Absence	Whether or not he/she failed to attend the meeting in person for two consecutive times	Number of general meetings attended
Yan Jun	No	10	10	6	0	0	No	4
Liu Qiuming	No	7	7	6	0	0	No	2
Song Bingfang	No	10	10	9	0	0	No	0
Yin Lianchen	No	10	10	7	0	0	No	0
Chan Ming Kin	No	10	10	10	0	0	No	0
Xue Keqing	No	10	10	8	0	0	No	0
Meng Xiangkai	No	7	7	6	0	0	No	0
Xu Jingchang	Yes	10	10	9	0	0	No	0
Xiong Yan	Yes	10	10	10	0	0	No	0
Li Zheping	Yes	10	10	8	0	0	No	0
Au Sing Kun	Yes	10	10	10	0	0	No	1
Wang Yong	Yes	10	10	7	0	0	No	0

Note 1: Mr. Liu Qiuming's qualification as an executive director came into effect from March 13, 2020. During the Reporting Period, Mr. Liu Qiuming was required to attend 7 meetings of the fifth session of the Board and actually attended 7 meetings of the fifth session of the Board.

Note 2: Mr. Meng Xiangkai has resigned on June 4, 2020. During the Reporting Period, Mr. Meng Xiangkai was required to attend 7 Board meetings and actually attended 7 meetings of the fifth session of the Board.

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

Number of board meetings convened during the year	11
Of which: number of on-site meetings	0
Number of meetings held by teleconference	6
Number of meetings held both on-site and via teleconference	5

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The details of Board of Directors' meetings during the Reporting Period are as follows:

1. The 19th meeting of the fifth session of the Board of Directors was held on January 16, 2020. The meeting considered and approved the Proposal on the Nomination of Mr. Liu Qiuming as Executive Director Candidates of the Company, the Proposal on the Appointment of Mr. Liu Qiuming as President of the Company and the Proposal to Convene the 2020 First Extraordinary General Meeting.
2. The 20th meeting of the fifth session of the Board of Directors was held on January 22, 2020. The meeting considered and approved the Proposal on the Provision for Estimated Liabilities and Asset Impairment.
3. The 21st meeting of the fifth session of the Board of Directors was held on February 7, 2020. The meeting considered and approved the Proposal on Increasing Capital to the Wholly-Owned Subsidiary Everbright Securities Financial Holdings Limited.
4. The 22nd meeting of the fifth session of the Board of Directors was held on March 27, 2020. The meeting considered and approved the Proposal on the 2019 Annual Report of the Company and its Summary, the Proposal on the Work Report of the Board of Directors of the Company for the Year 2019, the Proposal on the Social Responsibility Report/ESG of the Company for the Year 2019, the Proposal on the Evaluation Report of Internal Control of the Company for the Year 2019, the Proposal on the Audit Report of Internal Control of the Company for the Year 2019, the Proposal on the Compliance Work Report of the Company for the Year 2019, the Proposal on the Risk Assessment Report of the Company for the Year 2019, the Proposal on the Company's 2019 Annual Profit Distribution Plan, the Proposal on the Company's Risk Control Index Supervision Statements for Year 2019, the Proposal on the Self-operated Business Scale of the Company for Year 2020, the Proposal on the Company's Expected Daily Related/Connected Transactions for Year 2020, the Proposal on the Adjustment Plans for Organizational Structure of the Company, the Annual Special Report of the Information and Technology Management, the Proposal on Risk Preference of the Company for the year 2020, the Proposal on the Authorization on Management Granted by the Board of the Company for Year 2020, the Proposal on the Amendment to the Articles of Association, the Formulation of Measures of Suspension and Exemption on Information and Disclosure, and the Proposal to Convene the 2019 annual General Meeting, and listened to the Report on the Operations of the Company for Year 2019, the Report on the 2019 Annual Report of the Independent Directors of the Company, the Report on the Performance of the Audit and Audit Committee in 2019, the Report on the Special Risk Situation of the Company, the Report of Operating Plan and Financial Budget of the Company for the Year 2020, the Report on the Provision of Guarantee for Subsidiaries, and the Report on the Implementation of All Resolutions of the Board of Directors in 2019.
5. The 23rd meeting of the fifth session of the Board of Directors was held on April 17, 2020. The meeting considered and approved the Proposal on the Recruitment of Senior Management Personnel of the Company.
6. The 24th meeting of the fifth session of the Board of Directors was held on April 28, 2020. The meeting considered and approved the Report on the Operations of the Company for the First Quarter of 2020, the Proposal on Amendment to Regulations on Money Laundering Risk Management, the Proposal to Lease Office Premises in Beijing Everbright Building, the Proposal on the Adjustment of Organizational Structure including the Establishment of M&A Financing Department and the Proposal on the Special Authorization of Subsidiary-related Issues, and listened to the Report on the Operations of the Company in the First Quarter of 2020 and the Report on the Company's Anti-Money Laundering Work and Assessment for Year 2019.

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7. The 25th meeting of the fifth session of the Board of Directors was held on May 15, 2020. The meeting considered and approved the Proposal on the Cancellation of Proposals to be Submitted to the 2019 Annual General Meeting for Consideration.
8. The 26th meeting of the fifth session of the Board of Directors was held on August 26, 2020. The meeting considered and approved the Proposal on the Change of Accounting Policy of the Company, the Proposal on the Renewal of the Appointment of the External Auditor for 2020, the Proposal on the Company's 2020 Interim Report and its Summary, the 2020 Semi-Annual Risk Assessment Report, the Proposal on the Change of Business Scope and Amendment to the Articles of Association, the Proposal on the Lease of Office Premises, the Proposal on the Adjustment of the Organizational Structure of the Company, and the Proposal to Convene the Second Extraordinary General Meeting of the Company in 2020, and listened to 2020 Interim Operation Report and the Report on the Implementation of All Resolutions of the Board of Directors in 2020.
9. The 27th meeting of the fifth session of the Board of Directors was held on October 28, 2020. The meeting considered and approved the Proposal on the Report of the Company for the Third Quarter of 2020, the Proposal on the Amendment to Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited, the Proposal on the Amendment to Regulations on the Integrity of Everbright Securities Company Limited and its Staffs, the Proposal on the Amendment to Special Evaluation Measures for the Compliance of the Company's Senior Management (Trial), the Proposal on the Nomination of Director Candidates of the Sixth Session of the Board of Directors, and the Proposal on the Nomination of Independent Directors Candidates of the Sixth Session of the Board of Directors, and listened to the Report on the Operations of the Company for the First Three Quarters of 2020.
10. The 28th meeting of the fifth session of the Board of Directors was held on November 12, 2020. The meeting considered and approved the Proposal on the Consideration of Issues Relating to Hong Kong Subsidiaries.
11. The first meeting of the sixth session of the Board of Directors was held on December 15, 2020. The meeting considered and approved the Proposal on Election of Mr. Yan Jun as the Chairman of the Sixth Session of the Board of Directors, and the Proposal on Election of the Members of the Special Committee of the Sixth Session of the Board of Directors.

### (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 received the "Online Trainings for Chairmen and General Managers of Listed Companies in 2020" held by the China Association of Public Companies, the training course in 2020 for directors and supervisors of listed companies in Shanghai held by the Listed Companies Association of Shanghai and written trainings for directors of companies listed in Hong Kong provided by Clifford Chance, and written trainings on work performance for directors of listed companies provided by King & Wood Mallesons. In addition, Mr. Wang Yong and Mr. Po Wai Kwong, independent non-executive directors of the Company, accepted written trainings on guidelines on performance of duties by independent directors of listed companies and working guidelines on promoting the internal control of listed companies by independent directors. Mr. Liu Yunhong, an independent non-executive director, accepted the 2020 First Session of Subsequent Training for Independent Directors of Listed Companies organized by the Shanghai Stock Exchange.

## SECTION VIII CORPORATE GOVERNANCE

### (V) Performance of Duties of the Special Committees under the Board of Directors during the Reporting Period

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 Committee, the Remuneration, Nomination and Credentials Committee and the Strategies and Development Committee according to the Company Law, the Hong Kong Listing Rules and the relevant regulations of the supervision 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 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 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 2020, the special committees under the Board of Directors convened a total of 14 meetings, of which the Remuneration, Nomination and Credentials Committee convened five meetings, the Audit Committee convened six meetings and the Risk Management Committee convened three meetings. In compliance with the relevant requirements of the Articles of Association and the rules of procedures for 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 third extraordinary general meeting of 2020 held by the Company on December 15, 2020 has elected the members of the special committee under the sixth session of the Board of Directors. The composition of the special committee under the sixth session of the Board of Directors is set out as follows:

Remuneration, Nomination and Credentials Committee	Ren Yongping (chairman), Song Bingfang, Chan Ming Kin, Yin Junming, Liu Yunhong
Strategies and Development Committee	Yan Jun (chairman), Liu Qiuming, Fu Jianping, Yin Lianchen, Tian Wei, Yu Mingxiang, Wang Yong
Audit Committee	Yin Junming (chairman), Fu Jianping, Chan Ming Kin, Po Wai Kwong, Ren Yongping
Risk Management Committee	Wang Yong (chairman), Song Bingfang, Fu Jianping, Yin Lianchen, Po Wai Kwong, Liu Yunhong

The composition of the special committee under the fifth session of the Board of Directors is set out as follows:

Remuneration, Nomination and Credentials Committee	Xiong Yan (chairman), Yan Jun, Chan Ming Kin, Xu Jingchang, Au Sing Kun
Strategies and Development Committee	Yan Jun (chairman), Yin Lianchen, Xue Keqing, Meng Xiangkai, Wang Yong
Audit Committee	Xu Jingchang (chairman), Chan Ming Kin, Song Bingfang, Xiong Yan, Li Zheping
Risk Management Committee	Li Zheping (chairman), Song Bingfang, Yin Lianchen, Au Sing Kun, Wang Yong

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Note: The Company held the first meeting of the sixth session of the Board of Directors on December 15, 2020 and completed the election of members of the special committees of the sixth session of the Board. Mr. Ren Yongping (chairman and independent non-executive director), Mr. Song Bingfang (non-executive director), Mr. Chan Ming Kin (non-executive director), Mr. Yin Junming (independent non-executive director) and Mr. Liu Yunhong (independent non-executive director) were elected as members of the Remuneration, Nomination and Credentials Committee; Mr. Yan Jun (chairman and executive director), Mr. Liu Qiuming (executive director), Mr. Fu Jianping (non-executive director), Mr. Yin Lianchen (non-executive director), Mr. Tian Wei (non-executive director), Mr. Yu Mingxiong (non-executive director) and Mr. Wang Yong (independent non-executive director) were elected as members of the Strategies and Development Committee; Mr. Yin Junming (chairman and independent non-executive director), Mr. Fu Jianping (non-executive director), Mr. Chan Ming Kin (non-executive director), Mr. Po Wai Kwong (independent non-executive director) and Mr. Ren Yongping (independent non-executive director) were elected as members of the Audit Committee; Mr. Wang Yong (chairman and independent non-executive director), Mr. Song Bingfang (non-executive director), Mr. Fu Jianping (non-executive director), Mr. Yin Lianchen (non-executive director), Mr. Po Wai Kwong (independent non-executive director) and Mr. Liu Yunhong (independent non-executive director) were elected as members of the Risk Management Committee. The special committees of the sixth session of the Board of the Company held no meetings from December 15 to December 31.

The term of Mr. Xue Keqing expired on December 14, 2020 and he no longer served as a director of the Company. The terms of Mr. Xu Jingchang, Mr. Xiong Yan, Mr. Li Zheping and Mr. Au Sing Kun expired on December 14, 2020 and they no longer served as independent non-executive directors of the Company. The Board of the Company received a letter of resignation from Mr. Meng Xiangkai on June 4, 2020. Mr. Meng Xiangkai resigned as a non-executive director of the Company.

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

### *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 officer and the remuneration level for the similar posts of other related enterprises;
2. to submit a remuneration plan or scheme to the Board of Directors 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 any Directors (other than independent non-executive 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 research for the candidates for positions of Directors and other officers;
7. to search for candidates for qualified Directors and other officers;
8. to screen any candidates for Directors, the president and other officers and make suggestions;
9. to screen and make suggestions with respect to any senior 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.

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.

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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:

- 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.
- 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.

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

<b>Project</b>	<b>Type</b>	<b>Number</b>	<b>As a percentage of Board members</b>
Gender	Male	13	100%
	Female	0	0%
Age	40-50	7	54%
	51-60	5	38%
	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)	11	85%
	5-10 (not including 5 years, including 10 years)	2	15%
	Over 10 years (exclusive)	0	0%
Length of term served in securities and finance	Within 20 years	4	31%
	20-30 (not including 20 years, including 30 years)	5	38%
	Over 30 years (exclusive)	4	31%
Expertise or strength in economy/finance/accounting	N/A	12	92%



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The diversity analysis of the fifth session of the Board of the Company is as follows:

<b>Project</b>	<b>Type</b>	<b>Number</b>	<b>As a percentage of Board members</b>
Gender	Male	12	100%
	Female	0	0%
Age	40-50	3	25%
	51-60	7	58%
	61-70	2	17%
Title	Executive director	2	17%
	Non-executive director	5	42%
	Independent non-executive director	5	42%
Length of term served as the Board members of the Company	Within 5 years (inclusive)	12	100%
	5-10 (not including 5 years, including 10 years)	0	0%
	Over 10 years (exclusive)	0	0%
Length of term served in securities and finance	Within 20 years	9	75%
	20-30 (not including 20 years, including 30 years)	2	17%
	Over 30 years (exclusive)	1	8%
Expertise or strength in economy/finance/accounting	N/A	6	50%

## SECTION VIII CORPORATE GOVERNANCE

The Company confirms that the composition of the Board, the background of its members and the procedures for selecting new directors during the Reporting Period was in compliance with the requirements of the Hong Kong Listing Rules regarding director diversity and the requirements of the Policy on Diversity of Directors of Everbright Securities Company Limited.

The Terms of Reference 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 convened a total of five meetings, and the details are set out as follows:

<b>Date</b>	<b>Session</b>	<b>Resolutions</b>
January 16, 2020	Tenth meeting of the fifth session of the Remuneration, Nomination and Credentials Committee	To consider the resolution in respect of the nomination of Mr. Liu Qiuming as an executive director of the Company To consider the resolution in respect of the appointment of Mr. Liu Qiuming as the president of the Company
April 17, 2020	Eleventh meeting of the fifth session of the Remuneration, Nomination and Credentials Committee	To consider the resolution in respect of the appointment of senior management of the Company
August 26, 2020	Twelfth meeting of the fifth session of the Remuneration, Nomination and Credentials Committee	To consider the resolution in respect of the assessment of Compliance Officer of the Company in 2019 To listen to the report on the special assessment opinion on compliance of senior management of the Company in 2019
September 23, 2020	Thirteenth meeting of the fifth session of the Remuneration, Nomination and Credentials Committee	To consider the resolution in respect of the determination of full salaries in 2019 and deferred payment of performance bonus of senior management of the Company
October 23, 2020	Fourteenth meeting of the fifth session of the Remuneration, Nomination and Credentials Committee	To consider the resolution in respect of amending the Special Assessment Measures for Compliance of Senior Management of the Company (Trial) To consider the resolution in respect of the nomination of candidates of directors of the sixth session of the Board of the Company To consider the resolution in respect of the nomination of candidates of independent directors of the sixth session of the Board of the Company

During the Reporting Period, the attendances of members of the Remuneration, Nomination and Credentials Committee at meetings held are as follows:

<b>Name</b>	<b>Position</b>	<b>Number of actual attendances/Number of meetings required attendance</b>
Xiong Yan (chairman)	Independent non-executive Director	5/5
Yan Jun	Executive Director	5/5
Chan Ming Kin	Non-executive Director	5/5
Xu Jingchang	Independent non-executive Director	5/5
Au sing Kun	Independent non-executive Director	5/5

## SECTION VIII CORPORATE GOVERNANCE

### *Strategies and Development Committee*

The Strategies and 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 research and make suggestions with respect to any other material matters affecting the development of the Company;
5. to examine the implementation of all such matters above; and
6. to be responsible for other matters authorized by the Board of Directors.

The Terms of Reference of the Strategies and Development Committee have been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Strategies and Development Committee had not convened meetings.

### *Audit Committee*

The Audit Committee shall have the following primary powers and duties:

1. to propose to engage or replace external auditors and monitor the business practice of such external auditors;
2. to monitor the internal audit system of the Company and its implementation;
3. to be responsible for communications 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 review the internal control systems of the Company and audit any material related-party transactions; and
6. to be responsible for other matters authorized by the Board of Directors.

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The Terms of Reference of the Audit Committee have been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Audit Committee convened a total of six meetings, and the details are set out as follows:

<b>Date</b>	<b>Session</b>	<b>Resolutions</b>
January 15, 2020	Eleventh meeting of the fifth session of the Audit Committee	To consider the Unaudited Financial Statements of the Company To consider the Resolution in Respect of the Provision for Estimated Liabilities and Assets Impairment
March 13, 2020	Twelfth meeting of the fifth session of the Audit Committee	Discussing the key concerns such as financial statements and internal control for 2019 with accountants responsible for annual examination on site
March 26, 2020	Thirteenth meeting of the fifth session of the Audit Committee	To consider the Resolution in Respect of the Financial Report of the Company in 2019 To listen to the Report of Performance of the Audit Committee in 2019 To consider the Resolution in Respect of the 2019 Annual Internal Control Evaluation Report of the Company To consider the Resolution in Respect of the Audit Report of Internal Control of the Company in 2019 To listen to Internal Audit Report of the Company in 2019 To consider the Resolution in Respect of the Risk Control Indicator Regulatory Statement of the Company in 2019 To consider the Resolution in Respect of Expected Daily Related/Connected Transactions in 2020
August 25, 2020	Fourteenth meeting of the fifth session of the Audit Committee	To consider the Resolution in Respect of Changes in Accounting Policies of the Company To consider the Resolution in Respect of Re-appointment of External Auditors for 2020 To consider the Resolution in Respect of the Company's Financial Report for the First Half of 2020 To listen to Internal Audit Report of the Company for the First Half of 2020
October 28, 2020	Fifteenth meeting of the fifth session of the Audit Committee	To consider the Resolution in Respect of Amendments to the Management System of Related Transactions of Everbright Securities Company Limited
November 12, 2020	Sixteenth meeting of the fifth session of the Audit Committee	To consider the Resolution in Respect of Matters Relating to Subsidiaries in Hong Kong

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During the Reporting Period, the attendances of the members of the Audit Committee at the meetings held are as follows:

Name	Position	Number of actual attendances/Number of meetings required attendance
Xu Jingchang (chairman)	Independent non-executive Director	6/6
Chan Ming Kin	Non-executive Director	6/6
Song Bingfang	Non-executive Director	6/6
Xiong Yan	Independent non-executive Director	6/6
Li Zheping	Independent non-executive Director	6/6

### Overview of the audit work of the Company

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young ("EY") carried out the 2019 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 2019 and issue relevant audit reports, the Audit Committee of the Board of Directors authorized the planning and finance 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 period, the Audit Committee made multiple rounds of supervision. On March 25, 2019, EY issued the standard unqualified audit reports to the Company within the scheduled time.

The Audit 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 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.

## SECTION VIII CORPORATE GOVERNANCE

### *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.

The Terms of Reference 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 convened a total of three meetings, and the details are set out as follows:

<b>Date</b>	<b>Session</b>	<b>Resolutions</b>
March 27, 2020	Fourth meeting of the fifth session of the Risk Management Committee	To consider the Resolution in Respect of the Compliance Work Report of the Company in 2019 To consider the Resolution in Respect of the Risk Evaluation Report of the Company in 2019 To consider the Resolution in Respect of the Company's Risk Preference for 2020
August 25, 2020	Fifth meeting of the fifth session of the Risk Management Committee	To listen to the Risk Evaluation Report of the Company for the First Half of 2020 To consider the Resolution in Respect of the Risk Control Indicator Regulatory Statement of the Company for the First Half of 2020
November 12, 2020	Sixth meeting of the fifth session of the Risk Management Committee	To consider the Resolution in Respect of Matters Relating to Subsidiaries in Hong Kong

During the Reporting Period, the attendances of the members of the Risk Management Committee at the meetings held are as follows:

<b>Name</b>	<b>Position</b>	<b>Number of actual attendances/Number of meetings required attendance</b>
Li Zheping	Independent non-executive Director	3/3
Song Bingfang	Non-executive Director	3/3
Yin Lianchen	Non-executive Director	3/3
Au Sing Kun	Independent non-executive Director	3/3
Wang Yong	Independent non-executive Director	3/3

## SECTION VIII CORPORATE GOVERNANCE

### V. 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.

For the year of 2020, 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.

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

During the Reporting Period, the Supervisory Committee of the Company held a total of six meetings, including four teleconference meetings and two on-site and via teleconference meetings, and supervised the Company's legal compliance, financial status, and the duty performance by the Board of Directors and the Company's management. There are no objections raised by the Supervisory Committee of the Company in respect of supervision matters during the Reporting Period.

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. The details of the meetings of the Supervisory Committee held during the Reporting Period are set out as follows:

1. The 13th meeting of the fifth session of the Supervisory Committee was held on January 22, 2020. The meeting considered and approved the Resolution in Respect of Making Provision for Accrued Liabilities and Assets Impairment and the Plan for Performance Evaluation of Directors of the Company.
2. The 14th meeting of the fifth session of the Supervisory Committee was held on March 26, 2020. The meeting considered and approved the Resolution in Respect of Annual Report and Abstract of the Company in 2019, Resolution in Respect of Work Report of Supervisory Committee of the Company in 2019, Resolution in Respect of Evaluation Report of Internal Control of the Company in 2019, Resolution in Respect of Internal Control Audit Report of the Company in 2019, Resolution in Respect of Risk Control Indicator Regulatory Statement of the Company in 2019, Resolution in Respect of Risk Assessment Report of the Company in 2019, Resolution in Respect of the Compliance Work Report of the Company in 2019, Resolution in Respect of Social Responsibility Report/ESG Report of the Company in 2019, Resolution in Respect of Performance Evaluation Results of Directors of the Company in 2019 and Resolution in Respect of Work Plan of Supervisory Committee of the Company in 2020. The meeting reviewed Resolution in Respect of Internal Control Audit Report of the Company in 2019. The meeting listened to the Report on the Operation of the Company in 2019, the Internal Audit Work Report of the Company for 2019 and the Report on Special Risks of the Company.
3. The 15th meeting of the fifth session of the Supervisory Committee was held on April 28, 2020. The meeting considered and approved the Resolution in Respect of the First Quarterly Report of the Company in 2020. The meeting listened to the Report on the Operation of the Company in the First Quarter of 2020.
4. The 16th meeting of the fifth session of the Supervisory Committee was held on August 25, 2020. The meeting considered and approved the Resolution in Respect of Revisions to Accounting Policies of the Company and the Resolution in Respect of Interim Report and Abstract of the Company in 2020. The meeting listened to the Company's Operation Report for the First Half of 2020, the Risk Assessment Report of the Company in the First Half of 2020, the Report on Progress in Risk Control Indicator Consolidated Statement of the Company, the Report on the Establishment of the Internal Control System and Management of the Company in the First Half of 2020 and the Internal Audit Work Report of the Company for the First Half of 2020.

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5. The 17th meeting of the fifth session of the Supervisory Committee was held on October 28, 2020. The meeting considered and approved the Resolution in Respect of the Third Quarterly Report of the Company in 2020 and the Resolution in respect of the Nomination of Candidates of Supervisors of the Sixth Session of the Supervisory Committee of the Company. The meeting listened to the Report on the Operation of the Company for the First Three Quarters of 2020.
  
6. The first meeting of the sixth session of the Supervisory Committee of the Company was held on December 15, 2020. The meeting considered and approved the Resolution in Respect of the Election of Mr. Liu Jiping as the Chairman of the Sixth Session of the Supervisory Committee of the Company and the Resolution in Respect of the Election of Members of Special Committees of the Sixth Session of the Supervisory Committee of the Company.

During the Reporting Period, the attendances by the members of the sixth session of the Supervisory Committee at the meetings held are as follows:

Name	Number of meetings of Supervisory Committee requiring attendance	Attendance in person	Attendance by teleconference	Attendance by proxy	Absence
Liu Jiping	1	1	0	0	0
Wu Chunsheng	1	1	0	0	0
Wang Hongyang	1	0	1	0	0
Yang Weirong	1	1	0	0	0
Zhu Wuxiang	1	0	1	0	0
Cheng Fengchao	1	1	0	0	0
Wang Wenyi	1	1	0	0	0
Huang Qin	1	1	0	0	0
Li Xianzhi	1	1	0	0	0

Note: The appointment of Supervisors of the sixth session of the Supervisory Committee of the Company became effective from December 15, 2020.



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During the Reporting Period, the attendances by the members of the fifth session of the Supervisory Committee at the meetings held are as follows:

Name	Number of meetings of Supervisory Committee requiring attendance	Attendance in person	Attendance by teleconference	Attendance by proxy	Absence
Liu Jiping	5	1	4	0	0
Zhang Jingcai	5	0	5	0	0
Wang Hongyang	5	0	5	0	0
Zhu Wuxiang	5	0	5	0	0
Sun Wenqiu	3	0	3	0	0
Wang Wenyi	5	1	4	0	0
Huang Qin	5	1	4	0	0
Li Xianzhi	5	0	5	0	0

Note: Mr. Sun Wenqiu has resigned on June 23, 2020. During the Reporting Period, Mr. Sun Wenqiu was required to attend 3 meetings of the Supervisory Committee and actually attended 3 meetings of the Supervisory Committee.

The Supervisory Committee of the Company had no objections towards the matters under supervision during the Reporting Period.

### (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 received the 2020-training courses for directors and supervisors of listed companies in Shanghai held by the Listed Companies Association of Shanghai and written trainings for directors of companies listed in Hong Kong provided by Clifford Chance, and written trainings on work performance for directors of listed companies provided by King & Wood Mallesons. In addition, Mr. Liu Jiping, chairman of the Supervisory Committee of the Company, accepted the 2020 First Session of Seminar for Chairmen of Supervisory Committees organized by China Association for Public Companies and the online live training on "Interpretations to Key Points under the New Securities Law" organized by the Securities Association of China.

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

Pursuant to relevant resolutions of the Board, the criteria of bonus based on annual performance of the senior management of the Company shall be considered and approved by the Remuneration, Nomination and Credentials Committee of the Board. The Company has not yet developed any equity incentive system.

## SECTION VIII CORPORATE GOVERNANCE

### VII. Internal Control

#### (I) Internal control construction

The Company has made clear the responsibilities of the Board of Directors, the Supervisory Committee, the audit department and other internal bodies in the supervision, inspection and evaluation of internal control: the Board of Directors is responsible for assessing and determining the nature and extent of the risks that the Company is willing to accept when the Company achieves its strategic objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems, including evaluating their effectiveness. During the Reporting Period, the Company has evaluated their effectiveness. These systems are designed to manage rather than eliminate the risks of failure to meet business objectives and only to make reasonable and non-absolute guarantees that there will be no material misconduct. The Audit Committee under the Board of Directors is responsible for reviewing the Company's internal controls and the effectiveness of their implementation, as well as for the supervision and inspection of the Company's internal and external audit. The Supervisory Committee independently exercises the supervisory authority and is accountable to all the shareholders. It supervises and questions the Company's finance and the duty performance by the Company's Directors and senior management so as to protect the legitimate rights and interests of the Company and its shareholders. The audit department, the risk management department, the legal and compliance department, and various other business and management departments work in cooperation with a due division of labour, and carry out periodic and ad hoc supervision and inspection of the establishment and implementation of the Company's internal control systems. The audit department carries out auditing and supervision of business, management departments and branches and supervises the rectification according to external requirements and the Company's operation and management needs.

The Company attaches great importance to the construction of internal control system and related mechanism. In accordance with the Company Law, the Securities Law, the Regulations on the Supervision and Administration of Securities Companies, the Guidelines on Internal Control of Securities Companies, the Hong Kong Listing Rules, the Basic Standards for Enterprise Internal Control and their supporting guidelines, the Company constantly improves the internal control system according to the Company's actual situation, with comprehensive consideration of factors such as internal environment, risk assessment, control activities, information and communication, internal supervision, etc.

In carrying out the risk management, the Company follows the basic procedures such as risk identification, assessment, measurement, monitoring, reporting, response and disposal, etc., and continuously improves the risk information feedback mechanism to ensure that all kinds of risks are properly handled in a timely manner. In the aspect of risk identification, the Company fully utilizes tools and methods such as qualitative analysis, quantitative model and due diligence, carries out identification and analysis of the various potential risks involved in the business carried out, the products developed, the services provided and the programs invested, further determines the risks faced by the Company and their nature, assesses their changing trend, and develops risk management measures. On the basis of risk identification, the Company selects the appropriate qualitative assessment method and quantitative model according to the type and characteristic of business risks so as to measure and evaluate risks. According to business risk measurement and assessment situation, the Company establishes corresponding risk response and relief mechanism in response to the risks of different categories, different probabilities of occurrence and different degrees of losses, and develops appropriate risk control measures to manage and mitigate the additional risks that may be triggered by mitigation tools or methods, and minimizes the impact that is/may be caused by the risk events incurred on the Company.

In view of the significant risks arising in operation and management activities, the Company conducts close monitoring of potential significant risks on the basis of strict implementation of relevant business entry, risk decision-making processes and risk limits, assesses and analyzes the adverse effects brought by them, actively takes appropriate mitigation measures, make contingency plans, carries out assessment in accordance with the timely, effective, rapid and legal disclosure principles, develops emergency response plan, and organizes relevant departments to complete the emergency treatment and recovery plans so as to ensure the sustainable operation of the Company and the compliance with regulatory requirements.

## SECTION VIII CORPORATE GOVERNANCE

In consideration of internal and external environment changes and business development, the Company determines the key entities, businesses and matters to be included in the evaluation scope and identifies high risk areas according to the risk-oriented principle, covering the major aspects of the Company's operation and management, and timely tracks, discovers and improves the Company's internal control defects. Through the above work, the Company has supplemented and amended the internal policies and regulations that are incomplete or imperfect, and has refined and optimized some business processes and internal control measures to make the Company's processes more reasonable and effective enough.

### (II) The Board of Directors' statement on the responsibility for internal control

It is the responsibility of the Board of Directors to establish a sound and effective internal control system, evaluate its effectiveness and truthfully disclose the internal control evaluation report according to the provisions of enterprise internal control system. The Supervisory Committee supervises the establishment and implementation of internal control by the Board of Directors. The senior management is responsible for organizing and leading the daily operation of the internal control of the Company.

The objective of the Company's internal control is to ensure that the operation and management are legal and compliant, the assets are safe, the financial reports and related information are true and complete so as to improve operational efficiency and effectiveness, and to promote the realization of the development strategy. Due to the inherent limitations of internal control, it can only provide reasonable assurance for achieving the above objectives. In addition, due to changes in the situation, internal control may become inappropriate, or the degree of compliance with control policies and procedures may reduce, and there may be certain risks in predicting the effectiveness of future internal control according to the results of internal control evaluation.

In 2021, the Company will continue to improve the internal control system, standardize the implementation of internal control system and strengthen the supervision and inspection of internal control according to the changes in the external business environment and the actual needs of the Company's development, and in accordance with the provisions and requirements of the Basic Standards for Enterprise Internal Control and the Code of Corporate Governance so as to promote the sound and sustainable development of the Company.

### (III) The basis for the establishment of internal control related to financial reporting

The Company attaches importance to the establishment and perfection of the internal control system related to financial reporting. According to the requirements of the Accounting Law, accounting standard and related financial system, the Company has established corresponding rules and regulations in business accounting, costs and expenses, financial management and accounting information system management. According to the requirements of the Basic Standards for Enterprise Internal Control and the Guidelines on the Application of Enterprise Internal Control, the Company has set up a scientific financial and accounting structure, equipped with qualified financial and accounting professionals, used standardized and rigorous financial and accounting management system, and selected appropriate accounting policies and reasonable accounting estimates to ensure that the financial report prepared by the Company meets the requirements of accounting standards, and can truthfully, accurately and completely reflect the Company's financial situation, operating results, cash flow and other relevant information.

During the Reporting Period, the Company's internal control system related to financial reporting was sound and the operation was in good condition, which could guarantee the quality of financial reporting and ensure the high reliability of financial information. Since the listing of the shares of the Company, all regular reports have been timely disclosed and there was no material defect in internal control in respect of financial reporting.

## SECTION VIII CORPORATE GOVERNANCE

### (IV) Report on self-evaluation of internal control

The Board of Directors reviewed the effectiveness of the Company's internal control design and operation as of December 31, 2020, in accordance with laws and regulations such as the Basic Standards for Enterprise Internal Control. For details, please refer to the 2020 Annual Internal Control Evaluation Report of Everbright Securities disclosed by the Company on the SSE's website ([www.sse.com.cn](http://www.sse.com.cn)).

During the Reporting Period, the Company has established internal control on the business and matters included in the evaluation scope and effectively implemented it, and achieved the objectives of internal control of the Company. There were no material defects in the design or implementation of internal control. There was no significant change in the internal control that had a material impact on the evaluation conclusion during the period from the base date to the issuance date of internal control evaluation report.

The Board of Directors has made assessment on risk management and internal control in accordance with the requirements, and the Company believes that risk management and internal control systems are efficient and adequate.

### (V) Description of the relevant contents of the internal control audit report

The Board of Directors has engaged Ernst & Young Hua Ming LLP (Special General Partnership) to conduct auditing and issue auditors' report on the internal control of the Company as of December 31, 2020, in accordance with laws and regulations such as the Basic Standards for Enterprise Internal Control. For details, please refer to the 2020 Annual Internal Control Audit Report of Everbright Securities Company Limited disclosed by the Company on the SSE's website ([www.sse.com.cn](http://www.sse.com.cn)).

### (VI) The defects of internal control and their identification

In accordance with the requirements on the identification of material defects, significant defects and general defects as provided in 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 on Internal Control of the Companies listed on the SSE and taking into account the Company's size, industry characteristics and risk level, etc., the Board of Directors reviewed and determined the internal control defects and the specific identification criteria applicable to the Company, which includes material defects, significant defects and general defects according to the degree of the impacts of defects.

Material defects refer to the combination of one or more control defects that may cause the enterprise to seriously deviate from control objectives. Significant defects refer to the combination of one or more control defects, which have inferior severity and economic consequences compared to material defects, but are still likely to cause the enterprise to deviate from control objectives. General defects refer to other defects other than material defects and significant defects.

## SECTION VIII CORPORATE GOVERNANCE

### (VII) Management of inside information

The Company attaches great importance to insider information management. In order to strengthen the confidentiality of insider information, safeguard the fairness of information disclosure and protect the legitimate rights and interests of investors, the Company has formulated Measures on the Administration of Information Disclosure Matters and Measures of Registration of Insiders in accordance with the PRC Company Law, the PRC Securities Law, Provisions on Listed Companies' Establishment of Insider Registration Management System, the Hong Kong Listing Rules, and other domestic and foreign laws, regulations and other normative documents (including the relevant laws, regulations, stock listing rules or other normative documents of the place where the Company's securities are listed or promulgated by the stock exchange where the Company's securities are listed).

According to the laws and regulations of the place where the Company's securities are listed, under the Measures of Registration of insiders, the Company has clearly defined the following in the Measures of Registration of Insiders: the coverage of the information that involves the Company's operation and finance, or that may have significant impact on the market prices of the Company's securities and that has not been publicly disclosed on the information disclosure media designated by securities regulatory authorities, and the scope of insiders. In addition, the Company has specified in detail the insider management, the insider information confidentiality management and the penalties for the leakage of insider information.

In accordance with the relevant provisions of the Measures of Registration of Insiders, the Company has issued a confidentiality reminder letter to the Directors, Supervisors, senior management and related personnel of the Company, prompting them to fulfill the confidentiality obligation before information disclosure, and timely conducted registration of insiders. During the Reporting Period, the Company was not involved in any circumstances of violating the Measures of Registration of Insiders.

The Company carried out information disclosure strictly according to regulatory requirements. In the Measures on the Administration of Information Disclosure Matters, the Company has clearly set forth the basic principles of information disclosure and the disclosure rules. In addition, the Company has specified that the Board of Directors is responsible for developing and implementing the Measures on the Administration of Information Disclosure Matters, the Company's president is the primary responsible person for the implementation of information disclosure matters management system, and the secretary to the Board of Directors is responsible for the specific coordination. The Supervisory Committee is responsible for supervising the Company's information disclosure, carrying out periodic or ad hoc inspection of the implementation of the Measures on the Administration of Information Disclosure Matters, supervising the Board of Directors to timely remedy the material defects identified, and requiring the Board of Directors to revise the relevant policies when necessary.

## VIII. The Company's Risk Management, Compliance and Audit Work

### (I) The Company's risk management work and the establishment of dynamic risk control indicators monitoring and capital complementing mechanism

Since 2020, facing the outbreak of the COVID-19 pandemic and the complex and changing market environment, the Company profoundly recognized the importance of preventing and dissolving material risks. Based on the requirements on high-quality development and focusing on the theme of enhancing the effectiveness of risk control, the Company further optimized the establishment of the risk management system and firmly held to the bottom line of preventing systematic financial risks, maintaining all risks of the Company under control.

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In order to effectively manage and control risks, and under the guiding ideology of “based on the original source of business, consolidating the foundation, steady and compliance operation and strictly sticking to the bottom line”, the Company stressed the Party leadership, strengthened the construction of the “three defense lines of marketing, approval and supervision, and strategic firewall, professional firewall, system firewall and information firewall” (三線四牆) system, consolidated the foundation of risk management and enhanced active management capabilities. The Company has implemented various initiatives in the reform and improvement of the risk management mechanism: First, the Company optimized the risk decision-making mechanism. It has improved the functions of the Risk and Compliance Management Committee to coordinate the management of risk, compliance and internal control matters. It has optimized the project review committee and established the professional evaluation mechanism to enhance the independent review of projects. Second, the Company improved the credit risk control mechanism, formulated guidelines on credit risk judgment and credit grant and strictly implemented the unified credit granting mechanism, the blacklist of debtors, the centralized control and foresight on the unreliable entities lists to enhance the forward-looking risk control and management. Third, the Company strengthened the internal control management. It strictly controlled innovative business access, implemented inspections and reviews on key links, intensified risk evaluation and accountability management and consistently improved internal control and operational risk management system based on operational risk management instruments. Fourth, the Company strengthened vertical management and control over subsidiaries. With risk preference, credit inspection, innovation review, risk monitoring and other control and management mechanism fully covering subsidiaries, it implemented the unified management and control mechanism of the Group. Fifth, the Company further standardized and enhanced risk disposal and dissolving, introduced risk assets management systems and established coordinated management systems on risk disposal and dissolving to consistently advance the disposal and dissolving of risks in an orderly manner.

The Company strictly implemented the relevant requirements of the regulatory authorities and fully established capital supplementary mechanisms for dynamic monitoring of risk control indicators: (1) the Company has formulated risk management indicator and pressure test management system, specified risk management indicator, dynamic monitoring, pressure test, emergency treatment and supplementary mechanism; (2) the Company has established the Risk controlling indicator monitoring system, and continue to update and upgrade system according to regulatory guidance of regulatory authorities; (3) the Company regularly or irregularly carries out risk control index stress test according to needs, and reasonably evaluates the Company’s index bearing capacity; (4) the Company has established a dynamic risk control index monitoring and capital supplement mechanism, to ensure the net capital and other risk control index is in compliance with standard requirement. During the Reporting Period, the Company’s core risk control indicators performed well and met regulatory standards.

## SECTION VIII CORPORATE GOVERNANCE

### (II) Compliance work

Pursuant to the relevant rules of the CSRC, after considering its actual situation, the Company established a scientific and reasonable compliance management system with clear division of responsibilities. The compliance management system of the Company corresponds with its scope of operation, organizational structure and business scale. Firstly, the Company has built the philosophy of compliance and compliance culture and held the belief that every member of the Company, led by the management, should put compliance into practice as compliance creates values and is the foundation of the Company's existence in the market. Secondly, the Company specified the objectives and standards of compliance management and established a scientific, efficient and practically feasible compliance management system so as to effectively identify, assess and manage compliance risks and provide effective support and supervision for the Company to operate in compliance with laws and regulations. The Company's compliance management strictly complies with the principles of independence, comprehensiveness, efficiency and authority. Thirdly, the Company improved the organizational structure and scope of responsibilities of compliance management. The Company established a sound compliance management and control mechanism according to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies and relevant requirements, specifying the corresponding duties of the Board of Directors, the Supervisory Committee, major persons-in-charge of operations management, the chief compliance officer, other executives, the compliance and management department and the compliance management staff. As a result, the Company comprehensively improved its compliance management responsibility system covering decision making, implementation, supervision and feedback. Fourthly, the Company ensured the performance of duties of the chief compliance officer and the compliance management staff by setting up safeguarding systems in relation to remuneration and assessment as well as fully protecting the chief compliance officer and the compliance management staff's rights to know and investigate as required in the performance of their duties. Fifthly, the Company clarified the reporting and handling mechanisms of infringements of laws and regulations and potential compliance risks and formulated reporting responsibilities, methods and handling mechanisms accordingly. Sixthly, the Company further improved its compliance assessment and accountability mechanisms and established a compliance management and control mechanism that links accountability, assessment and performance appraisal results and remuneration payment.

In 2020, the Company conducted over 30 compliance inspections, involving sales of financial products, practices of employees, basic management of business departments, bond transactions, investment banking business, standardization and internal control management of subsidiaries, anti-money laundering inspections, etc. In addition, the Company actively cooperated with CSRC and its branch offices and China Securities Depository and Clearing Corporation and other regulatory authorities to carry out numerous on-site inspections.

## SECTION VIII CORPORATE GOVERNANCE

### (III) Internal audit work

In 2020, with the focus on preventing material financial risks and promoting high-quality development, the Company specified strategic measures on strengthening active management capabilities and consolidating the “three defense lines of marketing, approval and supervision, and strategic firewall, professional firewall, system firewall and information firewall” (三線四牆) system. It further enhanced the awareness of responsibility in the internal audit work. With the target of serving the overall strategic development, it firmly concentrated on the main tasks in audit and supervision and actively adopted measures to “shore up weaknesses, strengthen weaknesses and improve quality and efficiency” and to vigorously promote the implementation of audit projects. Under the background of the prevention and control of COVID-19 and the changing external situation, the Company enhanced coordination and organization and actively adopted IT means to optimize the audit process and means. The Company completed a total of 139 audit projects during the whole year, including 5 subsidiary-level projects, 15 headquarters-level projects, 7 special audit and appraisal projects, 107 branch-level projects and 5 external audits.

The Company continued to promote the rectification of audit problems and further establish a long-term improvement and rectification mechanism. The Company established the ledger of problems rectification and implemented the cancellation system on the rectification of problems. It has achieved outstanding results in rectification and the rectification ratio was obviously improved as compared with the previous year. The Company, through supervising and evaluating on the internal management, economic benefits, internal control of the entities receiving internal audit, has revealed the main risks and problems, made audit recommendations, urged the audited entities to rectify and implement, and further increased their awareness in risk prevention, improved internal management and improved internal control construction.

## IX. Investor Relations

### (I) Overview of investor relations

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.

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 Company's website [www.ebscn.com](http://www.ebscn.com) 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: +86-21-2216 9964

E-mail: [ebs@ebscn.com](mailto:ebs@ebscn.com)

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

Postal code: 200040



## SECTION VIII CORPORATE GOVERNANCE

### (II) Revision of the Articles of Association during the Reporting Period

During the Reporting Period, the revision of the Articles of Association was as below:

The resolution of change in scope of business of the Company and amendments to the Articles of Association was considered and approved at the 2020 second extraordinary general meeting. The Articles of Association of the Company was amended in accordance with the Measures for the Administration of Securities Investment Fund Custody Business 《證券投資基金託管業務管理辦法》 and based on the actual situation of the Company. For details of aforesaid amendments, please refer to information on the announcements dated August 26, 2020 published on the website of the Hong Kong Stock Exchange and the Articles of Association published on October 12, 2020.

## X. 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.

### (II) Appointment of external auditors and their remuneration

#### 1. *External auditors appointed at present*

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 twenty-sixth meeting of the fifth session of the Board and the second extraordinary general meeting in 2020 considered and approved the Resolution Regarding the Appointment of External Auditors for 2020 and agreed to (1) continue to engage Ernst & Young Hua Ming LLP (Special General Partnership) as the PRC external auditors of the Company for the year 2020 to provide relevant domestic audit services in accordance with the PRC GAAP; (2) continue to engage Ernst & Young as the overseas external auditors of the Company for the year 2020 to provide relevant overseas audit and review services in accordance with the IFRS; (3) authorize the management of the Company to determine the audit fees based on market principles and to enter into the relevant agreements.

In the year of 2020, the Company paid the remuneration to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young in respect of auditing the annual financial statements with a total of RMB8.43 million.

During the Reporting Period, there was no occasion where the Board of Directors did not agree with the opinions of the Audit 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 replaced the external audit agency.

## SECTION VIII CORPORATE GOVERNANCE

### (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 SW Corporate Services Group 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 IX RELEVANT INFORMATION ON CORPORATE BONDS

### I. Overview of Corporate Bonds

Unit: 100 million Currency: RMB

Bond name	Abbreviation	Code	Value date	Maturity date	Balance of bonds	Interest rate(%)	Principal and interest payment method	Places of transaction
17G2 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G2	143155	July 4, 2017	July 4, 2022	15	4.7	Payment of interest on a yearly basis	SSE
17G4 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G4	143326	October 16, 2017	October 16, 2022	16	4.9	Payment of interest on a yearly basis	SSE
18G2 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	18 EVERBRIGHT SECURITIES G2	143576	April 18, 2018	April 18, 2021	33	4.78	Payment of interest on a yearly basis	SSE
1806 EBS Non-public Offering Corporate Bonds (Third Tranche) (Type 2)	18 EVERBRIGHT SECURITIES 06	150585	July 30, 2018	July 30, 2021	40	4.67	Payment of interest on a yearly basis	SSE
18G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	18 EVERBRIGHT SECURITIES G3	143652	September 26, 2018	September 26, 2021	28	4.3	Payment of interest on a yearly basis	SSE
18C1 EBS Non-public Offering Subordinated Bonds (First Tranche)	18 EVERBRIGHT SECURITIES C1	150942	December 13, 2018	December 13, 2021	30	4.3	Payment of interest on a yearly basis	SSE
1901 EBS Non-public Offering Corporate Bonds (First Tranche)	19 EVERBRIGHT SECURITIES 01	151115	January 22, 2019	January 22, 2022	30	3.88	Payment of interest on a yearly basis	SSE
1902 EBS Non-public Offering Corporate Bonds (Second Tranche)	19 EVERBRIGHT SECURITIES 02	162002	August 22, 2019	August 22, 2022	30	3.75	Payment of interest on a yearly basis	SSE
20F1 EBS Non-public Offering Corporate Bonds (First Tranche) (Epidemic prevention bond)	20 EVERBRIGHT SECURITIES F1	166222	March 9, 2020	March 9, 2023	30	3.19	Payment of interest on a yearly basis	SSE
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641	June 22, 2020	June 22, 2023	15	3.1	Payment of interest on a yearly basis	SSE
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731	July 14, 2020	July 14, 2023	37	3.6	Payment of interest on a yearly basis	SSE
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000	August 17, 2020	August 17, 2025	20	4.4	Payment of interest on a yearly basis	SSE

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

Bond name	Abbreviation	Code	Value date	Maturity date	Balance of bonds	Interest rate(%)	Principal and interest payment method	Places of transaction
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	August 28, 2020	August 28, 2023	48	3.7	Payment of interest on a yearly basis	SSE
20S1 EBS Short-term Public Offering Corporate Bonds (First Tranche)	20 EVERBRIGHT SECURITIES S1	163829	October 19, 2020	October 18, 2021	50	3.2	Payment of principal and interest at maturity	SSE
20G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G6	175583	December 25, 2020	December 27, 2021	30	3.12	Payment of principal and interest at maturity	SSE
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	December 25, 2020	December 25, 2023	17	3.6	Payment of interest on a yearly basis	SSE
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	January 14, 2021	January 14, 2024	53	3.57	Payment of interest on a yearly basis	SSE

Note: The 4th meeting of the sixth session of the board of directors reviewed and approved the 2020 profit distribution plan, which will be implemented in 2021. Therefore, 20 EVERBRIGHT Y1 is expected to trigger mandatory interest payment event.

### Settlement of interests and principals of the corporate bonds

The principal and interest on 18 EVERBRIGHT SECURITIES 02 were paid on January 20, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities. Please refer to the announcement No. Lin 2020-012 dated January 21, 2020 published on the website of the SSE and the announcement dated January 21, 2020 published on the website of the Hong Kong Stock Exchange for details.

The principal and interest on 17 EVERBRIGHT SECURITIES 04 were paid on February 14, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities. Please refer to the announcement No. Lin 2020-020 dated February 15, 2020 published on the website of the SSE and the announcement dated February 15, 2020 published on the website of the Hong Kong Stock Exchange for details.

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

The principal and interest on 18 EVERBRIGHT SECURITIES G1 were paid on April 20, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities. Please refer to the announcement No. Lin 2020-039 dated April 15, 2020 published on the website of the SSE and the announcement dated April 15, 2020 published on the website of the Hong Kong Stock Exchange for details.

The principal and interest on 17 EVERBRIGHT SECURITIES 06 were paid on April 27, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities. Please refer to the announcement No. Lin 2020-045 dated April 28, 2020 published on the website of the SSE and the announcement dated April 28, 2020 published on the website of the Hong Kong Stock Exchange for details.

The principal and interest on 17 EVERBRIGHT SECURITIES G1 were paid on July 6, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities.

The principal and interest on 18 EVERBRIGHT SECURITIES 05 were paid on July 30, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities.

The principal and interest on 17 EVERBRIGHT SECURITIES G3 were paid on October 16, 2020 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities.

The principal and interest on 20 EVERBRIGHT SECURITIES D1 were paid on January 14, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities.

### **Other information on corporate bonds**

17 EVERBRIGHT SECURITIES G2, 17 EVERBRIGHT SECURITIES G4, 18 EVERBRIGHT SECURITIES G2, 18 EVERBRIGHT SECURITIES G3, 20 EVERBRIGHT SECURITIES G1, 20 EVERBRIGHT SECURITIES G3, 20 EVERBRIGHT SECURITIES Y1, 20 EVERBRIGHT SECURITIES G5, 20 EVERBRIGHT SECURITIES S1, 20 EVERBRIGHT SECURITIES G6, 20 EVERBRIGHT SECURITIES G7, 21 EVERBRIGHT SECURITIES G1 are targeted at professional investors for public offering.

The remaining bonds for each tranche are targeted at professional investors for non-public offering.

Please refer to Note 53 to the consolidated financial statements in this report for details of information on the existing bonds of Company's subsidiaries during the Reporting Period.

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

### II. Contact Persons and Contact Methods of Bonds Trustee, Contact Methods of Credit Rating Agency

<b>Credit rating agency</b>	<b>Name</b>	China Chengxin International Credit Rating Co. Ltd.
	<b>Office address</b>	Building 6, Galaxy SOHO, No.2 Nanzhugan Hutong, Chaoyangmennei Street, Dongcheng District, Beijing

Abbreviation	Code	Trustee manager	Credit rating agency
17 EVERBRIGHT SECURITIES G2	143155.SH	Guotai Junan Securities	China Chengxin International Credit Rating Co., Ltd.
17 EVERBRIGHT SECURITIES G4	143326.SH	Guotai Junan Securities	China Chengxin International Credit Rating Co., Ltd.
18 EVERBRIGHT SECURITIES 06	150585.SH	Industrial Securities	No rating required for non-public offering of bonds
18 EVERBRIGHT SECURITIES C1	150942.SH	China Galaxy Securities	No rating required for non-public offering of bonds
18 EVERBRIGHT SECURITIES G2	143576.SH	Guotai Junan Securities	China Chengxin International Credit Rating Co., Ltd.
18 EVERBRIGHT SECURITIES G3	143652.SH	Guotai Junan Securities	China Chengxin International Credit Rating Co., Ltd.
19 EVERBRIGHT SECURITIES 01	151115.SH	Industrial Securities	No rating required for non-public offering of bonds
19 EVERBRIGHT SECURITIES 02	162002.SH	Industrial Securities	No rating required for non-public offering of bonds
20 EVERBRIGHT SECURITIES F1	166222.SH	China Merchants Securities	No rating required for non-public offering of bonds
20 EVERBRIGHT SECURITIES G1	163641.SH	China Merchants Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES G3	163731.SH	China Merchants Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES G5	175062.SH	China Merchants Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES G6	175583.SH	China Galaxy Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES G7	175584.SH	China Galaxy Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES S1	163829.SH	Soochow Securities	China Chengxin International Credit Rating Co., Ltd.
20 EVERBRIGHT SECURITIES Y1	175000.SH	CITIC Securities	China Chengxin International Credit Rating Co., Ltd.
21 EVERBRIGHT SECURITIES G1	175631.SH	China Galaxy Securities	China Chengxin International Credit Rating Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

The contact persons and contact methods of the above trustee managers are set out as follows:

Bond trustee manager	Name	Industrial Securities Co., Ltd
	Office address	No.36 Changliu Road, Pudong New Area, Shanghai, the PRC
	Contact person	Yang Lingshan
	Contact number	021-20370733
Bond trustee manager	Name	China Galaxy Securities Co., Ltd
	Office address	Level 2-6, No. 35 Financial Street, Xicheng District, Beijing, the PRC
	Contact person	Chen Qu
	Contact number	010-83574504
Bond trustee manager	Name	Guotai Junan Securities Co., Ltd
	Office address	No.618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone
	Contact person	Wang Kunpeng
	Contact number	021-38674904
Bond trustee manager	Name	Soochow Securities Co., Ltd.
	Office address	Soochow Securities Building, No. 5 Xingyang Street, Suzhou Industrial Park Zone, the PRC
	Contact person	Qian Yao
	Contact number	0512-62938587
Bond trustee manager	Name	China Merchants Securities Co., Ltd.
	Office address	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province, the PRC
	Contact person	Liu Huachao
	Contact number	010-60840902
Bond trustee manager	Name	CITIC Securities Co., Ltd.
	Office address	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province, the PRC
	Contact person	Song Yilan
	Contact number	010-60837524

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

### III. Use of Proceeds Raised from Issuance of Corporate Bonds

#### (1) Use of proceeds

The proceeds raised from the issuance of 17 EVERBRIGHT SECURITIES G2, 17 EVERBRIGHT SECURITIES G4, 18 EVERBRIGHT SECURITIES G2, 18 EVERBRIGHT SECURITIES 06 and 18 EVERBRIGHT SECURITIES G3, after deducting issuance expenses and other related expenses, were all used in the replenishment of working capital of the Company or be used for adjusting the Company's debt structure and improving its financial structure.

The proceeds raised from the issuance of 18 EVERBRIGHT SECURITIES C1, 19 EVERBRIGHT SECURITIES 01 and 19 EVERBRIGHT SECURITIES 02, after deducting issuance expenses and other related expenses, were all used for repayment of due, redeemed or sell-backed debt financing instruments.

90% and 10% of the proceeds raised from the issuance of 20 EVERBRIGHT SECURITIES F1, after deducting issuance expenses and other related expenses, were used for repayment of due debt financing instruments and to support business in relation to epidemic prevention and control, respectively.

The proceeds raised from the issuance of 20 EVERBRIGHT SECURITIES G1, 20 EVERBRIGHT SECURITIES G3, 20 EVERBRIGHT SECURITIES G5, 20 EVERBRIGHT SECURITIES S1, 20 EVERBRIGHT SECURITIES G6, 20 EVERBRIGHT SECURITIES G7 and 21 EVERBRIGHT SECURITIES G1, after deducting issuance expenses and other related expenses, were all used in the replenishment of working capital of the Company needed for its daily operations.

The proceeds raised from the issuance of "20 EVERBRIGHT SECURITIES Y1", after deducting issuance expenses and other related expenses, are intended to be used in the replenishment of working capital and repayment of due debts.

As at the date of this report, the balance of the special accounts for the proceeds from the above corporate bonds was 0. The utilization of the proceeds was consistent with the purposes specified in the prospectus, the plans for the utilization and other stipulations.

#### (2) Approval procedures for the utilization of proceeds

The proceeds from the bonds issued by the Company were utilized according to the approved or stipulated purposes in the prospectus for each period, and the corresponding purposes were carried out with authorization at different levels as determined in accordance with the approval of the Company's Asset and Liability Committee and the rules governing proprietary funds. A set of decision-making procedures was in place. The procedures for the approval of large-amount payments met the relevant requirements.

#### (3) Operation of special accounts

The Company entered into a Tripartite Agreement on the Supervision of Special Accounts for Proceeds with the banks and trustee managers that supervise the proceeds, pursuant to which the Company set up a special account for the proceeds raised from bond issuance for each period. The special proceeds account was used exclusively for taking, saving and transferring the proceeds from the corporate bonds issued by the Company.

As at the date of this report, the special proceeds account of the Company was under normal operation, and the utilization of the proceeds was consistent with the purposes specified in the prospectus.



## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

### IV. Information on Credit Rating Agency of Corporate Bonds

China Chengxin International Credit Rating Co., Ltd. was engaged by the Company to conduct rating of the Company. According to the Subject Credit Rating Report issued by China Chengxin Securities Rating in July 2020, the Company's credit rating is maintained as AAA after the final review by the China Chengxin International Credit Rating Committee.

On May 26, 2020, China Chengxin International conducted track ratings of the credit status of the corporate bonds publicly offered by the Company: "17 EVERBRIGHT SECURITIES G1", "17 EVERBRIGHT SECURITIES G2", "17 EVERBRIGHT SECURITIES G3", "17 EVERBRIGHT SECURITIES G4", "18 EVERBRIGHT SECURITIES G2" and "18 EVERBRIGHT SECURITIES G3", and issued a Track Rating Report (2020) on the Corporate Bonds of Everbright Securities Co., Ltd., in which the Company maintained AAA corporate credit rating; the outlook for the rating was stable; the aforesaid corporate bonds maintained AAA credit rating. The full text of the Track Rating Report (2020) on the Corporate Bonds of Everbright Securities Co., Ltd. is available on the website of the SSE (<http://www.sse.com.cn>). The credit ratings of "20 EVERBRIGHT SECURITIES G1", "20 EVERBRIGHT SECURITIES G3", "20 EVERBRIGHT SECURITIES Y1", "20 EVERBRIGHT SECURITIES G5", "20 EVERBRIGHT SECURITIES S1", "20 EVERBRIGHT SECURITIES G6", "20 EVERBRIGHT SECURITIES G7" and "21 EVERBRIGHT SECURITIES G1" issued in 2020 are all AAA.

### V. Credit Enhancement Mechanism, Debt Repayment Plan and Other Information Related to Corporate Bonds during the Reporting Period

As at the date of this report, the Company adopted the method of unsecured issuance to its existing bonds. No changes were made in the debt repayment plan and other safeguard measures regarding debt repayment.

The Company performs its obligations in respect of annual interest payment and principal repayment with interest upon expiry of each term of bonds in a timely manner. The Company enjoys good solvency, and the Company's funds for debt repayment will be financed by accumulated profits generated from the ordinary course of business and cash flows generated from the Company's operating activities. The Company's income scale and accumulated profits basically ensures the capability of the Company of repaying the principal amount and the corresponding interest on time. During the Reporting Period, relevant plans and measures of the Company were carried out in line with the relevant commitments in the prospectus.

### VI. PERFORMANCE OF TRUSTEE MANAGER OF CORPORATE BONDS

Industrial Securities Co., Ltd. was engaged as the bond trust manager of "18 EVERBRIGHT SECURITIES 06", "19 EVERBRIGHT SECURITIES 01" and "19 EVERBRIGHT SECURITIES 02"; China Galaxy Securities Co., Ltd. was engaged as the bond trust manager of "18 EVERBRIGHT SECURITIES C1", "20 EVERBRIGHT SECURITIES G6", "20 EVERBRIGHT SECURITIES G7" and "21 EVERBRIGHT SECURITIES G1"; Guotai Junan Securities Co., Ltd. was engaged as the bond trust manager of "17 EVERBRIGHT SECURITIES G2", "17 EVERBRIGHT SECURITIES G4", "18 EVERBRIGHT SECURITIES G2" and "18 EVERBRIGHT SECURITIES G3"; China Merchants Securities Co., Ltd. was engaged as the bond trust manager of "20 EVERBRIGHT SECURITIES F1", "20 EVERBRIGHT SECURITIES G1", "20 EVERBRIGHT SECURITIES G3" and "20 EVERBRIGHT SECURITIES G5"; Soochow Securities Co., Ltd. was engaged as the bond trust manager of "20 EVERBRIGHT SECURITIES S1"; and CITIC Securities Co., Ltd. was engaged as the bond trust manager of "20 EVERBRIGHT SECURITIES Y1". The Company entered into the respective Bond Trustee Management Agreements with the above bond trust managers.

During the Reporting Period, the bond trustee performed corresponding duties in accordance with the Bond Entrust Management Agreement. According to the Bond Entrust Management Agreement, China Merchants Securities issued China Merchants Securities Co., Ltd.'s Report on the Temporary Entrusted Management Affairs of the Public Offering of Corporate Bonds by Everbright Securities Co., Ltd. in 2020 for a total of 10 times; Industrial Securities issued the Industrial Securities Co., Ltd.'s Interim Report on the Entrusted Management Affairs of Corporate Bonds of Everbright Securities Co., Ltd. for a total of 12 times; China Galaxy Securities issued China Galaxy Securities Co., Ltd.'s Report on Temporary Entrusted Management Affairs on Major Issues of Everbright Securities Co., Ltd. for a total of 15 times; Guotai Junan Securities issued China Guotai Junan Securities Co., Ltd.'s Report on the Temporary Entrusted Management Affairs of Corporate Bonds of Everbright Securities Co., Ltd. in 2020 for a total of 3 times; Soochow Securities issued the Interim Report on the Entrusted Management Affairs of Corporate Bonds of Everbright Securities Co., Ltd. for a total of 4 times; CITIC Securities issued the Interim Report on the Entrusted Management Affairs of the Public Offering of Perpetual Subordinated Bonds by Everbright Securities Co., Ltd. six times in total. The above reports have been disclosed on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).

The bond trustee management reports for 2020 of the bonds mentioned above were disclosed on the website of the SSE (<http://www.sse.com.cn>) before June 30, 2021 for the attention of investors.

## SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS

### VII. 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

Main indicator	2020	2019	Increase/decrease for the period over the same period of last year (%)	Reason for the change
EBITDA	<b>805,461.40</b>	447,142.49	80.14	Growth in operating results
Balance of cash and cash equivalents	<b>6,193,320.42</b>	4,812,775.50	28.69	–
Current ratio	<b>2.02</b>	2.61	(22.61)	–
Quick ratio	<b>1.17</b>	1.67	(29.94)	–
Gearing ratio (%)	<b>68.53</b>	69.11	Decreased by 0.58 percentage point	–
EBITDA to total debts ratio	<b>0.16</b>	0.08	100	Increase in EBITDA
Interest coverage ratio	<b>4.09</b>	1.47	178.23	Increase in earnings before interest and tax
Cash interest coverage ratio	<b>5.88</b>	9.17	(35.88)	Decrease in net cash flow generated from operating activities
EBITDA interest coverage ratio	<b>4.49</b>	1.73	159.54	Increase in EBITDA
Loan payment ratio	<b>N/A</b>	N/A	N/A	–
Interest payment ratio	<b>162.70</b>	140.78	Increased by 21.92 percentage points	–

Note 1: The above financial indicators are based on calculation in accordance with the PRC GAAP.

Note 2: The effect of client funds has been excluded from the net cash flow generated from operating activities.

Note 3: the EBITDA has removed influence of MPS.

### VIII. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

During the Reporting Period, the Company's other debt financing instruments included structured notes, margin refinancing from CSFC, inter-bank borrowings, asset-backed plans backed by margin account debts, and commercial papers. The principal and interest of the financing instruments were all paid in a timely manner.

## **SECTION IX RELEVANT INFORMATION ON CORPORATE BONDS**

### **IX. BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD**

As at December 31, 2020, the total amount of banking facilities of the Company amounted to approximately RMB245.0 billion, among which the amount of approximately RMB57.0 billion were used and the remaining amount of approximately RMB188.0 billion were available for use. The Company has a good reputation. During the Reporting Period, the Company's liabilities were repaid on time without extension or remission.

The Company has a good reputation. During the Reporting Period, the Company's liabilities were repaid on time without extension or remission.

### **X. Performance of the Company regarding the Fulfilment of Relevant Stipulations or Commitments in the Prospectus for Corporate Bonds during the Reporting Period**

During the Reporting Period, the Company stringently fulfilled the relevant stipulations or commitments in the prospectus for corporate bonds. The application of the proceeds was consistent with the stipulations in the prospectus. The Company stringently fulfilled the responsibility for information disclosure and paid the bond interest on time to protect the legitimate rights and interests of investors.

During the Reporting Period, there was no default in the redemption of, or payment of interest on, the bonds issued by the Company. The Company's operations were stable; profitability was good; and no risk that could lead to failure in future payments on schedule was found.

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

Audited Consolidated Financial Statements

31 December 2020



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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 142 which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, 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
<u>Provision for a contingent liability</u>	
<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 &amp; 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 partner.</p>	<p>Our audit procedures related to the recognition of provision mainly included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the relevant contracts, agreements, internal approval documentation and legal correspondence in respect of the investment and the related litigation and dispute;</li> <li>• We obtained and reviewed management's understanding about the litigation, arbitration, and asset preservation related to the project investment of MPS, and reviewed relevant legal documents and other information;</li> <li>• We obtained and reviewed management's assessment of the outcome of the above litigation and dispute;</li> <li>• We consulted with our internal legal experts who assisted us in evaluating the judgment of Everbright Capital with regard to the litigation and dispute; and</li> <li>• We assessed the relevant disclosures of the incident with reference to the requirements of the prevailing accounting standards.</li> </ul>



**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 judgement of first instances and the results of the arbitration award, the Group made a provision in the consolidated financial statements as at 31 December 2020 amounting to RMB4,551,975 thousand for contingent losses that may result from the above-mentioned "Letter of Makeup of Shortfall" and "Supplementary Agreement".</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, the 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
<u>Provisions for expected credit losses</u>	
<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 2020, the carrying amount of the Group's margin accounts receivable was RMB46,815,972 thousand with a cumulative allowance for ECLs of RMB671,470 thousand and financial assets held under resale agreements amounted to RMB5,279,946 thousand with a cumulative allowance for ECLs of RMB1,471,697 thousand.</p> <p>As at 31 December 2020, the carrying amount of the Group's financial assets measured at amortised cost was RMB4,451,962 thousand with a cumulative allowance for ECLs of RMB330,918 thousand and the carrying amount of the Group's debt investments at fair value through other comprehensive income was RMB17,638,387 thousand with a cumulative allowance for ECLs of RMB137,851 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"> <li>• 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;</li> <li>• We assessed the Group's criteria for classification of stages and the models for measurement of ECLs;</li> <li>• 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;</li> <li>• 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;</li> <li>• We assessed management's ECLs results and checked whether they are consistent with market practice and historical loss experience; and</li> <li>• 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.</li> </ul>





**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 2020, the fair values of the Group's financial assets that were measured at fair value totalled RMB81,335,592 thousand, of which financial assets of RMB19,419,235 thousand, RMB55,121,873 thousand and RMB6,794,484 thousand were classified under the fair value hierarchy as Level 1, 2 and 3 financial instruments respectively.</p> <p>As at 31 December 2020, the fair values of the Group's financial liabilities that were measured at fair value totalled RMB2,919,842 thousand, of which financial liabilities of RMB3,268 thousand, RMB1,310,869 thousand and RMB1,605,705 thousand were classified under the fair value hierarchy as Level 1, 2 and 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 is 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 own models to value certain financial instruments which also involves significant management judgement. 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 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, the significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the fair value of financial instruments included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of fair value of financial instruments;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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</li> <li>• We assessed the relevant disclosures of the fair value information of financial instruments with reference to the requirements of the prevailing accounting standards.</li> </ul>



**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 2020, the carrying amount of goodwill, which mainly arose from the acquisition of Everbright Securities (International) Limited ("EBSI") and Sun Hung Kai Financial Group Limited ("SHKFG") in 2011 and 2015 respectively, was RMB955,342 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 and could be subject to management bias.</p> <p>Refer to note 23 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 to assess the potential impairment of goodwill included the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We evaluated the competence, capabilities and objectivity of the external appraiser appointed by management;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• We assessed the results of the value-in-use calculations by comparison with valuations derived from price/book multiples of comparable companies in the market; and</li> <li>• We assessed the relevant disclosures of the impairment of goodwill with reference to the requirements of the prevailing accounting standards.</li> </ul>

**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 consider the power the Group is able to exercise 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>The factors which management needs to consider when determining whether a structured entity should be consolidated are not purely quantitative and need to be considered collectively.</p> <p>As at 31 December 2020, the carrying amount of the Group's investments in structured entities sponsored by third party institutions and not consolidated by the Group was RMB29,665,188 thousand. The carrying amount of the Group's investments in structured entities sponsored by the Group and not consolidated by the Group was RMB2,600,717 thousand.</p> <p>We identified the consolidation of structured entities as a key audit matter because significant management judgement can be required 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 the 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"> <li>• We assessed and evaluated the design and operating effectiveness of the controls over the process for consolidation of structured entities;</li> <li>• We selected significant structured entities for each key product type and performed the following procedures: <ul style="list-style-type: none"> <li>- 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 power over the structured entity;</li> <li>- 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 exposure, or rights, to variable returns from the Group's involvement in such an entity;</li> <li>- 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</li> <li>- We evaluated management's judgement over whether the structured entity should be consolidated or not; and</li> </ul> </li> <li>• We assessed the relevant disclosures of the consolidation of structured entities with reference to the requirements of the prevailing accounting standards.</li> </ul>



**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 HKSAAs 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 HKSA's, 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 Leung Shing Kit.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
25 March 2021

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the year ended 31 December 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Fee and commission income	5	9,201,865	6,715,910
Interest income	6	5,843,168	5,935,779
Net investment gains	7	2,246,316	2,195,022
<b>Total revenue</b>		<b>17,291,349</b>	<b>14,846,711</b>
Other income and gains	8	3,742,632	505,686
<b>Total revenue and other income</b>		<b>21,033,981</b>	<b>15,352,397</b>
Fee and commission expenses	9	(1,496,567)	(1,005,191)
Interest expenses	10	(3,729,173)	(4,362,845)
Staff costs	11	(3,734,887)	(3,286,739)
Depreciation and amortisation expenses	12	(707,833)	(670,589)
Tax and surcharges		(83,382)	(59,469)
Other operating expenses	13	(4,878,219)	(1,676,788)
Provision for contingent liabilities	14	(1,549,750)	(1,610,922)
Impairment losses	15	-	(263,919)
Credit loss expense	16	(945,161)	(1,272,569)
<b>Total expenses</b>		<b>(17,124,972)</b>	<b>(14,209,031)</b>
<b>Operating profit</b>		<b>3,909,009</b>	<b>1,143,366</b>
Share of profit of associates and joint ventures		89,802	75,487
<b>Profit before income tax</b>		<b>3,998,811</b>	<b>1,218,853</b>
Income tax expense	17	(1,532,419)	(524,765)
<b>Profit for the year</b>		<b>2,466,392</b>	<b>694,088</b>
Attributable to:			
Shareholders of the Company		2,334,078	567,945
Non-controlling interests		132,314	126,143
<b>Total</b>		<b>2,466,392</b>	<b>694,088</b>
Basic and diluted earnings per share (in Renminbi per share)	20	0.50	0.12

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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2020</u>	<u>2019</u>
<b>Profit for the year</b>	2,466,392	694,088
<b>Other comprehensive income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Debt investments at fair value through other comprehensive income		
- Net changes in fair value	35,875	10,743
- Provision for ECL allowance	5,204	123,690
- Reclassified to profit or loss	(81,485)	(44,870)
Share of other comprehensive income of associates	(2,566)	8,690
Exchange differences on translation of financial statements in foreign currencies	(184,526)	40,790
Income tax impact	10,076	(22,359)
Total items that may be reclassified subsequently to profit or loss	<u>(217,422)</u>	<u>116,684</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	123,645	189,347
- Income tax impact	(30,911)	(47,337)
Total items that will not be reclassified subsequently to profit or loss	<u>92,734</u>	<u>142,010</u>
<b>Total comprehensive income for the year</b>	<u>2,341,704</u>	<u>952,782</u>
Attributable to:		
Shareholders of the Company	2,254,852	812,065
Non-controlling interests	86,852	140,717
<b>Total</b>	<u><u>2,341,704</u></u>	<u><u>952,782</u></u>

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



EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 December 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Non-current assets</b>			
Property and equipment	21	883,098	828,811
Right-of-use assets	22	822,268	755,776
Goodwill	23	955,342	1,016,193
Other intangible assets	24	216,240	314,058
Investments in associates and joint ventures	27	1,093,419	1,039,416
Financial assets measured at amortised cost	28	4,188,421	5,768,844
Debt investments at fair value through other comprehensive income	29	12,330,427	8,875,024
Equity investments designated at fair value through other comprehensive income	30	584,719	5,072,522
Financial assets held under resale agreements	31	-	584,840
Refundable deposits	33	7,858,108	4,415,528
Deferred tax assets	34	1,749,542	1,618,157
Finance lease receivables	35	493,234	1,598,189
Receivables arising from sale-and-leaseback arrangements	36	743,093	254,379
Other non-current assets	37	148,577	168,855
<b>Total non-current assets</b>		<u>32,066,488</u>	<u>32,310,592</u>
<b>Current assets</b>			
Accounts receivable	38	2,848,778	3,077,872
Finance lease receivables	35	1,181,807	1,644,785
Receivable arising from sale-and-leaseback arrangements	36	591,165	199,676
Other receivables and prepayments	39	1,730,997	1,809,717
Margin accounts receivable	40	46,815,972	34,118,659
Financial assets measured at amortised cost	28	263,541	1,437,022
Debt investments at fair value through other comprehensive income	29	5,307,960	3,677,843
Equity investments designated at fair value through other comprehensive income	30	4,593,864	-
Financial assets held under resale agreements	31	5,279,946	7,700,967
Financial assets at fair value through profit or loss	32	58,452,676	65,403,594
Derivative financial assets	41	65,946	9,239
Clearing settlement funds	42	1,051,846	1,723,018
Cash held on behalf of brokerage clients	43	52,378,308	39,937,491
Cash and bank balances	44	16,107,090	11,039,872
<b>Total current assets</b>		<u>196,669,896</u>	<u>171,779,755</u>
<b>Total assets</b>		<u>228,736,384</u>	<u>204,090,347</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
31 December 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<b>Notes</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Current liabilities</b>			
Loans and borrowings	45	5,939,413	7,868,827
Short-term debt instruments	46	10,324,937	4,489,383
Placements from other financial institutions	47	17,722,781	6,063,705
Financial liabilities at fair value through profit or loss	48	1,996,059	893,218
Accounts payable to brokerage clients	49	60,102,708	45,710,991
Employee benefits payable	50	1,707,895	1,557,274
Other payables and accruals	51	5,065,906	7,633,917
Current tax liabilities	34	1,472,633	653,972
Financial assets sold under repurchase agreements	52	21,655,857	24,636,110
Derivative financial liabilities	41	307,647	103,677
Lease liabilities due within one year	22	259,666	255,681
Contract liabilities		765	65
Long-term bonds due within one year	53	18,243,518	23,175,697
<b>Total current liabilities</b>		<b>144,799,785</b>	<b>123,042,517</b>
<b>Net current assets</b>		<b>51,870,111</b>	<b>48,737,238</b>
<b>Total assets less current liabilities</b>		<b>83,936,599</b>	<b>81,047,830</b>
<b>Non-current liabilities</b>			
Loans and borrowings	46	1,068,103	3,811,364
Long-term bonds	53	23,775,649	24,180,767
Financial liabilities at fair value through profit or loss	48	616,136	-
Employee benefits payable	50	2,295	998
Provision	14	4,551,975	3,010,922
Lease liabilities	22	563,968	489,167
Deferred tax liabilities	34	14,002	128,462
Contract liabilities		181	-
Other non-current liabilities	54	149,189	407,342
<b>Total non-current liabilities</b>		<b>30,741,498</b>	<b>32,029,022</b>
<b>Net assets</b>		<b>53,195,101</b>	<b>49,018,808</b>

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


EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
31 December 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Equity</b>			
Share capital	55	4,610,788	4,610,788
Other equity instruments	56	2,000,000	-
Reserves	57	35,578,110	33,048,762
Retained profits	57	10,259,982	9,785,175
Total equity attributable to shareholders of the Company		52,448,880	47,444,725
Non-controlling interests		746,221	1,574,083
<b>Total equity</b>		<u>53,195,101</u>	<u>49,018,808</u>

Approved and authorised for issue by the Board of Directors on 25 March 2021.

  
\_\_\_\_\_  
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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	Attributable to shareholders of the Company									Non-controlling interests	Total equity
	Reserves										
	Share capital	Other equity instruments	Capital reserve	Surplus reserves	General reserve	Fair value reserve	Translation reserve	Retained profits	Total		
As at 1 January 2020	4,610,788	-	23,278,784	2,971,443	6,868,588	138,540	(208,593)	9,785,175	47,444,725	1,574,083	49,018,808
Profit for the year	-	-	-	-	-	-	-	2,334,078	2,334,078	132,314	2,466,392
Other comprehensive income	-	-	-	-	-	60,058	(139,284)	-	(79,226)	(45,462)	(124,688)
Total comprehensive income	-	-	-	-	-	60,058	(139,284)	2,334,078	2,254,852	86,852	2,341,704
Issuance of the perpetual bonds	-	2,000,000	-	-	-	-	-	-	2,000,000	-	2,000,000
Appropriation to surplus reserve	-	-	-	469,852	-	-	-	(469,852)	-	-	-
Appropriation to general reserve	-	-	-	-	1,221,743	-	-	(1,221,743)	-	-	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(170,599)	(170,599)	(88,309)	(258,908)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(2,923)	-	2,923	-	-	-
Transaction with non-controlling interests	-	-	826,405	-	-	-	-	-	826,405	(826,405)	-
Others	-	-	93,497	-	-	-	-	-	93,497	-	93,497
As at 31 December 2020	<u>4,610,788</u>	<u>2,000,000</u>	<u>24,198,686</u>	<u>3,441,295</u>	<u>8,090,331</u>	<u>195,675</u>	<u>(347,877)</u>	<u>10,259,982</u>	<u>52,448,880</u>	<u>746,221</u>	<u>53,195,101</u>

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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total equity
	Reserves									
	Share capital	Capital reserve	Surplus reserves	General reserve	Fair value reserve	Translation reserve	Retained profits			
As at 1 January 2019	4,610,788	23,388,073	2,893,340	6,475,731	(68,611)	(229,543)	10,133,250	47,203,028	1,554,827	48,757,855
Profit for the year	-	-	-	-	-	-	567,945	567,945	126,143	694,088
Other comprehensive income	-	-	-	-	223,170	20,950	-	244,120	14,574	258,694
Total comprehensive income	-	-	-	-	223,170	20,950	567,945	812,065	140,717	952,782
Appropriation to surplus reserve	-	-	78,103	-	-	-	(78,103)	-	-	-
Appropriation to general reserve	-	-	-	392,857	-	-	(392,857)	-	-	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(461,079)	(461,079)	(121,461)	(582,540)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	(16,019)	-	16,019	-	-	-
Others	-	(109,289)	-	-	-	-	-	(109,289)	-	(109,289)
As at 31 December 2019	<u>4,610,788</u>	<u>23,278,784</u>	<u>2,971,443</u>	<u>6,868,588</u>	<u>138,540</u>	<u>(208,593)</u>	<u>9,785,175</u>	<u>47,444,725</u>	<u>1,574,083</u>	<u>49,018,808</u>

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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Profit before income tax	3,998,811	1,218,853
Adjustments for:		
Interest expenses	2,570,154	3,428,078
Share of profit of associates and joint ventures	(89,802)	(75,487)
Depreciation and amortisation expenses	711,216	673,126
Impairment losses	-	263,919
Credit loss expense	945,161	1,272,569
(Gains)/losses on disposal of property and equipment and other intangible assets	(1,299)	92
Provision for contingent liabilities	1,549,750	1,610,922
Foreign exchange losses/(gains)	8,866	(4,634)
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	(923,438)	(949,613)
Gain on disposal of associates and joint ventures	(6,254)	(26,973)
Dividend income from equity investments designated at fair value through other comprehensive income	(10,695)	(313,806)
Unrealised fair value changes of financial instruments at fair value through profit or loss	457,323	(127,667)
Unrealised fair value changes of derivative financial instruments	7,416	(7,802)
Operating cash flows before movements in working capital	<u>9,217,209</u>	<u>6,961,577</u>

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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
<b>(continued)</b>		
<i>Changes in operating assets</i>		
Increase in refundable deposits	(3,442,580)	(1,228,720)
Increase in margin accounts receivable	(13,120,071)	(3,770,584)
Decrease in finance lease receivables	1,575,436	1,142,034
(Increase)/decrease in receivable arising from sale-and-leaseback arrangements	(902,036)	460,651
Decrease in accounts receivable, other receivables and prepayments	1,144,079	1,297,866
Decrease in financial assets held under resale agreements	2,809,617	24,574,635
Decrease/(increase) in financial instruments at fair value through profit or loss	7,239,275	(6,549,767)
Decrease/(increase) in derivative financial instruments	139,847	(363,864)
Decrease/(increase) in restricted bank deposits	476,711	(680,273)
Increase in cash held on behalf of brokerage clients	(12,450,554)	(6,709,080)
Increase in other investments	(203,182)	(59,060)
<i>Changes in operating liabilities</i>		
Increase in accounts payable to brokerage clients	14,451,164	10,151,330
Decrease in other payables and accruals	(399,627)	(3,794,263)
Increase in employee benefits payable	151,918	61,031
(Decrease)/increase in financial assets sold under repurchase agreements	(2,980,253)	8,682,291
Increase in placements from other financial institutions	11,659,076	454,356
Cash from operations	15,366,029	30,630,160
Income taxes paid	(980,438)	(699,879)
Interest paid for operating activities	(1,129,609)	(930,210)
Net cash flows from operating activities	<u>13,255,982</u>	<u>29,000,071</u>

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 2020

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		13,200,846	8,062,254
Dividends and Interest received from financial assets at fair value through other comprehensive income and other investments		987,534	1,189,080
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		1,943	13,503
Proceeds from disposal of subsidiaries, associates and joint ventures		-	26,973
Purchase of financial assets at fair value through other comprehensive income and other investments		(18,984,605)	(11,296,089)
Purchases of property and equipment, other intangible assets and other non-current assets		(353,711)	(326,902)
Net cash flows used in investing activities		<u>(5,147,993)</u>	<u>(2,331,181)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of perpetual bonds		2,000,000	-
Proceeds from issuance of long-term bonds		20,100,000	6,991,815
Proceeds from issuance of short-term debt instruments		47,515,870	27,547,080
Proceeds from loans and borrowings		5,288,305	6,020,077
Long-term bonds repaid		(25,211,145)	(14,052,565)
Short-term debt instruments repaid		(41,781,110)	(36,853,070)
Loans and borrowings repaid		(9,960,981)	(9,337,640)
Lease payments paid		(341,332)	(351,308)
Repurchase of non-controlling interests by a subsidiary		(1,062,944)	-
Interest paid		(2,920,252)	(3,634,981)
Dividends paid		(293,743)	(547,705)
Net cash flows used in financing activities		<u>(6,667,332)</u>	<u>(24,218,297)</u>
Net increase in cash and cash equivalents		1,440,657	2,450,593
Cash and cash equivalents at the beginning of the year		8,241,628	5,759,960
Effect of foreign exchange rate changes		(85,761)	31,075
Cash and cash equivalents at the end of the year	58	<u>9,596,524</u>	<u>8,241,628</u>

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 2020, 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 Group for the year ended 31 December 2020. 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>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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

With the restructuring of the Group's business planning to provide more reliable and relevant accounting information in financial reports, the Group has decided to adjust the statistical calibre of segment reports. Before the change in segment reporting, the Group had five business segments: brokerage and wealth management, credit business, institutional securities services, investment management, overseas business and others; and after the change, the Group has six business segments: wealth management, corporate finance, institutional customers, investment trading, asset management, equity investment and others. This change does not affect the financial statement data and presentation, and it only affects the presentation of segment reporting. The comparative amounts have been reclassified in accordance with the segment presentation requirements. Details of which are included in note 63 to the financial statements.

## 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to IFRS 17	<i>Insurance Contracts</i> <sup>3, 5</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i> <sup>8</sup>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to IAS 37	<i>Onerous Contracts - Costs of Fulfilling a Contract</i> <sup>2</sup>
<i>Annual Improvements to IFRS Standards 2018 – 2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to IFRS 17 issued in October 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

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 investment properties, derivative financial instruments and equity 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.



(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

##### (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. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

(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.

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.

(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)*

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.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

(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 customers, 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 customers

Accounts payable to brokerage customers 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 customers 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 customers 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 or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

(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
- 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 is 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 flows characteristics*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. Management needs to make significant judgment 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.

##### *Transfer of financial assets*

Management needs to make significant judgement on the transfer of financial assets. Whether financial assets being transferred may affect accounting methods as well as the financial position and operating results of the Group.

##### *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 (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 recent arm's length market transactions by referring to the current fair value of similar instruments, 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 and liabilities*

According to the provisions of the tax law, deferred income tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period when the assets are realised or when the liabilities are settled. 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 and liabilities 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 judgment 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 non-financial assets*

Non-financial assets 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 (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumptions.

*Impairment of goodwill*

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

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.

*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  
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(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

	2020	2019
Income arising from		
- Securities brokerage and investment advisory business	4,719,499	3,268,154
- Asset management business	1,958,583	1,707,467
- Underwriting and sponsorship business	2,029,353	1,329,495
- Futures brokerage business	367,144	263,290
- Financial advisory business	101,333	127,527
- Others	25,953	19,977
Total	9,201,865	6,715,910

6. INTEREST INCOME

	2020	2019
Income arising from		
- Margin financing and securities lending	2,834,416	2,398,344
- Deposits in financial institutions	1,665,424	1,562,966
- Securities-backed lending and stock repurchases	301,037	745,629
- Debt investments at fair value through other comprehensive income	476,533	471,626
- Financial assets measured at amortised cost	361,917	385,812
- Finance leases	159,547	253,473
- Financial assets held under resale agreements	300	36,809
- Others	43,994	81,120
Total	5,843,168	5,935,779

EVERBRIGHT SECURITIES COMPANY LIMITED  
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(All amounts expressed in RMB thousand unless otherwise specified)

7. NET INVESTMENT GAINS

	2020	2019
Net realised gains from		
- Financial instruments at fair value through profit or loss	929,239	(34,034)
- Debt investments at fair value through other comprehensive income	81,485	44,870
- Financial assets measured at amortised cost	3,503	22,242
- Derivative financial instruments	(123,894)	(3,419)
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	1,810,027	1,733,820
- Equity investments designated at fair value through other comprehensive income	10,695	296,073
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	(457,323)	127,668
- Derivative financial instruments	(7,416)	7,802
Total	<u>2,246,316</u>	<u>2,195,022</u>

8. OTHER INCOME AND GAINS

	2020	2019
Income from bulk commodity trading	3,283,327	85,435
Government grants	279,269	280,057
Income from agent business	43,168	42,219
Commodity options market making business	27,997	13,376
Rental income	22,634	21,335
Exchange (losses)/gains	(8,866)	4,634
Others	95,103	58,630
Total	<u>3,742,632</u>	<u>505,686</u>

9. FEE AND COMMISSION EXPENSES

	2020	2019
Expenses arising from		
- Securities brokerage business	1,331,565	904,364
- Underwriting and sponsorship business	142,908	79,478
- Futures brokerage business	20,767	21,265
- Financial advisory business	627	-
- Asset management business	700	84
Total	<u>1,496,567</u>	<u>1,005,191</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)

10. INTEREST EXPENSES

	2020	2019
Interest expenses for		
- Long-term bonds	1,794,838	2,581,982
- Financial assets sold under repurchase agreements	551,488	477,031
- Loans and borrowings	416,758	648,567
- Placements from other financial institutions	382,269	231,446
- Short-term debt instruments	327,569	163,479
- Accounts payable to brokerage clients	128,475	97,244
- Gold borrowing	53,295	-
- Lease liabilities	30,989	34,050
- Other structured entities' holders	23,907	111,466
- Others	19,585	17,580
Total	<u>3,729,173</u>	<u>4,362,845</u>

11. STAFF COSTS

	2020	2019
Salaries, bonuses and allowances	3,211,050	2,721,132
Contributions to pension schemes	145,821	242,555
Other social welfare	378,016	323,052
Total	<u>3,734,887</u>	<u>3,286,739</u>

The domestic employees of the Group in the 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.

12. DEPRECIATION AND AMORTISATION EXPENSES

	2020	2019
Amortisation of right-of-use assets	324,238	294,438
Amortisation of other intangible assets	220,792	217,946
Depreciation of property and equipment	111,595	108,883
Amortisation of leasehold improvements and long-term deferred expenses	51,208	49,322
Total	<u>707,833</u>	<u>670,589</u>

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13. OTHER OPERATING EXPENSES

	2020	2019
Cost of bulk commodity trading	3,279,818	84,096
IT expenses	324,777	270,908
Fund and asset management plan distribution and custodian expenses	274,830	333,947
Promotion and entertainment expenses	189,399	186,776
Business travel expenses	117,191	151,065
Rental expenses and utilities	109,574	144,389
Stock exchange management fees	94,065	80,673
Postal and communication expenses	84,316	91,453
Securities/futures investor protection funds	58,573	44,174
Consulting and professional services	58,025	47,975
Labour outsourcing expenses	52,607	85,309
Auditors' remuneration	9,018	9,616
Others	226,026	146,407
Total	<u>4,878,219</u>	<u>1,676,788</u>

14. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	31 December 2020	31 December 2019
litigation and arbitration	<u>4,551,975</u>	<u>3,010,922</u>

(b) Provision for contingent liabilities

	2020	2019
At the beginning of the year	3,010,922	1,400,000
Additional provision	1,549,750	1,610,922
Amounts utilised during the year	<u>(8,697)</u>	-
At the end of the year	<u>4,551,975</u>	<u>3,010,922</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 seal of Everbright Capital affixed, however, it was not complied 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 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 principal of RMB400 million and the corresponding expected income, legal fees, arbitration fees and other related expenses to Hua Rui Bank as 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 for 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.

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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 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 suit amount was approximately RMB3,489 million for 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.

In September 2020, Jiaying Zhaoyuan Yongjin Equity Investment Fund Partnership (Limited Partnership), one of the 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. The trial of this lawsuit is still in progress and has not judged

As of the date of approval of the financial statements, the Group has appealed to the High Court regarding the civil lawsuit cases of Hua Rui Bank and Merchants Bank. The trial for the appeal is still in progress and has not judged.

Based on the assessment of the latest developments in relevant litigation and arbitration, combined with the information currently obtained, and taking into account the requirements of relevant laws and regulations, the Group made a provision for contingent liabilities amounting to RMB4.55 billion as of 31 December 2020 (31 December 2019: RMB3 billion) in accordance with the relevant provisions of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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 Paper of Civil Judgement of first instance ([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. As of the date of approval of the financial statements, the Group has appealed to against the judgment of the first instance, and the relevant litigation is currently 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 and No. Lin 2021-006 for more details.

15. IMPAIRMENT LOSSES

	2020	2019
Provision for impairment of goodwill	-	263,919

16. CREDIT LOSS EXPENSE

	2020	2019
Provision for/(reversal of) credit losses against		
- Margin accounts receivable	430,687	(7,613)
- Other receivables and prepayments	294,399	43,809
- Financial assets held under resale agreements	196,244	848,346
- Receivable arising from sale-and-leaseback arrangements	21,833	6,596
- Debt investments at fair value through other comprehensive income	5,204	152,089
- Financial assets measured at amortised cost	1,536	214,976
- Other non-current assets	1,413	-
- Accounts receivable	1,348	23,846
- Finance lease receivables	(7,503)	(9,480)
Total	945,161	1,272,569

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17. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	<u>2020</u>	<u>2019</u>
Current tax		
Mainland China income tax	1,744,072	898,513
Hong Kong profits tax	<u>45,269</u>	<u>38,526</u>
Subtotal	<u>1,789,341</u>	<u>937,039</u>
Adjustment in respect of prior years		
Mainland China income tax	300	6,587
Hong Kong profits tax	<u>8,484</u>	<u>1,578</u>
Subtotal	<u>8,784</u>	<u>8,165</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(265,706)</u>	<u>(420,439)</u>
Total	<u><u>1,532,419</u></u>	<u><u>524,765</u></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>2020</u>	<u>2019</u>
Profit before income tax	<u>3,998,811</u>	<u>1,218,853</u>
Tax at the Mainland China statutory tax rate of 25%	999,703	304,713
Effect of different tax rates of subsidiaries	50,934	31,945
Adjustment for prior years	8,784	8,165
Profits and losses attributable to joint ventures and associates	(20,279)	(59,795)
Income not subject to tax	(158,660)	(75,106)
Expenses not deductible for tax	72,632	78,269
Recognition of deductible temporary differences previously not recognised	(5,942)	(317)
Tax effect of unrecognised temporary differences and unused tax loss	438,315	247,735
Others	<u>146,932</u>	<u>(10,844)</u>
Total	<u><u>1,532,419</u></u>	<u><u>524,765</u></u>

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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	2020				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
<b>Directors</b>					
Yan Jun <sup>(1)</sup>	-	2,700	-	1,024	3,724
Liu Qiuming <sup>(2)</sup>	-	2,133	-	-	2,133
Song Bingfang <sup>(3)</sup>	-	-	-	-	-
Fu Jianping <sup>(3)(4)</sup>	-	-	-	-	-
Yin Lianchen <sup>(3)</sup>	-	-	-	-	-
Chan Ming Kin <sup>(3)</sup>	-	-	-	-	-
Tian Wei <sup>(4)</sup>	-	-	-	-	-
Yu Mingxiong <sup>(3)(4)</sup>	-	-	-	-	-
Xue Keqing <sup>(3)(5)</sup>	-	-	-	-	-
Meng Xiangkai <sup>(3)(6)</sup>	-	-	-	-	-
<b>Independent directors</b>					
Wang Yong	111	-	-	-	111
Po Wai Kwong <sup>(7)</sup>	-	-	-	-	-
Ren Yongping <sup>(7)</sup>	-	-	-	-	-
Yin Junming <sup>(7)</sup>	-	-	-	-	-
Liu Yunhong <sup>(7)</sup>	-	-	-	-	-
Xu Jingchang <sup>(8)</sup>	111	-	-	-	111
Xiong Yan <sup>(8)</sup>	111	-	-	-	111
Li Zheping <sup>(8)</sup>	111	-	-	-	111
Au Sing Kun <sup>(8)</sup>	111	-	-	-	111
<b>Supervisors</b>					
Liu Jiping	-	2,406	-	2,236	4,642
Wu Chunsheng <sup>(3)(9)</sup>	-	-	-	-	-
Wang Hongyang <sup>(3)</sup>	-	-	-	-	-
Yang Weirong <sup>(9)</sup>	-	-	-	-	-
Zhu Wuxiang	76	-	-	-	76
Cheng Fengchao <sup>(9)</sup>	-	-	-	-	-
Wang Wenyi	-	1,031	-	873	1,904
Huang Qin	-	1,215	-	1,575	2,790
Li Xianzhi	-	1,188	-	1,161	2,349
Zhang Jingcai <sup>(3)(10)</sup>	-	-	-	-	-
Sun Wenqiu <sup>(11)</sup>	42	-	-	-	42
<b>Total</b>	<b>673</b>	<b>10,673</b>		<b>6,869</b>	<b>18,215</b>

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18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Name	2019				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
<b>Directors</b>					
Yan Jun <sup>(1)</sup>	-	2,484	-	-	2,484
Liu Qiuming <sup>(2)</sup>	-	-	-	-	-
Song Bingfang <sup>(3)</sup>	-	-	-	-	-
Yin Lianchen <sup>(3)</sup>	-	-	-	-	-
Chan Ming Kin <sup>(3)</sup>	-	-	-	-	-
Xue Keqing <sup>(3)(5)</sup>	-	-	-	-	-
Meng Xiangkai <sup>(3)(6)</sup>	-	-	-	-	-
<b>Independent directors</b>					
Xu Jingchang <sup>(8)</sup>	121	-	-	-	121
Xiong Yan <sup>(8)</sup>	121	-	-	-	121
Li Zheping <sup>(8)</sup>	121	-	-	-	121
Au Sing Kun <sup>(8)</sup>	121	-	-	-	121
Wang Yong	121	-	-	-	121
<b>Supervisors</b>					
Liu Jiping	-	3,336	-	-	3,336
Zhang Jingcai <sup>(3)(10)</sup>	-	-	-	-	-
Wang Hongyang <sup>(3)</sup>	-	-	-	-	-
Zhu Wuxiang	83	-	-	-	83
Sun Wenqiu <sup>(11)</sup>	83	-	-	-	83
Wang Wenyi	-	965	-	-	965
Huang Qin	-	1,064	-	-	1,064
Li Xianzhi	-	1,220	-	-	1,220
<b>Total</b>	<b>771</b>	<b>9,069</b>	<b>-</b>	<b>-</b>	<b>9,840</b>

(1) Appointed as Chairman on 29 April 2019

(2) Appointed as director on 3 March 2020

(3) 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.

(4) Appointed as director on 15 December 2020

(5) Resigned as director on 14 December 2020

(6) Resigned as director on 4 June 2020

(7) Appointed as independent director on 15 December 2020

(8) Resigned as independent director on 14 December 2020

(9) Appointed as supervisor on 15 December 2020

(10) Resigned as supervisor on 14 December 2020

(11) Resigned as supervisor on 23 June 2020

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.

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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:

	2020	2019
Salaries and allowances	4,495	5,489
Discretionary bonuses	44,397	40,094
Employer's contributions to pension schemes	141	186
Total	<u>49,033</u>	<u>45,769</u>

The emoluments with the highest emoluments are within the following bands:

	2020	2019
	Number of individuals	Number of individuals
RMB7,500,001 to RMB8,000,000	-	2
RMB8,000,001 to RMB8,500,000	-	1
RMB8,500,001 to RMB9,000,000	1	-
RMB9,000,001 to RMB9,500,000	2	-
RMB9,500,001 to RMB10,000,000	1	-
RMB10,000,001 to RMB10,500,000	-	1
RMB11,500,001 to RMB12,000,000	-	1
RMB12,000,001 to RMB12,500,000	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.

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.

	2020	2019
Earnings		
Profit attributable to equity holders of the Company	2,334,078	567,945
Less: Profit attributable to other equity instruments holders of the Company	(1) 33,030	-
Profit attributable to ordinary equity holders of the Company	<u>2,301,048</u>	<u>567,945</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>0.50</u>	<u>0.12</u>

- (1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2020, RMB33,030 thousand (2019: Nil) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

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21. PROPERTY AND EQUIPMENT

	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
<b>Cost</b>						
As at 1 January 2019	914,993	598,510	322,940	25,069	14,484	1,875,996
Additions	-	35,747	22,253	89,496	20,956	168,452
Transfers during the year	-	-	4,302	-	(32,335)	(28,033)
Disposals and others	-	(36,204)	(6,447)	(387)	-	(43,038)
As at 31 December 2019	914,993	598,053	343,048	114,178	3,105	1,973,377
Additions	-	141,824	32,957	-	2,151	176,932
Transfers during the year	-	-	303	-	(5,256)	(4,953)
Disposals and others	-	(63,513)	(22,667)	(4,129)	-	(90,309)
As at 31 December 2020	914,993	676,364	353,641	110,049	-	2,055,047
<b>Accumulated depreciation</b>						
As at 1 January 2019	(293,782)	(513,395)	(248,336)	(20,440)	-	(1,075,953)
Charge for the year	(23,746)	(57,637)	(25,826)	(4,212)	-	(111,421)
Disposals and others	-	36,126	6,295	387	-	42,808
As at 31 December 2019	(317,528)	(534,906)	(267,867)	(24,265)	-	(1,144,566)
Charge for the year	(23,746)	(62,117)	(24,507)	(4,607)	-	(114,977)
Disposals and others	-	66,391	17,068	4,135	-	87,594
As at 31 December 2020	(341,274)	(530,632)	(275,306)	(24,737)	-	(1,171,949)
<b>Carrying amount</b>						
As at 31 December 2020	573,719	145,732	78,335	85,312	-	883,098
As at 31 December 2019	597,465	63,147	75,181	89,913	3,105	828,811

As at 31 December 2020 and 2019, included in building of carrying amounts of RMB1,198 thousand and RMB1,270 thousand, respectively, for which the group has yet to obtain the relevant land or building certificate.



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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 2019	823,884	2,313	826,197
Additions	232,874	4,506	237,380
Disposals and others	<u>(16,231)</u>	-	<u>(16,231)</u>
As at 31 December 2019	1,040,527	6,819	1,047,346
Additions	415,621	1,332	416,953
Disposals and others	<u>(114,609)</u>	<u>(1,655)</u>	<u>(116,264)</u>
As at 31 December 2020	<u>1,341,539</u>	<u>6,496</u>	<u>1,348,035</u>
Accumulated depreciation			
As at 1 January 2019	-	-	-
Charge for the year	(293,234)	(1,204)	(294,438)
Disposals and others	<u>2,868</u>	-	<u>2,868</u>
As at 31 December 2019	<u>(290,366)</u>	<u>(1,204)</u>	<u>(291,570)</u>
Charge for the year	(322,749)	(1,489)	(324,238)
Disposals and others	<u>88,958</u>	<u>1,083</u>	<u>90,041</u>
As at 31 December 2020	<u>(524,157)</u>	<u>(1,610)</u>	<u>(525,767)</u>
Net carrying amount			
As at 31 December 2020	<u>817,382</u>	<u>4,886</u>	<u>822,268</u>
As at 31 December 2019	<u>750,161</u>	<u>5,615</u>	<u>755,776</u>

(ii) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020	2019
Carrying amount at 1 January	744,848	810,842
New leases	416,953	237,380
Accretion of interest recognised during the year	30,989	34,050
Payments	(341,332)	(351,308)
Others	<u>(27,824)</u>	<u>13,884</u>
Carrying amount at 31 December	<u>823,634</u>	<u>744,848</u>
Analysed into:		
Current portion	<u>259,666</u>	<u>255,681</u>
Non-current portion	<u>563,968</u>	<u>489,167</u>

(iii) The amounts recognised in profit or loss in relation to leases are as follows:

	2020	2019
Amortisation of right-of-use assets	324,238	294,438
Interest on lease liabilities	30,989	34,050
Expense relating to short-term leases	15,592	33,809
Expense relating to leases of low-value assets	<u>1,304</u>	<u>712</u>
Total	<u>372,123</u>	<u>363,009</u>

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23. GOODWILL

	31 December 2020	31 December 2019
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	90,788	192,785
Less: Provision for impairment losses	(647,131)	(647,131)
Effect of exchange rate changes for impairment provision	7,484	(33,662)
Carrying amount	<u>955,342</u>	<u>1,016,193</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 2020	31 December 2019
Wealth management business	<u>1,594,989</u>	<u>1,696,986</u>

The Group acquired the futures brokerage business in the 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 Everbright Securities (International) Limited 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 Sun Hung Kai Financial Group Limited 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 the interim of 2020, with the restructuring of the Group's business planning (refer to note 2.2 and note 63), the Group has decided to adjust the statistical calibre of segment reports. After the change, the Group has six business segments: wealth management, corporate finance, institutional customers, investment trading, asset management and equity investment and others. The Group has reasonably redistributed the goodwill generated from the above acquisitions to the wealth management business segment.

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 15.00% (2019: 16.95%), 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 2.4% (2019: 3%), 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 2019	859,870	740,202	1,600,072
Additions	3,727	92,063	95,790
As at 31 December 2019	863,597	832,265	1,695,862
Additions	-	127,188	127,188
Disposals and others	(103)	(4,932)	(5,035)
As at 31 December 2020	<u>863,494</u>	<u>954,521</u>	<u>1,818,015</u>
Accumulated amortisation			
As at 1 January 2019	(572,755)	(591,103)	(1,163,858)
Charge for the year	(147,429)	(70,517)	(217,946)
As at 31 December 2019	(720,184)	(661,620)	(1,381,804)
Charge for the year	(138,697)	(82,095)	(220,792)
Disposals and others	-	821	821
As at 31 December 2020	<u>(858,881)</u>	<u>(742,894)</u>	<u>(1,601,775)</u>
Carrying amount			
As at 31 December 2020	<u>4,613</u>	<u>211,627</u>	<u>216,240</u>
As at 31 December 2019	<u>143,413</u>	<u>170,645</u>	<u>314,058</u>

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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	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
Everbright Futures Co., Ltd.* <sup>(2)</sup> 光大期貨有限公司	Mainland China 8 April 1993	RMB 1,500,000,000	100%	100%	Futures brokerage	EY PRC PRC GAAP	EY PRC PRC GAAP
Shanghai Everbright Securities Assets Management Co., Ltd.* <sup>(2)</sup> 上海光大證券資產管理有限公司	Mainland China 21 February 2012	RMB 200,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Investment Co., Ltd.* <sup>(2)</sup> 光大富尊投資有限公司	Mainland China 26 September 2012	RMB 2,000,000,000	100%	100%	Alternative investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Securities Financial Holdings Limited <sup>(2)</sup> Everbright Development Investment Co., Ltd.* <sup>(2)</sup> 光大發展投資有限公司	Hong Kong 19 November 2010	HKD 5,065,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Everbright Pramerica Fund Management Co., Ltd.* <sup>(2)</sup> 光大保德信基金管理有限公司	Mainland China 22 April 2004	RMB 160,000,000	55%	55%	Fund management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Capital Investment Co., Ltd.* <sup>(2)</sup> 光大資本投資有限公司	Mainland China 7 November 2008	RMB 4,000,000,000	100%	100%	Direct investment	N/A	N/A
Everbright Fortune Financial Leasing Co., Ltd.* (formerly known as "Everbright Fortune International Leasing Co., Ltd.") 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 29 September 2014	RMB 1,000,000,000	85%	85%	Finance leasing	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 26 June 2014	RMB 300,000,000	100%	100%	Risk management service	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 19 November 2015	RMB 10,000,000	100%	85%	Investment 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	Mainland China 27 August 2015	RMB 250,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Jinhui Investment Management (Shanghai) Co., Ltd.* 光大浸輝投資管理(上海)有限公司	Mainland China 4 May 2015	RMB 100,000,000	100%	100%	Investment management	N/A	N/A

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
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 Hong Kong	RMB 200,000,000	100%	100%	Trade financing	EY PRC PRC GAAP	EY PRC PRC GAAP
Evershine Development Investment Holdings Limited	25 January 2017	HKD10,000	100%	100%	Inactive	N/A	N/A
Guanghang No. 1 (Tianjin) Leasing Co., Ltd.* 光航一號(天津)租賃有限公司	Mainland China 22 January 2018	RMB100,000	100%	100%	Finance leasing	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	RMB100,000	100%	100%	Finance leasing	N/A	N/A
Everbright Financial Investment Limited	Hong Kong 14 August 2014	HKD 650,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Everbright Securities (International) Limited	British Virgin Islands 14 July 1992	HKD1,000	100%	100%	Investment holding	N/A	N/A
Sun Hung Kai Financial Group Limited	British Virgin Islands 14 September 2010	USD 210,851,998	100%	70%	Investment holding	EY HKFRS	EY HKFRS
China Everbright Fortune Immigration Services Limited <sup>(3)</sup>	Hong Kong 9 December 2011	HKD1,000	100%	100%	Immigration services	EY HKFRS	EY HKFRS
China Everbright Fortune Investment Limited <sup>(3)</sup>	Hong Kong 4 July 2013	HKD1,000	100%	100%	Investment	EY HKFRS	EY HKFRS
Everbright Fortune (Shenzhen) Financial Services Co., Ltd.* <sup>(3)</sup> 陽光富尊(深圳)金融服務諮詢有限公司	Mainland China 23 September 2011	HKD 30,000,000	100%	100%	Advisory service	Bo Zhong PRC GAAP	Bo Zhong PRC GAAP
China Everbright Securities Asset Management Limited <sup>(3)</sup>	Hong Kong 23 September 2011	HKD 10,000,000	100%	100%	Asset management	EY HKFRS	EY HKFRS
Majestic Luck Limited <sup>(3)</sup>	British Virgin Islands 6 September 2011	USD1	100%	100%	Investment holding	N/A	N/A
China Everbright Securities International Structured Finance Company Limited <sup>(3)</sup>	Hong Kong 11 April 2016	HKD 10,000,000	100%	100%	Structured finance	EY HKFRS	EY HKFRS
Everbright Capital Return Company Limited* <sup>(3)</sup>	Cayman Islands 20 October 2016	USD1	100%	100%	Fund management	N/A	N/A
Everbright Capital Investment Management (Cayman) Limited <sup>(3)</sup>	Cayman Islands 20 October 2016	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	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
China Everbright Securities International Fixed Income Investment Company Limited* (formerly known as "China Everbright Securities International Principal Investment Company Limited") <sup>(3)</sup> 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)	Hong Kong 13 December 2017	HKD 10,000,000	100%	100%	Investment holding Investment holding and provision of management services	EY HKFRS	EY HKFRS
China Everbright Securities International Limited <sup>(3)</sup>	Hong Kong 4 January 1994	HKD 5,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Timbo Investment Limited <sup>(3)</sup>	British Virgin Islands 8 April 1997	USD1	100%	100%	Investment holding	N/A	N/A
Luxfull Limited <sup>(3)</sup>	British Virgin Islands 7 March 1997	USD1	100%	100%	Investment holding	N/A	N/A
China Everbright Capital Limited <sup>(3)</sup>	Hong Kong 4 January 1994	HKD 50,000,000	100%	100%	Corporate finance advisory	EY HKFRS	EY HKFRS
China Everbright Research Limited <sup>(3)</sup>	Hong Kong 30 July 1992	HKD 5,500,000	100%	100%	Investment research	EY HKFRS	EY HKFRS
China Everbright Securities (HK) Limited <sup>(3)</sup>	Hong Kong 4 January 1991	HKD 1,000,000,000	100%	100%	Securities brokerage and margin financing Futures brokerage and leveraged foreign exchange	EY HKFRS	EY HKFRS
China Everbright Forex & Futures (HK) Limited <sup>(3)</sup>	Hong Kong 19 August 1993	HKD 200,000,000	100%	100%	Wealth management	EY HKFRS	EY HKFRS
China Everbright Wealth Management Limited <sup>(3)</sup>	Hong Kong 6 December 2002	HKD 500,000	100%	100%	Holding of motor vehicles and licences	EY HKFRS	EY HKFRS
Bolson Limited <sup>(3)</sup>	Hong Kong 2 November 2007	HKD10,000	100%	100%	Inactive	Peng Sheng PRC GAAP	Peng Sheng PRC GAAP
Shenzhen Baoyoudi Technology Co., Ltd.* <sup>(3)</sup> 深圳寶又迪科技有限公司	Mainland China 18 January 2008	HKD8,000,000	100%	100%			

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
EBS Investment Limited (formerly known as “EAS Investment Limited and EAS Corporate Secretarial Services Limited”) <sup>(4)</sup>	Hong Kong 6 November 2017	HKD1	100%	100%	Company secretary services	EY HKFRS	EY HKFRS
Advance I (BVI) Limited (formerly known as “Sun Hung Kai Financial (UK) Limited”) <sup>(4)</sup>	British Virgin Islands 23 May 2018	USD1	100%	100%	Financing	N/A	N/A
Everbright Sun Hung Kai Company Limited (formerly known as “Sun Hung Kai Financial Limited”) <sup>(4)</sup>	Hong Kong 27 February 1973	HKD 157,750,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
SHK Absolute Return Managers Ltd. <sup>(4)</sup>	Cayman Islands 15 April 2005	USD10	100%	100%	Investment holding	EY HKFRS	EY HKFRS
SHK Alternative Managers Limited <sup>(4)</sup>	Cayman Islands 11 January 2006	USD1	100%	100%	Fund management Fund marketing	EY HKFRS	EY HKFRS
SHK Fund Management Limited <sup>(4)</sup>	Hong Kong 20 January 1989	HKD 106,000,000	100%	100%	investment advising and fund management	EY HKFRS	EY HKFRS
SHK Global Managers Limited <sup>(4)</sup>	British Virgin Islands 23 April 2002	USD5,000	100%	100%	Fund management	IFRS	IFRS
SHK Online (Securities) Limited <sup>(4)</sup>	Hong Kong 23 December 1975	HKD 40,000,000	100%	100%	Online securities broking and margin financing	EY HKFRS	EY HKFRS
SHK Private Limited <sup>(4)</sup>	Hong Kong 11 July 1975	HKD100,000	100%	100%	Business marketing and promotion	EY HKFRS	EY HKFRS
EBSHK Risk Solutions Limited (formerly known as “SHK Solutions Limited and EBSHK Insurance Advisory Limited”) <sup>(4)</sup>	Hong Kong 6 March 2000	HKD2	100%	100%	Inactive	EY HKFRS	EY HKFRS
Shun Loong Holdings Limited <sup>(4)</sup>	Hong Kong 1 August 1980	HKD 200,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Sun Hing Bullion Company Limited <sup>(4)</sup>	Hong Kong 24 November 1992	HKD5,500,000	100%	100%	Bullion trading	EY HKFRS	EY HKFRS
Sun Hung Kai (Nominees) Limited <sup>(4)</sup>	Hong Kong 18 April 1972	HKD200	100%	100%	Nominee services	EY HKFRS	EY HKFRS
Everbright Sun Hung Kai (UK) Company Limited (formerly known as “Sun Hung Kai Financial (UK) Limited”) <sup>(4)</sup>	UK 16 December 2009	GBP 1,850,000	100%	100%	Brokerage and research services	Moore Kingston Smith LLP UK GAAP	Moore Kingston Smith LLP UK GAAP
Sun Hung Kai Bullion Company Limited <sup>(4)</sup>	Hong Kong 12 September 1972	HKD 210,000,000	100%	100%	Bullion trading and investment holding	EY HKFRS	EY HKFRS

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
Sun Hung Kai Commodities Limited <sup>(4)</sup>	Hong Kong 4 August 1976	HKD 133,300,000	100%	100%	Commodities broking	EY HKFRS	EY HKFRS
Sun Hung Kai Insurance Consultants Limited <sup>(4)</sup>	Hong Kong 5 July 1988	HKD 21,000,000	100%	100%	Insurance broking consultancy services	EY HKFRS	EY HKFRS
Sun Hung Kai International Commodities Limited <sup>(4)</sup>	Hong Kong 24 March 1972	HKD 25,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Sun Hung Kai International Limited <sup>(4)</sup>	Hong Kong 3 May 1974	HKD 22,000,000	100%	100%	Corporate finance services	EY HKFRS	EY HKFRS
Sun Hung Kai Investment Services (Macau) Limited <sup>(4)</sup>	Macau 5 February 1991	MOP 48,900,000	100%	100%	Inactive Investment holding	EY Macau FRS	EY Macau FRS
Sun Hung Kai Investment Services Limited <sup>(4)</sup> Structured Solutions Limited (formerly known as “Everbright Sun Hung Kai Structured Solutions Limited”) <sup>(4)</sup>	Hong Kong 4 August 1972	HKD 2,430,000,000	100%	100%	securities broking and margin financing	EY HKFRS	EY HKFRS
	Hong Kong 21 March 1980	HKD2	100%	100%	Inactive	EY HKFRS	EY HKFRS
Sun Hung Kai Wealth Management Limited <sup>(4)</sup>	Hong Kong 21 December 1990	HKD 5,000,000	100%	100%	Investment advisory financial planning wealth management	EY HKFRS	EY HKFRS
Sun Tai Cheung Finance Company Limited <sup>(4)</sup>	Hong Kong 24 December 1976	HKD 25,000,000	100%	100%	Financial services	EY HKFRS	EY HKFRS
Sun Yi Company Limited <sup>(4)</sup>	Hong Kong 19 November 1982	HKD 15,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Sun Hung Kai Insurance Agency Limited <sup>(4)</sup>	Hong Kong 30 October 2014	HKD2,000,001	100%	100%	Insurance agency	EY HKFRS	EY HKFRS
Shun Loong Bullion Limited <sup>*(4)</sup>	Hong Kong 7 September 1995	HKD6,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Shun Loong Finance Limited <sup>*(4)</sup>	Hong Kong 7 September 1995	HKD1,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Grand Securities Company Limited <sup>*(4)</sup>	Hong Kong 20 January 1993	HKD 20,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS



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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
			2020	2019		2020	2019
China Everbright Property Agency Limited <sup>(3)(5)</sup>	Hong Kong 7 October 2013	N/A	-	100%	Property agency	N/A	EY HKFRS
Lexshan Nominees Limited <sup>(4)(5)</sup>	Hong Kong 11 August 1978	N/A	-	100%	Nominee services	N/A	EY HKFRS
Horizon Asset Management Co., Ltd. <sup>(3)(5)</sup>	Cayman Islands 5 June 2018	N/A	-	100%	Inactive	N/A	N/A EY
Shun Loong Forex Company Limited <sup>(4)(5)</sup>	Hong Kong 6 July 1973	N/A	-	100%	Inactive	N/A	HKFRS
China Everbright Securities Special Opportunities Assets Limited <sup>(5)</sup>	Hong Kong 23 June 2015	N/A	-	100%	Inactive	N/A	N/A EY
China Everbright Bullion Investment Limited <sup>(3)(5)</sup>	Hong Kong 20 August 2004	N/A	-	100%	Bullion trading services	N/A	HKFRS
Beijing Blue Oak RuiJing Investment Consulting Co., Ltd.* <sup>(4)(5)</sup>	Mainland China 2 September 2011	N/A	-	100%	Advisory	N/A	Beijing Zhong Sheng Jia Hua PRC GAAP
High Harvest Investments Limited* <sup>(5)</sup> 崇豐投資有限公司	British Virgin Islands 21 May 2015	N/A	-	100%	Investment holding	N/A	N/A
CEBI Principal Investment Company Limited <sup>(3)(5)</sup>	British Virgin Islands 18 January 2018	N/A	-	100%	Investment holding	N/A	N/A
Ever Rapid Limited <sup>(3)(5)</sup>	British Virgin Islands 18 April 2012	N/A	-	100%	Investment holding	N/A	N/A EY
Dynamic Force Investments Limited <sup>(4)(5)</sup>	British Virgin Islands 8 January 2004	N/A	-	100%	Investment holding	N/A	HKFRS

Note: All of the subsidiaries established in the Mainland China are registered as companies with limited liability under PRC law.

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25. INVESTMENTS IN SUBSIDIARIES (continued)

The Group acted as principal of several structured entities during the reporting period according to 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 the 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 the Mainland China;
- Peng Sheng represents Shenzhen Peng Sheng Certified Public Accountants, a firm of certified public accountants registered in the Mainland China;
- Beijing Zhong Sheng Jia Hua represents Beijing Zhong Sheng Jia Hua Certified Public Accountants, a firm of certified public accountants registered in the 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;

(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) Limited.

(4) The equity interest in the subsidiary represents the equity interest held directly or indirectly by Sun Hung Kai Financial Group Limited.

(5) The subsidiary was dissolved in 2020.

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

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25. INVESTMENTS IN SUBSIDIARIES (continued)

The following table lists out the information related to a major subsidiary of the Group which have 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.

	31 December 2020	31 December 2019
NCI percentage	45%	45%
Assets	1,469,248	1,322,889
Liabilities	(214,074)	(227,244)
Net assets	1,255,174	1,095,645
Carrying amount of NCI	564,828	493,040
	2020	2019
Revenue	623,433	560,867
Profit for the year	159,529	149,406
Total comprehensive income	159,529	149,406
Total comprehensive income attributable to NCI	71,788	67,233
Dividend paid to NCI	-	(34,835)
Cash flows from operating activities	103,485	120,670
Cash flows used in investing activities	(42,985)	(75,399)
Cash flows used in financing activities	(53,895)	(60,124)

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, 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 2020 and 2019, the net assets of the consolidated structured entities were RMB7,465,428 thousand and RMB9,821,298 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB6,210,581 thousand and RMB7,593,152 thousand respectively.

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

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26. INVESTMENTS IN STRUCTURED ENTITIES (continued)

- (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 nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issued units to investors.

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:

	31 December 2020		
	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Funds	-	16,317,753	16,317,753
Asset management products	-	536,541	536,541
Wealth management products	-	8,135,564	8,135,564
Others	4,593,864	81,466	4,675,330
Total	<u>4,593,864</u>	<u>25,071,324</u>	<u>29,665,188</u>
	31 December 2019		
	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Funds	-	16,907,745	16,907,745
Asset management products	-	865,794	865,794
Wealth management products	-	15,462,154	15,462,154
Others	4,491,547	2,550,391	7,041,938
Total	<u>4,491,547</u>	<u>35,786,084</u>	<u>40,277,631</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 2020</u>	<u>31 December 2019</u>
Funds	1,200,334	477,582
Asset management products	<u>1,400,383</u>	<u>1,398,307</u>
Total	<u><u>2,600,717</u></u>	<u><u>1,875,889</u></u>

As at 31 December 2020 and 31 December 2019, 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 RMB290,675,627 thousand and RMB327,087,379 thousand, respectively.

During the years ended 31 December 2020 and 2019, the Group recognised the income amounted to RMB1,568,986 thousand and RMB1,516,668 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 2020 and 31 December 2019, the corresponding remuneration receivables totalled RMB124,580 thousand and RMB128,528 thousand, respectively.

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>31 December 2020</u>	<u>31 December 2019</u>
Share of net assets		
- Associates	664,078	608,559
- Joint ventures	<u>429,341</u>	<u>430,857</u>
Total	<u><u>1,093,419</u></u>	<u><u>1,039,416</u></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	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2020	As at 31 December 2019	
<u>Associates</u>					
Dacheng Fund Management Co., Ltd.* 大成基金管理有限公司	Shenzhen	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	Shanghai	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	Shanghai	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	Shanghai	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	Tianjin	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	Guiyang	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	Beijing	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	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2020	As at 31 December 2019	
<u>Joint ventures</u>					
Hangzhou Everbright Tunlan Investment LLP <sup>(3)</sup> 杭州光大瞰瀾投資合夥企業(有限合夥)	Hangzhou	RMB 106,000,000	47.17%	47.17%	Investment management
Everbright Ivy (Shanghai) Investment Center (Limited partnership) <sup>(3)</sup> 光大常春藤(上海)投資中心(有限合夥)	Shanghai	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)	Shanghai	RMB 163,944,800	24.76%	24.76%	Fund management
Sun Hung Kai Forex Limited <sup>(1)</sup> 新鴻基外匯有限公司	Hong Kong	HKD 75,166,707	51.00%	51.00%	Foreign exchange dealing
Jiaxing Everbright Meiyin No. 1 Investment LLP <sup>(3)</sup> 嘉興光大美銀壹號投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	25.00%	25.00%	Investment management
Jiaxing Everbright BoPu Investment LLP (Limited Partnership) <sup>(3)</sup> 嘉興光大礪璞投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	24.90%	24.90%	Investment management
EBS Fund Management Co., Ltd. <sup>(1)</sup> 上海光大光證股權投資基金管理有限公司	Shanghai	RMB 20,000,000	75.50%	75.50%	Investment management
Everbright Ivy Investment Management (Shanghai) Co., Ltd. <sup>(1)</sup> 光大常春藤投資管理(上海)有限公司	Shanghai	RMB 10,000,000	51.00%	51.00%	Investment management
Everbright LeadBank Assets Management (Shanghai) Co., Ltd. <sup>(1)</sup> 光大利得資產管理(上海)有限公司	Shanghai	RMB 10,000,000	95.00%	95.00%	Investment management
Jiaxing Everbright Meiyin Investment Management Co., Ltd. <sup>(1)</sup> 嘉興光大美銀投資管理有限公司	Jiaxing	RMB 2,000,000	51.00%	51.00%	Investment management
Beijing BCID-EBS Cultural & Innovation No.2 Investment Fund (Limited Partnership) <sup>(1)(3)</sup> 北京文資光大文創貳號投資基金管理中心(有限合夥)	Beijing	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 2020	As at 31 December 2019	
<u>Joint ventures (continued)</u>					
Shanghai JinXin Investment Consultancy LLP (Limited Partnership) ("Jinxin Fund") <sup>*(2)(4)</sup> 上海浸鑫投資諮詢合夥企業(有限合夥)	Shanghai	RMB 5,203,000,000	1.15%	1.15%	Fund management
Xinglu Dingtai Big Data Equity Investment Fund L.P. <sup>*(2)</sup> 星路鼎泰(桐鄉)大數據產業股權投資基金合夥企業(有限合夥)	Jiaxing	RMB 200,000,000	13.26%	14.97%	Investment management
Shanghai Everbright Fortune Jingsheng Investment Center (Limited Partnership) <sup>*(5)</sup> 上海光大富尊璟晟投資中心(有限合夥)	Shanghai	RMB 63,700,000	-	16.80%	Investment management
Jingning Everbright Zhetong No.1 Investment Fund L.P. <sup>*(2)</sup> 景寧光大浙通壹號投資管理合夥企業(有限合夥)	Lishui	RMB 65,600,000	15.24%	15.24%	Fund management
Jingning-Everbright ECO Investment Fund L.P. <sup>*(2)</sup> 景寧光大生態壹號投資管理中心(有限合夥)	Lishui	RMB 20,000,000	9.01%	9.01%	Fund management
Jingning She Autonomous Country-Everbright ECO Fund Management Co., Ltd. <sup>*(1)</sup> 景寧畚族自治縣光大生態經濟產業基金管理有限公司	Lishui	RMB 5,000,000	51.00%	51.00%	Investment management
Shanghai Everbright Fortune Jingtian Investment Center (Limited Partnership) <sup>*(2)</sup> 上海光大富尊璟闡投資中心(有限合夥)	Shanghai	RMB 52,350,000	0.20%	0.20%	Investment management
Rizhao Rui Xiang Flight Training Co., Ltd.* 日照銳翔飛行培訓有限公司 <sup>(5)</sup>	Rizhao	RMB 46,000,000	-	39.13%	Flight training
Gansu Duzhe Everbright Private Equity Fund Management Co., Ltd (formerly known as "Gansu Duzhe Everbright Fund Management Co., Ltd.") <sup>*(1)</sup> 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)	Lanzhou	RMB 5,000,000	51.00%	51.00%	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 2020	As at 31 December 2019	
<u>Joint ventures (continued)</u>					
Hangzhou Jingxing Investment L.P.* 杭州璟星投資合夥企業 (有限合夥)	Hangzhou	RMB 10,000,000	40.00%	40.00%	Investment management
Beijing Everbright 360 Investment Management Center*(2) 北京光大三六零投資管理中心 (有限合夥)	Beijing	RMB 680,800,000	0.05%	0.05%	Investment management
Hohhot Haotian Construction Co., Ltd.*(2) 呼和浩特市昕天璟建設有限公司	Hohhot	RMB 100,000,000	1.00%	1.00%	Investment management
Sunshine Anti Epidemic Investment Fund SP(2)	Cayman Islands	USD 50,000	19.97%	N/A	USD Bond investment

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 2020, the Group's shareholding of these investees has been restricted by the judicial department. Please refer to note 14(b) for details.
- (4) The investment in Jinxin Fund expired on 25 February 2019. Please refer to note 14(b) for details.
- (5) As at 31 December 2020, these entities have been dissolved.

\* 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 2020</u>	<u>31 December 2019</u>
Gross amounts of the associate:		
Assets	4,146,748	3,627,169
Liabilities	<u>(1,559,210)</u>	<u>(1,261,708)</u>
Net assets	<u>2,587,538</u>	<u>2,365,461</u>
	<u>2020</u>	<u>2019</u>
Revenue	<u>1,400,538</u>	<u>1,082,416</u>
Profit for the year	325,342	245,581
Other comprehensive income	<u>(10,265)</u>	<u>34,761</u>
Total comprehensive income	<u>315,077</u>	<u>280,342</u>
Dividend declared this year from the associate	<u>23,250</u>	<u>36,750</u>
	<u>31 December 2020</u>	<u>31 December 2019</u>
Reconciled to the Group's interest in the associate:		
Net assets	2,587,538	2,365,461
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	<u>646,885</u>	<u>591,365</u>
Carrying amount in the consolidated financial statements	<u>646,885</u>	<u>591,365</u>

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	<u>2020</u>	<u>2019</u>
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	<u>8,466</u>	<u>14,092</u>
Total comprehensive income	<u>8,466</u>	<u>14,092</u>
	<u>31 December 2020</u>	<u>31 December 2019</u>
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	<u>446,535</u>	<u>448,051</u>

In 2020, the Company received dividend from Dacheng Fund Management Co., Ltd. amounted to RMB15,000 thousand (in 2019: RMB5,000 thousand).

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28. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31 December 2020	31 December 2019
Non-current		
Debt securities	4,280,636	5,930,995
Others	188,588	189,634
Less: Allowance for ECLs	(280,803)	(351,785)
Total	4,188,421	5,768,844
Analysed as:		
Listed inside Hong Kong	148,644	199,641
Listed outside Hong Kong	181,157	138,924
Unlisted	3,858,620	5,430,279
Total	4,188,421	5,768,844
Current		
Debt securities	313,656	1,438,374
Less: Allowance for ECLs	(50,115)	(1,352)
Total	263,541	1,437,022
Analysed as:		
Listed outside Hong Kong	4,881	-
Unlisted	258,660	1,437,022
Total	263,541	1,437,022

As at 31 December 2020, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB2,697,857 thousand (as at 31 December 2019: RMB2,562,962 thousand).

(a) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	353,137	138,427
Charge for the year	6,625	288,990
Reversal for the year	(5,089)	(74,014)
Amounts written off	(24,888)	(712)
Others	1,133	446
At the end of the year	330,918	353,137

(b) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	3,279	14,247	313,392	330,918
	Stage 1	Stage 2	Stage 3	Total
31 December 2019	5,789	35,875	311,473	353,137

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29. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	31 December 2020	31 December 2019
Debt securities	12,330,427	8,875,024
Total	<u>12,330,427</u>	<u>8,875,024</u>
Analysed as:		
Listed outside Hong Kong	183,364	612,430
Unlisted	<u>12,147,063</u>	<u>8,262,594</u>
Total	<u>12,330,427</u>	<u>8,875,024</u>
Current	31 December 2020	31 December 2019
Debt securities	5,307,960	3,677,843
Total	<u>5,307,960</u>	<u>3,677,843</u>
Analysed as:		
Listed outside Hong Kong	177,944	20,577
Unlisted	<u>5,130,016</u>	<u>3,657,266</u>
Total	<u>5,307,960</u>	<u>3,677,843</u>

As at 31 December 2020, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB10,252,221 thousand (as at 31 December 2019: RMB5,100,306 thousand).

(a) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of this year	208,440	84,750
Charge for the year	9,102	152,089
Reversal for the year	(3,898)	-
Amounts written off	<u>(75,793)</u>	<u>(28,399)</u>
At the end of the year	<u>137,851</u>	<u>208,440</u>

(b) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>6,785</u>	<u>1,422</u>	<u>129,644</u>	<u>137,851</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2019	<u>6,570</u>	<u>47,622</u>	<u>154,248</u>	<u>208,440</u>

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30. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	<u>31 December 2020</u>	<u>31 December 2019</u>
Equity securities	584,719	580,975
Contribution to designated accounts of China Securities Finance Corporation Limited	<u>-</u>	<u>4,491,547</u>
Total	<u>584,719</u>	<u>5,072,522</u>
Analysed as:		
Listed outside Hong Kong	66,829	-
Unlisted	<u>517,890</u>	<u>5,072,522</u>
Total	<u>584,719</u>	<u>5,072,522</u>
	<u>31 December 2020</u>	<u>31 December 2019</u>
Contribution to designated accounts of China Securities Finance Corporation Limited	<u>4,593,864</u>	<u>-</u>
Total	<u>4,593,864</u>	<u>-</u>
Analysed as:		
Unlisted	<u>4,593,864</u>	<u>-</u>
Total	<u>4,593,864</u>	<u>-</u>

As at 31 December 2020, the current equity investments designated at fair value through other comprehensive income was funds contributed by the Company together with various PRC securities firms to designated accounts managed by China Securities Finance Corporation Limited (“CSFC”) and have been classified as equity investments designated at fair value through other comprehensive income since 1 January 2018. As at 31 December 2020, the cost and fair value of the Company’s contribution were RMB4,380.0 million and RMB4,593.9 million based on the investment account statement provided by CSFC. (As at 31 December 2019: RMB4,380.0 million and RMB 4,491.5 million.)

For the year ended 31 December 2020, 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 carrying amount and the accumulated net realised gains of the equity instruments disposed of were RMB26,159 thousand and RMB3,898 thousand, respectively.

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31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

	31 December 2020	31 December 2019
Non-current		
Equity securities	-	585,075
Less: Allowance for ECLs	-	(235)
Total	-	584,840
Current		
Equity securities	4,155,091	5,731,797
Debt securities	2,596,552	3,244,388
Less: Allowance for ECLs	(1,471,697)	(1,275,218)
Total	5,279,946	7,700,967

(b) Analysed by market:

	31 December 2020	31 December 2019
Non-current		
Stock Exchange	-	585,075
Less: Allowance for ECLs	-	(235)
Total	-	584,840
Current		
Stock Exchange	4,353,987	5,932,097
Inter-bank market	2,397,656	3,044,088
Less: Allowance for ECLs	(1,471,697)	(1,275,218)
Total	5,279,946	7,700,967

(c) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	1,275,453	427,107
Charge for the year	238,104	935,612
Reversal for the year	(41,860)	(87,266)
At the end of the year	1,471,697	1,275,453

(d) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	4,452	289	1,466,956	1,471,697
31 December 2019	5,653	7,542	1,262,258	1,275,453

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32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	<u>31 December 2020</u>	<u>31 December 2019</u>
Debt securities	23,267,650	24,834,024
Funds	17,518,087	17,385,327
Wealth management products	8,135,564	15,462,154
Equity shares	5,625,460	2,907,597
Others	<u>3,905,915</u>	<u>4,814,492</u>
Total	<u>58,452,676</u>	<u>65,403,594</u>
Analysed as:		
- Listed outside Hong Kong	8,899,901	10,982,417
- Listed inside Hong Kong	310,616	158,903
- Unlisted	<u>49,242,159</u>	<u>54,262,274</u>
Total	<u>58,452,676</u>	<u>65,403,594</u>

As at 31 December 2020 and 2019, 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 RMB120,343 thousand and RMB51,729 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 59(c) together with the fair value of collateral of margin financing business.

As at 31 December 2020 and 31 December 2019, financial assets at fair value through profit or loss of the Group included financial assets of RMB12,887,339 thousand and RMB16,809,428 thousand, respectively, which are pledged, restricted or frozen, of which the equity securities in the financial assets at fair value through profit or loss with lock-up periods held by the Group amounted to RMB621,447 thousand and nil, respectively.

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33. REFUNDABLE DEPOSITS

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deposits with stock exchanges and clearing house		
- China Securities Depository and Clearing Corporation Limited	664,275	620,017
- Shanghai Clearing House	45,527	45,019
- The Stock Exchange of Hong Kong Limited	9,592	17,202
- Hong Kong Securities Clearing Company Limited	9,222	11,860
Subtotal	<u>728,616</u>	<u>694,098</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	2,999,725	1,139,430
- Dalian Commodity Exchange	1,253,632	715,227
- Shanghai Futures Exchange	1,053,000	894,275
- Zhengzhou Commodity Exchange	929,067	606,373
- Shanghai International Energy Exchange	120,261	81,495
- Hong Kong Futures Exchange	7,575	8,062
- Shanghai Gold Exchange	2,820	2,920
Subtotal	<u>6,366,080</u>	<u>3,447,782</u>
Deposits with other institutions		
- CSFC	761,014	268,118
- Other institutions	2,398	5,530
Subtotal	<u>763,412</u>	<u>273,648</u>
Total	<u>7,858,108</u>	<u>4,415,528</u>

34. INCOME TAX

(a) Current taxation

	<u>31 December 2020</u>	<u>31 December 2019</u>
Current tax liabilities	<u>1,472,633</u>	<u>653,972</u>
	<u>2020</u>	<u>2019</u>
At the beginning of the year	653,972	403,306
Provision for the year	1,798,125	945,205
Increase through the sale of equity investments designated at fair value through other comprehensive income	974	5,340
Tax paid	<u>(980,438)</u>	<u>(699,879)</u>
At the end of the year	<u>1,472,633</u>	<u>653,972</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	Intangible assets recognised on acquisition	Others	Total
As at 1 January 2019	590,758	152,651	395,376	(42,388)	37,215	1,133,612
Recognised in profit or loss	938,995	(2,018)	(519,594)	21,662	(18,606)	420,439
Recognised in reserves	(30,919)	-	(38,777)	-	-	(69,696)
Transferred out	-	-	5,340	-	-	5,340
As at 31 December 2019	1,498,834	150,633	(157,655)	(20,726)	18,609	1,489,695
Recognised in profit or loss	213,967	237,687	(198,000)	20,726	(8,674)	265,706
Recognised in reserves	17,648	-	(38,483)	-	-	(20,835)
Transferred out	-	-	974	-	-	974
As at 31 December 2020	<u>1,730,449</u>	<u>388,320</u>	<u>(393,164)</u>	<u>-</u>	<u>9,935</u>	<u>1,735,540</u>

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34. INCOME TAX (continued)

(c) Reconciliation to the statement of financial position

	31 December 2020	31 December 2019
Net deferred tax assets recognised in the consolidated statement of financial position	1,749,542	1,618,157
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(14,002)</u>	<u>(128,462)</u>
Total	<u>1,735,540</u>	<u>1,489,695</u>

(d) Recognised in other comprehensive income

	2020		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	35,875	(8,995)	26,880
- Provision for ECL allowance	5,204	(1,300)	3,904
- Reclassified to profit or loss	(81,485)	20,371	(61,114)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	123,645	(30,911)	92,734
Share of other comprehensive income of associates	(2,566)	-	(2,566)
Exchange differences on translation of financial statements in foreign currencies	<u>(184,526)</u>	<u>-</u>	<u>(184,526)</u>
Total	<u>(103,853)</u>	<u>(20,835)</u>	<u>(124,688)</u>
	2019		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	10,743	(2,658)	8,085
- Provision for ECL allowance	123,690	(30,919)	92,771
- Reclassified to profit or loss	(44,870)	11,218	(33,652)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	189,347	(47,337)	142,010
Share of other comprehensive income of associates	8,690	-	8,690
Exchange differences on translation of financial statements in foreign currencies	<u>40,790</u>	<u>-</u>	<u>40,790</u>
Total	<u>328,390</u>	<u>(69,696)</u>	<u>258,694</u>

(e) Deferred tax assets not recognised

As at 31 December 2020 and 2019, the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences amounting to RMB3,542,559 thousand and RMB1,807,565 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. The expiration period of tax losses shall be in accordance with the local current tax legislation.

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35. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	31 December 2020	31 December 2019
Minimum lease payments to be received	1,865,627	3,584,832
Less: Unrealised finance income	(111,488)	(255,257)
Balance of finance lease receivables	1,754,139	3,329,575
Less: Allowance for ECLs	(79,098)	(86,601)
Finance lease receivables, net	<u>1,675,041</u>	<u>3,242,974</u>
Analysis for presentation purposes:		
Non-current assets	493,234	1,598,189
Current assets	<u>1,181,807</u>	<u>1,644,785</u>

Minimum lease payments to be received and the corresponding present value are as follows:

	As at 31 December 2020		As at 31 December 2019	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	1,314,243	1,226,601	1,820,137	1,658,291
1 to 2 years	480,170	461,559	1,194,411	1,125,769
2 to 3 years	60,878	57,560	504,189	484,690
Over 3 years	10,336	8,419	66,095	60,825
Total	<u>1,865,627</u>	<u>1,754,139</u>	<u>3,584,832</u>	<u>3,329,575</u>
Unrealised finance income	(111,488)	-	(255,257)	-
Balance of finance lease receivables	1,754,139	1,754,139	3,329,575	3,329,575
Allowance for ECLs	(79,098)	(79,098)	(86,601)	(86,601)
Finance lease receivables, net	<u>1,675,041</u>	<u>1,675,041</u>	<u>3,242,974</u>	<u>3,242,974</u>

(b) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	86,601	96,775
Charge for the year	17,597	12,353
Reversal of impairment	(25,100)	(21,833)
Amounts written off	-	(694)
At the end of the year	<u>79,098</u>	<u>86,601</u>

(c) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>8,535</u>	<u>29,845</u>	<u>40,718</u>	<u>79,098</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2019	<u>9,968</u>	<u>47,743</u>	<u>28,890</u>	<u>86,601</u>

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36. RECEIVABLES ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	31 December 2020	31 December 2019
Minimum lease payments to be received	1,471,548	503,439
Less: Unrealised finance income	(108,861)	(42,788)
Balance of receivables arising from sale-and-leaseback arrangements	1,362,687	460,651
Less: Allowance for ECLs	(28,429)	(6,596)
Receivables arising from sale-and-leaseback arrangements, net	1,334,258	454,055
Analysis for presentation purposes:		
Non-current assets	743,093	254,379
Current assets	591,165	199,676

Minimum lease payments to be received and the corresponding present values are as follows:

	31 December 2020		31 December 2019	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	680,441	613,097	225,030	199,676
1 to 2 years	479,036	447,053	177,526	164,887
2 to 3 years	307,331	297,886	77,402	73,765
Over 3 years	4,740	4,651	23,481	22,323
Total	1,471,548	1,362,687	503,439	460,651
Unrealised finance income	(108,861)	-	(42,788)	-
Balance of receivables arising from sale-and-leaseback arrangements	1,362,687	1,362,687	460,651	460,651
Allowance for ECLs	(28,429)	(28,429)	(6,596)	(6,596)
Receivables arising from sale-and-leaseback arrangements, net	1,334,258	1,334,258	454,055	454,055

(b) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	6,596	-
Charge for the year	22,206	6,596
Reversal of impairment	(373)	-
At the end of the year	28,429	6,596

(c) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	5,797	739	21,893	28,429
31 December 2019	4,911	-	1,685	6,596

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37. OTHER NON-CURRENT ASSETS

Analysed by nature:

	31 December 2020	31 December 2019
Other receivables	69,675	68,437
Long-term deferred expenses (a)	77,192	100,418
Long-term asset management fee	3,123	-
Less: Allowance for ECLs (b)	<u>(1,413)</u>	<u>-</u>
Total	<u>148,577</u>	<u>168,855</u>

(a) The movements of long-term deferred expenses are as follows:

	2020	2019
Balance at the beginning of the year	100,418	92,109
Additions	23,029	29,600
Amortisation	(51,208)	(49,323)
Others	<u>4,953</u>	<u>28,032</u>
Balance at the end of the year	<u>77,192</u>	<u>100,418</u>

(b) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	-	80,390
Charge for the year	1,413	-
Others	<u>-</u>	<u>(80,390)</u>
At the end of the year	<u>1,413</u>	<u>-</u>

(c) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413</u>	<u>1,413</u>

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38. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	31 December 2020	31 December 2019
Accounts receivable of		
- Brokers and dealers	1,397,659	942,179
- Term loan	60,824	777,218
- Settlement	1,058,325	1,088,472
- Fees and commissions	372,463	307,651
- Others	32,867	34,948
Less: Allowance for ECLs	<u>(73,360)</u>	<u>(72,596)</u>
Total	<u>2,848,778</u>	<u>3,077,872</u>

(b) Analysed by ageing:

As at the end of the reporting period, the ageing analysis of accounts receivable, based on the trade date, is as follows:

	31 December 2020	31 December 2019
Within 1 year	2,754,384	2,637,817
1 to 2 years	89,071	439,663
2 to 3 years	5,125	311
Over 3 years	198	81
Total	<u>2,848,778</u>	<u>3,077,872</u>

(c) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	72,596	49,055
Charge for the year	1,350	26,873
Reversal of impairment	(2)	(3,027)
Others	<u>(584)</u>	<u>(305)</u>
At the end of the year	<u>73,360</u>	<u>72,596</u>

(d) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2020	<u>5,585</u>	<u>4</u>	<u>-</u>	<u>67,771</u>	<u>73,360</u>
31 December 2019	<u>5,360</u>	<u>-</u>	<u>-</u>	<u>67,236</u>	<u>72,596</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 2020	31 December 2019
Other receivables <sup>(1)</sup>	1,558,762	1,539,549
Dividend receivables	295,733	229,514
Bulk commodity trading inventories	142,609	15,691
Interest receivable	87,826	42,853
Deferred expenses	28,740	29,850
Factoring receivables	5,000	63,098
Others	61,811	41,575
Less: Allowance for ECLs	<u>(449,484)</u>	<u>(152,413)</u>
Total	<u>1,730,997</u>	<u>1,809,717</u>

<sup>(1)</sup> 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.

(b) Analysis of the movements of allowance for ECL:

	2020	2019
At the beginning of the year	152,413	28,126
Charge for the year	295,148	45,178
Reversal of impairment	(749)	(1,369)
Others	<u>2,672</u>	<u>80,478</u>
At the end of the year	<u>449,484</u>	<u>152,413</u>

(c) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>284</u>	<u>-</u>	<u>449,200</u>	<u>449,484</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2019	<u>118</u>	<u>-</u>	<u>152,295</u>	<u>152,413</u>

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40. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Individuals	40,350,282	28,107,629
Institutions	7,137,160	6,259,742
Less: Allowance for ECLs	<u>(671,470)</u>	<u>(248,712)</u>
Total	<u>46,815,972</u>	<u>34,118,659</u>

(b) Analysis of the movements of credit loss expense:

	<u>2020</u>	<u>2019</u>
At the beginning of the year	248,712	258,859
Charge for the year	434,936	45,974
Reversal of impairment	(4,249)	(53,587)
Others	<u>(7,929)</u>	<u>(2,534)</u>
At the end of the year	<u>671,470</u>	<u>248,712</u>

(c) The fair value of collateral for margin financing and securities lending business is analysed as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Fair value of collateral:		
- Equity securities	140,698,363	98,314,942
- Cash	4,171,357	3,890,060
- Funds	3,436,857	1,825,203
- Debt securities	2,033,905	3,501,979
- Others	<u>750,214</u>	<u>554,308</u>
Total	<u>151,090,696</u>	<u>108,086,492</u>

(d) Analysed by stage of ECL:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>31,554</u>	<u>504</u>	<u>639,412</u>	<u>671,470</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2019	<u>31,968</u>	<u>654</u>	<u>216,090</u>	<u>248,712</u>



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41. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	14,850,000	288	(9,252)
- Treasury bond futures	550,591	-	(3,362)
Equity derivatives			
- Stock index futures	307,330	-	(9,123)
- OTC stock index options	1,672,761	49,404	(287,430)
- Stock options	185,735	1,631	(1,551)
- Others	24,860	-	(39)
Others			
- Gold forwards	1,034,275	7,281	-
- Commodity futures	265,554	5,226	(3,478)
- Precious metal futures	45,405	-	(4,273)
- Commodity options	635,597	7,342	(18,228)
- Gold options	16,240	-	(229)
<b>Total</b>	<b>19,588,348</b>	<b>71,172</b>	<b>(336,965)</b>
Less: Cash (received)/paid as settlement		(5,226)	29,318
<b>Net position</b>		<b>65,946</b>	<b>(307,647)</b>
	31 December 2019		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	17,240,000	-	(4,057)
- Treasury bond futures	504,171	22	(61)
Equity derivatives			
- Stock index futures	215,508	-	(4,482)
- OTC stock index options	1,355,639	3,279	(99,327)
- Stock options	1,833	19	(42)
Others			
- Commodity options	336,795	5,941	(4,308)
<b>Total</b>	<b>19,653,946</b>	<b>9,261</b>	<b>(112,277)</b>
Less: Cash (received)/paid as settlement		(22)	8,600
<b>Net position</b>		<b>9,239</b>	<b>(103,677)</b>

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settled in Shanghai Clearing House, stock index futures, treasury bond futures, commodity futures and precious metal futures were settled daily and the corresponding receipts and payments were included in "clearing settlement funds".

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42. CLEARING SETTLEMENT FUNDS

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deposits with		
- China Securities Depository and Clearing Corporation Limited	215,574	163,332
- Others	<u>836,272</u>	<u>1,559,686</u>
Total	<u>1,051,846</u>	<u>1,723,018</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 the 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, and 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 2020</u>	<u>31 December 2019</u>
Cash on hand	184	140
Bank balances	<u>16,106,906</u>	<u>11,039,732</u>
Total	<u>16,107,090</u>	<u>11,039,872</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 31 December 2020 and 31 December 2019, the Group's bank balances of RMB225,781 thousand and RMB702,492 thousand, respectively, were restricted.

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45. LOANS AND BORROWINGS

31 December 2020

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.24% to Hibor+2.39%	2021	4,951,355
- Current	RMB	4.50%	2021	10,002
- Non-current	HKD	Hibor+2.39%	2022-2023	496,568
Secured bank loans				
- Current	RMB	3.85%-6.70%	2021	978,056
- Non-current	RMB	4.35%-6.70%	2022-2023	571,535
Total				<u>7,007,516</u>

31 December 2019

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.10% to Hibor+2.00%	2020	6,487,163
- Non-current	HKD	Hibor+1.40% to Hibor+2.10%	2021	3,006,349
Secured bank loans				
- Current	RMB	4.28%-6.70%	2020	1,123,517
- Current	USD	4.50%	2020	258,147
- Non-current	RMB	4.75%-6.70%	2021-2023	805,015
Total				<u>11,680,191</u>

46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	Book value as at 1 January 2020	Increase	Decrease	Book value as at 31 December 2020
Short-term financing bills payable and corporate bonds, structured notes	0.00%-6.98%	4,489,383	47,831,627	(41,996,073)	10,324,937
	Nominal interest rate	Book value as at 1 January 2019	Increase	Decrease	Book value as at 31 December 2019
Short-term financing bills payable and corporate bonds, structured notes	0.00%-8.00%	14,109,673	27,845,502	(37,465,792)	4,489,383

In 2020, the Group issued 213 tranches of structured notes, and repaid 202 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.98% per annum plus a floating rate, and was repayable within 1 year.

In 2019, the Group issued 241 tranches of structured notes, and repaid 304 tranches of structured notes during the year. The balance bore interest at the fixed interest rates ranging from 0.00% to 8.00% per annum plus a floating rate, and was repayable within 1 year.

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47. PLACEMENT FROM OTHER FINANCIAL INSTITUTIONS

		<u>31 December 2020</u>	<u>31 December 2019</u>
Interbank lending	(1)	16,722,470	5,063,254
Placements from CSFC	(2)	<u>1,000,311</u>	<u>1,000,451</u>
Total		<u>17,722,781</u>	<u>6,063,705</u>

(1) As at 31 December 2020, the interbank lending was unsecured and bore interest at rates ranging from 0.50% to 2.90% per annum, with maturity ranging from 3 days to 215 days. As at 31 December 2019, the interbank lending was unsecured and bore interest at rates ranging from 1.90% to 3.00% per annum, with maturity ranging from 1 day to 216 days.

(2) As at 31 December 2020 and 31 December 2019, placements from CSFC were repayable within one year, and bears interest was 2.80% per annum (31 December 2019: 3.25%).

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		<u>31 December 2020</u>	<u>31 December 2019</u>
At fair value through profit or loss			
- Others	(2)	<u>322,690</u>	<u>893,218</u>
Designated as fair value through profit or loss			
- Structured notes		1,007,372	-
- Preference shares	(1)	988,179	-
- Others	(2)	<u>293,954</u>	<u>-</u>
Total		<u>2,612,195</u>	<u>893,218</u>
Analysis for presentation purposes:			
- Current		1,996,059	893,218
- Non-current		<u>616,136</u>	<u>-</u>
Total		<u>2,612,195</u>	<u>893,218</u>

(1) Sun Hung Kai Financial Group Limited issued 90,365,142 preference shares to Sun Hung Kai & Co. Limited with a dividend yield of 8.5% on 17 November 2020. The preference shares have redemption clauses and were classified as debt instrument by the Group.

(2) 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 2020	31 December 2019
Clients' deposits for other brokerage business	52,765,682	39,331,334
Clients' deposits for margin financing and securities lending	7,337,026	6,379,657
<b>Total</b>	<b>60,102,708</b>	<b>45,710,991</b>

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

	2020			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
<b>Current</b>				
Salaries, bonuses and allowances	1,509,152	3,208,231	(3,029,799)	1,687,584
Contributions to pension schemes	4,836	145,821	(146,290)	4,367
Other social welfare	43,286	378,016	(405,358)	15,944
<b>Sub-total</b>	<b>1,557,274</b>	<b>3,732,068</b>	<b>(3,581,447)</b>	<b>1,707,895</b>
<b>Non-current</b>				
Salaries, bonuses and allowances	998	2,819	(1,522)	2,295
<b>Sub-total</b>	<b>998</b>	<b>2,819</b>	<b>(1,522)</b>	<b>2,295</b>
<b>Total</b>	<b>1,558,272</b>	<b>3,734,887</b>	<b>(3,582,969)</b>	<b>1,710,190</b>
	2019			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
<b>Current</b>				
Salaries, bonuses and allowances	1,444,479	2,721,132	(2,656,459)	1,509,152
Contributions to pension schemes	4,934	242,555	(242,653)	4,836
Other social welfare	46,830	323,052	(326,596)	43,286
<b>Sub-total</b>	<b>1,496,243</b>	<b>3,286,739</b>	<b>(3,225,708)</b>	<b>1,557,274</b>
<b>Non-current</b>				
Salaries, bonuses and allowances	998	-	-	998
<b>Sub-total</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>998</b>
<b>Total</b>	<b>1,497,241</b>	<b>3,286,739</b>	<b>(3,225,708)</b>	<b>1,558,272</b>

EVERBRIGHT SECURITIES COMPANY LIMITED  
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(All amounts expressed in RMB thousand unless otherwise specified)

51. OTHER PAYABLES AND ACCURALS

	31 December 2020	31 December 2019
Payables to interest holders of ABS	1,907,493	2,120,765
Settlement payables	877,211	818,507
Other tax payable	516,794	194,043
Payables to interest holders of consolidated structured entities	505,348	1,334,927
Distribution expenses payable	218,677	200,754
Deposits	138,114	175,819
Risk reserve for futures brokerage business	123,176	144,191
OTC option premium	110,632	16,953
Commission payables	99,177	58,831
Accrued expenses	56,156	53,431
Bond underwriting fees	48,362	85,029
Subscriptions fees payable	47,000	-
Interest payable	46,179	16,768
Distributions fees payable	40,000	-
Payables to the securities and futures investor protection fund	33,295	22,919
Deferred revenue	32,258	5,221
Payables to custodians	27,439	25,338
Payables on behalf of staff	20,676	20,035
Option prepayment	15,832	16,851
Put right liabilities arising from business combination	-	2,114,937
Dividends payable	-	34,835
Others <sup>(1)</sup>	202,087	173,763
Total	<u>5,065,906</u>	<u>7,633,917</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:

	31 December 2020	31 December 2019
Current		
Debt securities	21,449,683	22,695,471
Others	206,174	1,940,639
Total	<u>21,655,857</u>	<u>24,636,110</u>

(b) Analysed by market:

	31 December 2020	31 December 2019
Current		
Inter-bank market	20,675,153	21,687,630
Stock exchanges	774,530	1,007,841
OTC market	206,174	1,940,639
Total	<u>21,655,857</u>	<u>24,636,110</u>

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53. LONG-TERM BONDS

As at 31 December 2020

Name	Par value in original currency	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at			Book value as at 31 December 2020
						31 December 2019	Increase	Decrease	
EBSHKBVI Corp <sup>(1)</sup>	USD200,000	21/11/2018	21/11/2021	USD200,000	3.20%	1,397,588	71,223	(158,468)	1,310,343
17 EVERBRIGHT04 <sup>(2)</sup>	2,000,000	14/02/2017	14/02/2020	2,000,000	5.50%	2,077,885	11,115	(2,089,000)	-
17 EVERBRIGHT06 <sup>(3)</sup>	4,000,000	26/04/2017	26/04/2020	3,988,000	5.00%	4,135,315	64,685	(4,200,000)	-
17 EVERBRIGHTG1 <sup>(4)</sup>	3,000,000	04/07/2017	04/07/2020	2,985,000	4.58%	3,063,942	73,458	(3,137,400)	-
17 EVERBRIGHTG2 <sup>(5)</sup>	1,500,000	04/07/2017	04/07/2022	1,492,500	4.70%	1,530,416	72,221	(70,500)	1,532,137
17 EVERBRIGHTG3 <sup>(6)</sup>	4,100,000	16/10/2017	16/10/2020	4,087,700	4.80%	4,137,749	159,051	(4,296,800)	-
17 EVERBRIGHTG4 <sup>(7)</sup>	1,600,000	16/10/2017	16/10/2022	1,595,200	4.90%	1,613,652	79,255	(78,400)	1,614,507
18 EVERBRIGHTC1 <sup>(8)</sup>	3,000,000	13/12/2018	13/12/2021	3,000,000	4.30%	2,998,722	133,000	(129,000)	3,002,722
18 EVERBRIGHTG1 <sup>(9)</sup>	2,700,000	18/04/2018	18/04/2020	2,686,500	4.68%	2,786,427	39,933	(2,826,360)	-
18 EVERBRIGHTG2 <sup>(10)</sup>	3,300,000	18/04/2018	18/04/2021	3,283,500	4.78%	3,403,268	163,240	(157,740)	3,408,768
18 EVERBRIGHTG3 <sup>(11)</sup>	2,800,000	26/09/2018	26/09/2021	2,794,960	4.30%	2,828,856	122,026	(120,400)	2,830,482
18 EVERBRIGHT02 <sup>(12)</sup>	2,000,000	18/01/2018	18/01/2020	1,990,000	5.55%	2,105,208	5,792	(2,111,000)	-
18 EVERBRIGHT05 <sup>(13)</sup>	1,000,000	30/07/2018	30/07/2020	990,000	4.55%	1,016,335	29,165	(1,045,500)	-
18 EVERBRIGHT06 <sup>(14)</sup>	4,000,000	30/07/2018	30/07/2021	4,000,000	4.67%	4,078,899	186,739	(186,800)	4,078,838
17 EVERBRIGHT Xingfu PPN001 <sup>(15)</sup>	600,000	29/03/2017	29/03/2020	600,000	5.00%	621,514	8,486	(630,000)	-
17 EVERBRIGHT Xingfu PPN002 <sup>(16)</sup>	200,000	27/04/2017	27/04/2020	200,000	5.50%	207,272	3,728	(211,000)	-
18 EVERBRIGHT Xingfu PPN001 <sup>(17)</sup>	200,000	07/02/2018	07/02/2021	200,000	6.80%	190,601	13,834	(13,600)	190,835
Dingfu No.204 Structured Notes <sup>(18)</sup>	200,000	25/12/2018	28/06/2020	200,000	4.00%	208,153	3,332	(211,485)	-
Dingfu No.205 Structured Notes <sup>(19)</sup>	200,000	31/01/2019	21/04/2020	200,000	3.90%	207,159	1,945	(209,104)	-
Jinzhishu No.1062 Structured Notes <sup>(20)</sup>	2,000,000	21/12/2018	18/06/2020	2,000,000	4.00%	2,082,411	33,315	(2,115,726)	-
Jinzhishu No.1057 Structured Notes <sup>(21)</sup>	500,000	25/12/2018	25/03/2020	500,000	4.10%	520,892	3,370	(524,262)	-
Jinzhishu No.1088 Structured Notes <sup>(22)</sup>	500,000	27/02/2020	25/08/2021	500,000	3.50%	-	504,555	(504,555)	-
19 EVERBRIGHT01 <sup>(23)</sup>	3,000,000	22/01/2019	22/01/2022	3,000,000	3.88%	3,103,676	119,400	(116,400)	3,106,676
19 EVERBRIGHT02 <sup>(24)</sup>	3,000,000	22/08/2019	22/08/2022	3,000,000	3.75%	3,040,524	112,500	(112,500)	3,040,524
20 EVERBRIGHTF1 <sup>(25)</sup>	3,000,000	09/03/2020	09/03/2023	3,000,000	3.19%	-	3,077,692	-	3,077,692
20 EVERBRIGHTG1 <sup>(26)</sup>	1,500,000	22/06/2020	22/06/2023	1,500,000	3.10%	-	1,523,245	-	1,523,245
20 EVERBRIGHTG3 <sup>(27)</sup>	3,700,000	14/07/2020	14/07/2023	3,687,830	3.60%	-	3,755,716	-	3,755,716
20 EVERBRIGHTG5 <sup>(28)</sup>	4,800,000	28/08/2020	28/08/2023	4,784,340	3.70%	-	4,852,042	-	4,852,042
20 EVERBRIGHTG6 <sup>(29)</sup>	3,000,000	25/12/2020	27/12/2021	2,991,509	3.12%	-	2,993,466	-	2,993,466
20 EVERBRIGHTG7 <sup>(30)</sup>	1,700,000	25/12/2020	25/12/2023	1,700,000	3.60%	-	1,701,174	-	1,701,174
Total						<u>47,356,464</u>	<u>19,918,703</u>	<u>(25,256,000)</u>	<u>42,019,167</u>

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53. LONG-TERM BONDS (continued)

As at 31 December 2019

Name	Par value in original currency	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at			Book value as at 31 December 2019
						31 December 2018	Increase	Decrease	
EBSHKBVICorp <sup>(1)</sup>	USD200,000	21/11/2018	21/11/2021	USD200,000	3.20%	1,373,112	98,204	(73,728)	1,397,588
16 EVERBRIGHT06	3,000,000	24/10/2016	24/10/2019	2,996,250	3.20%	3,017,095	78,905	(3,096,000)	-
17 EVERBRIGHT03	2,000,000	14/02/2017	14/02/2019	1,996,200	4.30%	2,075,251	10,749	(2,086,000)	-
17 EVERBRIGHT04 <sup>(2)</sup>	2,000,000	14/02/2017	14/02/2020	2,000,000	5.50%	2,075,985	90,900	(89,000)	2,077,885
17 EVERBRIGHT05	3,000,000	26/04/2017	26/04/2019	2,991,000	4.95%	3,099,625	48,875	(3,148,500)	-
17 EVERBRIGHT06 <sup>(3)</sup>	4,000,000	26/04/2017	26/04/2020	3,988,000	5.00%	4,131,315	204,000	(200,000)	4,135,315
17 EVERBRIGHTG1 <sup>(4)</sup>	3,000,000	04/07/2017	04/07/2020	2,985,000	4.58%	3,058,942	142,400	(137,400)	3,063,942
17 EVERBRIGHTG2 <sup>(5)</sup>	1,500,000	04/07/2017	04/07/2022	1,492,500	4.70%	1,528,916	72,000	(70,500)	1,530,416
17 EVERBRIGHTG3 <sup>(6)</sup>	4,100,000	16/10/2017	16/10/2020	4,087,700	4.80%	4,133,649	200,900	(196,800)	4,137,749
17 EVERBRIGHTG4 <sup>(7)</sup>	1,600,000	16/10/2017	16/10/2022	1,595,200	4.90%	1,612,692	79,360	(78,400)	1,613,652
18 EVERBRIGHTC1 <sup>(8)</sup>	3,000,000	13/12/2018	13/12/2021	3,000,000	4.30%	3,006,589	121,133	(129,000)	2,998,722
18 EVERBRIGHTG1 <sup>(9)</sup>	2,700,000	18/04/2018	18/04/2020	2,686,500	4.68%	2,779,677	133,110	(126,360)	2,786,427
18 EVERBRIGHTG2 <sup>(10)</sup>	3,300,000	18/04/2018	18/04/2021	3,283,500	4.78%	3,397,768	163,240	(157,740)	3,403,268
18 EVERBRIGHTG3 <sup>(11)</sup>	2,800,000	26/09/2018	26/09/2021	2,794,960	4.30%	2,827,176	122,080	(120,400)	2,828,856
18 EVERBRIGHT02 <sup>(12)</sup>	2,000,000	18/01/2018	18/01/2020	1,990,000	5.55%	2,100,208	116,000	(111,000)	2,105,208
18 EVERBRIGHT05 <sup>(13)</sup>	1,000,000	30/07/2018	30/07/2020	990,000	4.55%	1,011,335	50,500	(45,500)	1,016,335
18 EVERBRIGHT06 <sup>(14)</sup>	4,000,000	30/07/2018	30/07/2021	4,000,000	4.67%	4,078,871	186,828	(186,800)	4,078,899
17 EVERBRIGHT Xingfu PPN001 <sup>(15)</sup>	600,000	29/03/2017	29/03/2020	600,000	5.00%	620,754	30,760	(30,000)	621,514
17 EVERBRIGHT Xingfu PPN002 <sup>(16)</sup>	200,000	27/04/2017	27/04/2020	200,000	5.50%	207,255	11,017	(11,000)	207,272
18 EVERBRIGHT Xingfu PPN001 <sup>(17)</sup>	200,000	07/02/2018	07/02/2021	200,000	6.80%	190,254	13,947	(13,600)	190,601
18 EVERBRIGHT Xingfu SCP001	500,000	20/09/2018	17/06/2019	500,000	7.00%	457,535	17,368	(474,903)	-
Dingfu No.204 Structured Notes <sup>(18)</sup>	200,000	25/12/2018	28/06/2020	200,000	4.00%	200,132	8,021	-	208,153
Dingfu No.205 Structured Notes <sup>(19)</sup>	200,000	31/01/2019	21/04/2020	200,000	3.90%	-	207,159	-	207,159
Dingfu No.588 Structured Notes	80	27/04/2018	10/05/2019	80	4.50%	82	2	(84)	-
Guangxin No.514 Structured Notes	30,000	13/04/2018	16/04/2019	30,000	5.10%	31,098	382	(31,480)	-
Jinzhishu No.1062 Structured Notes <sup>(20)</sup>	2,000,000	21/12/2018	18/06/2020	2,000,000	4.00%	2,002,192	80,219	-	2,082,411
Jinzhishu No.1057 Structured Notes <sup>(21)</sup>	500,000	25/12/2018	25/03/2020	500,000	4.10%	500,337	20,555	-	520,892
19 EVERBRIGHT01 <sup>(23)</sup>	3,000,000	22/01/2019	22/01/2022	3,000,000	3.88%	-	3,103,676	-	3,103,676
19 EVERBRIGHT02 <sup>(24)</sup>	3,000,000	22/08/2019	22/08/2022	3,000,000	3.75%	-	3,040,524	-	3,040,524
<b>Total</b>						<b>49,517,845</b>	<b>8,452,814</b>	<b>(10,614,195)</b>	<b>47,356,464</b>



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53. LONG-TERM BONDS (continued)

	<u>31 December 2020</u>	<u>31 December 2019</u>
Long-term bonds due within one year	18,243,518	23,175,697
Long-term bonds due after one year	23,775,649	24,180,767
Total	<u>42,019,167</u>	<u>47,356,464</u>

As approved by the board and related regulatory authorities, the Group issued the following corporate bonds, subordinated bonds and structured notes:

- (1) 3-year redeemable bond with a par value of USD200 million on 21 November 2018
- (2) 3-year corporate bond amounting to RMB2 billion on 14 February 2017, which was redeemed on 14 February 2020
- (3) 3-year corporate bond amounting to RMB4 billion on 26 April 2017, which was redeemed on 26 April 2020
- (4) 3-year corporate bond amounting to RMB3 billion on 4 July 2017, which was redeemed on 4 July 2020
- (5) 5-year corporate bond amounting to RMB1.5 billion on 4 July 2017
- (6) 3-year corporate bond amounting to RMB4.1 billion on 16 October 2017, which was redeemed on 16 October 2020
- (7) 5-year corporate bond amounting to RMB1.6 billion on 16 October 2017
- (8) 3-year subordinated bond amounting to RMB3 billion on 13 December 2018
- (9) 2-year corporate bond amounting to RMB2.7 billion on 18 April 2018, which was redeemed on 18 April 2020
- (10) 3-year corporate bond amounting to RMB3.3 billion on 18 April 2018
- (11) 3-year corporate bond amounting to RMB2.8 billion on 26 September 2018
- (12) 2-year corporate bond amounting to RMB2 billion on 18 January 2018, which was redeemed on 18 January 2020
- (13) 2-year corporate bond amounting to RMB1 billion on 30 July 2018, which was redeemed on 30 July 2020
- (14) 3-year corporate bond amounting to RMB4 billion on 30 July 2018
- (15) 3-year PPN amounting to RMB600 million on 29 March 2017, which was redeemed on 30 March 2020
- (16) 3-year PPN amounting to RMB200 million on 27 April 2017, which was redeemed on 27 April 2020
- (17) 3-year PPN amounting to RMB200 million on 7 February 2018
- (18) 18-month structured note amounting to RMB200 million on 25 December 2018, which was redeemed on 28 June 2020

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53. LONG-TERM BONDS (continued)

- (19) 15-month structured note amounting to RMB200 million on 31 January 2019, which was redeemed on 21 April 2020
- (20) 18-month structured note amounting to RMB2 billion on 21 December 2018, which was redeemed on 18 June 2020
- (21) 15-month structured note amounting to RMB500 million on 25 December 2018, which was redeemed on 25 March 2020
- (22) 18-month structured note amounting to RMB500 million on 27 February 2020, which was redeemed on 9 June 2020
- (23) 3-year corporate bond amounting to RMB3 billion on 22 January 2019
- (24) 3-year corporate bond amounting to RMB3 billion on 22 August 2019
- (25) 3-year corporate bond amounting to RMB3 billion on 9 March 2020
- (26) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020
- (27) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020
- (28) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020
- (29) 1-year corporate bond amounting to RMB3 billion on 25 December 2020
- (30) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020

54. OTHER NON-CURRENT LIABILITIES

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deposits	131,387	233,427
Deferred revenue	6,288	37,097
Payables to interest holders of ABS	-	136,818
Others	11,514	-
Total	<u>149,189</u>	<u>407,342</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 2020</u>	<u>31 December 2019</u>
Registered, issued and fully paid (at RMB1 per share)	<u>4,610,788</u>	<u>4,610,788</u>

(All amounts expressed in RMB thousand unless otherwise specified)

56. OTHER EQUITY INSTRUMENTS

	31 December 2020	31 December 2019
Perpetual subordinated bonds <sup>(1)</sup>	2,000,000	-

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. 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.

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.

(All amounts expressed in RMB thousand unless otherwise specified)

57. RESERVES AND RETAINED PROFITS (continued)

(c) General reserve

General reserve includes the general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 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 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, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

(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.

(f) Retained profits

The movements in retained profits are set out below:

	2020	2019
At beginning of the year	9,785,175	10,133,250
Profit for the year	2,334,078	567,945
Appropriation to surplus reserve	(469,852)	(78,103)
Appropriation to general reserve	(1,221,743)	(392,857)
Dividends	(170,599)	(461,079)
Others	2,923	16,019
At end of the year	<u>10,259,982</u>	<u>9,785,175</u>

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58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	31 December 2020	31 December 2019
Cash on hand	184	140
Bank balances	16,106,906	11,039,732
Clearing settlement funds	1,051,846	1,723,018
Less: Restricted bank deposits	(7,405,780)	(4,472,205)
- Time deposit of more than three months	(7,180,000)	(3,769,713)
- Others	(225,780)	(702,492)
Less: Interest receivable	(156,632)	(49,057)
Total	<u>9,596,524</u>	<u>8,241,628</u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Long-term bonds	Lease liabilities
At 1 January 2019	14,981,726	14,109,673	49,517,845	810,842
Changes from financing cash flows	(3,950,102)	(9,792,218)	(4,796,325)	(351,308)
Interest expense	648,567	163,479	2,581,982	34,050
New leases	-	-	-	237,380
Other non-cash changes	-	8,449	52,962	13,884
At 31 December 2019	<u>11,680,191</u>	<u>4,489,383</u>	<u>47,356,464</u>	<u>744,848</u>
Changes from financing cash flows	(5,089,433)	5,508,610	(7,045,965)	(341,332)
Interest expense	416,758	327,569	1,794,838	30,989
New leases	-	-	-	416,953
Other non-cash changes	-	(625)	(86,170)	(27,824)
At 31 December 2020	<u>7,007,516</u>	<u>10,324,937</u>	<u>42,019,167</u>	<u>823,634</u>

(c) Total cash outflow for leases

	2020	2019
Within operating activities	16,896	34,522
Within financing activities	341,332	351,308

(All amounts expressed in RMB thousand unless otherwise specified)

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.

(c) Asset-backed securities management schemes

The Group sells margin accounts receivable, finance lease receivables and receivables arising from sale-and leaseback agreements to the securitisation vehicle, which in turn issues asset-backed securities to investors with the purchased assets as the underlying assets. Such securitisation vehicle is consolidated by the Group, and consequently the underlying assets are transferred from the Group to the investors. The Group has the obligation to pass cash flows from the underlying assets to the investors. The cash flows that the securitisation vehicle collects from the transferred assets have not been passed through to investors without material delay, and the Group has the obligation to repurchase these margin accounts receivable and finance lease receivables on specified future dates at agreed-upon prices. Thus the Group has not derecognised these financial assets in the consolidated statement of financial position. The consideration received from the investors is recognised as a financial liability.

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 2020	Repurchase agreements	Securities lending	Asset-backed securities management schemes
Carrying amount of transferred assets	-	120,343	2,003,535
Carrying amount of related liabilities	-	N/A	1,907,493
31 December 2019	Repurchase agreements	Securities lending	Asset-backed securities management schemes
Carrying amount of transferred assets	624,491	51,729	2,427,147
Carrying amount of related liabilities	603,108	N/A	2,257,583

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60. COMMITMENTS

Capital commitments

	<u>31 December 2020</u>	<u>31 December 2019</u>
Contracted, but not provided for	<u>15,501</u>	<u>197,731</u>

61. CONTINGENCIES

As at 31 December 2020, the Group's pending litigations refer to note 14(b) for details.

On 19 November 2020, Everbright Fortune initiated an arbitration with the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) due to an investment agreement dispute with Quanzhou Hongdao Investment Co., Ltd. and Mr Hu as the respondent. The amount involved was approximately RMB20.79 million. As of the date of approval of the financial statements, it has been accepted by the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center).

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:

	<u>31 December 2020</u>	<u>31 December 2019</u>
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.83%	21.30%

(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 2020</u>	<u>31 December 2019</u>
Balances at the end of the year:		
Accounts receivable	-	500
Other payables and accruals	253	301
	<u>2020</u>	<u>2019</u>
Transactions during the year:		
Fee and commission income	19,726	28,342
Investment income	(387)	523

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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 2020	31 December 2019
Balances at the end of the year:		
Right-of-use assets	36,115	20,723
Financial assets at fair value through profit or loss	1,285,893	1,885,475
Accounts receivable	14,220	3,260
Other receivables and prepayments	207,846	210,869
Cash and bank balances	10,576,147	10,188,352
Loans and borrowings	892,876	1,970,793
Placements from other financial institutions	1,900,990	-
Financial liabilities at fair value through profit or loss	972,936	-
Other payables and accruals	155,379	2,391,957
Financial assets sold under repurchase agreements	100,777	-
Lease liabilities	32,452	19,409
	<u>2020</u>	<u>2019</u>
Transactions during the year:		
Transaction amounts for financial assets sold under repurchase agreements	89,099,536	95,544,464
Transaction amounts for placements from other financial institutions, loans and borrowings	35,024,310	2,296,807
Fee and commission income	132,520	81,119
Fee and commission expenses	78,427	97,188
Interest income	203,988	157,812
Interest expenses	73,508	116,165
Investment income	60,575	70,519
Other income and gains	5,494	14,324
Other operating expenses	46,878	56,837

(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:

	2020	2019
Short-term employee benefits and post-employment benefits	<u>48,782</u>	<u>28,626</u>

Total remuneration is included in "staff costs" (see note 11).

(d) Government related entities

Other than those disclosed above, the Group has also 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 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, 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 2020

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	4,265,399	2,194,647	764,019	8,086	1,959,513	10,639	(438)	9,201,865
- Inter-segment	25,315	-	-	51	518	-	-	25,884
Interest income								
- External	3,746,193	166,279	213,840	601,116	99,523	607,539	408,678	5,843,168
- Inter-segment	24	-	-	1,283	10	18,525	555,286	575,128
Net investment gains								
- External	65,201	(39,139)	216,033	1,964,598	122,623	(1,071,847)	988,847	2,246,316
- Inter-segment	-	-	-	-	-	-	561,978	561,978
Total revenue								
- External	8,076,793	2,321,787	1,193,892	2,573,800	2,181,659	(453,669)	1,397,087	17,291,349
- Inter-segment	25,339	-	-	1,334	528	18,525	1,117,264	1,162,990
Other income and gains								
- External	3,389,802	19,857	5,167	-	54,744	(32,307)	305,369	3,742,632
- Inter-segment	50	-	-	-	-	-	405	455
Segment revenue and other income								
- External	11,466,595	2,341,644	1,199,059	2,573,800	2,236,403	(485,976)	1,702,456	21,033,981
- Inter-segment	25,389	-	-	1,334	528	18,525	1,117,669	1,163,445
Segment expenses								
- External	(9,283,261)	(1,097,249)	(422,160)	(574,111)	(1,033,748)	(1,938,740)	(2,775,703)	(17,124,972)
- Inter-segment	(12,442)	(9,504)	-	2	(10,212)	(546,514)	(20,071)	(598,741)
Segment operating profit/(loss)								
- External	2,183,334	1,244,395	776,899	1,999,689	1,202,655	(2,424,716)	(1,073,247)	3,909,009
- Inter-segment	12,947	(9,504)	-	1,336	(9,684)	(527,989)	1,097,598	564,704
Share of profits of associates and joint ventures								
- External	5,118	(13,272)	1,433	-	80,765	1,173	14,585	89,802
- Inter-segment	-	13,272	-	-	-	9,633	-	22,905
Profit/(loss) before income tax								
- External	2,188,452	1,231,123	778,332	1,999,689	1,283,420	(2,423,543)	(1,058,662)	3,998,811
- Inter-segment	12,947	3,768	-	1,336	(9,684)	(518,356)	1,097,598	587,609
Interest expenses	(1,922,363)	(132,011)	(131,130)	(526,848)	(27,220)	(70,843)	(918,758)	(3,729,173)
Impairment losses	-	-	-	-	-	-	-	-
Credit loss expense	(648,581)	(14,209)	(1,165)	(10,439)	(1,413)	(254,337)	(15,017)	(945,161)
Depreciation and amortisation expenses	(251,255)	(43,956)	(19,701)	(1,185)	(45,018)	(7,183)	(339,535)	(707,833)

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63. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the year ended 31 December 2019

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	2,953,015	1,521,514	512,172	6,920	1,693,568	27,664	1,057	6,715,910
- Inter-segment	19,846	-	-	-	839	-	-	20,685
Interest income								
- External	3,649,794	270,013	321,214	809,437	57,126	519,153	309,042	5,935,779
- Inter-segment	-	-	-	2,776	11	22,290	450,434	475,511
Net investment gains								
- External	215,667	15,902	98,111	1,586,632	228,564	(1,135,138)	1,185,284	2,195,022
- Inter-segment	-	-	-	95	-	-	242,360	242,455
Total revenue								
- External	6,818,476	1,807,429	931,497	2,402,989	1,979,258	(588,321)	1,495,383	14,846,711
- Inter-segment	19,846	-	-	2,871	850	22,290	692,794	738,651
Other income and gains								
- External	166,912	15,608	3,839	229	25,502	27,742	265,854	505,686
- Inter-segment	-	-	-	-	-	-	50	50
Segment revenue and other income								
- External	6,985,388	1,823,037	935,336	2,403,218	2,004,760	(560,579)	1,761,237	15,352,397
- Inter-segment	19,846	-	-	2,871	850	22,290	692,844	738,701
Segment expenses								
- External	(5,767,781)	(1,193,060)	(502,605)	(1,018,457)	(1,104,261)	(2,022,695)	(2,600,172)	(14,209,031)
- Inter-segment	(11,207)	(3,596)	-	13	(8,885)	(449,102)	(2,623,531)	(3,096,308)
Segment operating profit/(loss)								
- External	1,217,607	629,977	432,731	1,384,761	900,499	(2,583,274)	(838,935)	1,143,366
- Inter-segment	8,639	(3,596)	-	2,884	(8,035)	(426,812)	(1,930,687)	(2,357,607)
Share of profits of associates and joint ventures								
- External	3,676	(16,379)	227	-	61,395	13,249	13,319	75,487
- Inter-segment	-	13,319	-	-	-	8,359	-	21,678
Profit/(loss) before income tax								
- External	1,221,283	613,598	432,958	1,384,761	961,894	(2,570,025)	(825,616)	1,218,853
- Inter-segment	8,639	9,723	-	2,884	(8,035)	(418,453)	(1,930,687)	(2,335,929)
Interest expenses	(1,839,304)	(253,188)	(164,342)	(561,545)	(122,091)	(107,435)	(1,314,940)	(4,362,845)
Impairment losses	(263,919)	-	-	-	-	-	-	(263,919)
Credit loss expense	(696,276)	(11,310)	(8,386)	(415,550)	194	(135,400)	(5,841)	(1,272,569)
Depreciation and amortisation expenses	(246,181)	(40,025)	(18,376)	(1,298)	(37,701)	(5,853)	(321,155)	(670,589)

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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 2020			Year ended 31 December 2019		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Total revenue	16,369,877	921,472	17,291,349	13,324,278	1,522,433	14,846,711
Other income and gains	3,649,581	93,051	3,742,632	442,605	63,081	505,686
Total revenue and other income	20,019,458	1,014,523	21,033,981	13,766,883	1,585,514	15,352,397

Specified non-current assets:

	31 December 2020			31 December 2019		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	840,675	42,423	883,098	792,816	35,995	828,811
Right-of-use assets	631,733	190,535	822,268	689,021	66,755	755,776
Goodwill	9,380	945,962	955,342	9,380	1,006,813	1,016,193
Other intangible assets	146,845	69,395	216,240	105,688	208,370	314,058
Investments in associates and joint ventures	1,022,640	70,779	1,093,419	995,682	43,734	1,039,416
Other non- current assets	78,248	176	78,424	124,173	8,188	132,361

(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 complex financial instrument, the Company 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 Management of Complex Financial Instruments of Everbright Securities Co. Ltd.*

In accordance with the requirements of the *Guidelines for Liquidity Risk Management of Securities Companies*, the Company issued the *Measures for the Liquidity Risk Management 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 have 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 compared the requirements of the *Comprehensive Risk Management Regulations for Securities Companies* and formulated the *Risk Control Index Dynamic Management Measures 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' meeting, board of directors, 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 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, inspecting 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 Company's operating management is responsible for the implementation of the Company's risk management work, including the basic risk management policies reviewed by the board of directors, such as risk appetite and tolerance decomposition; to establish effective risks for the Company management and assessment mechanism; to be engaged in risk management work within the scope of authorization of the board of directors. 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, planning and finance department, operation management headquarters office. The Company's business departments and branches 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, and securities brokerage business. The 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. The management believes that there is no significant credit risk, and it is expected that it will not cause losses to the Group due to 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 confirm ECLs.

For debt instrument investments, the Group has formulated customer credit ratings and credit management systems, and formulated corresponding investment restrictions based on customer credit ratings and credit lines; the Group established a mapping relationship between ratings and default probabilities based on credit ratings, industry information and market, the Group sets default loss rate under the data, combined with forward-looking adjustment factors, to confirm the ECLs.

For accounts receivables, 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). ECLs 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 and 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.

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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 fluctuated 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 130%) as force liquidation thresholds against different exposures related to these transactions.

- Stock-pledged financing with maintenance margin ratio above the warning line of the collateral to loan ratios, the risk level is designated as safety level. Stock-pledged financing with 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 attention level. The safety level and attention level are classified under Stage 1;
- Stock-pledged repurchase business with maintenance margin ratio above 100% while fall below the force liquidation thresholds, which the risk level is designated as 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 maintenance margin ratio fall below 100%, which the risk level is designated as 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 both 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 that show 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;
- 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 make 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 (considers PD& LGD) applied by the Group under the 3 stages as at 31 December 2020 were as follows:

- Stage 1: 0.05% to 0.23% according to different maintenance margin ratios;
- Stage 2: 0.12% according to different maintenance margin ratios;
- 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 2020</u>	<u>31 December 2019</u>
Financial assets measured at amortised cost	4,451,962	7,205,866
Debt investments at fair value through other comprehensive income	17,638,387	12,552,867
Financial assets held under resale agreements	5,279,946	8,285,807
Financial assets at fair value through profit or loss	23,267,650	24,834,024
Refundable deposits	7,858,108	4,415,528
Finance lease receivables	1,675,041	3,242,974
Receivable arising from sale-and-leaseback arrangements	1,334,258	454,055
Other non-current assets	70,153	36,494
Accounts receivable	2,848,778	3,077,872
Other receivables and prepayments	1,486,123	1,766,663
Margin accounts receivable	46,815,972	34,118,659
Derivative financial assets	65,946	9,239
Clearing settlement funds	1,051,846	1,723,018
Cash held on behalf of brokerage clients	52,378,308	39,937,491
Bank balances	16,106,906	11,039,732
	<u>182,329,384</u>	<u>152,700,289</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:

31 December 2020	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	4,303,318	148,644	4,451,962
Debt investments at fair value through other comprehensive income	17,632,052	6,335	17,638,387
Financial assets held under resale agreements	5,279,946	-	5,279,946
Financial assets at fair value through profit or loss	22,979,680	287,970	23,267,650
Refundable deposits	7,801,693	56,415	7,858,108
Finance lease receivables	1,675,041	-	1,675,041
Receivable arising from sale-and-leaseback arrangements	1,334,258	-	1,334,258
Other non-current assets	70,153	-	70,153
Accounts receivable	542,111	2,306,667	2,848,778
Other receivables and prepayments	1,345,704	140,419	1,486,123
Margin accounts receivable	46,301,104	514,868	46,815,972
Derivative financial assets	16,560	49,386	65,946
Clearing settlement funds	1,051,846	-	1,051,846
Cash held on behalf of brokerage clients	40,762,033	11,616,275	52,378,308
Bank balances	14,892,950	1,213,956	16,106,906
<b>Total maximum credit risk exposure</b>	<b>165,988,449</b>	<b>16,340,935</b>	<b>182,329,384</b>
31 December 2019	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	7,006,225	199,641	7,205,866
Debt investments at fair value through other comprehensive income	12,552,867	-	12,552,867
Financial assets held under resale agreements	8,285,807	-	8,285,807
Financial assets at fair value through profit or loss	23,135,235	1,698,789	24,834,024
Refundable deposits	4,146,920	268,608	4,415,528
Finance lease receivables	3,242,974	-	3,242,974
Receivable arising from sale-and-leaseback arrangements	454,055	-	454,055
Other non-current assets	28,306	8,188	36,494
Accounts receivable	420,989	2,656,883	3,077,872
Other receivables and prepayments	1,621,515	145,148	1,766,663
Margin accounts receivable	27,424,757	6,693,902	34,118,659
Derivative financial assets	5,960	3,279	9,239
Clearing settlement funds	1,723,018	-	1,723,018
Cash held on behalf of brokerage clients	30,362,117	9,575,374	39,937,491
Bank balances	8,794,304	2,245,428	11,039,732
<b>Total maximum credit risk exposure</b>	<b>129,205,049</b>	<b>23,495,240</b>	<b>152,700,289</b>

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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 2020	31 December 2019
Rating		
Short-term bonds		
- AAA	9,505,601	151,273
- A to AA+	3,113,947	439,594
- B- to BBB+	195,760	-
- C to CC	48,638	-
- Non-rated	241,496	4,995,116
Sub-total	<u>13,105,442</u>	<u>5,585,983</u>
Long-term bonds		
- AAA	18,463,296	22,814,478
- A to AA+	8,801,561	11,086,917
- B- to BBB+	4,031	44,262
- C to CC	5,196	6,375
- Non-rated	4,978,473	5,054,742
Sub-total	<u>32,252,557</u>	<u>39,006,774</u>
Total	<u><u>45,357,999</u></u>	<u><u>44,592,757</u></u>

Non-rated financial assets mainly represent debt instruments issued by the MOF, the PBOC, policy banks, private placed bonds, and 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 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 2020								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	With no fixed term	
Financial liabilities									
Loans and borrowings	7,007,516	-	2,638,036	487,964	2,973,967	1,115,855	-	-	7,215,822
Short-term debt instruments issued	10,324,937	-	3,237,515	2,045,718	5,179,849	-	-	-	10,463,082
Placements from other financial institutions	17,722,781	-	11,576,320	3,433,974	2,749,123	-	-	-	17,759,417
Financial liabilities at fair value through profit or loss	2,612,195	616,644	-	-	1,384,192	825,734	-	-	2,826,570
Accounts payable to brokerage clients	60,102,708	60,102,708	-	-	-	-	-	-	60,102,708
Other payables and accruals	4,327,570	1,855,060	189,184	260,967	2,086,831	-	-	-	4,392,042
Financial assets sold under repurchase agreements	21,655,857	-	21,696,438	254	50	-	-	-	21,696,742
Derivative financial liabilities	307,647	290,811	11,771	4,856	38	171	-	-	307,647
Lease liabilities	823,634	-	24,667	36,613	222,185	505,588	108,391	-	897,444
Long-term bonds	42,019,167	-	117,533	284,799	20,174,114	25,881,688	-	-	46,458,134
Other non-current liabilities	142,901	-	-	-	-	133,037	9,864	-	142,901
<b>Total</b>	<b>167,046,913</b>	<b>62,865,223</b>	<b>39,491,464</b>	<b>6,555,145</b>	<b>34,770,349</b>	<b>28,462,073</b>	<b>118,255</b>	<b>-</b>	<b>172,262,509</b>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Financial liabilities	31 December 2019								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	With no fixed term	
Loans and borrowings	11,680,191	-	774,375	966,861	6,505,707	3,987,504	-	-	12,234,447
Short-term debt instruments issued	4,489,383	-	4,083,231	414,719	-	-	-	-	4,497,950
Placements from other financial institutions	6,063,705	-	2,901,762	645,507	2,552,040	-	-	-	6,099,309
Financial liabilities at fair value through profit or loss	893,218	893,218	-	-	-	-	-	-	893,218
Accounts payable to brokerage clients	45,710,991	43,334,664	-	-	-	2,376,327	-	-	45,710,991
Other payables and accruals	7,379,220	4,258,971	273,814	132,669	3,075,692	-	-	106,797	7,847,943
Financial assets sold under repurchase agreements	24,636,110	-	22,694,071	206,185	1,736,325	-	-	-	24,636,581
Derivative financial liabilities	103,677	-	103,636	-	42	-	-	-	103,678
Lease liabilities	744,848	-	25,050	40,229	225,615	399,468	138,846	-	829,208
Long-term bonds	47,356,464	-	2,227,400	3,256,907	19,186,930	25,208,910	-	-	49,880,147
Other non-current liabilities	401,635	-	-	-	-	386,300	15,335	-	401,635
<b>Total</b>	<b>149,459,442</b>	<b>48,486,853</b>	<b>33,083,339</b>	<b>5,663,077</b>	<b>33,282,351</b>	<b>32,358,509</b>	<b>154,181</b>	<b>106,797</b>	<b>153,135,107</b>

(All amounts expressed in RMB thousand unless otherwise specified)

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, 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, 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 and financial 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:

	31 December 2020						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	-	49,867	120,715	3,828,937	359,484	92,959	4,451,962
Debt investments at fair value through other comprehensive income	-	245,351	4,777,378	9,470,849	2,859,578	285,231	17,638,387
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	5,178,583	5,178,583
Financial assets held under resale agreements	2,814,646	2,383,422	75,000	-	-	6,878	5,279,946
Financial assets at fair value through profit or loss	1,439,501	3,192,377	6,849,594	10,299,831	1,171,300	35,500,073	58,452,676
Refundable deposits	491,340	-	-	-	-	7,366,768	7,858,108
Finance lease receivables	72,479	202,575	736,795	493,234	-	169,958	1,675,041
Receivable arising from sale-and-leaseback arrangements	31,908	120,977	384,097	743,093	-	54,183	1,334,258
Other non-current assets	-	-	-	-	-	70,153	70,153
Accounts receivable	-	60,824	-	-	-	2,787,954	2,848,778
Other receivables and prepayments	1,579	-	501,166	-	-	983,378	1,486,123
Margin accounts receivable	9,278,805	11,087,549	25,992,315	-	-	457,303	46,815,972
Derivative financial assets	-	-	-	-	-	65,946	65,946
Clearing settlement funds	1,051,846	-	-	-	-	-	1,051,846
Cash held on behalf of brokerage clients	47,361,940	1,630,000	3,350,000	-	-	36,368	52,378,308
Cash and bank balances	14,750,217	-	1,000,000	-	-	356,873	16,107,090
Total	<u>77,294,261</u>	<u>18,972,942</u>	<u>43,787,060</u>	<u>24,835,944</u>	<u>4,390,362</u>	<u>53,412,608</u>	<u>222,693,177</u>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2020						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	2,631,799	467,340	2,828,923	1,068,103	-	11,351	7,007,516
Short-term debt instruments issued	3,137,729	2,032,505	5,020,000	-	-	134,703	10,324,937
Placements from other financial institutions	11,566,330	3,388,693	2,713,000	-	-	54,758	17,722,781
Financial liabilities at fair value through profit or loss	-	-	356,800	616,136	-	1,639,259	2,612,195
Accounts payable to brokerage clients	45,496,731	-	-	-	-	14,605,977	60,102,708
Other payables and accruals	-	-	1,899,976	-	-	2,427,594	4,327,570
Financial assets sold under repurchase agreements	21,634,294	254	50	-	-	21,259	21,655,857
Derivative financial liabilities	-	-	-	-	-	307,647	307,647
Lease liabilities	21,879	32,503	205,284	461,571	102,397	-	823,634
Long-term bonds	-	179,967	17,395,261	23,775,649	-	668,290	42,019,167
Other non-current liabilities	-	-	-	-	-	142,901	142,901
<b>Total</b>	<b>84,488,762</b>	<b>6,101,262</b>	<b>30,419,294</b>	<b>25,921,459</b>	<b>102,397</b>	<b>20,013,739</b>	<b>167,046,913</b>
Net interest rate risk exposure	(7,194,501)	12,871,680	13,367,766	(1,085,515)	4,287,965	33,398,869	55,646,264

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2019						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	333,024	179,772	1,188,745	4,972,232	374,599	157,494	7,205,866
Debt investments at fair value through other comprehensive income	48,023	22,582	3,547,963	6,293,929	2,330,044	310,326	12,552,867
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	5,072,522	5,072,522
Financial assets held under resale agreements	4,383,321	1,560,228	1,725,532	583,207	-	33,519	8,285,807
Financial assets at fair value through profit or loss	1,255,449	2,356,596	13,014,170	6,028,701	1,886,215	40,862,463	65,403,594
Refundable deposits	714,107	-	-	-	-	3,701,421	4,415,528
Finance lease receivables	-	347,755	539,637	1,598,190	757,392	-	3,242,974
Receivable arising from sale-and-leaseback arrangements	-	-	199,676	254,379	-	-	454,055
Other non-current assets	-	-	-	-	-	36,494	36,494
Accounts receivable	-	-	-	-	-	3,077,872	3,077,872
Other receivables and prepayments	985,094	-	11,993	-	-	769,577	1,766,664
Margin accounts receivable	13,181,884	2,827,934	17,835,255	-	-	273,586	34,118,659
Derivative financial assets	-	-	-	-	-	9,239	9,239
Clearing settlement funds	1,723,018	-	-	-	-	-	1,723,018
Cash held on behalf of brokerage clients	37,662,832	293,770	1,945,500	-	-	35,389	39,937,491
Cash and bank balances	10,312,976	56,230	624,500	-	-	46,166	11,039,872
Total	<u>70,599,728</u>	<u>7,644,867</u>	<u>40,632,971</u>	<u>19,730,638</u>	<u>5,348,250</u>	<u>54,386,068</u>	<u>198,342,522</u>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2019						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	745,215	846,541	6,250,860	3,811,364	-	26,211	11,680,191
Short-term debt instruments issued	4,056,100	400,000	-	-	-	33,283	4,489,383
Placements from other financial institutions	2,900,000	635,460	2,505,663	-	-	22,582	6,063,705
Financial liabilities at fair value through profit or loss	-	-	-	-	-	893,218	893,218
Accounts payable to brokerage clients	29,662,223	-	-	1,850,122	-	14,198,646	45,710,991
Other payables and accruals	4,440,980	-	2,741,512	-	-	196,728	7,379,220
Financial assets sold under repurchase agreements	22,681,059	201,155	1,703,205	-	-	50,691	24,636,110
Derivative financial liabilities	-	-	-	-	-	103,677	103,677
Long-term bonds	1,999,758	3,098,635	17,393,088	23,741,372	-	1,123,611	47,356,464
Lease liabilities	24,210	35,714	207,028	348,883	129,013	-	744,848
Other non-current liabilities	-	-	-	401,635	-	-	401,635
<b>Total</b>	<b>66,509,545</b>	<b>5,217,505</b>	<b>30,801,356</b>	<b>30,153,376</b>	<b>129,013</b>	<b>16,648,647</b>	<b>149,459,442</b>
Net interest rate risk exposure	4,090,183	2,427,362	9,831,615	(10,422,738)	5,219,237	37,737,421	48,883,080

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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 balance sheet date is as follows:

	Sensitivity of profit after tax	
	2020	2019
Move in yield curve		
- Up 25 basis points	(84,627)	(105,315)
- Down 25 basis points	85,576	106,652
	Sensitivity of equity	
	2020	2019
Move in yield curve		
- Up 25 basis points	(184,390)	(163,473)
- Down 25 basis points	187,800	165,697

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 is maintained 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	
	2020	2019
USD	12,212	(162,538)
HKD	86,804	280,850
Other currency	(30,279)	(2,755)
	Sensitivity of equity	
	2020	2019
USD	12,212	(162,538)
HKD	86,804	280,850
Other currency	(30,279)	(2,755)

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

Other 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. Caused by factors related to financial instruments. Other price risks can stem from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

The Group mainly invests in stocks, warrants, funds and futures. The maximum market price risk it faces is determined by the fair value of the financial instruments it holds.

The above financial instruments face price risks due to changes in their market value. Such changes may be caused by factors that only affect individual financial instruments or their issuers, or due to factors that affect all financial instruments traded in the market. At the end of the reporting date, the amounts and proportions of financial instruments are as follows:

	As at 31 December 2020		As at 31 December 2019	
	Fair Value	Portion of Net Asset	Fair Value	Portion of Net Asset
Financial assets at fair value through profit or loss	35,185,027	66.14%	40,569,570	82.76%
Equity investments designated at fair value through other comprehensive income	5,178,583	9.74%	5,072,522	10.35%
Total	40,363,610	75.88%	45,642,092	93.11%

Assuming that the market price of equity instruments rises or falls by 10% and other variables remain unchanged, the impact of the above assets on the Group's equity and net profit based at the end of the reporting date is as follows:

	Sensitivity of profit after tax	
	2020	2019
Increase by 10%	2,638,877	2,875,852
Decrease by 10%	(2,638,877)	(2,875,852)
	Sensitivity of equity	
	2020	2019
Increase by 10%	2,927,516	3,256,291
Decrease by 10%	(2,927,516)	(3,256,291)

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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 to 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 update and upgrade 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 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 flow, 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 date. 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 2020			Total
	Level I	Level II	Level III	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	1,760,743	21,445,521	61,386	23,267,650
– Equity shares	4,862,036	11,588	751,836	5,625,460
– Funds	12,739,682	3,210,686	1,567,719	17,518,087
– Others	-	8,163,591	3,877,888	12,041,479
Debt investments at fair value through other comprehensive income				
– Debt securities	-	17,638,387	-	17,638,387
Equity investments designated at fair value through other comprehensive income				
– Equity securities	55,143	58,236	471,340	584,719
– Contribution to designated accounts of China Securities Finance Corporation Limited	-	4,593,864	-	4,593,864
Derivative financial assets	1,631	-	64,315	65,946
<b>Total</b>	<b>19,419,235</b>	<b>55,121,873</b>	<b>6,794,484</b>	<b>81,335,592</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	1,310,869	1,301,326	2,612,195
Derivative financial liabilities	3,268	-	304,379	307,647
<b>Total</b>	<b>3,268</b>	<b>1,310,869</b>	<b>1,605,705</b>	<b>2,919,842</b>

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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

	31 December 2019			
	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	2,386,027	22,151,306	296,691	24,834,024
– Equity shares	2,684,084	126,088	97,425	2,907,597
– Funds	11,558,974	2,777,290	3,049,063	17,385,327
– Others	82	2,433,632	17,842,932	20,276,646
Debt investments at fair value through other comprehensive income				
– Debt securities	30,885	12,508,526	13,456	12,552,867
Equity investments designated at fair value through other comprehensive income				
– Equity securities	30,108	8,000	542,867	580,975
– Contribution to designated accounts of China Securities Finance Corporation Limited	-	4,491,547	-	4,491,547
Derivative financial assets	19	9,220	-	9,239
<b>Total</b>	<b>16,690,179</b>	<b>44,505,609</b>	<b>21,842,434</b>	<b>83,038,222</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	487,266	405,952	893,218
Derivative financial liabilities	42	103,635	-	103,677
<b>Total</b>	<b>42</b>	<b>590,901</b>	<b>405,952</b>	<b>996,895</b>

For the year ended 31 December 2020, amounted to RMB75,143 thousand financial instruments of Level 1 were transferred from Level 3. There was no significant transfers between other Levels

For the year ended 31 December 2019, amounted to RMB95,515 thousand financial instruments of Level 3 was transferred from Level 2. There was 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, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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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 relevant bond registration and settlement agency. The relevant quotation agencies used observable input values that reflect market conditions in the process of forming quotations.

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 and are not limited to valuation parameters such as yield curve, net asset value, and price-to-earnings ratio.

In 2020, 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 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, preference shares, 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
Financial liabilities	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	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
Derivative liabilities	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value

In 2020, the valuation technique used in the above-mentioned continuous Level III fair value measurement of the Group has not changed.

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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	Debt investments at fair value through other comprehensive income	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 2019	21,286,111	13,456	542,867	-	(405,952)	-
Gains/(losses) for the year	(1,398,396)	(27,921)	-	8,083	104,619	131
Changes in fair value recognised in other comprehensive income	-	16,544	9,075	-	-	-
Purchases or issues	21,592,180	-	56,280	56,232	(999,993)	(304,510)
Transfer in	13,881	-	-	-	-	-
Transfer out	(50,085)	-	(25,058)	-	-	-
Sales and settlements	(35,184,862)	(2,079)	(111,824)	-	-	-
As at 31 December 2020	6,258,829	-	471,340	64,315	(1,301,326)	(304,379)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	(1,408,677)	-	-	8,083	104,619	131
As at 31 December 2018	14,088,791	74,434	534,498	-	(287,616)	-
Gains/(losses) for the year	(864,526)	-	-	-	(103,355)	-
Changes in fair value recognised in other comprehensive income	-	(60,978)	(37,590)	-	-	-
Purchases or issues	58,317,274	-	41,241	-	(14,981)	-
Transfer in	95,515	-	12,485	-	-	-
Transfer out	(938)	-	-	-	-	-
Sales and settlements	(50,350,005)	-	(7,767)	-	-	-
As at 31 December 2019	21,286,111	13,456	542,867	-	(405,952)	-
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	(834,781)	-	-	-	(103,356)	-

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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 2020 and 2019 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 2020	31 December 2019
Financial assets		
- Financial assets measured at amortised cost	4,451,962	7,205,866
Financial liabilities		
- Long-term bonds	42,019,167	47,356,464

Fair value:

	31 December 2020			
	Level I	Level II	Level III	Total
Financial assets				
- Financial assets measured at amortised cost	-	4,542,506	5,195	4,547,701
Financial liabilities				
- Long-term bonds	-	42,215,244	-	42,215,244
	31 December 2019			
	Level I	Level II	Level III	Total
Financial assets				
- Financial assets measured at amortised cost	-	7,412,363	-	7,412,363
Financial liabilities				
- Long-term bonds	-	43,851,014	2,913,658	46,764,672

66. GUARANTEES

During the reporting period, guarantees provided by the Company mainly included the net capital guarantee for Everbright Asset Management, a wholly-owned subsidiary of the Company. As at 31 December 2020, the balance of the above guarantees amounted to RMB3.395 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees and financing guarantees provided by EBSHK, a wholly-owned subsidiary of the Company, and its subsidiaries to their subsidiaries for the business development of such companies. As at 31 December 2020, the balance of the above guarantees amounted to RMB3.165 billion.

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67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Non-current assets</b>		
Property and equipment	729,918	681,928
Right-of-use assets	564,124	604,785
Other intangible assets	123,000	85,292
Investments in subsidiaries	8,608,690	6,545,063
Investments in associates and joint ventures	646,885	591,365
Financial assets measured at amortised cost	4,039,777	5,569,203
Debt investments at fair value through other comprehensive income:	12,330,427	8,896,133
Equity investments designated at fair value through other comprehensive income	499,135	4,984,971
Financial assets held under resale agreements	-	391,235
Refundable deposits	1,056,351	475,700
Deferred tax assets	1,449,730	1,357,473
Other non-current assets	119,095	127,616
<b>Total non-current assets</b>	<u>30,167,132</u>	<u>30,310,764</u>
<b>Current assets</b>		
Accounts receivable	464,147	429,120
Other receivables and prepayments	1,860,820	1,211,665
Margin accounts receivable	41,096,756	27,424,757
Financial assets measured at amortised cost	263,541	1,437,022
Debt investments at fair value through other comprehensive income:	5,329,173	3,677,843
Equity investments designated at fair value through other comprehensive income	4,593,864	-
Financial assets held under resale agreements	5,190,126	7,404,511
Financial assets at fair value through profit or loss	50,185,206	54,281,985
Derivative financial assets	9,237	19
Clearing settlement funds	1,037,891	1,695,433
Cash held on behalf of brokerage clients	34,014,952	27,332,980
Cash and bank balances	10,925,416	4,668,228
<b>Total current assets</b>	<u>154,971,129</u>	<u>129,563,563</u>
<b>Total assets</b>	<u>185,138,261</u>	<u>159,874,327</u>

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67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Current liabilities</b>		
Short-term debt instruments	10,324,937	4,489,383
Placements from other financial institutions	17,722,781	6,063,705
Financial liabilities at fair value through profit or loss	1,007,372	-
Accounts payable to brokerage clients	33,088,840	27,058,376
Employee benefits payable	968,824	939,243
Other payables and accruals	3,689,208	3,355,317
Current tax liabilities	1,209,385	488,019
Financial assets sold under repurchase agreements	21,247,394	23,744,699
Derivative financial liabilities	71,774	62,562
Lease liabilities due within one year	163,598	155,201
Contract liabilities	31	65
Long-term bonds due within one year	16,742,339	22,341,476
<b>Total current liabilities</b>	<u>106,236,483</u>	<u>88,698,046</u>
<b>Net current assets</b>	<u>48,734,646</u>	<u>40,865,517</u>
<b>Total assets less current liabilities</b>	78,901,778	71,176,281
<b>Non-current liabilities</b>		
Long-term bonds	23,775,649	22,598,013
Lease liabilities	395,970	437,448
<b>Total non-current liabilities</b>	<u>24,171,619</u>	<u>23,035,461</u>
<b>Net assets</b>	<u>54,730,159</u>	<u>48,140,820</u>
<b>Equity</b>		
Share capital	4,610,788	4,610,788
Other equity instruments	2,000,000	-
Reserves	35,551,821	34,083,773
Retained profits	12,567,550	9,446,259
<b>Total equity</b>	<u>54,730,159</u>	<u>48,140,820</u>

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67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital	Other equity instruments	Reserves				Retained profits	Total
			Capital reserve	Surplus reserves	General reserve	Fair value reserve		
As at 1 January 2020	4,610,788	-	25,138,971	2,971,443	5,821,920	151,439	9,446,259	48,140,820
Profit for the year	-	-	-	-	-	-	4,698,523	4,698,523
Other comprehensive income	-	-	-	-	-	61,415	-	61,415
Total comprehensive income	-	-	-	-	-	61,415	4,698,523	4,759,938
Issuance of the perpetual bonds	-	2,000,000	-	-	-	-	-	2,000,000
Appropriation to surplus reserve	-	-	-	469,852	-	-	(469,852)	-
Appropriation to general reserve	-	-	-	-	939,704	-	(939,704)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(170,599)	(170,599)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(2,923)	2,923	-
As at 31 December 2020	<u>4,610,788</u>	<u>2,000,000</u>	<u>25,138,971</u>	<u>3,441,295</u>	<u>6,761,624</u>	<u>209,931</u>	<u>12,567,550</u>	<u>54,730,159</u>



EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 For the year ended 31 December 2020

(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Reserves					Retained profits	Total
	Share capital	Capital reserve	Surplus reserves	General reserve	Fair value reserve		
As at 1 January 2019	4,610,788	25,138,971	2,893,340	5,665,714	(85,427)	9,344,597	47,567,983
Profit for the year	-	-	-	-	-	781,031	781,031
Other comprehensive income	-	-	-	-	252,885	-	252,885
Total comprehensive income	-	-	-	-	252,885	781,031	1,033,916
Appropriation to surplus reserve	-	-	78,103	-	-	(78,103)	-
Appropriation to general reserve	-	-	-	156,206	-	(156,206)	-
Dividends approved in respect of the previous year	-	-	-	-	-	(461,079)	(461,079)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	(16,019)	16,019	-
As at 31 December 2019	<u>4,610,788</u>	<u>25,138,971</u>	<u>2,971,443</u>	<u>5,821,920</u>	<u>151,439</u>	<u>9,446,259</u>	<u>48,140,820</u>

(All amounts expressed in RMB thousand unless otherwise specified)

68. EVENTS AFTER THE REPORTING PERIOD

(a) Profit distribution plan after the accounting period

On 25 March 2021, based on the total number of 4,610,787,639 ordinary shares of the Company, the board proposed to distribute cash dividend of RMB1.58 (tax inclusive) per 10 ordinary shares to all the shareholders, with a total amount of RMB728,504 thousand (2019: RMB170,599 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 2020.

(b) Issuance of corporate bonds after the reporting period

On 7 January 2021, the Company issued the first batch of short-term financing bills of Year 2021 amounting to RMB4 billion, which has a term of 79 days and bears a fixed interest rate of 2.43%.

On 12 January 2021, the Company issued the first batch of corporate bonds of Year 2021 amounting to RMB5.3 billion to professional investors, which has a term of 3 years and bears a fixed interest rate of 3.57%.

On 25 February 2021, the Company issued the second batch of short-term financing bills of Year 2021 amounting to RMB1.5 billion, which has a term of 91 days and bears a fixed interest rate of 2.77%.

On 18 March 2021, the Company issued the third batch of short-term financing bills of Year 2021 amounting to RMB2 billion, which has a term of 91 days and bears a fixed interest rate of 2.58%.

(c) Redemption of corporate bonds after the reporting period

On 16 February 2020, the Company issued the first batch of short-term corporate bonds of Year 2020 amounting to RMB3 billion through non-public offering, which has a term of 364 days and bore a fixed interest rate of 3.30%. The redemption work of these bonds was completed on 14 January 2021, total principle and interest paid by the company were RMB3 billion and RMB99 million, respectively.

On 23 November 2020, the Company issued the 14<sup>th</sup> batch of short-term financing bills of Year 2020 amounting to RMB2 billion, which has a term of 73 days and bore a fixed interest rate of 3.25%. The redemption work of these bonds was completed on 4 February 2021, total principle and interest paid by the company were RMB2 billion and RMB13 million, respectively.

(d) Guarantee after the reporting period

On 4 March 2021, the Company provided domestic joint liability guarantee for Everbright Securities Financial Holdings Limited, a wholly-owned subsidiary of the Company, to obtain a HKD denominated loan amounting to HKD800 million from Ping An Bank Co., Ltd. Hong Kong Branch.

69. COMPARATIVE FIGURES

Certain comparative figures in the audited consolidated financial statements have been reclassified to conform with the current period's presentation.

70. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2021.

## APPENDIX

### I. Relevant Information on the Significant Administrative Permission Items of the Company

Date	Work unit	Document number	Title of document
February 21, 2020	Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission	Hu Zheng Jian Ji Gou Zi [2020] No. 51	Letter of No Objection to the Appointment of Ms. Zhu Qin as the Compliance Officer of Everbright Securities Company Limited
June 11, 2020	Securities Association of China	Zhong Zheng Xie Fa [2020] No. 96	Decision on the Appointment of Members of the OTC Market Committee of the Securities Association of China
June 16, 2020	Securities and Funds Institutions Regulatory Department of China Securities Regulatory Commission	Ji Gou Bu Han [2020] No. 1406	Reply on the Increase in Capital Investment in Everbright Securities Financial Holdings Limited by Everbright Securities Company Limited
June 22, 2020	China Securities Regulatory Commission	Jian Zheng Xu Ke [2020] No. 1242	Approval of the Certification of Everbright Securities Company Limited regarding Qualification for Securities Investment Funds Custodian Business
June 28, 2020	Securities and Funds Institutions Regulatory Department of China Securities Regulatory Commission	Ji Gou Bu Han [2020] No. 1548	Reply on the Public Offering of Perpetual Subordinated Bonds by Everbright Securities Company Limited
August 19, 2020	China Securities Regulatory Commission	Zheng Jian Xu Ke [2020] No. 1877	Reply on Approving the Registration of the Public Offering of Short-Term Corporate Bonds to Professional Investors by Everbright Securities Company Limited
October 30, 2020	China Securities Regulatory Commission	Zheng Jian Xu Ke [2020] No. 2796	Reply on Approving the Registration of the Public Offering of Corporate Bonds to Professional Investors by Everbright Securities Company Limited
December 18, 2020	National Association of Financial Market Institutional Investors	Zhong Shi Xie Fa [2020] No. 170	Notice on Independently Conducting Underwriting Business by Lead Underwriters of Securities Companies

### II. Qualifications of Each of the Businesses of the Company and Its Controlling Subsidiaries

#### (I) Business qualifications of the Company

Approving Authority	Business Qualification
People's Bank of China	<p>Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>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)</p> <p>Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31)</p> <p>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)</p>

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Approving Authority	Business Qualification
CSRC and its branch offices	<p>Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)</p> <p>Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)</p> <p>Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121)</p> <p>Integrated custody for private funds (pilot) (Letter of No Objection on Carrying Out Integrated Custody for Private Funds (Pilot) by Everbright Securities Company Limited, CSRC Ji Gou Bu Bu Han [2013] No. 21)</p> <p>Sponsor underwriting and merger and acquisition businesses</p> <p>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)</p> <p>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 Bu Han [2013] No. 30)</p> <p>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)</p> <p>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)</p> <p>Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)</p> <p>Securities transactions under repurchase agreements (pilot) (Ji Gou Bu Bu Han [2012] No. 459)</p> <p>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)</p> <p>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 Bu Han [2008] No. 446)</p> <p>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)</p> <p>Letter of No Objection on Carrying Out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited (CSRC Ji Gou Bu Bu Han [2012] No. 560)</p> <p>Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)</p>

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Approving Authority	Business Qualification
Securities Association of China	<p>Qualification for nominated advisers and brokers engaged in agency share transfer business (Notice on Granting Qualification for Nominated Advisers and Brokers Engaged in Agency Share Transfer Business, Zhong Zheng Xie Fa [2003] No. 94)</p> <p>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)</p> <p>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)</p>
Shanghai Stock Exchange	<p>Underwriting of SME private placement bonds (Zhong Zheng Xie Han [2012] No. 374)</p> <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>
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>
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>

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Approving Authority	Business Qualification
	<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>Qualification for recording military confidential business consultancy services in a secured and confidential condition (Certifying authority: State Administration of Science, Technology and Industry for National Defence, certificate number: 151912006)</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>
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  <a href="http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74478.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74478.html</a></p> <p>Creator of credit risk mitigation warrant, December 21, 2018  <a href="http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74477.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74477.html</a></p> <p>Creator of credit-linked notes, December 21, 2018  <a href="http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74476.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201812/t20181221_74476.html</a></p>

**(II) Business qualifications of controlling subsidiaries**

Name of Controlling Subsidiary	Business Qualification
Everbright Asset Management	<p>License for carrying out securities futures business in the People's Republic of China (serial number: 000000000653)</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 <a href="http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm">http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm</a></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 public 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)</p> <p>Business qualifications of Everbright Photon: warehouse receipt service, pricing service (business name is now changed to OTC derivatives business), basis trading (business name is now changed to basis trade), third-party risk management services (business name is now changed to other business related to risk management services) (China Futures Association Han Zi [2014] No. 364)</p> <p>Business qualifications of Everbright Photon: Market making (China Futures Association Bei Zi [2018] No. 56)</p>
Everbright Capital	<p>Private funds (Public Notice of Securities Association of China on the List of Regulatory Platforms Including Securities Companies and Their Private Funds Subsidiaries (4th Batch))</p>
Everbright Development	<p>Private funds (Public notice of Securities Association of China on the List of Regulatory Platforms Including Securities Companies and Their Private Funds Subsidiaries (4th Batch))</p>
Everbright Fortune	<p>Member as alternative investment subsidiaries (4th Batch of Member as Private Investment Funds Subsidiaries and Alternative Investment Subsidiaries of Securities Association of China)</p>
Everbright Pramerica	<p>License for carrying out securities futures business in the People's Republic of China (serial number: 000000029148)</p> <p>Specific business (Reply on Approving the Carrying Out of Asset Management for Specific Clients by Everbright Pramerica Fund Management Co., Ltd., Zheng Jian Xu Ke [2008] No. 1007)</p> <p>Qualified domestic institutional investor (Reply on Approving the Carrying Out of Overseas Securities Investment Management by Everbright Pramerica Fund Management Co., Ltd. as a Qualified Domestic Institutional Investor, Zheng Jian Xu Ke [2008] No. 1044)</p> <p>Entrusted insurance fund management</p>

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Name of Subsidiary		Business Qualification	
EBSHK	Sun Hung Kai Investment Services Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities HKEx participant	(SFC AAC153)  (HKEx certificate number P1709)
	Sun Hung Kai (Nominees) Limited	Financial intermediary business of the Monetary Authority of Macao Associated entity Trust and corporate service provider	Monetary Authority of Macao (SFC AAS942) (Hong Kong Companies Registry license number TC002563)
	Sun Hung Kai Commodities Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AAF237)
	Sun Hung Kai Forex Limited	Type 3 regulated activity – Leveraged foreign exchange trading Money Service Operator	(SFC ACI995)  (Hong Kong Customs and Excise Department, license number: 12-09-00833)
	SHK Online (Securities) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC483)
	Sun Hung Kai International Commodities Limited	Type 1 regulated activity – Dealing in securities Type 6 regulated activity – Advising on corporate finance	(SFC AAI430)
	SHK Fund Management Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management	(SFC AAI432)
	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 HKEx participant	(SFC AAW536)    (HKEx certificate number P1260)
	China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts Type 3 regulated activity – Leveraged foreign exchange trading	(SFC AEX690)
	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	(SFC AYE648)
	Sun Hung Kai Wealth Management 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)



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Name of Subsidiary	Business Qualification	
Sun Hung Kai Insurance Consultants Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Insurance brokerage business 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)
Sun Hung Kai Insurance Agency Limited	Insurance agent business	(Hong Kong Insurance Authority FA2265)
Sun Tai Cheung Finance Company Limited	Money lender	(Licensing Office (Money Lender Licensing Section) of Hong Kong Police Force, file number: MLR2132; money lender's license number: 0868/2020)
Sun Hung Kai 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: M950; 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: M949; membership number: 040)
Shun Loong Bullion 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: M951; membership number: 068)
Everbright Sun Hung Kai (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 depositary 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 Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange – Shang Zheng Han [2019] No. 2141)

## APPENDIX

### 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 complaints hotline
Everbright Securities Co., Ltd. Shenyang Branch	No. 169(301), Shiyiwei Road, Shenhe District, Shenyang, 110014	21/7/2011	Jiang Xun	024-22869766
Everbright Securities Co., Ltd. Beijing Branch	2nd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	5/8/2011	Lin Hong	010-68081186
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, Guangdong, 518030	21/7/2010	Wu Wenqu	0755-82960906
Everbright Securities Co., Ltd. Guangdong Branch	01B, 45F, Yuexiu Financial Building, No. 28, Zhujiang East Road, Tianhe District, Guangzhou, 510623	21/7/2010	Su Manlin	020-38036232
Everbright Securities Co., Ltd. Zhejiang Branch	11-2, 11-3, Building No.1, Greenland Center, No. 9 Shijun Road, Zhongma Street, Jiangbei District, Ningbo, Zhejiang, 315020	1/7/2010	Wen Minggang	0574-83867085
Everbright Securities Co., Ltd. Shanghai Branch	10F, No.1128 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	25/7/2011	Zhang Yuehua	021-58313335
Everbright Securities Co., Ltd. Nanjing Branch	Room 1101-1104, Building No.4, No. 248 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	3/8/2011	Ni Tielian	025-52852258
Everbright Securities Co., Ltd. Chongqing Branch	No. 108, Dapingzheng Street, Yuzhong District, Chongqing, 400042	23/8/2011	Zhou Guoping	023-68890806
Everbright Securities Co., Ltd. Dongguan Branch	No. 1701A, Yuefeng Building, No. 2 Sanyuan Road, Nancheng Street, Dongguan, Guangdong, 523000	27/6/2016	Lin Yan'e	0769-22220682
Everbright Securities Co., Ltd. Shandong Branch	Floor A2, International Financial Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, Shandong, 266071	19/7/2016	Ma Yan	0532-82020180
Everbright Securities Co., Ltd. Wuhan Branch	20F, T2 Office Building, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, Hubei, 430071	14/7/2016	Yuan Qineng	027-87832666
Everbright Securities Co., Ltd. Xi'an Branch	12F, Building B, Wanzhong International, No. 1 Qujiangchi East Road, Xi'an, Shaanxi, 710061	9/9/2016	Li Mingming	029-83218778

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Name of branch	Business address and postcode	Time of establishment	Person in charge	Customer service or complaints hotline
Everbright Securities Co., Ltd. Chengdu Branch	Unit 2, 3&4, 12F, Office Building No.2, International Financial Square, No. 1 Hongxing Road 3th section, Jinjiang District, Chengdu, Sichuan, 610021	29/7/2016	Wan Jiazhu	028-80582960
Everbright Securities Co., Ltd. Fujian Branch	Unit 05&06, 21F, Financial Center Building, No. 82 Zhanhong Road, Siming District, Xiamen, Fujian, 361021	16/5/2018	Wang Fei	0592-7797779

## (II) The geographical locations of the securities brokerage branches

Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
1	Beijing Branch	Securities brokerage branch at Yuetan North Road, Beijing	3rd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	Beijing	010-68081268
2	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
3	Beijing Branch	Securities brokerage branch at Weidi Road, Tianjin	Shopping Basement, Building F, Zhonghao Century Yard, Weidi Road, Hexi District, Tianjin, 300201	Tianjin	022-23335777
4	Beijing Branch	Securities brokerage branch at Dongzhong Road, Beijing	2nd Floor, Building B, Donghuan Plaza, No. 29 Dongzhong Street, Dongcheng District, Beijing, 100027	Beijing	010-64182866
5	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
6	Beijing Branch	Securities brokerage branch at Lize Road, Beijing	2nd Floor, Hate Business Hotel, No. 60 Caihuying East Street, Fengtai District, Beijing, 100054	Beijing	010-83067048
7	Beijing Branch	Securities brokerage branch at Guanghua Road, Beijing	Room 1506&1507, 15th Floor, Building 3, Yard 4, Guanghua Road, Chaoyang District, Beijing, 102218	Beijing	010- 85951550
8	Beijing Branch	Securities brokerage branch at Jianhua South Street, Shijiazhuang	No. 199, Jianhua South Street, Yuhua District, Shijiazhuang, Hebei, 050000	Hebei Province	0311-68019169
9	Beijing Branch	Securities brokerage branch at Sijiqing, Beijing	201-202A, Area B, 2nd Floor, No. 14 Tonghui Road, Haidian District, Beijing, 100195	Beijing	010-60561800
10	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	010-63780182

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
11	Beijing Branch	Securities brokerage branch at Chaoyang Road, Beijing	Room 918-922, 9th Floor, No. 41 Dongsihuan Middle Road, Chaoyang District, Beijing, 100025	Beijing	010-66066823
12	Beijing Branch	Securities brokerage branch at Xizhimen, Beijing	8C12, 8th Floor, Building 2, Yard 1, Xizhimenwai Street, Xicheng District, Beijing, 100044	Beijing	010-58302858
13	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	010-53221989
14	Beijing Branch	Securities brokerage branch at Yonganli, Beijing	0604, 5th Floor, Building 1, Yard A3, Yongandonglijia, Chaoyang District, Beijing, 100000	Beijing	010-58793155
15	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	010-64710873
16	Chengdu Branch	Securities brokerage branch at Wucheng Street, Chengdu	No. 1, Wucheng Street, Jinjiang District, Chengdu, Sichuan, 610021	Sichuan Province	028-82007711
17	Chengdu Branch	Securities brokerage branch at Neijiang Park Street	No. 150 Gongyuan Street, Shizhong District, Neijiang, Sichuan, 641000	Sichuan Province	0832-2182758
18	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
19	Chengdu Branch	Securities brokerage branch at Nanda Street, Weiyuan County, Neijiang	3rd Floor, Side Building 2, No. 146 Nanda Street, Weiyuan County, Neijiang, Sichuan, 642450	Sichuan Province	0832-8239407
20	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	0826-8089996
21	Chengdu Branch	Securities brokerage branch at Dangui Street, Zigong	2nd Floor, Yingxiang Commercial Building, Group 37, Dangui Street Neighborhood Committee, Ziliujing District, Zigong, Sichuan, 643002	Sichuan Province	0813-8111555
22	Chengdu Branch	Securities brokerage branch at Baituba Road, Nanchong	Shop 201, 202, 203, 204, 205, 206, 2nd Floor, Building 5, Junhuishangpin, No. 308, Baituba Road, Shunqing District, Nanchong, Sichuan, 637000	Sichuan Province	0817-2163333
23	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	028-38288368
24	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

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
25	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, 610020	Sichuan Province	028-86702468
26	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
27	Chengdu Branch	Securities brokerage branch at Chongwen Road, Yibin	No. 6, No. 2, Chongwen Road, Xuzhou District, Yibin, Sichuan, 644600	Sichuan Province	0831-8030086
28	Dongguan Branch	Securities brokerage branch at Hongfu Road, Nancheng, Dongguan	Room 30001 and 30002, Unit 2, Building 4, No. 200 Hongfu Road, Nancheng Street, Dongguan, Guangdong, 523000	Guangdong Province	0769-22220278
29	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, 523000	Guangdong Province	0769-86600816
30	Dongguan Branch	Securities brokerage branch at Liaobu, Dongguan	Construction Bank Building, Middle Section of Education Road, Liaobu Town, Dongguan, Guangdong, 523400	Guangdong Province	0769-83325878
31	Dongguan Branch	Securities brokerage branch at Sanyuan Road, Dongguan	17th Floor, Yuefeng Building, No. 2 Sanyuan Road, Nancheng Street, Dongguan, Guangdong, 523000	Guangdong Province	0769-28630008
32	Dongguan Branch	Securities brokerage branch at Binhai Avenue, Humen, Dongguan	1st and 2nd Floor, Fengdi Cultural and Sports Center, Binhai Avenue, Humen Town, Dongguan, Guangdong, 523900	Guangdong Province	0769-82881168
33	Dongguan Branch	Securities brokerage branch at Xuexing Road, Dongguan	Room 1030, No. 76 Xuexing Road, Dongcheng Street, Dongguan, Guangdong, 523106	Guangdong Province	0769-21681165
34	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
35	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, 523852	Guangdong Province	0769-22189286
36	Dongguan Branch	Securities brokerage branch at Dongjun Road, Dongguan	Shop A205-A209, Phase 1, Dongjunhaoyuan, No. 28 Dongjun Road, Nancheng District, Dongguan, Guangdong, 523000	Guangdong Province	0769-22220796
37	Dongguan Branch	Securities brokerage branch at Dongguan Changping Avenue	2nd Floor, Building 1, Lianguan Plaza, Changping Avenue, Changping Town, Dongguan, Guangdong, 523560	Guangdong Province	0769-83335253

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
38	Dongguan Branch	Securities brokerage branch at Houjie, Dongguan	Ninth Floor, West Tower, Mingfeng Building, Kangle South Road, Houjie Town, Dongguan, Guangdong, 523960	Guangdong Province	0769-85995022
39	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	0769-81238662
40	Fujian Branch	Securities brokerage branch at Haojiang Road, Shishi	10th Floor, Zhonghe International Building, Haojiang Road, Shishi, Quanzhou, Fujian, 362700	Fujian Province	0595-83995525
41	Fujian Branch	Securities brokerage branch at Qingchang Avenue, Fuqing	105, 1st floor, 13#, Qiaorong Garden, Yinxi Street, Fuqing, Fujian, 350300	Fujian Province	0591-85877836
42	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	0596-2990518
43	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	0594-2032626
44	Fujian Branch	Securities brokerage branch at Wuyi North Road, Fuzhou	7th Floor, 1#, Zhengxiang Center, East Side, No. 153, Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, 350001	Fujian Province	0591-87810343
45	Fujian Branch	Securities brokerage branch at Guangchang South Road, Nanchang	Building 17, Hengmaohuacheng, No. 205, Guangchang South Road, Xihu District, Nanchang, Jiangxi, 330003	Jiangxi Province	0791-86665000
46	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	0595-28279605
47	Fujian Branch	Securities brokerage branch at Financial Center Building, Zhanhong Road, Xiamen	Unit 01, 21st Floor, No. 82 Zhanhong Road, Siming District, Xiamen, Fujian, 361021	Fujian Province	0592-7797779
48	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
49	Fujian Branch	Securities brokerage branch at Xingguo Road, Ganzhou	Shop A204#, A228#, Building A, Ganzhou Book Center, Caizhi Plaza, No. 18 Xingguo Road, Zhanggong District, Ganzhou, Jiangxi, 341000	Jiangxi Province	0797-8102710
50	Guangdong Branch	Securities brokerage branch at Zhongshan 2nd Road, Guangzhou	5th Floor, East Gate, No. 35, Zhongshan 2nd Road, Yuexiu District, Guangzhou, Guangdong, 510080	Guangdong Province	020-37631955
51	Guangdong Branch	Securities brokerage branch at Zhujiang New Town, Guangzhou	A2-3, Room A2, No. 80, Xiancun Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong, No. A2-3, 510623	Guangdong Province	020-38883517

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
52	Guangdong Branch	Securities brokerage branch at Maidi Road, Huizhou	Maikete Building, No. 61 Maidi Road, Huicheng District, Huizhou, Guangdong, 516000	Guangdong Province	0752-2117213
53	Guangdong Branch	Securities brokerage branch at Jihua 6th Road, Foshan	Room 07-11, 13th Floor, Building 1, No. 11, Jihua 6th Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-83031628
54	Guangdong Branch	Securities brokerage branch at Guangzhou Avenue Middle	Room 101, 201, and 207, Acquisition and Editing Building, No. 289, Guangzhou Avenue Middle, Yuexiu District, Guangzhou, Guangdong, 510699	Guangdong Province	020-86198353
55	Guangdong Branch	Securities brokerage branch at Guangzhou Huadi Avenue	1st and 2nd floors of Building 5-6, Hongmianyuan North District, Liwan District, Guangzhou, Guangdong, 510370	Guangdong Province	020-81598177
56	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, Guangdong, 524000	Guangdong Province	0759-2232083
57	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	0750-3166123
58	Guangdong Branch	Securities brokerage branch at Daliang, Shunde	3rd Floor, Zhengye Building, East Side of Youth Palace, No.101 Fengshan Middle Road, Daliang, Shunde District, Foshan, Guangdong, 528300	Guangdong Province	0757-22381378
59	Guangdong Branch	Securities brokerage branch at Lvjing Road, Foshan	2nd Floor, No. 22, Lvjing 3rd Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-82733081
60	Guangdong Branch	Securities brokerage branch at Machang Road, Guangzhou	Room 1001, 1009, No. 16, Machang Road, Tianhe District, Guangzhou, Guangdong, 510627	Guangdong Province	020-22169012
61	Guangdong Branch	Securities brokerage branch at Huashan Road, Shantou	2nd Floor, Binhai Building, No. 7 Huashan Road, Longhu District, Shantou, Guangdong, 515041	Guangdong Province	0754-88484400
62	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	020-28641138
63	Guangdong Branch	Securities brokerage branch at Jiangnandadao Middle Road, Guangzhou	Room 318, No.168 Jiangnandadao Middle Road, Haizhu District, Guangzhou, Guangdong, 510240	Guangdong Province	020-89667701
64	Guangdong Branch	Securities brokerage branch at Guangming Road, Kaiping, Guangdong	Shop 102 and 103, No. 94 Guangming Road, Sanbu Sub-district Office, Kaiping, Guangdong, 529300	Guangdong Province	0750-22866916
65	Guangdong Branch	Securities brokerage branch at Donghua Road, Heyuan	Shop 103, No. 111 Donghua Road, Xinshi District, Heyuan, Guangdong, 517000	Guangdong Province	0762-3455963

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
66	Guangdong Branch	Securities brokerage branch at Xiyue South Road, Maoming	Shop 55, 1st Floor, Yard 15, No. 123, Xiyue South Road, Maonan District, Maoming, Guangdong, 525000	Guangdong Province	0668-2156555
67	Guangdong Branch	Securities brokerage branch at Qiguanxi Road, Zhongshan	2nd floor of Area 5 of the first floor of Xinghuijunting, No. 32 Qiguan West Road, Shiqi District, Zhongshan, Guangdong, 528400	Guangdong Province	0760-87112018
68	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	0758-2312023
69	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
70	Guangdong Branch	Securities brokerage branch at Ruifeng Center, Guangzhou	Room 2102, No. 4 Ruifeng 3rd Street, Huangpu District, Guangzhou, 510700	Guangdong Province	020-37619039
71	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	0757-83552938
72	Guangdong Branch	Securities brokerage branch at Country Garden, Beijiao, Shunde	1-4 of the 1st Floor, Xiyuanmingcuigu Convenience Store, Country Garden Neighborhood Committee, Beijiao Town, Shunde District, Foshan, Guangdong, 528311	Guangdong Province	0757-22381378
73	Guangdong Branch	Securities brokerage branch at Xincheng Road, Heshan, Jiangmen	No. 172 and 174, Xincheng Road, Shaping, Heshan, Jiangmen, Guangdong, 529700	Guangdong Province	0750-3166123
74	Guangdong Branch	Securities brokerage branch at Nansha, Guangzhou	A116, A409, Floor 1-4, No. 371, 373 (No. 373 3rd Floor; No. 371 4th Floor), Huanshi Avenue West, Nansha District, Guangzhou, Guangdong, 511458	Guangdong Province	020-39007020
75	Guangdong Branch	Securities brokerage branch at Zhujiang East Road, Guangzhou	4501B-05, Yuexiu Financial Building, No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong, 510623	Guangdong Province	020-38036461
76	Guangdong Branch	Securities brokerage branch at Dongdi North Road, Xinxin, Yunfu	1st Floor, Building C2, No. 3 Dongdi North Road, Xincheng Town, Xinxin County, Guangdong, 527400	Guangdong Province	0750-3166123
77	Guangdong Branch	Securities brokerage branch at Jianshe North Road, Yunfu	2nd Floor, Jinshan Building, No. 5 Jianshe North Road, Yuncheng District, Yunfu, Guangdong, 523799	Guangdong Province	0766-8922828
78	Guangdong Branch	Securities brokerage branch at Tianhe North Road, Guangzhou	Room 2706, No. 689, Tianhe North Road, Tianhe District, Guangzhou, Guangdong, 510620	Guangdong Province	020-38883517



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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
79	Guangdong Branch	Securities brokerage branch at, Yingbin Avenue, Huadu, Guangzhou	1F-03, Minggao Mall, No. 123, Yingbin Avenue, Xinhua Street, Huadu District, Guangzhou, Guangdong, 510801	Guangdong Province	020-36823338
80	Guangdong Branch	Securities brokerage branch at Haibin South Road, Zhuhai	Unit B,1st Floor, Everbright International Trade Center, No. 47, Haibin South Road, Jida, Xiangzhou District, Zhuhai, Guangdong, 519000	Guangdong Province	0756-6868289
81	Guangdong Branch	Securities brokerage branch at Baiyun, Guangzhou	Unit 829, Minghui Plaza, No.1 Guinan, Mingzhu Road, Qifu Road, Xiaogang, Xinshi Street, Baiyun District, Guangzhou, Guangdong, 510080	Guangdong Province	020-31219265
82	Guangdong Branch	Securities brokerage branch at Pazhou, Guangzhou	Room 608, No. 26, Chenyue Road, Haizhu District, Guangzhou, Guangdong, 510000	Guangdong Province	020-31958990
83	Guangdong Branch	Securities brokerage branch at Longxi Avenue, Guangzhou	Room 1109, 11th Floor, No. 83 Huadi Avenue Middle, Liwan District, Guangzhou, Guangdong, 510000	Guangdong Province	020-81808809
84	Guangdong Branch	Securities brokerage branch at Danshui, Huizhou	3rd Floor, Wanshun Building, Renmin 6th Road, Danshui Town, Huiyang District, Huizhou, Guangdong, 516211	Guangdong Province	0752-3725221
85	Guangdong Branch	Securities brokerage branch at Gangzhou Avenue Middle, Xinhui, Jiangmen	1401, 1501, Building 1, Yongcuihuating, No. 3 Gangzhou Avenue Middle, Huicheng, Xinhui District, Jiangmen, Guangdong, 529100	Guangdong Province	0750-6620166
86	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
87	Guangdong Branch	Securities brokerage branch at Yifu Road, Beijiao, Shunde, Foshan	Unit 05, 1T108, 8th Floor, Beijiao International Fortune Center, No. 1 Yifu Road, Beijiao Town, Shunde District, Foshan, Guangdong, 528311	Guangdong Province	0757-29998118
88	Guangdong Branch	Securities brokerage branch at Tainan Road, Shunde, Foshan	Room 1602-3, Henderson International Financial Building, Guotai South Road, Dehe Neighborhood Committee, Shunde District, Foshan, Guangdong, 528300	Guangdong Province	0757-22369298
89	Guangdong Branch	Securities brokerage branch at Guilan North Road, Nanhai, Foshan	Room 1801, 18th Floor, Block 2, Yineng International Plaza, No. 2, Guilan North Road, Guicheng Street, Nanhai District, Foshan, Guangdong, 528200	Guangdong Province	0757-82733081
90	Nanjing Branch	Securities brokerage branch at Dengwei Road, Suzhou	Room 106, Building 2, Runjie Plaza, No. 9 Dengwei Road, High-tech Zone, Suzhou, Jiangsu, 215011	Jiangsu Province	0512-62392600

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
91	Nanjing Branch	Securities brokerage branch at Kaiping Road, Suzhou	L113, Building 8, Shuixiutiandi Life Plaza, No. 3688, Kaiping Road, Songling Town, Wujiang District, Suzhou, Jiangsu, 215299	Jiangsu Province	0512-63969692
92	Nanjing Branch	Securities brokerage branch at Taiping Road, Taicang	108, Building 6, Yijing South Garden, No. 1, Kangfu Road, Taiping South Road, Taicang, Jiangsu, 215400	Jiangsu Province	0512-53452888
93	Nanjing Branch	Securities brokerage branch at Zhujiang East Road, Changshu	No. 93-6, 7 Zhujiang East Road, Yushan Town, Changshu, Jiangsu, 215500	Jiangsu Province	0512-52977750
94	Nanjing Branch	Securities brokerage branch at Zhongshan Road, Wuxi	No. 163, Zhongshan Road, Liangxi District, Wuxi, Jiangsu, 214000	Jiangsu Province	0510-82728750
95	Nanjing Branch	Securities brokerage branch at Yangshe East Street, Zhangjiagang	No. 36, Yangshe East Street, Zhangjiagang, Jiangsu, 215600	Jiangsu Province	0512-56307783
96	Nanjing Branch	Securities brokerage branch at Zhongxin Road, Danyang	No. 5 Zhongxin Road, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86571128
97	Nanjing Branch	Securities brokerage branch at Guangzhou Road, Nanjing	Room 1101 and 1102, No. 2, Guangzhou Road, Gulou District, Nanjing, Jiangsu, 210008	Jiangsu Province	025-83196985
98	Nanjing Branch	Securities brokerage branch at Suhui Road, Suzhou	3rd Floor, East Side Building, Guojian Building, No. 98 Suhui Road, Industrial Park, Suzhou, Jiangsu, 215000	Jiangsu Province	0512-62986800
99	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
100	Nanjing Branch	Securities brokerage branch at Dongfang Road, Danyang	No.14&15, Area A, Newspaper Building, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86950029
101	Nanjing Branch	Securities brokerage branch at Jianghai Middle Road, Haimen	2nd Floor, Building 1, No. 2, Jianghai Middle Road, Haimen Street, Haimen, Jiangsu, 226100	Jiangsu Province	0513-81208088
102	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	0519-81081203
103	Nanjing Branch	Securities brokerage branch at Wenchang West Road, Yangzhou	No. 221 Wenchang West Road, Yangzhou, Jiangsu, 225009	Jiangsu Province	0514-87912288
104	Nanjing Branch	Securities brokerage branch at Nanyihuan Road, Hefei	5th Floor, Zone B, Hengxing Plaza, Nanyihuan Road (No. 58 Tunxi Road), Baohe District, Hefei, Anhui, 230000	Anhui Province	0551-64630800
105	Nanjing Branch	Securities brokerage branch at Chengde Road, Huaian	No. 2, Building 8, Huaxia Homeland, No. 81 Chengde Road, Qingjiangpu District, Huaian, Jiangsu, 223001	Jiangsu Province	0517-83505006
106	Nanjing Branch	Securities brokerage branch at Jiefang South Road, Yancheng	Room 105, 106, Building 1, Nanmenhuafu, No. 15 Jiefang South Road, Tinghu District, Yancheng, Jiangsu, 224001	Jiangsu Province	0515-89885599

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
107	Nanjing Branch	Securities brokerage branch at Fazhan Avenue, Suqian	Room 121, 122, 123, 1st Floor, Guotai Plaza, Fazhan Avenue, Sucheng District, Suqian, Jiangsu, 223800	Jiangsu Province	0527-82280018
108	Nanjing Branch	Securities brokerage branch at Jiyang Road, Jiangyin	1st and 5th floors, No. 20, Jiyang Road, Jiangyin, Jiangsu, 214400	Jiangsu Province	0510-86837801
109	Nanjing Branch	Securities brokerage branch at Jiubin South Road, Yixing	No. 100, Jiubin South Road, Yixing, Jiangsu, 214200	Jiangsu Province	0510-80708893
110	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, 214121	Jiangsu Province	0510-85617707
111	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
112	Nanjing Branch	Securities brokerage branch at Gongnong Road, Nantong	2nd Floor, No. 131 Gongnong Road, Nantong, Jiangsu, 226001	Jiangsu Province	0513-81203128
113	Nanjing Branch	Securities brokerage branch at Zhenghe Avenue, Wuxi	188-102, 188-202, Zhenghe Avenue, Huishan District, Wuxi, Jiangsu, 214174	Jiangsu Province	0510-83598373
114	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
115	Nanjing Branch	Securities brokerage branch at Fengle Avenue, Chuzhou	No. 783-785, Light of City Complex, Fengle Avenue, Langya District, Chuzhou, Anhui, 239001	Anhui Province	0550-3709008
116	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
117	Nanjing Branch	Securities brokerage branch at Lushan Road, Nanjing	Room 407, Building 3, Jiaye International, No.158 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	Jiangsu Province	025-86555863
118	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
119	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
120	Shandong Branch	Securities brokerage branch at Jingshi Road, Jinan	No. 17703, Jingshi Road, Lixia District, Jinan, Shandong, 250016	Shandong Province	0531-66599161
121	Shandong Branch	Securities brokerage branch at Jinhua Street, Yantai	28th Floor, Block B, Wanda Financial Center, No. 1 Jinhua Street, Zhifu District, Yantai, Shandong, 264001	Shandong Province	0535-6632666
122	Shandong Branch	Securities brokerage branch at Liuquan Road, Zibo	1st Floor, No.272 Liuquan Road, High-tech Zone, Zibo, Shandong, 255000	Shandong Province	0533-3577288
123	Shandong Branch	Securities brokerage branch at Wanfu Road, Laiwu	No. 1, Wanfu North Road, Laicheng District, Laiwu, Shandong, 271100	Shandong Province	0634-5626686

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
124	Shandong Branch	Securities brokerage branch at Dongchang West Road, Liaocheng	No. 113, Dongchang West Road, Dongchangfu District, Liaocheng, Shandong, 252000	Shandong Province	0635-2180599
125	Shandong Branch	Securities brokerage branch at Taibai Road, Jining	Room 1901.1902, Unit 1, Jining Suning Project, No. 10 Taibai Road, Rencheng District, Jining, Shandong, 272000	Shandong Province	0537-7979558
126	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
127	Shandong Branch	Securities brokerage branch at Dongfeng East Street, Weifang	Shop 104, Comprehensive Building 1, Shenghua Garden, No.5922, South of Dongfeng East Street and East of Dongfeng Road, Weifang High-tech Zone, Shandong, 261000	Shandong Province	0536-8595525
128	Shandong Branch	Securities brokerage branch at Fuqian Street, Dongying	Room 105, Building 4, Huanglan Times (Dongying) International Financial Port, No. 55 Fuqian Street, Development Zone, Dongying, Shandong, 257000	Shandong Province	0546-7761700
129	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	0532-88911189
130	Shandong Branch	Securities brokerage branch at Longao West Road, Jinan	204 and 205, 2nd Floor, Building 3, Yinfeng Fortune Plaza, No. 1 Long'ao West Road, Lixia District, Jinan, Shandong, 250102	Shandong Province	0531-82399766
131	Shandong Branch	Securities brokerage branch at Hongkong West Road, Qingdao	19th Floor, Everbright International Finance Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, Shandong, 266071	Shandong Province	0532-83891123
132	Shandong Branch	Securities brokerage branch at Jinshui Road, Zhengzhou	No. 1 of No. 125, Jinshui Road, Jinshui District, Zhengzhou, Henan, 450003	Henan Province	0371-66762911
133	Shandong Branch	Securities brokerage branch at Zhoushan Road, Luoyang	No. 6, Zhoushan Road, Jianxi District, Luoyang, Henan, 471000	Henan Province	0379-60672166
134	Shandong Branch	Securities brokerage branch at Guangming Road, Pingdingshan	Room 106 and 107 (including No. 206 and No. 207 on the second floor) at the southwest corner of the intersection of Guangming Road and Zhannan Road, Zhanhe District, Pingdingshan, Henan, 467000	Henan Province	0375-2226178
135	Shandong Branch	Securities brokerage branch at Pingan Avenue, Zhengzhou	No. 005, 2nd Floor, E District, Incubator Building, Creative Garden, Northwest Corner of the intersection of Longzihu Middle Road and Pingan Avenue, Zhengdong New District, Zhengzhou, Henan, 450046	Henan Province	0371-88928998

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
136	Shandong Branch	Securities brokerage branch at Renmin Road, Heze	Room 10004, 10008, Building 6, Central Mansion Phase 3, East of Renmin Road and North of Yongchang Road, Development Zone, Heze, Shandong, 274099	Shandong Province	0530-2042166
137	Shanghai Branch	Securities brokerage branch at Jinke Road, Pudong New Area, Shanghai	Room 112, No. 2891, Jinke Road, Pudong New Area, Shanghai, 201206	Shanghai	021-58950537
138	Shanghai Branch	Securities brokerage branch at Fangdian Road, Shanghai	Room 01, 1388 Fangdian Road, Pudong New Area, Shanghai, 201204	Shanghai	021-26120950
139	Shanghai Branch	Securities brokerage branch at Dongdaming Road, Hongkou District, Shanghai	Room 516, No.1050, Dongdaming Road, Hongkou District, Shanghai, 200082	Shanghai	021-39983016
140	Shanghai Branch	Securities brokerage branch at Dong'an Road, Xuhui District, Shanghai	Room 902, No.562 Dong'an Road, Xuhui District, Shanghai, 200032	Shanghai	021-33633259
141	Shanghai Branch	Securities brokerage branch at Xianxia Road, Shanghai	Room 108, 301, No. 333 Xianxia Road, Changning District, Shanghai, 200336	Shanghai	021-32522201
142	Shanghai Branch	Securities brokerage branch at Huaihai Middle Road, Shanghai	31st Floor, No. 1045, Huaihai Middle Road, Xuhui District, Shanghai, 200031	Shanghai	021-64727070
143	Shanghai Branch	Securities brokerage branch at Zhongxing Road, Shanghai	No. 1103, Zhongxing Road, Zhabei District, Shanghai, 200070	Shanghai	021-56313344
144	Shanghai Branch	Securities brokerage branch at Century Avenue, Shanghai	No. 1118, Century Avenue, Pudong New Area, Shanghai, 200120	Shanghai	021-20235708
145	Shanghai Branch	Securities brokerage branch at Zhangyang Road, Shanghai	2nd Floor, No. 1233, Zhangyang Road, Pudong New Area, Shanghai, 200120	Shanghai	021-58778388
146	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	021-53082921
147	Shanghai Branch	Securities brokerage branch at Tacheng Road, Shanghai	2nd Floor, Building 3, No. 885 Tacheng Road, Jiading District, Shanghai, 201800	Shanghai	021-69977168
148	Shanghai Branch	Securities brokerage branch at Huahe Road, Baoshan, Shanghai	No. 280, Huahe Road, Baoshan District, Shanghai, 200436	Shanghai	021-36527888
149	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
150	Shanghai Branch	Securities brokerage branch at Renmin South Road, Fengxian, Shanghai	No. 333, Renmin South Road, Fengxian District, Shanghai, 201499	Shanghai	021-57197322
151	Shanghai Branch	Securities brokerage branch at Weiqing West Road, Shanghai	Floor 1-2, No.711 Weiqing West Road, Jinshan District, Shanghai, 200540	Shanghai	021-33691852
152	Shanghai Branch	Securities brokerage branch at Mudanjiang Road, Shanghai	Room 1503, 1504, No. 1248 Mudanjiang Road, Baoshan District, Shanghai, 200940	Shanghai	021-66593811

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
153	Shanghai Branch	Securities brokerage branch at Renmin North Road, Shanghai	Room 105 of 1st Floor and 10th Floor, Building 1, No. 151, Renmin North Road, Songjiang District, Shanghai, 201699	Shanghai	021-57812328
154	Shanghai Branch	Securities brokerage branch at Eshan Road, Shanghai	A-1, 1st Floor, Weitai Building, No. 58, Lane 91, Eshan Road, China (Shanghai) Pilot Free Trade Zone, 201200	Shanghai	021-60871009
155	Shanghai Branch	Securities brokerage branch at Haongbaoshi Road, Changning District, Shanghai	Room 02, 19th Floor, Building 1, No. 500, Haongbaoshi Road, Changning District, Shanghai, 201103	Shanghai	021-52555002
156	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
157	Shanghai Branch	Securities brokerage branch at Huangxing Road, Yangpu District, Shanghai	Room 5A01, Tower 3, Oriental Blue Ocean International Plaza, No. 1800 Huangxing Road, Yangpu District, Shanghai, 200433	Shanghai	021-65041258
158	Shanghai Branch	Securities brokerage branch at Yaoyuan Road, Pudong New Area, Shanghai	Room 904-2, Building 3#, No. 58 Yaoyuan Road, China (Shanghai) Pilot Free Trade Zone, 200126	Shanghai	021-50818501
159	Shanghai Branch	Securities brokerage branch at Kaixuan Road, Changning District, Shanghai	Room 301, Building 1, No. 399, Kaixuan Road, Changning District, Shanghai, 200050	Shanghai	021-62160279
160	Shanghai Branch	Securities brokerage branch at Nanjing West Road, Jing'an District, Shanghai	Room 1005, No.699 Nanjing West Road, Jing'an District, Shanghai, 200041	Shanghai	021-80197037
161	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, 518038	Guangdong Province	0755-83774923
162	Shenzhen Branch	Securities brokerage branch at Xinyuan Road, Shenzhen	No. 3, Xinyuan Road, Luohu District, Shenzhen, 518001	Guangdong Province	0755-82285197
163	Shenzhen Branch	Securities brokerage branch at Guomao Avenue, Haikou	No. 63 Guomao Avenue, Longhua District, Haikou, Hainan, 570125	Hainan Province	0898-68582018
164	Shenzhen Branch	Securities brokerage branch at Jinpu Road, Nanning	Room 1401, 1402, 1403, 1405, 1406, 14th Floor, Mingdu Building, No. 22 Jinpu Road, Qingxiu District, Nanning, Guangxi, 530021	Guangxi Zhuang Autonomous Region	0771-5305013
165	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, 518054	Guangdong Province	0755-86055273
166	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

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
167	Shenzhen Branch	Securities brokerage branch at Haixiu Road, Shenzhen	3-40, Building 2, Longguang Century Building, South to Xinghua Road, No. 21 Haixiu Road, Xin'an Street, Baoan District, Shenzhen, 518100	Guangdong Province	0755-49568167
168	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
169	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
170	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
171	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	0755-82295970
172	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, 518054	Guangdong Province	0755-86713730
173	Shenzhen Branch	Securities brokerage branch at Keyuan Road, Shenzhen	No. 03A, 5th Floor, Oriental Science and Technology Building, No. 16 Keyuan Road, Nanshan District, Shenzhen, 518000	Guangdong Province	0755-86707407
174	Shenzhen Branch	Securities brokerage branch at Guizhong Avenue, Liuzhou	25-2, Building 25, Sunshine 100 Plaza, South of Guizhong Avenue, Liuzhou, Guangxi, 545026	Guangxi Zhuang Autonomous Region	0772-2128010
175	Shenzhen Branch	Securities brokerage branch at Shennan Avenue, Shenzhen	3rd Floor, Podium Building, Metropolis Sunshine Garden, No. 6017, Shennan Avenue, Futian District, Shenzhen, 518000	Guangdong Province	0755-88325233
176	Shenyang Branch	Securities brokerage branch at Financial Street, Daqing	South of Weier Road, Dongfeng New Village, Saertu District, Daqing, Heilongjiang, 163311	Heilongjiang Province	0459-8178818
177	Shenyang Branch	Securities brokerage branch at Longhua Road, Qiqihar	No. 136, Longhua Road, Qiqihar, Heilongjiang, 161000	Heilongjiang Province	0452-6150777
178	Shenyang Branch	Securities brokerage branch at Jingwei'erdao Street, Harbin	No. 22, Jingwei'erdao Street, Daoli District, Harbin, Heilongjiang, 150010	Heilongjiang Province	0451-87655608
179	Shenyang Branch	Securities brokerage branch at Dongxing Road, Heihe	No. 2, Dongxing Road, Aihui District, Heihe, Heilongjiang, 164300	Heilongjiang Province	0456-6107000
180	Shenyang Branch	Securities brokerage branch at Jiefang Road, Changchun	3rd Floor, Everbright Building, 2677 Jiefang Road, Changchun, Jilin, 130021	Jilin Province	0431-88400506

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
181	Shenyang Branch	Securities brokerage branch at Shiyiwei Road, Shenyang	No.169, Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110014	Liaoning Province	024-23283156
182	Shenyang Branch	Securities brokerage branch at Xincheng Street, Fushun	No. 36, Fushuncheng Street, Shuncheng District, Fushun, Liaoning, 113000	Liaoning Province	024-53986116
183	Shenyang Branch	Securities brokerage branch at Jinshan Street, Dandong	No. 96-6, Jinshan Street, Yuanbao District, Dandong, Liaoning, 118000	Liaoning Province	0415-2831818
184	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
185	Shenyang Branch	Securities brokerage branch at Wuwu Road, Dalian	6th Floor, No. 47, Wuwu Road, Zhongshan District, Dalian, Liaoning, 116001	Liaoning Province	0411-39852303
186	Shenyang Branch	Securities brokerage branch at Changbaishan West Road, Yanji	No. 4228, Changbaishan West Road, Yanji, Jilin, 133000	Jilin Province	0433-2367755
187	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	0731-88099717
188	Wuhan branch	Securities brokerage branch at Xinhua Road, Wuhan	No. 485, Xinhua Road, Jiangnan District, Wuhan, Hubei, 430021	Hubei Province	027-85784820
189	Wuhan branch	Securities brokerage branch at Ziyang Road, Wuhan	No. 133, Shouyi Road, Wuchang District, Wuhan, Hubei, 430064	Hubei Province	027-88060350
190	Wuhan branch	Securities brokerage branch at Renmin Middle Road, Changsha	12th Floor, No.218 Renmin Middle Road, Yuhua District, Changsha, Hunan, 410007	Hunan Province	0731-88658865
191	Wuhan branch	Securities brokerage branch at Beijing North Road, Shiyan	No. 35-40, 11th Floor, Building A, Wanda Plaza, No. 95, Beijing North Road, Hanjiang Street Office, Zhangwan District, Shiyan, Hubei, 442000	Hubei Province	0719-8682608
192	Wuhan branch	Securities brokerage branch at Mochou Avenue, Zhongxiang	No. 66, Mochou Avenue, Zhongxiang, Jingmen, Hubei, 431900	Hubei Province	0724-4267130
193	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
194	Wuhan branch	Securities brokerage branch at Tanxi Road, Xiangyang	Room 3 and 5, 6th Floor, Unit 1, Mingyuan Building 1, District A of Shanshuitanxi, Tanxi Road, Xiangcheng District, Xiangyang, Hubei, 441000	Hubei Province	0710-3516580



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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
195	Wuhan branch	Securities brokerage branch at Guanggu Avenue, Wuhan	Space 218, 2nd Floor, OVU, 1st&2nd Floor of Phase 1.1 Exhibition Center, Base Construction Project, Back Office Service Center, Financial Port, No. 77, Guanggu Avenue, East Lake New Technology Development Zone, Wuhan, Hubei (Wuhan Pilot Free Trade Zone), 430070	Hubei Province	027-63497266
196	Xi'an Branch	Securities brokerage branch at Jiefang Road, Taiyuan	No. 139, Jiefang Road, Xinghualing District, Taiyuan, Shanxi, 030002	Shanxi Province	0351-3038666
197	Xi'an Branch	Securities brokerage branch at East Street, Hanzhong	No. 8, East Street, Hantai District, Hanzhong, Shaanxi, 723000	Shaanxi Province	0916-2530229
198	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	0991-6298798
199	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
200	Xi'an Branch	Securities brokerage branch at Wusi Street, Xining	No.48, Wusi Street, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-8018836
201	Xi'an Branch	Securities brokerage branch at Donggang West Road, Lanzhou	No. 555, Donggang West Road, Chengguan District, Lanzhou, Gansu, 730000	Gansu province	0931-8728645
202	Xi'an Branch	Securities brokerage branch at Jiefang West Street, Yinchuan	4th Floor, Yinji Times MOCO Building, No.217 Jiefang West Street, Xingqing District, Yinchuan, Ningxia, 750001	Ningxia Hui Autonomous Region	0951-2095525
203	Xi'an Branch	Securities brokerage branch at Yingbin Avenue, Karamay	75-13-1 Yingbin Avenue, Karamay District, Karamay, Xinjiang Uygur Autonomous Region, 834000	Xinjiang Uygur Autonomous Region	0990-6609962
204	Xi'an Branch	Securities brokerage branch at Huanghe Road, Xining	No. 154, Huanghe Road, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-8018836
205	Xi'an Branch	Securities brokerage branch at Jianguo Street, Xining	No. 26, Jianguo Street, Chengdong District, Xining, Qinghai, 810000	Qinghai Province	0971-8163966
206	Xi'an Branch	Securities brokerage branch at Tangyan Road, Xi'an	No. 11, Tangyan Road, High-tech Zone, Xi'an, Shaanxi, 710065	Shaanxi Province	029-81209390
207	Xi'an Branch	Securities brokerage branch at Wenjing Road, Economic and Technological 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	Zhejiang Branch	Securities brokerage branch at Wangchong Road, Shangyu, Shaoxing	No. 358, Fengming Road, Baiguan Street, Shangyu District, Shaoxing, Zhejiang, 312300	Zhejiang Province	57582195525
209	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

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
210	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
211	Zhejiang Branch	Securities brokerage branch at Shifu Avenue, Taizhou	201, 202-A, Urban Green Park, No. 243 Shifu Avenue, Jiaojiang District, Taizhou, Zhejiang, 318000	Zhejiang Province	0576-88537978
212	Zhejiang Branch	Securities brokerage branch at Beiyuan Road, Lishui	Everbright Securities, 1st Floor, East Gate, Fortune Building, Liandu District, Lishui, Zhejiang, 323000	Zhejiang Province	0578-2531088
213	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
214	Zhejiang Branch	Securities brokerage branch at Jiefang South Road, Ningbo	No. 67-1, Jiefang South Road, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-83895525
215	Zhejiang Branch	Securities brokerage branch at Zhongshan West Road, Ningbo	7th Floor, West Podium Building, Henglong Center, No. 2 Zhongshan West Road, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-8734234
216	Zhejiang Branch	Securities brokerage branch at Yongjiang Avenue, Ningbo	1903, Building 1, No. 188, Yongjiang Avenue, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87885524
217	Zhejiang Branch	Securities brokerage branch at Yuesheng Road, Ningbo	No. 359, Yuesheng Road, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87529633
218	Zhejiang Branch	Securities brokerage branch at Xiangshangang Road, Xiangshan County	3rd Floor, No.501, Xiangshangang Road, Dandong Street, Xiangshan County, Zhejiang, 315700	Zhejiang Province	0574-65730271
219	Zhejiang Branch	Securities brokerage branch at Xiaowen Street, Ningbo	No. 2, Lane 29, Xiaowen Street, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-87286008
220	Zhejiang Branch	Securities brokerage branch at Qixiang North Road, Ninghai	No. 289, Qixiang North Road, Ninghai County, Ningbo, Zhejiang, 315600	Zhejiang Province	0574-65567368
221	Zhejiang Branch	Securities brokerage branch at Kangzhuang South Road, Ningbo	9-1, 9-2, 9-5, 9-6, Building 80, No. 21 and 23, Tianhecaihui Center, Jiangbei District, Ningbo, Zhejiang, 315020	Zhejiang Province	0574-87352299
222	Zhejiang Branch	Securities brokerage branch at Xinqi, Beilun District, Ningbo	No. 560 Donghe Road, Beilun District, Ningbo, Zhejiang, 315800	Zhejiang Province	0574-86884305
223	Zhejiang Branch	Securities brokerage branch at Chengguan, Zhenhai, Ningbo	No. 85 Yanjiang West Road, Zhenhai District, Ningbo, Zhejiang, 315200	Zhejiang Province	0574-86261936
224	Zhejiang Branch	Securities brokerage branch at Sanbei West Street, Cixi	Floor 1-4, No. 201, Sanbei West Street, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63898141
225	Zhejiang Branch	Securities brokerage branch at Zhongshan East Road, Fenghua, Ningbo	No. 461 Zhongshan East Road, Fenghua District, Ningbo, Zhejiang, 315500	Zhejiang Province	0574-88516306
226	Zhejiang Branch	Securities brokerage branch at Binhong Road, Jinhua	Floor 1-3, Kexin Building, No.959 Binhong Road, Wucheng District, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-83189108

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Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
227	Zhejiang Branch	Securities brokerage branch at Yan'an Road, Hangzhou	Room 108 of Building A, 8th Floor of Building B, No. 484 Yan'an Road, Xiacheng District, Hangzhou, Zhejiang, 310009	Zhejiang Province	0571-87925544
228	Zhejiang Branch	Securities brokerage branch at Nanlei South Road, Yuyao	701, 1701, 1702, Chamber of Commerce Building, No. 2, Nanlei South Road, Yuyao, Zhejiang, 315400	Zhejiang Province	0574-62855128
229	Zhejiang Branch	Securities brokerage branch at Shifu Road, Wenzhou	Room 602, Tongrenhengjiu Building, Shifu Road, Lucheng District, Wenzhou, Zhejiang, 325000	Zhejiang Province	0577-88900399
230	Zhejiang Branch	Securities brokerage branch at Qianhu North Road, Ningbo	No.946 Qianhu North Road, Yinzhou District, Ningbo, Zhejiang, 315171	Zhejiang Province	0574-88214062
231	Zhejiang Branch	Securities brokerage branch at Baohua Street, Ningbo	No. 21, Baohua Street, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87953509
232	Zhejiang Branch	Securities brokerage branch at Wansong East Road, Ruian	Floor 2 of No. 170, Floor 1-2 of No.172, Wansong East Road, Anyang Street, Ruian, Wenzhou, Zhejiang, 325200	Zhejiang Province	0577-66875987
233	Zhejiang Branch	Securities brokerage branch at Feiyunjiang Road, Hangzhou	Room 2002, No. 3, Zanchengtaihe Plaza, Shangcheng District, Hangzhou, Zhejiang, 310008	Zhejiang Province	0571-87609799
234	Zhejiang Branch	Securities brokerage branch at Wenzong South Road, Haining	No.101 Wenzong South Road, Haining, Jiaxing, Zhejiang, 314400	Zhejiang Province	0573-87327799
235	Zhejiang Branch	Securities brokerage branch at Baiyun Middle Avenue, Quzhou	No. 72 Baiyun Middle Avenue, Kecheng District, Quzhou, Zhejiang, 312400	Zhejiang Province	0570-8061888
236	Zhejiang Branch	Securities brokerage branch at Guanhe South Road, Shengzhou	No. 369-101, Guanhe South Road, Sanjiang Street, Shengzhou, Shaoxing, Zhejiang, 312400	Zhejiang Province	0575-81391280
237	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
238	Zhejiang Branch	Securities brokerage branch at Guanhaiwei, Cixi	No. 15-18, 19, 21, Jinlong Building, Jinci Plastic, Guanhaiwei Town, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63925020
239	Zhejiang Branch	Securities brokerage branch at Qingfeng South Road, Tongxiang	No. 79 Qingfeng South Road (South), Wutong Street, Tongxiang, Jiaxing, Zhejiang, 314599	Zhejiang Province	0573-88265669
240	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
241	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
242	Zhejiang Branch	Securities brokerage branch at Xueyuan Road, Hangzhou	No. 131-1, Xueyuan Road, Xihu District, Hangzhou, Zhejiang, 310012	Zhejiang Province	0571-88017851
243	Zhejiang Branch	Securities brokerage branch at Caihong North Road, Ningbo	Room 20-3, 20-4, No. 48 Caihong North Road, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87982000

# APPENDIX

Number	Branch	Securities brokerage branch	Residence (business address)	Province (autonomous region, Municipality) of its location	Customer service or complaints hotline
244	Chongqing Branch	Securities brokerage branch at Dapingzheng Street, Chongqing	Floor 2-3, Tianhai Building, 108 Dapingzheng Street, Yuzhong District, Chongqing, 400042	Chongqing	023-68710313
245	Chongqing Branch	Securities brokerage branch at Minquan Road, Chongqing	6th Floor, Unit 1, Hejingjurong Plaza, No. 58, Minquan Road, Yuzhong District, Chongqing, 400010	Chongqing	023-63719100
246	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	023-49810047
247	Chongqing Branch	Securities brokerage branch at Renmin Middle Road, Kunming	No. 26, Renmin Middle Road, Wuhua District, Kunming, Yunnan, 650000	Yunnan Province	0871-63183887
248	Chongqing Branch	Securities brokerage branch at Minzhu Road, Zunyi	6th Floor, Textile Building, No. 2, Minzhu Road, Honghuagang District, Zunyi, Guizhou, 563000	Guizhou Province	0851-27567998
249	Chongqing Branch	Securities brokerage branch at Lijiatuo, Chongqing	No. 5, Wangpingzheng Street, Mawang, Lijiatuo, Banan District, Chongqing, 400054	Chongqing	023-62861758
250	Chongqing Branch	Securities brokerage branch at Yudongbaxian Avenue, Chongqing	48-6#, 5-21#, No.57 Yudongbaxian Avenue, Banan District, Chongqing, 401320	Chongqing	023-66294189
251	Chongqing Branch	Securities brokerage branch at Cuifeng West Road, Qujing	No. 1-77 Cuifeng West Road, Economic Development Zone, Qujing, Yunnan, 655000	Yunnan Province	0874-3133116
252	Chongqing Branch	Securities brokerage branch at Xintian Avenue, Guiyang	Room C, 9th Floor, Yonglixingzuo, No. 188, South Section, Xintian Avenue, Yunyan District, Guiyang, 550004	Guizhou Province	0851-83852751
253	Chongqing Branch	Securities brokerage branch at Beixia West Road, Chongqing	2-2, No. 15, Beixia West Road, Beibei District, Chongqing, 400700	Chongqing	023-60306611
254	Chongqing Branch	Securities brokerage branch at inchang Road, Chongqing	1-2, Building 28, No. 7, Jinchang Road, New North Zone, Chongqing, 401122	Chongqing	023-63215725