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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)**

**INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED  
JUNE 30, 2022**

The board of directors (the “**Board**”) of Everbright Securities Company Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2022. This announcement, containing the full text of the 2022 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results. The printed version of the Company’s 2022 interim report will be dispatched to the holders of H Shares of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ebscn.com](http://www.ebscn.com) by the end of September 2022.

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

Shanghai, the PRC  
August 25, 2022

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

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## IMPORTANT NOTICE

1. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this interim 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.
2. This report was reviewed and passed at the 16th meeting of the sixth session of the Board of the Company. The number of Directors that should attend the Board meeting was 12 and the number of Directors having voted at the Board meeting was 12. None of the Directors or Supervisors has made any objection to this report.
3. Unless otherwise specified, the financial data disclosed in this report are prepared in accordance with the International Financial Reporting Standards and have not been audited, while having been reviewed by Ernst & Young. The data set out in this report is denominated in RMB.
4. Mr. Zhao Ling, the person-in-charge of the Company, Mr. Liu Qiuming, the person-in-charge of accounting affairs, and Mr. Mou Haixia, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
5. Forward-looking statements included in this report, including future plans and development strategies, do not constitute actual commitment of the Company to the investors. The investors should be reminded of the risks of investment.
6. There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders and other related parties during the Reporting Period.
7. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Reporting Period.
8. The Company had no plan of cash dividend distribution and bonus share proposals or proposal for transfer of capital reserve fund into capital for the first half of 2022.
9. The situation where the majority of the Directors cannot warrant the authenticity, accuracy and completeness of the information contained in the interim report does not exist.
10. 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 "IV. Other Disclosures (I) Potential Risk Exposure" in "Section III Management Discussion and Analysis" in this report for details.
11. The Company prepared this interim 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

### 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
ABN	notes backed by assets
Articles of Association	articles of association of the Company
AUM	assets under management
Board, Board of Directors	the board of Directors of the Company
CEBSI	China Everbright Securities International Company Limited, a wholly-owned subsidiary of EBSHK
China or PRC	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
collateralized stock repurchase	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Company, our Company, the parent company or Everbright Securities	Everbright Securities Company Limited (光大證券股份有限公司)
connected transaction(s)	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
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
Directors	the directors 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
EBSIHK	Everbright Securities International (HK) Limited, a wholly-owned subsidiary of EBSHK
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
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

## SECTION I DEFINITIONS

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
FOF	fund of funds
GDP	Gross Domestic Product
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 Company	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
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
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)

## SECTION I DEFINITIONS

PB	prime brokerage
PBOC	People's Bank of China, the central bank of the PRC
PRC GAAP	the PRC Accounting Standards for Business Enterprises
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 first half of 2022 (January 1, 2022 to June 30, 2022)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange
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)
SSE	Shanghai Stock Exchange
SSE Listing Rules	Shanghai Stock Exchange Listing Rules
Supervisors	the supervisors of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange
Wind	Wind Information Co., Ltd. (上海萬得信息技術股份有限公司), a company incorporated in the PRC in 1994 with limited liability and an integrated service provider of financial data, information and software, being an independent third party

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. Company Information

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

### Registered capital and net capital of the Company

Unit: RMB

	<b>As at June 30, 2022</b>	As at December 31, 2021
Registered capital	<b>4,610,787,639.00</b>	4,610,787,639.00
Net capital	<b>48,785,163,172.66</b>	44,011,986,210.00

#### Qualification of each of the businesses 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, securities 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)

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

### II. Contact Person and Information

#### Secretary to the Board and Representative of Securities Affairs

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### III. Basic Information

Registered address of the Company	No.1508, Xinzha Road, Jing'an District, Shanghai, the PRC
Historical changes of registered address of the Company	In 1996, the Company was established, and its registered address was Everbright Building, No. 6 Fuxingmenwai Avenue, Xicheng District, Beijing, the PRC; In 1997, the registered address of the Company was changed to Shanghai Stock Exchange Building, No. 528 South Pudong Road, Pudong New Area, Shanghai, the PRC; In 2007, the registered address of the Company was changed to 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
Query index of changes during the Reporting Period	No change during the Reporting Period

### IV. Brief Introduction to Information Disclosure and Change of Place of Inspection

Media designated by the Company for information disclosure	China Securities Journal: <a href="https://www.cs.com.cn">https://www.cs.com.cn</a> Shanghai Securities News: <a href="https://www.cnstock.com">https://www.cnstock.com</a> Securities Times: <a href="http://www.stcn.com">http://www.stcn.com</a> Securities Daily: <a href="http://www.zqrb.cn">http://www.zqrb.cn</a>
Website for publication of the interim report	Shanghai Stock Exchange: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Place where the interim report of the Company is available for inspection	Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> No.1508, Xinzha Road, Jing'an District, Shanghai, the PRC
Query index of changes during the Reporting Period	No change during the Reporting Period

### V. Information on the Company's Shares

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VI. Key Accounting Information and Financial Indicators of the Company

#### (I) Key accounting information and financial indicators

(Unless otherwise stated, the accounting information and financial indicators contained in this report are prepared in accordance with IAS)

Item	January to June 2022 (RMB'000)	January to June 2021 (RMB'000)	Variance as compared to the last corresponding period
<b>Operating results</b>			
Revenue and other income	<b>7,511,660</b>	10,552,662	(28.82)%
Profit before income tax	<b>2,714,666</b>	2,981,033	(8.94)%
Net profit attributable to shareholders of the Company	<b>2,107,524</b>	2,262,277	(6.84)%
Net cash generated from/(used in) operating activities	<b>9,687,464</b>	2,680,916	261.35%
	<b>(RMB/share)</b>	(RMB/share)	
<b>Earnings per share</b>			
Basic earnings per share	<b>0.42</b>	0.48	(12.50)%
Diluted earnings per share	<b>0.42</b>	0.48	(12.50)%
<b>Index of profitability</b>			
Weighted average returns on net assets (%)	<b>3.61%</b>	4.29%	Decreased by 0.68 percentage point
<b>Scale indices</b>			
Total assets	<b>251,008,812</b>	239,107,601	4.98%
Total liabilities	<b>187,167,115</b>	180,512,339	3.69%
Accounts payable to brokerage clients	<b>74,259,811</b>	70,224,000	5.75%
Equity attributable to shareholders of the Company	<b>63,076,837</b>	57,865,595	9.01%
Total equity of owners	<b>63,841,697</b>	58,595,262	8.95%
Total share capital ('000 shares)	<b>4,610,788</b>	4,610,788	–
Net assets per share attributable to shareholders of the Company (RMB/share) <sup>(Note 1)</sup>	<b>11.62</b>	11.47	1.31%
Gearing ratio (%) <sup>(Note 2)</sup>	<b>63.88%</b>	65.30%	Decreased by 1.42 percentage points

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

Note 3: The net profit and the net assets attributable to shareholders of 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.

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

Item	As at June 30, 2022 RMB	As at December 31, 2021 RMB
Core net capital	<b>39,285,163,172.66</b>	39,011,986,210.00
Subordinate net capital	<b>9,500,000,000.00</b>	5,000,000,000.00
Net capital	<b>48,785,163,172.66</b>	44,011,986,210.00
Net assets	<b>64,806,984,524.91</b>	59,759,332,945.86
Provisions for risk capital	<b>13,794,284,539.71</b>	15,503,193,167.50
On-balance sheet and off-balance sheet assets	<b>170,070,752,353.85</b>	159,231,623,926.31
Risk coverage ratio (%)	<b>353.66</b>	283.89
Capital leverage ratio (%)	<b>24.86</b>	26.29
Liquidity coverage ratio (%)	<b>225.37</b>	244.46
Net stable funding ratio (%)	<b>179.99</b>	155.69
Net capital/Net assets (%)	<b>75.28</b>	73.65
Net capital/Liabilities (%)	<b>49.83</b>	46.85
Net assets/Liabilities (%)	<b>66.19</b>	63.61
Value of proprietary trading of equity securities and derivative securities/Net capital (%)	<b>7.25</b>	8.22
Value of proprietary trading of non-equity securities and derivative securities/Net capital (%)	<b>164.14</b>	149.17

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

The above data were prepared on the parent company basis 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.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. Description of the Industry the Company Operated in and its Principal Businesses during the Reporting Period

#### (I) Market and Industry Description for the Reporting Period

In the first half of 2022, China effectively implemented a package of policies and measures to stabilize the economy and the economic operation withstood pressures and achieved positive growth. In the first half of 2022, the GDP increased by 2.5% year-on-year; the added value of the industries above the designated scale increased by 6.1% year-on-year; and the overall import and export of goods increased by 9.4% year-on-year, demonstrating a strong resilience. However, the world economy faced increasing stagflation risks and more external instabilities and uncertainties and China was under triple pressures of shrinking demand, disrupted supply and weakening expectations. There are still challenges in achieving the expected targets on the annual economic growth. In 2022, marginally moderate monetary policies and various rounds of cuts to required reserve ratio and interest rate further released liquidities and boosted efforts in serving the real economy. Benefiting from the continuous effects of the prudent monetary policy, the investment appetite of enterprises recovered but medium and long-term loans to residents reduced in the mid-year, resulting in a slower increase as compared with the previous period. The increase of social financing was RMB5.17 trillion in June, hitting a new high in the same period in history.

With the continuous advancing of comprehensively deepening capital market reforms, the full implementation of the registration-based IPO system is approaching and the implementation of the market making business on the Sci-tech Innovation Board speeds up. The Shenzhen Stock Exchange's main board merged with the small and medium enterprises (SME) board and the thresholds on investor access to the NEEQ were loosened, so that the market participants become more and more diversified. With the institutional development trend of investors remained unchanged, the transformation of wealth management continued to speed up, the innovation business (including derivative products) developed rapidly and the opening up of the capital market continuously strengthened, the development space of the industry was further expanded. According to the Securities Association of China, the securities industry achieved operating income and net profit of RMB205.919 billion and RMB81.195 billion during the first half of 2022, respectively. As of the end of June 2022, the total assets of the securities industry were RMB11.20 trillion and the net assets were RMB2.68 trillion. In the first half of 2022, the net revenue from the securities trading agency service business was RMB58.307 billion, the net revenue from investment banking business was RMB30.025 billion, the net revenue from asset management business was RMB13.319 billion and the net revenue from investment consulting business was RMB2.818 billion in the industry.

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II) 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 structured 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, prime brokerage and custody, customized financial products and package solutions and bond distribution services to institutional clients.

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

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

**Equity investment business segment:** The Company generates income from private equity investment and alternative investment businesses.

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

### (I) Adhere to and enhance the Party leadership and lead the high-quality development with Party building

Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company will continuously enhance the "Four Consciousness", persist with "Four Confidences" and endeavor to "Upholding in the Two Aspects". It will fully implement the general requirements on Party building in the new era, practically transform the political advantages, organizational advantages, and mass work advantages on Party building into development advantages and inject red power into the high-quality development of the Company. The Company will integrate the Party leadership into all processes of corporate governance, comprehensively strengthen the promotion of political ideology, earnestly advance the study and education on Party history and strive to draw strength from the one hundred years of history of the Party. It will promote the integration of Party building, disciplinary inspections, tour inspections, compliance and risk control, implement the requirements on strictly ruling the Party in all aspects and create a clean and upright development atmosphere.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Shareholder's strong background and unique red genes

Everbright Group, the controlling shareholder of Everbright Securities, was promoted and established by the MOF and Huijin Company. It has a complete set of financial services licenses and featured businesses related to people's livelihood. China 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. The Company always adheres to the red genes of the Group and unswervingly takes the development path of building a first-class securities firm with Chinese characteristics. It is devoted to serving people's increasing demands for upgraded wealth management and the direct financing demands of the real economy, undertakes responsibilities and missions of central enterprises and enjoys a good social reputation and credit.

### (III) Distinctive synergy in establishing the customer ecosystem

Everbright Group, the controlling shareholder of Everbright Securities, has formed three working committees of "institutional customer services, wealth management and serving people's livelihood" to promote the sharing of resources within the Group. As the leading unit of the Group's Institutional Committee and a member unit of the Wealth Management Committee, the Company can fully take advantage of resources within the Group and support its own business development. Meanwhile, the Company will strengthen internal and external coordination and provide diversified, integrated and one-stop financial products and services to domestic and overseas customers under the "customer-centric" operational philosophy. Full onshore and offshore coordination and distinctive ecosystem of coordination will continuously provide drivers to the Company to deepen customer attraction, reinforce cross sales and provide high value-added services.

### (IV) Scientific and technological strength gradually enhanced and wealth management driven by innovation

The Company increased its investment in R&D year by year, continued to empower business development, operation management and intensive management and control and actively promoted the transformation of the wealth management business. As one of the core members of Everbright Group, the Company shares the wealth management gene and brand value of a national big financial holding platform. In recent years, the Company stably improved services and increasingly enhanced the innovation ability for the wealth business. It was included in the whitelist of the CSRC, obtained the qualification for pilot on mutual fund investment advisory business and was awarded the 3rd New Fortune Best Investment Advisor and other honors. The Company actively explored and built industry-leading cross-border service capabilities and continuously consolidated leading advantages in overseas wealth management business.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. Discussion and Analysis on Business Operation

In the first half of 2022, under the strong leadership of the Party Committee and the Board of Directors, the Company fully implemented the decisions and deployment of the CPC Central Committee and the State Council, upheld the general principle of making progress while ensuring stability, constantly consolidated business foundations and effectively overcame the impacts of the pandemic. It continued to deepen reform and transformation and management improvement, carried out in-depth and practical work in risk control, deepening reform, talent cultivation and other key work and continuously advanced the high-quality development of the Company. As of the end of June 2022, the Company realized accumulative revenue and other income of RMB7,510 million, representing a year-on-year decrease of 28.82%; and net profit attributable to the shareholders of the listed company of RMB2,110 million, representing a year-on-year decrease of 6.84%.

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 of the main business segments

Unit: RMB'000

Items	January to June 2022				January to June 2021			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business	4,094,570	55%	2,497,201	51%	6,126,956	58%	4,701,244	62%
Corporate financing business	999,805	13%	302,056	6%	1,235,729	12%	483,657	6%
Institutional customer business	617,699	8%	249,258	5%	595,605	6%	155,840	2%
Investment trading business	49,889	1%	166,856	3%	208,990	2%	264,908	3%
Asset management business	697,813	9%	430,208	9%	777,785	7%	390,660	5%
Equity investment business	397,613	5%	413,553	9%	533,700	5%	587,751	8%

#### (I) Wealth management business segment

The Company's 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 the first half of 2022, this business segment achieved revenue of RMB4.1 billion, accounting for 55% of the Group's total revenue.

##### 1. Market environment

In the first half of 2022, due to the impacts of the resurgence of the pandemic in China, the Russia-Ukraine geographical conflicts, the interest rate hike by the Federal Reserve and the turbulence in the global capital market, the A-share market experienced various rounds of tests with major indexes witnessed volatility. In the first half of 2022, after the weak performance in four months, the average intraday trading volume of the stock market recovered to RMB1 trillion in the second quarter. As the transformation of the wealth management industry sped up, the competition in the industry was increasingly intensified.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, the scale of margin financing and securities lending in the entire market decreased. As of the end of June 2022, the balance of margin financing and securities lending in the entire market was RMB1,603.331 billion, representing a decrease of 12.49% from the end of 2021. Among them, the margin financing balance was RMB1,509.769 billion, representing a decrease of 11.82% from the end of 2021, and the securities lending balance was RMB93.562 billion, representing a decrease of 22.12% from the end of 2021. The scale of stock pledge business in the entire market continued to decline slightly.

In the first half of 2022, the trading activity in the futures market declined as compared with the same period last year as a result of the pandemic in China, the turbulence in the international situation and other factors. According to statistics from the China Futures Association, in the first half of 2022, the accumulated trading volume and the accumulated turnover in the national futures market reached 3.046 billion lots and RMB257.48 trillion, representing a year-on-year decrease of 18% and 10%, respectively.

As of the end of June 2022, the Hang Seng Index closed at 21,860 points, representing a decline of nearly 7% as compared with the end of last year. In terms of market activity, the daily average trading volume of the Hang Seng Index was approximately HK\$138 billion in the first half of the year, representing a year-on-year decrease of nearly 27%.

### 2. *Operational measures and performance*

#### **(1) Retail business**

In the first half of 2022, the Company carried out the retail business to accelerate in promoting the transformation of the wealth management and consolidated the financial product system, the asset allocation system and the securities investment and advisory system to create core competitiveness for the transformation. It recorded increases in the total number of customers and the stock products, continuously achieving effects in the transformation of the wealth management business.

The Company promoted the transformation and development of the retail business with the following measures. Firstly, the Company actively built the “Golden Sunshine” service brand, deeply advanced professional investment advisory service, officially launched the “Golden Sunshine Manager” fund investment advisory service and formed a complete wealth management service framework covering securities investment advisory, fund investment advisory and asset allocation to continuously enrich the product variety, enhance the product quality and improve professional services. Secondly, the Company followed market trends, carried out targeted marketing strategy, focused on expanding customers for capital increase, laid foundations and highlighted the development of key businesses. Thirdly, the Company implemented the account opening project to achieve coordinated linkage. The Company continued to promote online coordinated account opening with China Everbright Bank, vigorously promoted “Happiness Sharing” and other innovative activities to continuously improve efficiency of customer base expansion and quality of customers acquired. Fourthly, the Company improved the ecosystem of human resources. It carried out the establishment of talent teams, cultivated backup talents, established the honor system for marketing staff and promoted the building of professional and skilled teams. The Company also carried out “Star Sailing”, “Light Source Classroom” and other training programs, so as to accelerate the cultivation of professional marketing team, thus improving quality and efficiency.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of June 2022, the total number of customers of the Company reached 5,234,000, representing an increase of 8.7% from the end of 2021, and customers' total assets reached RMB1.35 trillion. According to statistics from the Asset Management Association of China, as of the end of June 2022, the total scale of the stock + hybrid mutual funds of the Company was RMB32 billion, representing a year-on-year increase of 5.3%; and the total scale of mutual funds in the non-monetary market was RMB34.5 billion, representing a year-on-year increase of 8.8%.

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

In the first half of 2022, the Company's margin financing and securities lending business adhered to the "customer-centric" operational philosophy, constantly improved the service system, focused on tapping high-net-worth and institutional customers and continuously optimized the customer structure. Meanwhile, it established and improved the risk prevention and control system and enhanced the capabilities on risk management and prevention. Due to the impact of the declining margin financing demand in the market and as of the end of June 2022, the Company's margin financing and securities lending balance was RMB36.567 billion, representing a decrease of 18.81% from the end of 2021. Among them, the margin financing balance was RMB36.263 billion. The maintenance margin ratio of the Company's margin financing and securities lending business was 268.81%.

### (3) Stock pledge business

In the first half of 2022, the Company's stock pledge business generally remained stable with new projects having a small amount and high quality. It achieved remarkable results in resolving existing risks. As of the end of June 2022, the Company's stock pledge balance was RMB3.416 billion, of which, the balance of the Company's own funds was RMB1.649 billion, representing a decrease of RMB135 million from the end of 2021. The weighted average performance guarantee ratio of the Company's stock pledge self-funded projects was 161.44%.

### (4) Futures brokerage business

In the first half of 2022 and facing the impact of the pandemic, Everbright Futures fully guaranteed stable operation, continued to develop the brokerage business and kept on serving industries to achieve transformation and development. Customer interests continued growing. It achieved an average daily margin of RMB25.460 billion from January to June, representing an increase of 34.07% year-on-year. As affected by the pandemic and the market, Everbright Futures achieved a market share of 2.35% in trading volume, representing a decrease of 34bp as compared with the same period last year. As of the end of June 2022, the trading volume of Everbright Futures represented 1.53%, 1.68%, 3.02%, 4.11% and 1.17%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and the Energy Center.

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

The Company develops overseas wealth management and brokerage business through its Hong Kong subsidiary. In the first half of 2022, the Hong Kong subsidiary continued to advance platform integration and provide customers with diversified product platforms and professional wealth management services. Through the exploration of external asset management, family office business and other new customer groups, the Company maintained a high level in term of the total number of overseas securities brokerage customers, the number of high-net-worth customers in particular. As of the end of June 2022, the amount of assets of stock under custody of the Company's oversea customers was HK\$100.639 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 3. *Outlook for the second half of 2022*

In the second half of 2022, the Company's wealth management business will continue to focus on three tasks of improving the efficiency of stock assets, facilitating the institutional brokerage business and enhancing the asset allocation service and speed up in promoting the transformation and upgrading of wealth management. It will consolidate foundations, revitalize stocks and highlight endogenous growth; continuously promote the introduction of institutional customers and focus on small and medium private customer groups and intelligent algorithm-based trading services; enrich the product system, optimize and adjust the sales structure of products and provide allocation services and after-sales companion services to customers; speed up the implementation of the "Ten Million Customer Project", expedite diversion, strengthen operation and coordinate business expansion to expand the customer base; focus on the building of three proprietary brands on wealth management, namely "Golden Sunshine 30", "Sunshine Investment Consulting" and "Golden Sunshine Manager" and improve the professional service capabilities of the investment advisory team. For the margin financing and securities lending business, the Company will strictly hold the bottom line of compliance, strengthen the risk operation capability, further consolidate the customer base, carry out classified marketing, reasonably set prices for guidance and expand the supply of securities sources to continuously optimize customer experience. For the stock pledge business, the Company will strictly follow regulatory requirements, strictly control the limit and quality of projects and constantly improve the comprehensive service capability. Everbright Futures will focus on serving the real economy, fully advance the optimization and upgrading of the customer system and business teams from industrial, institutional and retail aspects. It will develop a featured, comprehensive and professional service system on investment research and provide customers with high-quality and professional services to expand and strengthen the fundamentals. The Hong Kong subsidiary will persistently adhere to "customer-centric" core service concept, deepen the development orientation of product diversification under the wealth management platform and further enhance the capability on providing customers with professional wealth management services.

### (II) *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 the first half of 2022, the business segment achieved revenue of RMB1.0 billion, accounting for 13% of the Group's total revenue.

#### 1. *Market environment*

In the first half of 2022, with the continuous consolidation of the fundamental legal systems in the capital market and the establishment and opening of Beijing Stock Exchange, the multi-layered capital market system was further improved and the reformation on the registration-based IPO system in the entire market achieved steady progress. While the market recovered, the resurgence of the pandemic brought certain pressures to the investment banking business. As of June 30, 2022, the total amount of equity financing in the industry was RMB737.8 billion, representing a year-on-year decrease of 6.31%. The amount of IPO funds raised was RMB311.9 billion, representing a year-on-year increase of 47.8%.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, the bond underwriting amount of securities firms was RMB5.63 trillion, representing a year-on-year increase of 10.22%. Default events in the bond market continued to show the trend of spreading, further increasing the difficulty of bond underwriting business; in view of the intensifying market competition, the underwriting fee rate continued to decline; bond resources were further concentrated among top securities firms, resulting in the increasingly obvious echeloned ranking of bond underwriting amount.

In the first half of 2022, due to the combined impacts of various unexpected events such as the intensified international geographical conflicts, the surging commodity prices, the soaring global inflation, the unexpected interest rate hike by the Federal Reserve and the resurgence of the pandemic in China, the Hong Kong stock market fell into recession. According to Wind data, in the first half of the year, the amount of equity financing in the primary market in Hong Kong was HK\$114 billion, representing a year-on-year decrease of 76.60%. The total amount of IPO funds raised was HK\$19.7 billion, representing a significant decline of 91% from HK\$214.3 billion for the same period last year.

### 2. *Operational measures and performance*

#### (1) **Equity financing business**

In the first half of 2022, the Company accelerated professional transformation on the investment banking sector and made in-depth industry research to facilitate business development. The Company further penetrated the development in the main area such as Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, focused on strategic emerging industries as well as specialized and sophisticated enterprises that produce new and unique products, and provided high-quality investment banking services. It joined hands with branches and promoted the joint construction of projects and channels. The Company achieved breakthroughs in key large and medium-sized projects in the investment banking sector. In the first half of the year, it completed 4 IPO programs such as Novosense, 2 share placement programs such as Sinofibers Technology, as well as the allotment of CITIC Securities. The amount of funds raised in the IPO program of Novosense on the SSE Sci-tech Innovation Board ranked top 10 in the market.

The Company recorded total equity underwriting amount of RMB14.671 billion, representing an increase of 55.17% year-on-year, of which IPO financing scale was RMB8.088 billion, representing an increase of 13.93% year-on-year. The number of equity financing projects for which it acted as the lead underwriter was 7 (excluding exchangeable corporate bonds); the Company had abundant projects in its pipeline, with 21 IPOs being under review, and sufficient refinancing and M&A reserve projects.

#### (2) **Debt financing business**

In the first half of 2022, for debt financing business, the Company strengthened study on policies, increased the proportion of local government bonds, PPN and other varieties to maintain a stable market share. The Company actively responded to the call of the government and followed the guidance of the national strategy on "carbon neutrality". It vigorously responded to the requirements on the development of green finance, strengthened the ESG concept and practiced the goals on "carbon peaking and carbon neutrality". In the first half of the year, it underwrote 1 rural revitalization bond and 4 "carbon neutrality" bonds with an underwriting amount of RMB1.088 billion, including the first ABN for urban biomass power generation project in China and the first panda perpetual medium-term notes on rural revitalization in China. It actively carried out innovation and completed various first projects in the market, such as the first panda perpetual bonds on "carbon neutrality" and the first ABS program on personal vehicle loans.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, the number of underwriting projects for corporate bonds was 797, representing a year-on-year slight decrease. The underwriting amount of bonds was RMB213.915 billion, with a market share of 3.88%, ranking 6th in the industry. Among them, the underwriting amount of asset securitization business was RMB14.973 billion, ranking 10th in the industry; the underwriting amount of local government bonds was RMB115.863 billion, ranking 5th in the industry. Currently, the Company has become the lead underwriter for local government bonds in 13 regions.

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

<b>Type of bonds</b>	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	302.92	78	4
Corporate bonds	230.01	48	19
Asset securitization	149.73	60	10
Non-policy financial bonds	290.82	21	13
Local government bonds	1,158.63	586	5

### (3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In the first half of 2022, the Hong Kong subsidiary strengthened the coordination of domestic and overseas businesses and completed the sole sponsorship business for 2 IPOs in the H-share market, ranking 3rd among Chinese-funded securities firms in the Hong Kong market by a third-party agency. In addition, it also completed 5 bonds underwriting projects and 2 compliance consulting projects.

### (4) Financial leasing business

The Company conducts its finance lease business mainly through Everbright Leasing, a majority-owned subsidiary of the Company. In the first half of 2022, Everbright Leasing continued to strictly control risks and deepen the business transformation to serve the real economy. As of the end of June 2022, the existing scale of investment was RMB1.75 billion, representing a decrease of 27.1% as compared with the beginning of the year.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 3. *Outlook for the second half of 2022*

In the second half of 2022, in terms of equity financing business, the Company will increase project reserves, deepen its operation in key areas, seize the opportunity in the “three new economies” and conduct in-depth research on industries. The Company will continue to enhance practice quality, 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. The Company will further promote internal and external synergies and deepen the regional development of its debt financing business, and vigorously enhance marketing. The Company will consolidate the capability of underwriting superior products on an ongoing basis, to achieve balanced development of main products and enhance service of real economy constantly. It will continue to promote the implementation of business models of “investment banking + commercial banks”, “investment banking + investment” and “investment banking + platforms” through enhancing coordinated empowerment. In terms of finance leasing business, the Company will continue to deepen the business transformation and keep stable asset scale.

### (III) *Institutional customer business segment*

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

In the first half of 2022, the business segment realized revenue of RMB0.6 billion, accounting for 8% of the Group’s total revenue.

#### 1. *Market environment*

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

#### 2. *Operational measures and performance*

##### **(1) Institutional trading business**

In the first half of 2022, the Company explored investment research services, strengthened online services for institutional customers, deeply tapped online resources and expanded and served professional institutional investors through various channels. Meanwhile, it enhanced the coordination of internal businesses and utilized resources for product sales and other comprehensive service means to improve the capability on serving customers. In the first half of 2022, the market share of net income from seats commission of the Company was 2.53%.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Prime brokerage business

In the first half of 2022, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services based on trading system, investment research, fund-raising, capital intermediary and FOF/MOM investment extended with other services to create the prime brokerage service brand. As of the end of June 2022, the Company had cooperated with a total of 1,571 private equity institutions, representing a year-on-year increase of 30.7%, and introduced a total of 4,564 PB products, representing a year-on-year increase of 34.24%.

### (3) Asset custody and outsourcing business

In the first half of 2022, the Company further developed the custody and outsourcing business targeting private equity investment funds and mutual funds. It continued to make use of the synergic advantages of custody business, actively seek for cooperation opportunities with private fund, mutual fund, trust companies and other institutional customers and expand quality customers group, thereby achieving the development of the custody and outsourcing business and developing comprehensive financial service businesses. The Company steadily improved its risk control, security assurance, operational capabilities and professional standards of asset custody and outsourcing business, and successfully obtained the ISAE 3402 international certification report on fund custody and fund service business for 2021. As of the end of June 2022, the scale of private equity fund outsourcing services of the Company amounted to RMB104.6 billion, representing a year-on-year increase of 45.28%. The scale of fund custodian amounted to RMB54 billion, representing a year-on-year increase of 152.34%. The Company had 12 mutual funds under custody, with a total amount of RMB2.2 billion.

### (4) Investment research business

In the first half of 2022, continuously adhering to the positioning of "research first" in the investment research business, the Company developed seven special research direction guided by "three new economies" and closely integrated new development concept with research planning. It continued to enhance team buildings and research planning; sped up in the integration of professional researches, focused on in-depth studies to improve the quality of studies and enhance the market influence. It organized and planed a series of thematic studies, which closely focused on policy priorities and market hot spots like stabilizing economic growth, energy price, green finance and ESG.

As of the end of June 2022, the Company researched and followed 670 A share-listed companies and 167 overseas listed companies. The Company held 1 big online strategy meeting for investors and 1,093 phone meetings, published 2,708 research reports in total in the first half of 2022. It provided 6,673 services for institutional clients including 6,559 roadshows and anti-roadshows and 114 inspections.

### (5) Overseas institutional sales business

The Company conducts its overseas institutional sales business mainly through its Hong Kong subsidiary. In the first half of 2022, the Hong Kong subsidiary continuously enhanced the business cooperation with high-quality financial institutions in the building of business ecology circles.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (6) Financial innovation business

In the first half of 2022, the Company sped up in the development of the OTC derivatives business, gave full play to the synergistic effect of the OTC derivatives business, actively explored institutional customers and extended the radius of the Company's comprehensive financial services. For the OTC derivatives business, the Company actively responded to market demands, carried out return swaps, OTC options and income receipts business, continuously improved the capability on the establishment of the core business system, constantly optimized the product structure and innovated business models, expanded the depth and width of customer coverage, to lay a foundation for expansion of customer service and build core capabilities on the OTC derivatives business of the Company. For the exchange option market maker business, the Company continuously optimized the establishment of the market maker system and further consolidated business foundations.

### 3. *Outlook for the second half of 2022*

In the second half of 2022, the Company will strengthen the planning on research activities, focus on the improvement of services for leading customers, expand the coverage of customers and promote the establishment of the comprehensive service platform for institutional customers for the institutional trading business. For the prime brokerage business, the Company will continue to explore the client demands of commercial banks and wealth management subsidiaries, private funds, trusts and listing companies, integrate the resources of trading, research, fund-raising, capital intermediary and other comprehensive service resources to form closed-loop services covering extensive financial customers, constantly improve customer stickiness and promote the growth in comprehensive income.

For the asset custody and outsourcing business, the Company will continue to focus on the expansion of the custody and outsourcing services for private equity investment funds, index mutual funds and other securities products and actively explore the custody and outsourcing business of standard product trust and family trust and business opportunities for cooperation with peer securities firms to achieve the high-quality development of the business on the whole.

The investment research business will focus on the core business, continue to build a special research area, improve the coverage rate of institutional customers and promote research ability and market influence.

The financial innovation business will boost the efforts in system construction, steadily improve the service ability to customers, enrich the product diversity to customers, give full play to the synergic advantages of the Company and facilitate the stable business growth.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Investment trading business segment

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

In the first half of 2022, the business segment realized revenue of RMB50 million, accounting for 1% of the Group's total revenue.

#### 1. Market environment

In the first half of 2022, the domestic equity market fluctuated significantly with the biggest decline of over 20% in major stock indexes. As of the end of June 2022, the SSE Composite Index, the CSI 300 Index and the ChiNext Price Index recorded a decrease of 6.6%, 9.2% and 15.4%, respectively. Among 31 SWS primary industries, only the coal industry increased while the indexes of electronics, computer, media and other industries decreased by over 20%.

In respect of the bond market, due to the impacts of the triple pressures on the domestic economy, the surging inflation in overseas economies, the acceleration in interest rate hike by the Federal Reserve and other factors, long-term interest rates fluctuated within a narrow band in the first half of 2022 with the monetary environment remaining relatively loose, short-term interest rates declining and the yield rate curve steepening. With the resurgence of the COVID-19 pandemic in China, the bond market has continuously fluctuated within a narrow band since the second quarter of 2022.

#### 2. Operational measures and performance

##### (1) Proprietary equity investment business

In the first half of 2022 and in terms of the proprietary equity investment business, the Company actively responded to the complex and ever-changing external environment, adhered to pursuing progress amid stability and promoted the optimization of business models and strategies. The fluctuations of the established multi-strategy investment portfolio reduced significantly and the investment performance was better than the same period last year and the rate of investment return outperformed major broad-based indexes.

##### (2) Proprietary fixed income investment business

In the first half of 2022 and in terms of the proprietary fixed income investment business, the Company dynamically adjusted its investment plan based on market changes and positions, increased the allocation of certificates of deposits, medium notes and other high-grade and quality credit varieties in stable and orderly manner, controlled the duration and stabilized the leverage size. It enhanced the study on key industries, green bonds and special credit, formulated the implementation rules on the management of green bond investments and actively participated in ESG themed investments to improve the capabilities on serving the real economy and national strategies and fulfill the social responsibilities of central securities companies.

#### 3. Outlook for the second half of 2022

In the second half of 2022, the Company will promote the continuous improvement of business models, continuously improve the investment research capabilities and closely follow market changes for the proprietary equity investment business. It will seize market opportunities and actively invest in quality targets on the basis of the judgment on the general situation. For the proprietary fixed income investment business, the Company will continue to strengthen follow-up study on policy changes and the market, actively seek allocation windows and trading opportunities, optimize the investment management mechanism and promote technology empowerment on investment research.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (V) *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 the first half of 2022, the business segment realized revenue of RMB0.7 billion, accounting for 9% of the Group's total revenue.

#### 1. *Market environment*

New regulations and detailed rules on asset management were fully implemented in 2022. Asset management institutions sought new development points to develop new competitiveness through net worth transformation. In the first half of 2022, the CSRC officially released the Measures for the Supervision and Administration of Mutual Fund Managers 《公開募集證券投資基金管理人監督管理辦法》 and its ancillary rules, which moderately relaxed the restrictions on the number of licenses for mutual funds under the same subject and supported professional asset management institutions to apply for licenses for mutual funds according to laws, thereby accelerating the public offering transformation.

As of the end of June 2022, the total net assets under of mutual funds amounted to RMB26.79 trillion, representing an increase of 4.81% from the end of 2021. With the rising demand of residents for wealth management and the continuous expansion of equity assets, mutual fund business will be one of the important drivers of the transformation of the asset management business of securities companies and contributes an increasing profit.

#### 2. *Operational measures and performance*

##### **(1) Asset management business**

In the first half of 2022, Everbright Asset Management continued to focus on the improvement of the investment management capability, further enriched the investment research talent team and enhanced the optimization and tracking on refined management and investment strategies. Meanwhile, it continued to deepen the development of channels, expanded institutional businesses and actively broadened the scope and types of cooperation to provide diversified and high-efficient asset management services. As of the end of June 2022, the total AUM of Everbright Asset Management amounted to RMB431.977 billion, representing an increase of 15.29% from the beginning of the year. The assets under active management accounted for 93.5%. According to the statistics released by the Securities Association of China, net fee income from the asset management business of the company ranked 10th in the industry, up 2 places over the same period of the last year.

##### **(2) Funds management business**

In the first half of 2022, Everbright Pramerica continuously strengthened product and business innovation, deeply built investment research capabilities, closely followed market and customer demands and constantly improved product quality and services. It recorded outstanding investment performance on the whole and steady growth in the size of "fixed income +" products of mutual funds. As of the end of June 2022, Everbright Pramerica has managed 70 mutual funds, 25 private asset management plans and 37 products of its fund subsidiaries and the total AUM amounted to RMB113.472 billion. The AUM of mutual funds amounted to RMB84.137 billion and the size of mutual funds excluding monetary market funds was RMB64.911 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Overseas asset management business

The Company conducts its overseas asset management business mainly through its Hong Kong subsidiary. In the first half of 2022, the Hong Kong subsidiary mainly focused on expanding sales channels for asset management products, optimizing the product layout and improving the product quality to advance the development of business.

#### 3. *Outlook for the second half of 2022*

In the second half of 2022, Everbright Asset Management will continue to promote the public offering transformation and other work, improve the construction of the investment and research platform and enhance the compound capability and stability of investment strategies. Focusing on customer demands and combined with market opportunities, it will strengthen product planning and pool to diversify the product layout.

Everbright Pramerica will expand product pool, speed up in the research and design of various products, deeply focus on retail and institutional channel, strengthen the investment and research team building and the application of financial technology, so as to improve investment performance and cultivate funds with huge popularity in the market.

### (VI) *Equity investment business segment*

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

In the first half of 2022, the business segment realized revenue of RMB0.4 billion, accounting for 5% of the Group's total revenue.

#### 1. *Market environment*

In the first half of 2022, the private equity investment fund market grew steadily. As of the end of June 2022, the number of existing private fund managers was 24,330. The number of funds under management was 133,797. The scale of funds under management was RMB19.97 trillion. Among them, the number of private equity investment funds was 31,536 and the scale of funds under management was RMB10.84 trillion.

#### 2. *Operational measures and performance*

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

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. In the first half of 2022, Everbright Fortune actively monitored market situation and orderly proceeded relevant business on follow-up investment in the Sci-tech Innovation Board and direct equity investment. It enhanced post-investment management to ensure the safe and orderly withdrawal of projects. As of the end of June 2022, it has completed follow-up investment in 10 companies on the Sci-tech Innovation Board and achieved withdrawal of three companies.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Outlook for the second half of 2022

In the second half of 2022, the Company will continue to deepen the coordinated model of “investment banking + investment”, boost efforts in project marketing and steadily promote the implementation of projects for the equity investment segment. Following the orientation of national policies, it will serve the real economy, practice national strategies and fulfill the responsibilities of central enterprises.

## (I) Major items of the consolidated statement of profit or loss

Table 1 Major revenue items

Unit: RMB' 000

Item	January to June 2022		January to June 2021		Increase/decrease	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Fee and commission income	3,783,931	50%	4,484,480	42%	(700,549)	(16)%
Interest income	2,875,807	38%	3,176,027	30%	(300,220)	(9)%
Net investment gains	579,646	8%	814,623	8%	(234,977)	(29)%
Other income and gains	272,276	4%	2,077,532	20%	(1,805,256)	(87)%
Total revenue and other income	7,511,660		10,552,662		(3,041,002)	(29)%

In the first half of 2022, total revenue and other income of the Company amounted to RMB7.51 billion, representing a year-on-year decrease of 29%.

In particular, fee and commission income amounted to RMB3.78 billion, representing a year-on-year decrease of 16%, which was mainly due to the decrease in fee and commission income from securities brokerage business and underwriting and sponsorship business.

Interest income amounted to RMB2.88 billion, representing a year-on-year decrease of 9%, which was mainly due to the decreases in interest income from margin financing and securities lending and interest income from investment in debt instruments at fair value through other comprehensive income.

Net investment gains amounted to RMB0.58 billion, representing a year-on-year decrease of 29%, which was mainly affected by market conditions and the structure of investment products.

Other income and gains amounted to RMB0.27 billion, representing a year-on-year decrease of 87%, which was mainly due to the impact of COVID-19 pandemic on the development of commodity business in the first half of 2022.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Table 2 Major expenditure items

Unit: RMB'000

Item	January to June 2022		January to June 2021		Increase/decrease	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Fee and commission expenses	<b>565,728</b>	<b>12%</b>	704,803	9%	(139,075)	(20)%
Interest expenses	<b>1,638,209</b>	<b>34%</b>	1,894,900	25%	(256,691)	(14)%
Staff costs	<b>1,813,999</b>	<b>37%</b>	2,057,391	27%	(243,392)	(12)%
Depreciation and amortization expenses	<b>298,679</b>	<b>6%</b>	290,096	4%	8,583	3%
Tax and surcharges	<b>36,963</b>	<b>1%</b>	37,980	0%	(1,017)	(3)%
Credit impairment loss	<b>(269,514)</b>	<b>(6)%</b>	165,051	2%	(434,565)	(263)%
Other asset impairment loss	<b>165,812</b>	<b>3%</b>	605	0%	165,207	27307%
Other operating expenses	<b>613,022</b>	<b>13%</b>	2,469,777	32%	(1,856,755)	(75)%
<b>Total</b>	<b>4,862,898</b>		7,620,603		(2,757,705)	(36)%

In the first half of 2022, total expenses amounted to RMB4.86 billion, representing a year-on-year decrease of 36%.

In particular, fee and commission expenses amounted to RMB0.57 billion, representing a year-on-year decrease of 20%, which was mainly due to the decrease in the size of overseas securities brokerage business, leading to a decrease in sync with fee and commission income.

Interest expenses amounted to RMB1.64 billion, representing a year-on-year decrease of 14%, which was mainly due to the decrease in interest expenses on long-term bonds;

Staff costs amounted to RMB1.81 billion, representing a year-on-year decrease of 12%, which was mainly due to the decrease in total salary;

Depreciation and amortization expenses amounted to RMB0.30 billion, which was basically the same with that of the corresponding period last year;

Tax and surcharges amounted to RMB0.037 billion, which was basically the same with that of the corresponding period last year;

Reversal of credit impairment loss amounted to RMB0.27 billion, which was mainly the reversal of financial assets held under resale agreements as a result of the clearing and settlement of the project.

Other asset impairment loss amounted to RMB0.17 billion, most of which was goodwill impairment loss.

Other operating expenses amounted to RMB0.61 billion, representing a year-on-year decrease of 75%, which was mainly due to the decrease in cost of the commodities trading business of the Company during the current period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Cash flows

In the first half of 2022, the cash and cash equivalents of the Company recorded a net increase of RMB7.883 billion, of which:

Net cash generated from operating activities amounted to RMB9.687 billion, mainly due to the decreases in margin accounts receivable, financial assets held under resale agreements, and the increase in the financial assets sold under repurchase agreements, which was partially offset by the increase in financial assets at fair value through profit or loss.

Net cash generated from investing activities amounted to RMB0.765 billion, mainly due to the change of financial assets for investment purpose at fair value through other comprehensive income and other investments.

Net cash generated from financing activities amounted to RMB2.569 billion, mainly due to the repayment of some debt instruments during the period, which was partially offset by the proceeds received from the issuance of debt instruments.

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

Unit: RMB'000

Item	June 30, 2022		December 31, 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Composition
<b>Non-current assets</b>	<b>33,127,008</b>		31,295,166		1,831,842	5.85%
Property and equipment	802,961	0.32%	836,894	0.35%	(33,933)	(4.05)%
Right-of-use asset	653,868	0.26%	696,901	0.29%	(43,033)	(6.17)%
Goodwill	799,534	0.32%	928,322	0.39%	(128,788)	(13.87)%
Other intangible assets	210,201	0.08%	257,413	0.11%	(47,212)	(18.34)%
Interest in associates and joint ventures	1,027,277	0.41%	1,004,204	0.42%	23,073	2.30%
Financial assets measured at amortized cost	2,755,065	1.10%	1,787,443	0.75%	967,622	54.13%
Investment in debt instruments at fair value through other comprehensive income	10,086,208	4.02%	11,675,724	4.88%	(1,589,516)	(13.61)%
Investment in equity instruments at fair value through other comprehensive income	2,392,740	0.95%	559,564	0.23%	1,833,176	327.61%
Refundable deposits	11,316,353	4.51%	10,245,462	4.28%	1,070,891	10.45%
Deferred income tax assets	2,235,608	0.89%	2,156,069	0.90%	79,539	3.69%
Finance lease receivables	32,436	0.01%	54,744	0.02%	(22,308)	(40.75)%
Receivables arising from sale-and-leaseback arrangements	576,370	0.23%	851,140	0.36%	(274,770)	(32.28)%
Other non-current assets	238,387	0.09%	241,286	0.10%	(2,899)	(1.20)%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Item	June 30, 2022		December 31, 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Composition
<b>Current assets</b>	<b>217,881,804</b>		207,812,435		10,069,369	4.85%
Accounts receivable	2,136,183	0.85%	1,939,085	0.81%	197,098	10.16%
Finance lease receivables	317,550	0.13%	593,616	0.25%	(276,066)	(46.51)%
Receivables arising from sale-and-leaseback arrangements	822,896	0.33%	902,106	0.38%	(79,210)	(8.78)%
Other receivables and prepayments	2,438,842	0.97%	1,297,547	0.54%	1,141,295	87.96%
Margin accounts receivable	40,081,496	15.97%	48,445,768	20.26%	(8,364,272)	(17.27)%
Investment in debt instruments at fair value through other comprehensive income	2,814,523	1.12%	1,422,355	0.59%	1,392,168	97.88%
Financial assets held under resale agreements	469,861	0.19%	6,792,387	2.84%	(6,322,526)	(93.08)%
Financial assets measured at amortized cost	1,717,951	0.68%	2,349,176	0.98%	(631,225)	(26.87)%
Financial assets at fair value through profit or loss	81,703,188	32.55%	68,750,197	28.75%	12,952,991	18.84%
Derivative financial assets	709,357	0.28%	547,338	0.23%	162,019	29.60%
Clearing settlement funds	436,105	0.17%	403,315	0.17%	32,790	8.13%
Cash held on behalf of brokerage clients	64,091,946	25.53%	62,134,265	25.99%	1,957,681	3.15%
Cash and bank balances	20,141,906	8.02%	12,235,280	5.12%	7,906,626	64.62%
<b>Total assets</b>	<b>251,008,812</b>		239,107,601		11,901,211	4.98%
<b>Current liabilities</b>	<b>144,254,983</b>		135,957,282		8,297,701	6.10%
Loans and borrowings	4,165,900	2.23%	4,960,033	2.75%	(794,133)	(16.01)%
Short-term financing payables	2,121,128	1.13%	7,244,956	4.01%	(5,123,828)	(70.72)%
Placements from other financial institutions	14,640,436	7.82%	13,692,415	7.59%	948,021	6.92%
Accounts payable to brokerage clients	74,259,811	39.68%	70,224,000	38.90%	4,035,811	5.75%
Employee benefits payable	2,221,843	1.19%	1,821,514	1.01%	400,329	21.98%
Income tax payable	430,014	0.23%	764,321	0.42%	(334,307)	(43.74)%
Financial assets sold under repurchase agreements	22,354,791	11.94%	19,863,912	11.00%	2,490,879	12.54%
Financial liabilities at fair value through profit or loss	148,506	0.08%	342,425	0.19%	(193,919)	(56.63)%
Derivative financial liabilities	1,084,231	0.58%	512,046	0.28%	572,185	111.74%
Long-term bonds due within one year	13,621,008	7.28%	11,896,011	6.59%	1,724,997	14.50%
Lease liabilities due within one year	264,734	0.14%	249,072	0.14%	15,662	6.29%
Contract liabilities	41,315	0.02%	49,863	0.03%	(8,548)	(17.14)%
Other current liabilities	8,901,266	4.76%	4,336,714	2.40%	4,564,552	105.25%
<b>Total assets less current liabilities</b>	<b>106,753,829</b>		103,150,319		3,603,510	3.49%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Item	June 30, 2022		December 31, 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Composition
<b>Non-current liabilities</b>	<b>42,912,132</b>		44,555,057		(1,642,925)	(3.69)%
Loans and borrowings	2,694,789	1.44%	2,793,973	1.55%	(99,184)	(3.55)%
Bonds payable	34,450,275	18.41%	35,930,692	19.90%	(1,480,417)	(4.12)%
Employee benefits payable	1,244	0.00%	1,244	0.00%	-	-
Deferred tax liabilities	18,749	0.01%	18,103	0.01%	646	3.57%
Accrued liabilities	5,284,293	2.82%	5,284,293	2.93%	-	-
Lease liabilities	420,566	0.22%	461,820	0.26%	(41,254)	(8.93)%
Contract liabilities	1,474	0.00%	988	0.00%	486	49.19%
Other non-current liabilities	40,742	0.02%	63,944	0.04%	(23,202)	(36.28)%
<b>Total liabilities</b>	<b>187,167,115</b>		180,512,339		6,654,776	3.69%
<b>Net assets</b>	<b>63,841,697</b>		58,595,262		5,246,435	8.95%

*Non-current assets:* As of June 30, 2022, the non-current assets of the Company amounted to RMB33.1 billion, representing an increase of 6% as compared with that of the beginning of the year, which was mainly due to the increase of investment in equity instruments at fair value through other comprehensive income and refundable deposits, partially offset by the decrease of investment in debt instruments at fair value through other comprehensive income.

*Current assets:* As of June 30, 2022, the current assets of the Company amounted to RMB217.9 billion, representing an increase of 5% as compared with that of the beginning of the year, which was mainly due to the increase of financial assets at fair value through profit or loss, cash and bank deposits, partially offset by the decrease in margin accounts receivable.

*Current liabilities:* As of June 30, 2022, the current liabilities of the Company amounted to RMB144.3 billion, representing an increase of 6% as compared with that of the beginning of the year, which was mainly due to the increase in other current liabilities, accounts payable to brokerage clients and financial assets sold under repurchase agreements, partially offset by the decrease in short-term financing payables.

*Non-current liabilities:* As of June 30, 2022, the non-current liabilities of the Company amounted to RMB42.9 billion, representing a decrease of 4% as compared with that of the beginning of the year, which was mainly due to the decrease of bonds payable.

### *Overseas assets*

Overseas assets of the Company mainly derive from the subsidiary, Everbright Securities Financial Holdings Limited and its subsidiaries, the principal place of business of which is Hong Kong and the functional currency is Hong Kong dollars. Of which: Overseas assets of the Company reached RMB18.9 billion, representing 7.52% of the total assets.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Borrowings and bond financing*

Unit: RMB' 000

Item	June 30, 2022	December 31, 2021
Loans and borrowings	6,860,689	7,754,006
Short-term debt instruments issued	2,121,128	7,244,956
Long-term bonds	48,071,283	47,826,703
Total	57,053,100	62,825,665

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 42, 43 and 50 to the consolidated financial statements.

As at June 30, 2022, the Company's gearing ratio was 63.88%, the Company's borrowings due within one year, short-term financing payables and bonds amounted to RMB19.9 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB197.9 billion. Therefore, the liquidity risk exposure of the Company was immaterial.

### (II) Analysis on investments

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

As of the end of the Reporting Period, the long-term equity investment of the Company amounted to RMB1.027 billion, representing an increase of RMB23 million or 2.30%, as compared with that of the beginning of the year, which was mainly due to the gain on investment in associates and joint ventures under the equity method. For details, please refer to the disclosure in the consolidated financial report.

(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.

### (III) Material disposal of assets and equity interests

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

### (IV) Analysis on principal subsidiaries and controlled 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 June 30, 2022, Everbright Futures had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB29.315 billion, RMB2.571 billion, RMB524 million and RMB167 million, respectively.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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 June 30, 2022, Everbright Asset Management had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB3.701 billion, RMB3.079 billion, RMB418 million and RMB157 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 June 30, 2022, Everbright Capital had total assets, net assets, operating income and net loss for the first half of 2022 amounting to RMB2.677 billion, RMB-2.978 billion, RMB2.76 million and RMB2.26 million, respectively.

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

As of June 30, 2022, Everbright Fortune had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB2.073 billion, RMB1.910 billion, RMB11.82 million and RMB3.09 million, respectively.

5. Everbright Securities Financial Holdings Limited is a company with limited liability incorporated under the laws of Hong Kong with a registered capital of HK\$5.065 billion on November 19, 2010, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services with China Everbright Securities International Limited (formerly known as Everbright Sun Hung Kai Company Limited) as the main management platform. As of June 30, 2022, under IFRS measures, China Everbright Securities International Limited had total assets of HK\$7.25 billion and net assets of HK\$2.99 billion, and net profit for the first half of 2022 of HK\$38 million.

As of June 30, 2022, Everbright Securities Global Limited (光大證券環球有限公司) (formerly known as Everbright Securities (International) Limited), the other subsidiary of EBSHK, under IFRS measures, had total assets of HK\$1.56 billion and net assets of HK\$288 million, and net loss for the first half of 2022 of HK\$54 million.

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 June 30, 2022, Everbright Development had total assets, net assets, operating income and net loss for the first half of 2022 amounting to RMB1.255 billion, RMB594 million, RMB3.87 million and RMB3.01 million, respectively.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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 interests held by Everbright Capital has been frozen due to the impact of MPS risk events and has been subsequently sold at current price according to the ruling of the court. For details, please refer to the Company's announcements No. Lin 2019-037 and No. Lin 2022-009 published on the website of the SSE and the announcements dated May 31, 2019 and March 16, 2022 published on the website of the Hong Kong Stock Exchange. It is principally engaged in financial leasing and leasing business.

As of June 30, 2022, Everbright Leasing had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB2.303 billion, RMB1.261 billion, RMB30.81 million and RMB13.87 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 June 30, 2022, Everbright Pramerica had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB1.538 billion, RMB1.279 billion, RMB285 million and RMB74 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 June 30, 2022, Dacheng Fund had total assets, net assets, operating income and net profit for the first half of 2022 amounting to RMB4.991 billion, RMB3.020 billion, RMB962 million and RMB271 million, respectively.

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

As of June 30, 2022, the Company consolidated 31 structured entities, including asset management plans and partnerships. For asset management plans that the Company acts as manager and partnerships that the Company acts as general partner or investment manager, the Company is of the view that it has control over certain asset management plans and partnerships taking into account various factors including the rights of making decision on investment and the exposure to variable returns, and includes them into the scope of consolidation. As at June 30, 2022, the net assets of the above structured entities within the scope of consolidation amounted to RMB15.1 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IV. Other Disclosures

#### (I) Potential Risk Exposure

##### 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 execution information system and strengthening its professional risk management so as to effectively manage various risks faced during the Company's operations and to 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, and the Supervisory Committee; the management and its special 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, financial management department, treasury management department, operations management headquarters, board committee office (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 III MANAGEMENT DISCUSSION AND ANALYSIS

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

In terms of the market risk, the Company adheres to the principle of proactive management and quantitative orientation and establishes a risk limit system incorporated with various procedures for market risk tolerance and business risk limits based on the risk preferences of the Company. Risks are under control by a combination of investment portfolios, mark-to-market measures, hedging and mitigation measures during the business expansion. The general meeting of the Company determines the annual scale of proprietary trading business, the Board of Directors of the Company determines the market risk loss tolerance and the management of the Company and its committees determine the management mechanism for market risk tolerance and limits and are responsible for breaking down the market risk loss tolerance and reviewing and approving limits for specific business. Among them, business limits include VaR, net exposure value, Greek letters, investment concentration, basis point value, etc. As stress testing is an integral part of the Company's market risk management, the Company has established a stress testing mechanism to assess the potential loss that the Company may suffer under the stress scenario according to its business development and changes in market in a timely manner and provide a basis for the Company's management to make decisions. For the OTC derivatives business, the Company has established management standards on underlying pool and counterparty credit risk mark-to-market, and also established risk limits such as Greek value exposure, target concentration, and stress testing for market risk management.

In view of its overseas expansion and business development, the Company may be exposed to foreign exchange risks. In terms of sources and use of proceeds, the Company's potential foreign exchange risks are mainly 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.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (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 counterparty credit risk exposure.

### (3) *Operational risk*

The operational risk exposure of 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 integrate the operational risk management and internal control, reinforce the corresponding system such as monitor of internal control, authorization management and accountability and strengthen the perspectiveness and effectiveness of operational risk. The Company has promoted the construction and operation of three tools for managing operational risk, and further enhanced its capabilities in managing the operational risk through in-depth self-assessment, enriched the key indicator system, and improved loss data collection mechanism. The Company continued to optimize the operational risk management system, and gradually promoted the online and standardized operational risk management. 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.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(4) *Liquidity risk*

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

The Company has authorized the treasury management department to take charge of the overall liquidity risk management, implement overall control over the capital resources and financing management of the Company, coordinate to satisfy the capital requirements, and manage its liquidity. Meanwhile, the risk management and internal control department of the Company is responsible for monitoring the implementation of limit system for overall liquidity risk of the Company.

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

(5) *Information technology risk*

Information technology risks refer to the impacts on the network and the information system or data as a result of human errors, the defects or failure of software or hardware or natural disasters. Information technology risks that the Company may face include business continuity risk, network security risk, data leakage risk, financial technology risk, etc.

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

**Network security risk:** With the rise and development of Internet finance and the ongoing expansion and extension of channels for 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 threats to online trading system, online business system and internal application system with access to the Internet, and may even cause economic loss or reputational damage to the Company.

**Data leakage risk:** As financial technology has been rapidly developing in recent years, various data analysis platforms, including big data systems, have been widely used, resulting in the continuous expansion of data application scope and the continuous improvement of data concentration, thus posing a greater security risk of information leakage.

**Financial technology risk:** With the increasing popularity of financial technology application, product structure, business ecology and business models have changed significantly from traditional models, and new risks brought by financial technology innovation are even more hidden, sudden, and contagious.

During the Reporting Period, the Company continued to deepen its digital transformation and enhance its financial technology capabilities; it continued to deepen the technical service model of "front office, front-end service and full cooperation", optimized the organization and management model, promoted the deep integration between technology and business, and continuously improved the construction of cloud computing platform, big data platform and platform for AI basic technology capacity so as to consolidate the foundation of digital transformation of the Company. The Company has always adhered to the operation and maintenance management work philosophy of "prevention first, contingency plan as secondary measure, continuous improvement and pursuit of excellence", continued to promote the work objective of "adhering to the bottom line of safety and accelerating technology empowerment", and further strengthened work concept of "safety first, risks under control, business driver and technology orientation" to strive to practice standardized and refined operation and maintenance management, continuously optimize operation and maintenance tools and promote the optimization and restructuring of the operation and maintenance platform system. By reinforcing the core transaction system, continuously deepening the ISO20000 technical service system and actively promoting the construction of the three major platforms of unified supervision, management and control, the level of IT operation and maintenance management has been greatly improved, the quality and efficiency of operation and maintenance work has been improved, moving toward four directions of operation and maintenance of "service standardization, process automation, digital management, and intelligent decision-making" to effectively manage and control information technology risks.

During the Reporting Period, the overall information technology risks of the Company were controllable, and important information technology systems were operating in a safe and stable manner.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(6) *Reputational risk*

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

In order to effectively control reputation risk, the Company continued to carry out appropriate and effective reputational risk management, and 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 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's 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, handling and management 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 subsidiaries' reputation risk prevention and control system.

(7) *Compliance risk*

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

In order to effectively control compliance risk, the Company prevents compliance risks mainly through mechanisms such as system development, compliance management and control, compliance culture development, parent company and subsidiary management and control, legal affairs management, practicing behavior and corruption-free practice management and internal accountability, including: establishing a compliance management system, and specifying various requirements for compliance management through the system; strengthening the whole-process control of compliance management, and prevent occurrence of material compliance through pre-event compliance review, in-process compliance monitoring and post-event compliance inspection; attach importance to the development of compliance culture, and strengthening employees' awareness of internal control compliance with the focus of "Everbright law popularization" and case warning education, as well as compliance training and examination; strengthening the compliance management and control of parent company and subsidiary, improving the level of vertical management and control, requiring subsidiaries to improve internal compliance management systems through the means such as conducting legal compliance reviews and regular special inspections on major projects; promoting the establishment and improvement of the legal affairs management system, and carrying out legal risk management through contract review, litigation support and regulatory communication mechanisms; continuously improving the management and control of practice behavior and the management of corruption-free practice, promoting the structuring and standardized management of compliance data through the application of information technology, and

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

improving the scientific and technological level and management efficiency of monitoring; continuously improving the accountability mechanism and further amend the accountability system, optimize the organizational system and procedures of the accountability work, pursuing serious accountability with a zero-tolerance attitude, and continuously improving the standardized nature, accuracy and effectiveness of accountability work.

During the Reporting Period, the Company continued to improve the organizational structure of compliance management and optimize the compliance management and control mechanism. In terms of compliance management systems, the Company formulated 2 new systems and amended 5 systems based on the requirements of new regulations and established a system with 1 basic system, 1 implementation measure and 47 specific regulations, consolidating the performance of various compliance functions. In terms of the organizational structure of compliance management, the Board sets the targets on compliance management of the Company; the Supervisory Committee supervises the performance; the senior management of the Company implements the targets on compliance management; the chief compliance officer is accountable to the Board; the legal and compliance department performs various compliance management functions.

In terms of compliance management on the investment banking business, the Company urges all departments under the investment banking system to carry out the internal application and publicity of new regulations combined with new regulations on investment banking released by regulatory departments. In terms of the investment research business, the Company specifies the performance of duties by compliance staff at all business lines and strengthens compliance management and the publicity of compliance. For the retail business, the Company learns about the impacts of the pandemic prevention and control in different places on the business in a timely manner, reminds branches of relevant compliance risks and control measures and guides branches to carry out compliance management in branch institutions based on concerns on regulation. For the management of subsidiaries, it actively promotes rectifications under two specifications. In terms of corruption-free practice management, it conducts various corruption-free trainings within the Company and effectively publicizes requirements on corruption-free practice among frontline business staff in combination with case warning education. It insists on "keeping alert" and urges all employees to actively enhance the corruption-free and self-disciplinary awareness and keep away from various illegal and illicit behaviors. In addition, in accordance with relevant requirements of regulatory authorities on the implementation of the protection of consumers' rights and interests, it also establishes the investors' interests protection committee and sets up the management mechanism to further strengthen various functions of the Company on the protection of investors' rights and interests.

## SECTION IV CORPORATE GOVERNANCE

### I. Introduction to General Meetings

Meeting	Date of meeting	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of publishing the resolutions	Resolutions at the meeting
2021 annual general meeting	14 June, 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	14 June, 2022	<p>The meeting considered and approved the following resolutions:</p> <ol style="list-style-type: none"> <li>To consider and approve the Proposal regarding the Election of Mr. Zhao Ling as an Executive Director of the Company</li> <li>To consider and approve the Proposal regarding the Election of Mr. Liang Yi as a Supervisor of the Company</li> <li>To consider and approve the 2021 Report of the Board of Directors</li> <li>To consider and approve the 2021 Report of the Supervisory Committee</li> <li>To consider and approve the 2021 Annual Report and its summary</li> <li>To consider and approve the 2021 Profit Distribution Plan of the Company</li> <li>To consider and approve the Proposal of Proprietary Trading Businesses Scale in 2022</li> <li>To consider and approve the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2022</li> <li>To consider and approve the Proposal of Specific Mandate in relation to external donation of the Company</li> </ol>
2022 first extraordinary general meeting	August 2, 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	August 2, 2022	<p>The meeting considered and approved the following resolutions:</p> <ol style="list-style-type: none"> <li>To consider and approve the resolution on the amendments to the Articles of Association</li> <li>To consider and approve the resolution on the amendments to the Rules Governing the Management of Related Party Transactions of Everbright Securities Company Limited</li> <li>To consider and approve the resolution of the appointment of external auditors for the year of 2022</li> </ol>
2022 second extraordinary general meeting	August 23, 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	August 23, 2022	<p>The meeting considered and approved the following resolutions:</p> <p>To consider and approve the resolution on the election of Mr. Huang Xiaoguang as a Supervisor of the Company</p>

## SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Change
Zhao Ling	Chairman of the Board, Executive Director	Election
Liang Yi	Chairman of the Supervisory Committee	Election
Huang Xiaoguang	Supervisor	Election
Yan Jun	Chairman of the Board, Executive Director	Resigned
Cai Minnan	Non-executive Director	Resigned
Liu Jiping	Chairman of the Supervisory Committee	Resigned
Yang Weirong	Supervisor	Resigned

#### Description of changes about directors, supervisors and senior management of the Company

- The Company held the 2021 annual general meeting on June 14, 2022, and elected Mr. Zhao Ling as the Executive Director of the sixth session of the Board of the Company and elected Mr. Liang Yi as the Supervisor of the sixth session of the Supervisory Committee of the Company. On the same day, the 14th meeting of the sixth session of the Board of the Company was held and elected Mr. Zhao Ling as the Chairman of the sixth session of the Board; and the 11th meeting of the six session Supervisory Committee was held and elected Mr. Liang Yi as the Chairman of the sixth session of Supervisory Committee.

On April 19, 2022, the Board of the Company received a letter of resignation from Mr. Yan Jun, as per which, Mr. Yan Jun resigned, as a result of work adjustment, as Chairman and an Executive Director of the Company. On the same day, the Supervisory Committee of the Company received a letter of resignation from Mr. Liu Jiping, as per which, Mr. Liu Jiping resigned, as a result of work adjustment, as Chairman of the Supervisory Committee and a Supervisor of the Company.

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

The Supervisory Committee of the Company received a letter of resignation from Mr. Yang Weirong on June 28, 2022, as per which, Mr. Yang Weirong resigned, as a result of work adjustment, as a Supervisor of the Company.

- The Board of Directors of the Company received a letter of resignation from Mr. Cai Minnan on August 19, 2022, as per which, Mr. Cai Minnan resigned, as a result of work adjustment, as a Non-executive Director of the Company.
- During the Reporting Period, the number of Directors, Supervisors and senior management personnel who resigned (including change): 3; the number of resigned personnel, representing 9.68% of that of all Directors, Supervisors and senior management at the beginning of the Reporting Period.

## SECTION IV CORPORATE GOVERNANCE

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

### III. Significant Changes in Directors' and Supervisors' Information

According to the requirements of Rule 13.51B of the Hong Kong Listing Rules, there were no other material changes to the relevant information in respect of the Directors and Supervisors during the Reporting Period.

### IV. Description of the Directors' and Supervisors' Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company entered into contracts with the Directors and Supervisors in respect of, among others, compliance with the relevant laws and regulations and observing the Articles of Association and the provisions on arbitration. Save as disclosed above, the Company has not entered, and does not propose to enter, into any service contracts with any Directors or Supervisors of the Company in their respective capacities as Directors/Supervisors (except for contracts which expire within one year or may be terminated by the employer within one year without payment of compensation (other than statutory compensation)).

### V. Dealing in Securities by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for Directors and Supervisors of the Company regarding securities transactions by all the Directors and Supervisors. The Company, having made specific enquiries to all Directors and Supervisors, confirmed that they had been in strict compliance with the requirements of the Model Code during the Reporting Period. The Company has also formulated guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Hong Kong Listing Rules). During the Reporting Period, the Company has not found any employee violating the said guidelines.

The Board will examine the corporate governance and operation of the Company from time to time to ensure that the Company complies with the relevant requirements of the Hong Kong Listing Rules and to protect the interests of Shareholders.

## SECTION IV CORPORATE GOVERNANCE

### VI. Staff and Remuneration Policy

#### (I) Information about the staff

As of the end of the Reporting Period, the Company had 8,675 employees (including 1,691 brokers), of which the parent company had 6,614 employees, wholly-owned and controlling subsidiaries had 2,061 employees.

#### (II) Remuneration policy

The Company practices the concept of high-quality development and the industry culture of “compliance, integrity, professionalism and prudence”. In formulating remuneration and welfare policies, the Company has fully taken into consideration factors such as laws and regulations, industry characteristics, corporate strategies, compliance and risk control and job characteristics, makes adjustment in a timely and proper manner, regulates income distribution procedures, and adheres to the basic principles, including legal compliance, fairness and reasonableness, value creation, classified management, incentives and constraint, to take priority of the front-line workers, core talents and value creation. The Company takes fully advantage of the appraisal result, to determine scientifically the method and extent of linkage between the appraisal and remuneration allocation, so as to raise or reduce the compensation.

The basic salary of employees is comprehensively determined after taking into account factors such as the job type, job responsibilities, responsibilities undertaken and job grade of employees; the allowance is appraised based on the employee’s actual job title, professional qualifications, etc., and can be adjusted according to market conditions in due course; the performance bonus is linked to the Company’s operating conditions, department performance, employee personal performance and the length of service, etc. It recognizes the value creation of business departments and fully acknowledges the roles and contributions of middle and back-end departments. Meanwhile, the Company strictly implements regulatory requirements and has established mechanisms of deferral payment, termination payment of compensation, as well as recourse and recovery, and also, at the same time, makes sound management and control of compensation and pace control.

In addition to statutory benefits, security benefits and other benefits, the Company, in the principle of localization, contributes statutory insurance and housing provident fund for employees in accordance with laws. Meanwhile, it provides welfare programs such as annual leaves, supplementary commercial medical insurance, annual physical examination, and the establishment of enterprise annuity plans to protect the vital interests of employees.

#### (III) Training plan

The education and training of the Company was guided by Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, to build and improve the education and training system of cadres and employees, and enhance the systematic, continuous and targeted education and training work. In 2022, for middle-level and above cadres, youth league leaders, front-line sales department officers, and backbones that take a temporary post, the Company organizes training courses to learn the spirit of the Sixth Plenary Session of the 19th Central Committee, the “Sail Plan (揚帆計劃)” training, and training courses for Party building-led grassroots governance, etc., and focus on improving the political ability and comprehensive quality of cadres and staff to strengthen the cultivation of ethic thought. For the professional talents in various lines, the Company organizes “I am the speaker (我是主講人)” and “Sunshine lecture hall (陽光大講堂)” and other activities based on the actual need of our business, to improve the comprehensive quality and expertise of employees, etc.; and for new employees, the Company organizes “Eagle Plan (飛鷹計劃)” training and “Initial Experience in Everbright Securities (光證初體驗)” orientation activities to promote team cohesion. During the epidemic period, the Company pays attention to the physical and mental health of the staff, provides “Heart Class (心課堂)” service for all staff, and arranges salon activities for staff on duty to take care of their physical and mental health.

## SECTION IV CORPORATE GOVERNANCE

### VII. Profit Distribution

#### (I) The profit distribution proposal during the Reporting Period

According to the 2021 profit distribution proposal considered and approved at the 2021 annual general meeting of the Company convened on June 14, 2022, the total share capital of A Shares and H Shares of the Company in issue as of December 31, 2021 was 4,610,787,639 shares, a cash dividend of RMB2.28 per 10 shares (tax inclusive) was proposed to distribute to all holders of A Shares and H Shares, with a total cash dividend amounting to RMB1,051,259,581.69. Cash dividend is denominated and declared in RMB and paid to holders of A Shares of the Company in RMB and to holders of H Shares of the Company in HKD. The actual distribution amount in HKD was calculated at the rate of average benchmark exchange rate of RMB against HKD published by the PBOC for one week (including the date of the annual general meeting) prior to the annual general meeting of the Company (i.e. RMB0.8532 = HKD1.00). Accordingly, a cash dividend of HKD2.672293 per 10 H Shares (tax inclusive) was distributed.

The Company published relevant announcements in relation to the 2021 profit distribution proposal on the websites of the SSE and the Hong Kong Stock Exchange, and the Company's 2021 profit distribution proposal was completed in August 2022.

#### (II) Profit distribution proposal and proposal for conversion of capital reserve fund into share capital

The Company had no profit distribution proposal or proposal for conversion of capital reserve fund into share capital for the first half of 2022.

### VIII. Investor Relations

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

In the first half of 2022, despite the challenges brought by the COVID-19 pandemic, following the principles of compliance, equality, proactivity and integrity, the Company successfully held the 2021 annual results briefing for investors through live streaming, and over 4000 persons watched the briefing through livestreaming platforms such as SSE Roadshow Center, Roadshow China and Wind; the Company responded to the inquiries of approximately 50 persons in total from various institutions including securities firms and fund companies on-site and online in 15 events; the Company attended 4 strategy conferences held by securities firms where the Company communicated sufficiently with the investors and analysts on matters including the industry development trend, and the results of operations and business development strategies of the Company, comprehensively promoted the business development strengths of the Company and properly directed the market expectation. The Company optimized the work mechanism on responding to investors' inquiries, effectively enhanced the protection of investors' interests, listened to over 200 phone calls from investors, and answered questions raised through "SSE E-Interaction" for 73 times.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. Particulars of Environmental Information

#### 1. Other environmental information disclosed with reference to key pollutant-discharging units

During the Reporting Period, the Company received no administrative punishment on environmental issues. The Company actively responded to the national environmental protection and sustainable development strategy, strictly abided by relevant laws and regulations on environmental protection of the places where it operates, attached high importance to environmental responsibilities and facilitated the Company to advance towards sustainable development. The Company vigorously explored green financing demands, advocated green operation and strived to reduce the consumption of water, electricity, paper and other resources and office items and reduce carbon emission.

#### 2. Relevant information beneficial to ecological protection, pollution prevention and fulfillment of environmental responsibilities

The Company consciously fulfills its environmental responsibility, actively advocates green management and green operation, and integrates the concept of green development into its daily business and operation activities starting from the management details, so as to help the construction of ecological civilization with practical actions. The Company has taken practical actions to help the construction of ecological civilization by integrating the concept of green development into its daily business and operation activities. The Company, through a number of financial product innovation projects, such as Everbright Environment's first national "Panda" and "Carbon Neutral" perpetual medium-term notes, Everbright Green (光大綠色環保)'s first national "Panda" and "Rural Revitalization" perpetual medium-term notes, and Everbright Water's first domestic "Panda" perpetual medium-term notes, has implemented the national "Carbon Peak" and "Carbon Neutral" strategies, the "Rural Revitalization" strategy proposed in the report of the 19th Party Congress, and the concept of "Green Water and Green Hills are Golden Mountains (綠水青山就是金山銀山)", and practiced its original intention and mission of "finance serves the real economy" and "capital markets facilitate the development of green industries (資本市場助力綠色產業發展)". The Company develops fire emergency plans, air conditioning refrigeration fluid leakage emergency plans and other environmental protection emergency plans, focuses on paperless transformation in the process of rendering services and operations, promotes video conferencing and paperless office, and continues to upgrade the electronic office system, reduces dependence on resources while improving management efficiency. In addition, the Company is actively implementing waste separation and professional recycling of hazardous waste, as well as strengthening the refined management of staff canteens, fully implementing "Clean Your Plate Campaign (光盤行動)" and calling on staff to take meals on demand, to reduce the amount of food waste generated and advocate a green lifestyle.

#### 3. Measures adopted for reducing its carbon emission during the Reporting Period and effects

During the Reporting Period, the Company actively practiced the concept of green and low carbon, created a strong atmosphere of energy conservation and carbon reduction, and ensured that various measures for energy conservation and emission reduction were implemented. Firstly, it advocated green operation by controlling the temperature of air conditioners in office areas, promoting LED lamps to replace traditional lamps, and turning off electrical equipment in time after getting off work, so as to effectively save energy and reduce consumption. Secondly, it advocated green procurement by strictly controlling procurement sources, and regulating to use standardized products, and enhancing environmental protection requirements for its suppliers and products to be purchased. Thirdly, it advocated green travel by encouraging employees to use new-energy vehicles to reduce carbon emissions from vehicle use.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

2022 is the year for the convening of the 20th National Congress of the CPC as well as a crucial year for the effective link between consolidating the results of poverty alleviation and rural revitalization. In order to deeply implement the opinions of the Central Committee of the Communist Party of China and the State Council on better implementation of the key work of comprehensively promoting rural revitalization in 2022, Everbright Securities will earnestly implement the deployment and requirements of China Everbright Group on the opinions on the implementation of key work in facilitating rural revitalization in 2022 and strive to complete tasks on paired assistance granted by the Group and regulatory departments, consolidate results of poverty alleviation and promote rural revitalization.

#### (I) Work in the first half

During the Reporting Period, the Company made the donation of targeted assistance capitals of RMB5.0 million to assist counties receiving targeted assistance in consolidating the results of poverty alleviation and assigned outstanding cadres to hold temporary posts in Xintian County, Hunan Province, a county receiving targeted assistance, to support rural revitalization. The Company vigorously expanded the breadth and depth of consumption assistance. It actively purchased and assisted in the sale of featured agricultural products from regions receiving targeted assistance through the "love purchase" organized by the labor union of the Company. It also assisted in solving the issue on the "last kilometer" in industrial development and gradually developed the assistance model of "boosting sales with channels, boosting industries with sales and boosting revitalization with industries". The Company purchased agricultural products with a total amount of RMB536,000 from poverty-stricken regions in the first half of 2022.

#### (II) Working plan in the next stage

##### 1. *Strengthen financial assistance and increase support for the real economy*

Party organizations at all levels of the Company deeply study and understand the profound significance and core meaning of the Party Central Committee's strategy of rural revitalization, deeply implement the new development concept, carefully study and analyze their own characteristics and the industrial structure of the assistance area, and precisely apply policies and make precise efforts.

##### 2. *Strengthen consumption assistance and integrate systematic assistance resources*

The Company will fully explore itself and employ customer resources of financial enterprises of Everbright Group. Through the "Shopping Wonderful (購精彩)" platform of the Group, mobile banking, the credit card "Sunshine Life (陽光惠生活)", self-owned sales windows and other channels, the Company will implement the requirements on the procurement of products from regions receiving assistance for internal canteens and supermarkets, the "love purchase" by labor unions at all levels and internal welfare activities, support counties receiving targeted assistance to cultivate green food, organic agricultural products and agricultural products with geographical indications and assist in solving the issue on the "last kilometer" in industrial development in rural areas.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### 3. *Enhance intelligence assistance and carry out in-depth research on serving "agriculture, rural areas and farmers"*

Firstly, the Company will give play to its advantages in various research talents and extensive channels for obtaining information, conduct researches on the county economy with regions receiving paired assistance as the subject and provide scientific suggestions to developing featured industries, consolidating results of poverty alleviation and promoting rural revitalization in counties receiving paired assistance. Secondly, it will select the main production area of agricultural futures and develop the risk management awareness of local agricultural enterprises through inspections and trainings. Thirdly, it organized and conducted trainings on financial knowledge for grass-roots carders, professional technical staff and leaders in rural revitalization in regions receiving paired assistance with over 20 participants.

### 4. *Strengthen organizational assistance and facilitate the establishment of rural governance systems*

The Company will carry out joint learning and building with grass-roots Party organizations in regions receiving paired assistance, organize trainings on Party building talents and support the establishment of grass-roots organizations in rural areas. It will encourage outstanding Party branches of the Company and Party branches of villages in Xintian County and other regions receiving assistance to carry out paired joint building, expand the coverage and assist them in establishing and improving the rural governance system under the leadership of the Party branch. It will enhance the building of grass-roots organizations, innovate the effective platform carrier for the construction of spiritual civilization in rural areas, practically safeguard the safety and stability of rural areas and the society and promote the modernization of rural governance capability in local areas.

### 5. *Boost public welfare assistance and fulfill social responsibilities*

The Company will support the building of medical health teams in rural areas and improve grass-roots medical services and facilities. It will provide relief to damages caused by natural disasters, accidents and public health events, care about the elderly, assist orphans and minors of special families, grass-roots public with difficulties and the disabled and conduct other public welfare activities.

### 6. *Strengthen cultural assistance and tell the story of Everbright*

Party committees at all levels of the Company strengthen the organizational leadership of rural revitalization project, enhance the awareness of opportunity and responsibility, conscientiously implement the work plan of the party committee of the Company on helping rural revitalization, deeply excavate vivid cases in the areas targeted for assistance, carry out various forms of publicity, organically combine the vivid practice of assistance work with the corporate culture of Everbright, focus on summarizing the effectiveness, promote the spirit of poverty alleviation, and inspire cadres and employees to make greater contributions to the implementation of rural revitalization strategy.

## SECTION VI SIGNIFICANT EVENTS

### I. Performance of Undertakings

**Undertakings of de facto controllers, shareholders, related parties, purchasers, the Company and connected parties made and/or remain effective during the Reporting Period**

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Any deadline for performance or not	Strictly performed in a timely manner or not
Undertaking in relation to the initial public offering	Other	China Everbright Group Ltd.	A non-competition undertaking was made in favor of the Company during the listing of A Shares of the Company on the Shanghai Stock Exchange and the listing of H Shares on the Hong Kong Stock Exchange.	August 2009, August 2016	No	Yes

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

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

### III. Guarantees in Violation of Regulations

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

### IV. Appointment and Dismissal of Accounting Firms

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

### V. Material Litigation and Arbitration Matters

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

## SECTION VI SIGNIFICANT EVENTS

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

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

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

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

On June 2, 2022, the CSRC issued the Decision on Ordering Everbright Securities Company Limited to Take Rectification Measures (Decision on Administrative Regulatory Measures [2022] No. 31) to the Company and believed that the Company has the following problems: Firstly, the immigration services provided by China Everbright Fortune Immigration Services Limited, an overseas subsidiary, are out of the scope of financial businesses and the cleaning of stock businesses has not completed. Secondly, it fails to urge overseas subsidiaries to complete the cleaning of equities (units of partnership) held in OP EBS Fintech Investment Limited, Dongbei Special Steel Group Co., Ltd. and Qiqihar Guohong Investment Center (Limited Partnership) (齊齊哈爾國宏投資中心(有限合夥)). Thirdly, it fails to complete the cancellation of 1 subsidiary and 1 special purpose vehicle (SPV) at least as scheduled and the level adjustment of 11 subsidiaries and 3 SPVs and fails to effectively reduce the level structure of overseas subsidiaries. Currently, the Company maintains active communications with regulatory departments and is fully advancing various rectifications based on the requirements.

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

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

For details of MPS of Everbright Capital, please refer to "XI. Other Significant Events and Subsequent Events" in this section.

## SECTION VI SIGNIFICANT EVENTS

### VIII. Material Related Party Transactions and Connected Transactions

#### (I) Related party transactions and connected transactions related to daily operations

Everbright Group is a controlling shareholder of the Company and hence a connected person of the Company. As of January 29, 2022, Sun Hung Kai & Co. Limited is an associate of a resigned director of SHKFGL (less than 12 months), and is 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 relevant subsidiaries, pursuant to which the Company and relevant subsidiaries are permitted to use certain trademarks owned by Everbright Group in China.
2. Sun Hung Kai & Co. Limited and SHKFGL and/or certain of its subsidiaries have entered into certain trademark license agreements. Sun Hung Kai & Co. Limited 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, PRC and Australia.
3. Sun Hung Kai Insurance Consultants Limited, a subsidiary of SHKFGL, entered into an agreement with certain associates of Sun Hung Kai & Co. Limited, pursuant to which Sun Hung Kai Insurance Consultants Limited will provide packaged brokerage services to the associates of Sun Hung Kai & Co. Limited 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 Sun Hung Kai & Co. Limited and certain of its associates to regulate the provision of securities brokerage services.
4. Sun Hung Kai & Co. Limited, 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 Everbright Bank. References are made to the announcements of the Company dated August 26, 2021 and September 2, 2021, the Company had made an application to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange had granted the Company a waiver from strict compliance with the maximum daily balance requirements set out in Rule 14A.53 of the Hong Kong Listing Rules, and such waiver will be valid until December 31, 2024.

## SECTION VI SIGNIFICANT EVENTS

### *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, Everbright Group and its associates had leased certain properties from the Group mainly for their business operations.

Reference is made to the announcement of the Company dated August 26, 2021. The Company has renewed the property leasing framework agreement between the Company and Everbright Group on the basis of the 2018 Everbright Group Property Leasing Framework Agreement (the "2021 Everbright Group Property Leasing Framework Agreement") for a term of three years commencing from January 1, 2022 to December 31, 2024.

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

In accordance with the 2021 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 RMB8.0 million, RMB8.0 million and RMB9.2 million in 2022, 2023 and 2024, respectively; and the annual cap for the rental expenses to be paid/the total value of right-of-use assets for the properties rented from Everbright Group and its affiliated parties would be RMB118.0 million, RMB184.0 million and RMB207.0 million in 2022, 2023 and 2024, respectively. In the first half of 2022, the actual amount of rental income from the properties leased to Everbright Group and its affiliated parties was RMB0 million, and the rental expenses paid/the total value of right-of-use assets for the properties rented from Everbright Group and its affiliated parties was RMB46.1247 million.

Under the 2021 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 the Hong Kong Listing Rules, but are exempted from the independent shareholders' approval requirement.

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

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

## SECTION VI SIGNIFICANT EVENTS

Reference is made to the announcement of the Company dated August 26, 2021, the Company has renewed the Non-financial Miscellaneous Services Agreement between the Company and Everbright Group on the basis of the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement (the "2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement") for a term of three years commencing from January 1, 2022 to December 31, 2024.

In accordance with the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from providing non-financial miscellaneous services by the Group to Everbright Group and its affiliated parties would be RMB5.0 million, RMB5.0 million and RMB5.0 million in 2022, 2023 and 2024, respectively; and the annual cap for the expenses to be incurred for non-financial miscellaneous services provided by Everbright Group and its affiliated parties would be RMB89.0 million, RMB104.0 million and RMB119.0 million in 2022, 2023 and 2024, respectively. In the first half of 2022, the actual amount of income from provision of non-financial miscellaneous services to Everbright Group and its affiliated parties was RMB0 million, and the expenses paid for the non-financial miscellaneous services provided by Everbright Group and its affiliated parties were RMB5.9818 million.

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

### *Financial Products and Services Framework Agreement*

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

References are made to the announcement of the Company dated August 26, 2021 and the circular dated September 28, 2021. The Company has renewed the financial products and services framework agreement between the Company and Everbright Group on the basis of the 2018 Everbright Group Financial Products and Services Framework Agreement (the "2021 Everbright Group Financial Products and Services Framework Agreement") for a term of three years commencing from January 1, 2022 to December 31, 2024.

### **A. Securities and Financial Products**

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 interbank 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.

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In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transaction of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024 respectively; and the annual cap for cash outflow for the transaction of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024 respectively. In the first half of 2022, the actual cash inflow from the transaction of securities and financial products was RMB156,105 million; and the actual cash outflow for the transaction of securities and financial products was RMB151,253 million.

### **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.

In accordance with the 2021 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 RMB1,145 million, RMB1,374 million and RMB1,718 million in 2022, 2023 and 2024 respectively; and the annual cap for the expenses to be paid by the Group for the securities and financial services provided by Everbright Group and its affiliated parties shall be RMB849 million, RMB1,019 million and RMB1,274 million in 2022, 2023 and 2024 respectively. In the first half of 2022, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its affiliated parties was RMB128.3996 million, and the actual expenses paid for the securities and financial services provided by Everbright Group and its affiliated parties were RMB48.2649 million.

Under the 2021 Everbright Group Financial Products and Services Framework Agreement, as the highest applicable percentage ratio based on the relevant annual caps set out above is 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.

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

## SECTION VI SIGNIFICANT EVENTS

### IX. Significant Contracts and their Performance

#### 1. Significant guarantees performed or outstanding guarantees during the Reporting Period

Unit: 100 million Currency: RMB

<b>Guarantees provided by the Company (excluding guarantees for subsidiaries)</b>	
Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)	–
Balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–
<b>Guarantees for subsidiaries by the Company</b>	
Total guarantees for subsidiaries during the Reporting Period	18.81
Balance of guarantees for subsidiaries as at the end of the Reporting Period (B)	69.06
<b>Total guarantees (including guarantees for subsidiaries)</b>	
Total guarantees (A+B)	69.06
Ratio of total guarantee to net assets of the Company (%)	10.82
Among which:	
Guarantees for shareholders, de facto controller and their related parties (C)	–
Debt guarantee provided directly or indirectly for companies with gearing ratio over 70% (D)	41.18
Amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	41.18
Outstanding guarantees subject to joint and several liabilities	
Details of guarantees	<ol style="list-style-type: none"> <li>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 June 30, 2022, the balance of such guarantees was approximately RMB5.329 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 June 30, 2022, the balance of such guarantees was approximately RMB1.577 billion.</li> <li>The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.</li> </ol>

## SECTION VI SIGNIFICANT EVENTS

### X. Description of Other Significant Events

#### 1. Accounting-related Information

*Analysis and explanation of causes and effects of changes in terms of accounting policies, accounting estimates or accounting methods by the Board*

During the Reporting Period, there was no change in accounting policies of the Company.

*Analysis and explanation of the causes and effects of corrections of significant errors in the previous period by the Board*

During the Reporting Period, there was no matter in relation to corrections of significant errors in the previous period of the Company.

#### 2. Review by the Audit and Related Party Transaction Control Committee

The Audit and Related Party Transaction Control Committee of the Board has reviewed and confirmed the Company's report on Review of Interim Financial Statements which is disclosed in accordance with the International Accounting Standards for the six months ended June 30, 2022, and has no objection against matters including the accounting policies and practices adopted by the Company.

#### 3. Corporate Governance

During the Reporting Period, the Company strictly complied with the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules, fully complied with all applicable provisions of the Corporate Governance Code, and met the requirements of the vast majority of the recommended best practices set out in the Corporate Governance Code.

### XI. Other Significant Events and Subsequent Events

#### 1. Events of litigations disclosed with subsequent progress

For details of the case, of which O:TU INVESTMENTS LIMITED filed a lawsuit against Shanghai International Wine Exchange Co., Ltd. and Everbright Fortune, please refer to the 2017 annual report, the 2018 interim report, the 2018 annual report, the 2020 annual report and the 2021 interim report of the Company. Currently, the Shanghai High People's Court dismissed the appeal and upheld the original judgement.

For details of the case that Everbright Fortune submitted an arbitration application against Quanzhou Hongdao Investment Co., Ltd. (泉州弘道投資有限公司) and a natural person surnamed Hu, please refer to the 2020 annual report of the Company. Currently, Everbright Fortune has received the arbitration, which awarded that Quanzhou Hongdao Investment Co., Ltd. (泉州弘道投資有限公司) shall acquire 4,950,000 shares of Xiamen Ptah Information Technology Co, LTD held by Everbright Fortune with an amount of repurchase payment of approximately RMB19,578,100 and an amount based on the repurchase payments, including liquidated damage for late payment, lawyers' fees, preservation guarantee expenses, guarantee expenses and the arbitration fees. The natural person surnamed Hu shall be jointly liable for the payment obligations.

For details on the Company's case against its stock pledge clients surnamed Zheng and surnamed Zhan, please refer to the Company's announcement No. Lin 2019-041 published on the website of SSE and announcement published on the website of the Hong Kong Stock Exchange dated July 13, 2019, 2019 interim report, 2019 annual report, the announcement No. Lin 2020-104 published on the website of SSE, the announcement published on the website of the Hong Kong Stock Exchange dated November 3, 2020, 2020 annual report, 2021 interim report and 2021 annual report. The Court resumed enforcement after final execution.

## SECTION VI SIGNIFICANT EVENTS

For details on the Company's case against its stock pledge client surnamed Yin, please refer to the Company's 2018 third quarterly report, the Company's announcement No. Lin 2019-037 published on the website of SSE and announcement published on the website of the Hong Kong Stock Exchange dated May 31, 2019, 2019 interim report, 2020 interim report, 2021 interim report and 2021 annual report. Currently, the case has been finalized.

Everbright Capital submitted an arbitration application against a natural person surnamed Zhou and Guizhou Qingli Group Co., Ltd. (貴州青利集團有限公司). Please refer to the Company's 2019 annual report and 2021 interim report for details. Currently, the settlement agreement was achieved.

For details on China Everbright Securities (HK) Limited case against its client surnamed Man, please refer to the Company's 2017 annual report, 2018 interim report, 2018 annual report, 2019 annual report and 2021 annual report. China Everbright Securities (HK) Limited has applied for enforcement of the case. Currently, the settlement and repayment agreement has been signed and the execution has been finalized.

For details on the Company's case against a person surnamed Yu, please refer to the Company's 2021 interim report and 2021 annual report. Currently, the Shanghai Financial Court has remanded the case to the People's Court of Jing'an District of Shanghai for retrial and the People's Court of Jing'an District of Shanghai has refiled the case.

For details on the Company's two cases against its stock pledge clients surnamed Zhang and surnamed Ma, please refer to the Company's announcement No. Lin 2019-045 published on the website of the Shanghai Stock Exchange and announcement dated August 9, 2019 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2019 annual report, 2020 annual report, 2021 interim report and 2021 annual report. To date, the Company has received the final judgement.

For details of the relevant fourteen default cases of the Company on disputes over margin financing and securities lending transactions, please refer to the Company's 2020 annual report and 2021 interim report. Among which, the Company's case against certain person surnamed Xu, Shi and Jing has received the judgment in relation to the success of the first instance. Currently, the defendants have filed an appeal.

### 2. Relevant events of additional litigations during the Reporting Period and after the Reporting Period

On May 10, 2022, Daxinganling Rural Commercial Bank Co., Ltd. filed a lawsuit against the Company (as a joint lead underwriter) on its disputes over the false representations on securities of China Huayang Economic and Trading Group Co. Ltd. (中國華陽經貿集團有限公司). The amount involved in the case was approximately RMB65.479 million. Beijing Financial Court ruled that the case should be accepted by the First Intermediate People's Court of Beijing after accepting the case. The court has not made a ruling after the plaintiff filed an objection on jurisdiction.

On May 20, 2022, a person surnamed Jiang filed a lawsuit against a person surnamed Situ and Everbright Securities Investment Services (HK) Limited for the reason of untruthful representations in sales of bonds. The amount involved in the case was approximately HK\$14.4641 million. The case has been accepted by the High Court of Hong Kong.

On June 2, 2022, Everbright Photon Investment Management Co., Ltd. (光大光子投資管理有限公司) filed a lawsuit against Zhejiang Kangyun Storage Co., Ltd. (浙江康運倉儲有限公司) on its disputes over the storage contract. The amount involved in the case was approximately RMB23.2698 million. The case has been accepted by the People's Court of Gongshu District, Hangzhou.

On June 7, 2022, Everbright Photon Investment Management Co., Ltd. filed a lawsuit against Ningbo Gangjiu Longcang Storage Co., Ltd. (寧波港九龍倉倉儲有限公司) on its disputes over the storage contract. The amount involved in the case was approximately RMB75.6644 million. The case has been accepted by the People's Court of Zhenhai District, Ningbo.

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On June 23, June 24 and June 27, 2022, a person surnamed Xie, Chengdu Deshang Jinchangchuan Creator Equity Investment Fund Center (Limited Partnership) (成都德商金長川創客股權投資基金中心(有限合夥)) and Chongqing Chongbao Chuangrui Cultural Creativity Equity Investment Fund Partnership (Limited Partnership) (重慶重報創睿文化創意股權投資基金合夥企業(有限合夥)) filed lawsuits against the Company (as the principal broker) on their disputes over the false representations on securities of Beijing Yingding Education Technology Co., Ltd. (北京贏鼎教育科技股份有限公司). The amount involved in the cases was approximately RMB20 million, RMB14.9999 million and RMB10.0004 million, respectively. The above three cases have been accepted by Beijing Financial Court.

On July 25, 2022, the Company filed a lawsuit against CMIG Leasing Holdings Limited (中民投租賃控股有限公司) on its disputes over other contracts. The amount involved in the case was approximately RMB70.4697 million. The case has been accepted by Shanghai Financial Court.

### 3. Important events in relation to wholly-owned subsidiaries

Everbright Jinhui Asset Management (Shanghai) Co., Ltd. ("Everbright Jinhui"), a subsidiary of Everbright Capital, serves as the executive partner of JinXin Investment Consultancy Partnership (Limited Partnership) ("Jinxin Fund"). The MPS project invested by Jinxin Fund failed to exit as originally planned. China Merchants Bank and Huarui Bank, the interested parties of two senior-tranche partners of JinXin Fund, filed lawsuits against Everbright Capital over other contract disputes related to the Shortfall Makeup Letter. Currently, Everbright Capital has received the Paper of Civil Judgment of the application for retrial of the above two instances, respectively, the Shanghai High People's Court has ruled against the re-trial application. Due to both above cases are under enforcement at present and there is uncertainty in the results of the enforcement. Huarui Bank filed the arbitration against Everbright Jinhui on the same matter. Jiaxing Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) applied for arbitration against Everbright Jinhui due to the private equity investment contract dispute. 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. The above-mentioned arbitrations have received the arbitral awards, which were finalized.

Jiaxing 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. Everbright Capital has received the Paper of Civil Judgment of the first instance. Currently, Everbright Capital has filed an appeal, and the case is currently under second-instance trial. Guizhou Guian Financial Investment Co., Ltd. filed a lawsuit on the grounds of a tort liability dispute and demanded that Everbright Capital compensate for the loss of investment principal of RMB95 million and the corresponding interest. The case is currently under first-instance trial. Shanghai Dongxing Investment Holdings Co., Ltd. demanded that Everbright Capital and Everbright Jinhui compensate for the loss of an investment principal of RMB170 million and the corresponding interest on the grounds of other contract disputes. Everbright Capital has received the Paper of Civil Judgment of the first instance, which dismissed all litigation claims of the plaintiff, Shanghai Dongxing Investment Holdings Co., Ltd., and the first instance judgment has come into effect at present.

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

## SECTION VI SIGNIFICANT EVENTS

Due to the litigations in relation to MPS, the bank accounts and assets of Everbright Capital and its subsidiaries have been frozen by the court, of which a share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) actually held by Everbright Development have been frozen. Everbright Development has raised objection to enforcement as a non-party to the case at Shanghai Financial Court and has received the notice of acceptance from Shanghai Financial Court. The case is currently under first-instance trial. Everbright Capital has received Ruling for Enforcement from Shanghai Financial Court, which ruled that 35% of the equity interest in Everbright Fortune Financial Leasing Co., Ltd. and 3,810,482 shares of Tansun Technology Co., Ltd. held by Everbright Capital, the person subject to enforcement, shall be sold at current price.

Based on the latest development in related litigation and arbitration, the Company has made corresponding provisions for estimated liabilities and asset impairment for the above matters. The Company will continue to pay attention to the progress and results of this matter, and perform related information disclosure obligations. (For details, please refer to the announcements No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009 and No. Lin 2022-032 of the Company published on the website of SSE and announcements published on the website of the Hong Kong Stock Exchange dated January 25, 2019, March 2, 2019, March 20, 2019, May 31, 2019, September 6, 2019, January 22, 2020, May 3, 2020, May 11, 2020, August 9, 2020, September 18, 2020, January 26, 2021, June 12, 2021, July 8, 2021, August 21, 2021, October 30, 2021, January 19, 2022, January 20, 2022, March 9, 2022, March 16, 2022 and June 24, 2022).

### 4. Other matters

On August 3, 2022, the Shanghai Supervision Bureau of the China Securities Regulatory Commission issued the Decision on Ordering Everbright Securities Company Limited to Take Rectification Measures (Hu Zheng Jian Jue [2022] No. 80) to the Company and issued the Decision on Issuing a Warning Letter to Zhu Qin (Hu Zheng Jian Jue [2022] No. 79) to Zhu Qin, the Secretary to the Board of the Company, and believed that the Company has the following problems: Firstly, it fails to include regulatory requirements on the rights and obligations of shareholders, the lock-up period of the equity interests and the responsible person for the equity administration affairs in the Articles of Association. Secondly, it fails to adopt effective measures to master changes in the formation about shareholders in a timely manner and fails to report the freezing of equity interests of Everbright Securities held by China Everbright Limited, its shareholder. Thirdly, Xiong Guobing, a senior management of the Company, was responsible for the audit department and other business departments or subsidiaries during the period from July 2018 to March 2020.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. Changes in Share Capital

#### Table of changes in shares

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

As of June 30, 2022, the number of the Company's shares in issue amounted to 4,610,787,639, including 3,906,698,839 A Shares and 704,088,800 H Shares.

### II. Particulars about Shareholders

#### (I) Total number of shareholders

As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 270,687.

#### (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)	Changes in the number of shares during the Reporting Period	Shareholding of top ten shareholders		Number of shares held with selling restrictions	Pledged, marked or frozen shares		Nature of shareholders
		Number of shares held as of the end of the period	Percentage (%)		Status of shares	Number of shares	
China Everbright Group Ltd.	0	1,159,456,183	25.15	-	Nil	-	State-owned legal person
China Everbright Limited	(4,450,000)	956,017,000	20.73	-	Frozen	5,620,000	Foreign legal person
HKSCC Nominees Limited	1,200	703,688,500	15.26	-	unknown	-	Unknown
China Securities Finance Corporation Limited	0	130,090,372	2.82	-	Nil	-	Others
HKSCC Limited	(1,487,183)	52,361,233	1.14	-	Nil	-	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	(4,231,880)	35,087,565	0.76	-	Nil	-	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	-	Nil	-	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	0	23,174,586	0.50	-	Nil	-	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	1,649,520	21,621,838	0.47	-	Nil	-	Others

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders without selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
China Everbright Group Ltd.	1,159,456,183	RMB ordinary shares	1,159,456,183
China Everbright Limited	956,017,000	RMB ordinary shares	956,017,000
HKSCC Nominees Limited	703,688,500	Overseas listed foreign shares	703,688,500
China Securities Finance Corporation Limited	130,090,372	RMB ordinary shares	130,090,372
HKSCC Limited	52,361,233	RMB ordinary shares	52,361,233
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	35,087,565	RMB ordinary shares	35,087,565
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	24,431,977	RMB ordinary shares	24,431,977
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	23,174,586	RMB ordinary shares	23,174,586
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	21,621,838	RMB ordinary shares	21,621,838
Description of the connected relationships or action in concert between the above shareholders	China Everbright Limited is a controlled subsidiary of China Everbright Holdings Company Limited, a wholly-owned subsidiary of China Everbright Group Ltd. Save for the above, the Company is unaware of any connected relationships or action in concert between the above shareholders.		

Note 1: As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 270,687, of which 270,521 were holders of A Shares and 166 were registered holders of H Shares.

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

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

Note 4: Eight shareholders, including Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan, hold the same number of shares and are tied for the ninth place.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### III. Changes in Shareholding of the Directors, Supervisors and senior management of the Company and equity incentives

The Directors, Supervisors and senior management of the Company did not hold any shares of the Company. During the Reporting Period, there were no changes in the shareholding. The Directors, Supervisors and senior management of the Company were not granted any equity incentives by the Company.

### IV. Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As of June 30, 2022, so far as the Directors, having made reasonable enquiries, are aware, the following parties (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to section 336 of the SFO:

No.	Name of substantial shareholders <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>8</sup> (%)	Percentage of total issued A Shares/ H Shares of the Company <sup>8</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>	2,115,473,183	45.88	54.15	Long Position
2.	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owners	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation <sup>2</sup>	956,017,000	20.73	24.47	Long Position
				2,115,473,183	45.88	54.15	Long Position
3.	China Everbright Holdings Company Limited (中國光大集團有限公司)	A Share	Interests in controlled corporation <sup>2</sup>	956,017,000	20.73	24.47	Long Position
4.	Datten Investments Limited	A Share	Interests in controlled corporation <sup>2</sup>	956,017,000	20.73	24.47	Long Position
5.	Honorich Holdings Limited	A Share	Interests in controlled corporation <sup>2</sup>	956,017,000	20.73	24.47	Long Position
6.	China Everbright Limited (中國光大控股有限公司)	A Share	Beneficial owners	956,017,000	20.73	24.47	Long Position
7.	China State Construction Engineering Corporation	H Share	Interests in controlled corporation <sup>3</sup>	138,812,800	3.01	19.72	Long Position
8.	China State Construction Engineering Corporation Limited (中國建築股份有限公司)	H Share	Interests in controlled corporation <sup>3</sup>	138,812,800	3.01	19.72	Long Position
9.	CSCEC Capital (Hong Kong) Limited	H Share	Beneficial owners	138,812,800	3.01	19.72	Long Position
10.	China State Shipbuilding Corporation Limited	H Share	Interests in controlled corporation <sup>4</sup>	138,588,800	3.01	19.68	Long Position
11.	China Shipbuilding Industry Corporation (中國船舶重工集團有限公司)	H Share	Interests in controlled corporation <sup>4</sup>	138,588,800	3.01	19.68	Long Position
12.	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
13.	Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司)	H Share	Beneficial owners	131,344,200	2.85	18.65	Long Position

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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
14.	Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司)	H Share	Interests in controlled corporation <sup>5</sup>	131,344,200	2.85	18.65	Long Position

### Notes:

- Central Huijin Investment Ltd. held a 63.16% interest in China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Company under the SFO.
- 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.
- 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.
- China State Shipbuilding Corporation Limited held 100% of the total issued share capital in China Shipbuilding Industry Corporation; China Shipbuilding Industry Corporation held 100% of the total issued share capital in China Shipbuilding Capital Limited. Accordingly, China State Shipbuilding Corporation Limited and China Shipbuilding Industry Corporation are deemed to be interested in China Shipbuilding Capital Limited's interests in the Company under the SFO.
- 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.
- As of June 30, 2022, the total issued shares of the Company were 4,610,787,639, of which 3,906,698,839 were A Shares and 704,088,800 were H Shares.
- 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 June 30, 2022, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

## **SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS**

### **V. 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 June 30, 2022, according to the information obtained by the Company and to the knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein. At no time was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements during the Reporting Period to enable the directors of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

### **VI. Repurchase, Sale or Redemption of the Listed Securities of the Company and Its Subsidiaries**

Save as disclosed herein, during the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company or its subsidiaries.

## **SECTION VIII RELEVANT INFORMATION ON PREFERENCE SHARES**

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

## SECTION IX RELEVANT INFORMATION ON BONDS

### I. Corporate Bonds and Debt Financing Instruments of Non-financial Enterprises

#### (I) Corporate bonds

##### 1. Overview of corporate bonds

Unit: 100 million Currency: RMB

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds (nominal value)	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
17G4 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G4	143326	October 12, 2017	October 16, 2017	October 16, 2022	16	4.9	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20F1 EBS Non-public Offering Corporate Bonds (First Tranche) (Epidemic prevention bond)	20 EVERBRIGHT SECURITIES F1	166222	March 5, 2020	March 9, 2020	March 9, 2023	30	3.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641	June 18, 2020	June 22, 2020	June 22, 2023	15	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731	July 10, 2020	July 14, 2020	July 14, 2023	37	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000	August 13, 2020	August 17, 2020	August 17, 2025	20	4.4	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	August 26, 2020	August 28, 2020	August 28, 2023	48	3.7	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	December 23, 2020	December 25, 2020	December 25, 2023	17	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds (nominal value)	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	January 12, 2021	January 14, 2021	January 14, 2024	53	3.57	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104	May 11, 2021	May 13, 2021	May 13, 2026	30	4.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195	June 3, 2021	June 7, 2021	June 7, 2024	20	3.3	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196	June 3, 2021	June 7, 2021	June 7, 2026	10	3.67	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382	July 14, 2021	July 16, 2021	July 16, 2024	13	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383	July 14, 2021	July 16, 2021	July 16, 2026	17	3.45	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558	August 9, 2021	August 11, 2021	August 11, 2024	30	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds (nominal value)	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762	September 14, 2021	September 16, 2021	September 16, 2024	30	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763	September 14, 2021	September 16, 2021	September 16, 2026	10	3.5	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21F1 EBS Non-public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES F1	197545	November 9, 2021	November 11, 2021	November 16, 2022	20	2.85	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 1)	21 EVERBRIGHT SECURITIES 10	188884	December 21, 2021	December 23, 2021	December 23, 2024	20	3.02	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 2)	21 EVERBRIGHT SECURITIES 11	188886	December 21, 2021	December 23, 2021	December 23, 2026	10	3.35	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	February 17, 2022	February 21, 2022	February 21, 2027	20	3.73	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	March 10, 2022	March 14, 2022	March 14, 2027	10	4.08	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds (nominal value)	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	March 22, 2022	March 24, 2022	March 24, 2027	15	4.03	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821	June 10, 2022	June 14, 2022	June 14, 2025	25	2.9	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888	June 10, 2022	June 14, 2022	June 14, 2027	5	3.25	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693	August 18, 2022	August 22, 2022	August 22, 2025	20	2.56	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

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

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

For the triggering and implementation of option terms and investor protection terms on the Company's existing perpetual subordinated bonds "20 EVERBRIGHT SECURITIES Y1", "21 EVERBRIGHT SECURITIES Y1", "22 EVERBRIGHT SECURITIES Y1", "22 EVERBRIGHT SECURITIES Y2" and "22 EVERBRIGHT SECURITIES Y3" as of the date of approval of the interim report, please refer to Note 54 to the consolidated financial statements.

## SECTION IX RELEVANT INFORMATION ON BONDS

### 3. *Other information on corporate bonds*

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

In the first half of 2022, the revenue of the wealth management business amounted to RMB2,585.91 million, representing a year-on-year decrease of 41%, mainly because of the complex and ever-changing external environment, the pressures on the fundamentals of the domestic economy and significant fluctuation of the capital market, and concurrently, affected by the COVID-19 pandemic seriously, the commodities basis trading business experienced significant decrease as a result of the poor linkage between the production and sale; the operating expense of the wealth management business amounted to RMB986.80 million, representing a year-on-year decrease of 66%, because the cost of commodities trading recorded a year-on-year decrease on the one hand, and on the other hand, part of credit impairment loss of the Company has been reversed due to the Company actively facilitated the settlement and recovery of stock pledge projects.

In the first half of 2022, the operating expense of the corporate financing business amounted to RMB263.52 million, representing a year-on-year decrease of 37%, mainly because of the decrease in staff costs and daily operating expenses.

In the first half of 2022, the operating revenue of the Investment trading business was RMB97.72 million, representing a year-on-year decrease of 317%, mainly affected by the market trend and the structure of investment products in the first half of the year, the operating expense of the Investment trading business was RMB19.25 million, representing a year-on-year decrease of 41%, mainly attributable to the Company strictly control the credit risks, and the provisions for credit impairment loss decreased as compared with the same period of the last year.

In the first half of 2022, the equity investment business recorded operating revenue of RMB24.74 million, representing a year-on-year decrease of 76%, mainly attributable to the fluctuation of the market in the first half of the year caused the fair value of investment projects of the subsidiaries fluctuated; the operating expenses of the equity investment business amounted to RMB36.91 million, representing a year-on-year decrease of 75%, mainly because the subsidiaries made larger amount of provision for credit impairment loss in the same period of the last year, while no similar provision has been made during the year.

## SECTION IX RELEVANT INFORMATION ON BONDS

- (3) Under the PRC Accounting Standards for Business Enterprises, particulars of the total amount of interest-bearing liabilities, year-on-year changes, type of interest-bearing liabilities and maturity structure at the end of the Reporting Period:

The total interest-bearing debts of the Company within the scope of consolidate statement at the beginning of the Reporting Period were RMB96.382 billion, and the total interest-bearing debts of the Company within the scope of consolidate statement at the end of the Reporting Period were RMB94.048 billion, representing a year-on-year change of -2.42%.

For the interest-bearing debts of the Company within the scope of consolidate statement at the end of the Reporting Period, the balance of corporate credit bonds was RMB48.071 billion, representing 51% of the balance of interest-bearing debts, among which, the corporate credit bonds expired or sold back within one year was RMB12.885 billion; the balance of bank loans was RMB6.861 billion, representing 7% of the balance of interest-bearing debts; the loans from non-bank financial institutions were RMB14.055 billion, representing 15% of the balance of interest-bearing debts; the balance of other interest-bearing debts was RMB25.062 billion, representing 27% of the balance of interest-bearing liabilities.

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

Type of interest-bearing debts	Closing balance (RMB100 million)				Total
	overdue	Within 3 months (inclusive)	3 months (exclusive) to 1 year (inclusive)	Over 1 year (exclusive)	
Credit bonds	–	46.67	82.18	351.86	480.71
Bank loans	–	17.09	24.43	27.09	68.61
Loans from non-bank financial institutions	–	140.55	–	–	140.55
Others	–	242.33	8.29	–	250.62
Total	–	446.63	114.90	378.94	940.48

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
17G4 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G4	143326	-	China Galaxy Securities Co.,Ltd., Industrial Securities Co., Ltd. and Guotai Junan Securities Co., Ltd.	Guotai Junan Securities Co., Ltd.
20F1 EBS Non-public Offering Corporate Bonds (First Tranche) (Epidemic prevention bond)	20 EVERBRIGHT SECURITIES F1	166222	-	China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641	-	Industrial Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731	-	Industrial Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000		CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	-	Industrial Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	-	CSC Financial Co., Ltd. and China Galaxy Securities Co.,Ltd.	China Galaxy Securities Co.,Ltd.
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	-	CSC Financial Co., Ltd. and China Galaxy Securities Co.,Ltd.	China Galaxy Securities Co.,Ltd.
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104	-	CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763	-	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21F1 EBS Non-public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES F1	197545	-	China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 1)	21 EVERBRIGHT SECURITIES 10	188884	–	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 2)	21 EVERBRIGHT SECURITIES 11	188886	–	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	–	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	–	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	–	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)(Type 1)	22 EVERBRIGHT SECURITIES G1	185821	–	CSC Financial Co., Ltd., China Galaxy Securities Co.,Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)(Type 2)	22 EVERBRIGHT SECURITIES G2	185888	–	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693	–	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

### 4. Use of proceeds of corporate bonds during the Reporting Period

Unit: 100 million Currency: RMB

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

## SECTION IX RELEVANT INFORMATION ON BONDS

### 5. Supplemental explanation for the perpetual subordinated bonds still existed during the Reporting Period

Unit: 100 million Currency: RMB

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

### 6. Settlement of short-term financing bills of the Company as of the Reporting Period

Unit: 100 million Currency: RMB

Bond name	Code	Issue date	Maturity date	Issue amount	Interest rate (%)
The 10th batch of short-term financing bills of Year 2021 of Everbright Securities Company Limited	072110048.IB	October 27, 2021	March 25, 2022	20	2.70
The 11th batch of short-term financing bills of Year 2021 of Everbright Securities Company Limited	072110090.IB	December 8, 2021	June 7, 2022	30	2.65

## SECTION IX RELEVANT INFORMATION ON BONDS

### (II) Key accounting information and financial indicators

Unit: Ten Thousand Yuan Currency: RMB

Main indicator	As of the end of the Reporting Period	As of the end of last year	Increase/decrease for the end of Reporting Period over the end of last year (%)	Reason for the change
Current ratio	2.79	2.66	4.89	
Quick ratio	1.96	1.54	27.27	Increase in held-for-trading financial assets
Gearing ratio (%)	63.95	65.39	Decreased by 1.44 percentage points	

	During the Reporting Period (January to June)	During the same period of last year	Increase/decrease for the end of Reporting Period over the same period of last year (%)	Reason for the change
Net profit after deducting non-recurring profit or loss	201,036.21	207,554.39	(3.14)	
EBITDA to total debts ratio	0.05	0.05	-	
Interest coverage ratio	4.21	3.75	12.27	
Cash interest coverage ratio	15.42	0.9	1,613.33	Increase in net cash flow from operating activities
EBITDA interest coverage ratio	4.56	4.02	13.43	
Loan payment ratio (%)	N/A	N/A	N/A	
Interest payment ratio (%)	100	100	-	

Notes:

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

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

### I. Relevant Information on the Significant Administrative Permission Items of the Company

#### (I) Significant administrative permissions of the Company

Date	Issuing Authority	Document Number	Title
August 15, 2022	China Securities Regulatory Commission	Zheng Jian Xu Ke [2022] No.1791	Reply on Approving Everbright Securities Company Limited Publicly Offering Short-term Corporate Bonds Targeted at Professional Investors for Registration

#### (II) Other administrative penalties and administrative regulatory measures imposed during and subsequent to the Reporting Period :

Date	Issuing Authority	Document Number	Title
January 13, 2022	CSRC Shanghai Office	Hu Zheng Jian Jue [2022] No. 6	Decision on Imposing Measures Ordering Everbright Pramerica Fund Management Co., Ltd. to Make Corrections
January 19, 2022	CSRC Guangdong Office	Xing Zheng Jian Guan Cuo Shi Jue Ding Shu [2022] No. 9	Decision on Issuing Warning Letter to the Securities Brokerage Branch at Hongfu Road, Nancheng, Dongguan of Everbright Securities Company Limited
June 16, 2022	SFC	–	Statement on Disciplinary Action Against China Everbright Securities (HK) Limited
June 23, 2022	CSRC Guangdong Office	Xing Zheng Jian Guan Cuo Shi Jue Ding Shu [2022] No.81	Decision on Ordering Dongguan Branch of Everbright Futures Co., Ltd. to Take Rectification Measures

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

### II. Qualifications of Each of the Businesses of the Company and Its Subsidiaries

#### (I) Business qualifications of the Company

Approving Authority	Business Qualification
People's Bank of China	Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)
	Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)
	Underwriting of commercial papers (Notice of the People's Bank of China on Engaging in Underwriting of Commercial Papers by Everbright Securities Limited and Haitong Securities Co., Ltd., Yin Fa [2005] No.173)
	Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31)
	Member of the national inter-bank market (inter-bank lending and trading of bonds, spot bonds transactions and bond repurchase businesses) (Notice on Approving the Admission of Some Securities Companies into the National Inter-bank Market, Yin Ban Fa [1999] No.147)
CSRC and its branch offices	Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)
	Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)
	Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121)
	Sponsor underwriting and merger and acquisition businesses
	Agency for spot precious metal (including gold) contracts and proprietary trading of spot gold contracts (Letter of No Objection on Carrying Out the Businesses of Agency for Precious Metals (including Gold) Spot Contract and Proprietary Trading of Spot Gold Contract by Everbright Securities Company Limited, Ji Gou Bu Han [2015] No. 280)
	Qualification for equity securities returns swap business (Letter of No Objection on Engaging in Equity Securities Returns Swap Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2013] No. 30)
	Market making for stock index options (Reply on Opinions of Everbright Securities Company Limited in Market Making for Stock Options, Ji Gou Bu Han[2019] No. 3065)
	Market making for stock options (Reply on Approving the Qualification of Everbright Securities Company Limited in Market Making for Stock Options, Zheng Jian Xu Ke [2015] No. 164)
	Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
	Securities transactions under repurchase agreements (pilot), (Ji Gou Bu Bu Han [2012] No. 459)
	Qualification for entrusted investment management (Reply on Approving the Qualification of Everbright Securities Limited in Entrusted Investment Management, Zheng Jian Ji Gou Zi [2002] No. 127)
	Carrying out of direct investment business (pilot) (Letter of No Objection on Carrying Out Direct Investment Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2008] No. 446)
	Notice on supporting the carrying out of credit derivatives by securities companies and serving private enterprises in bond financing (Hu Zheng Jian Ji Gou Zi [2019] No. 41)
	Letter of No Objection on Carrying Out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited, CSRC Ji Gou Bu Bu Han [2012] No. 560)
	Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)
	Qualification for Fund investment consultancy business (Zheng Jian Ji Gou Bu Han [2021] No. 1683)
Securities Association of China	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)
	Qualification for stock quotation and transfer business (Letter on Granting Qualification for Quotation and Transfer Business to Everbright Securities Company Limited, Zhong Zheng Xie Han [2006] No. 3)
	Become a secondary dealers 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)
Shanghai Stock Exchange	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)
	Lead market maker for SSE 50ETF options (Qualification for Lead Market Maker of SSE 50ETF Options, Shang Zheng Han [2016] No. 152)
	Qualification for participant of stock options transactions of Shanghai Stock Exchange (stock options brokerage, transaction 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)
	Qualifications for A-share trading unit transactions under Southbound Trading (Shang Zheng Han [2014] No. 650)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
Shenzhen Stock Exchange	Authority for securities transactions under repurchase agreements (Shang Zheng Hui Zi [2012] No. 176)
	Authority for collateralized stock repurchase transactions (Shang Zheng Hui Zi [2013] No. 67)
Shenzhen Stock Exchange	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)
	Authority for securities transactions under repurchase agreements (Shen Zheng Hui [2013] No. 15)
	Authority for collateralized stock repurchase transactions (Shen Zheng Hui [2013] No. 58)
	Financing for exercise of options under share options incentive schemes of listed companies (pilot) (Shen Zheng Han [2014] No. 320)
	Authority for transactions under Southbound Trading of Shenzhen-Hong Kong Connect (Shen Zheng Hui [2016] No. 330)
	Dealer Authority for option transactions on Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 470)
	Other Institutions
Market making for National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 772)	
Filing as outsourcing services institution for private funds (Asset Management Association of China, Filing Number: A00037)	
Qualification for commercial paper transactions of Shanghai Commercial Paper Exchange (Piao Jiao Suo [2017] No. 9)	
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)	
Interest rate swaps	
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)	
Margin refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 124)	
Refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 115)	
Securities lending refinancing (pilot) (Zhong Zheng Jin Han [2013] No. 45)	

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
	Adjusting the credit limit of refinancing (Zhong Zheng Jin Han [2014] No. 278, Zhong Zheng Jin Han [2016] No. 28)
	Trial qualification for Agreed Reporting Refinancing Business on Sci-Tech Innovation Board (Zhong Zheng Jin)
	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)
	Lead Underwriter for Debt Financing Instruments of Non-financial Enterprises (Announcement of National Association of Financial Market Institutional Investors, [2012] No. 19)
	Qualifications for Independently Conducting Lead Underwriting Business for Debt Financing Instruments of Non-financial Enterprises (Zhong Shi Xie Fa [2020] No. 170)
	Special membership qualification of Shanghai Gold Exchange: No. T009 (April 3, 2015)
	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)
China Securities Registration and Settlement Co., Ltd.	<p data-bbox="603 1203 1070 1231">Qualification for account opening agency</p> <p data-bbox="603 1267 1485 1328">Qualification for class A clearing participant (Zhong Guo Jie Suan Han Zi [2008] No. 12)</p> <p data-bbox="603 1364 1485 1425">Qualification for participation in multilateral net amount guarantee settlement (Zhong Guo Jie Suan Fa Zi [2014] No. 28)</p> <p data-bbox="603 1461 1166 1489">Qualification for digital certificate service agency</p> <p data-bbox="603 1526 1222 1554">Qualification for securities pledge registration agency</p> <p data-bbox="603 1591 1485 1651">Qualification for settlement of options (Zhong Guo Jie Suan Han Zi [2015] No. 28)</p> <p data-bbox="603 1688 1485 1742">Qualification for remote account opening for special institutions and products</p>

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

<b>Approving Authority</b>	<b>Business Qualification</b>
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/201907/t20190701_77368.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77368.html</a></p> <p>Creator of credit risk mitigation warrant, December 21, 2018 <a href="http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77369.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77369.html</a></p> <p>Creator of credit-linked notes, December 21, 2018 <a href="http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77370.html">http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77370.html</a></p>
Beijing Stock Exchange	Notice on Matters in Relation to Application for Membership of the Beijing Stock Exchange (Bei Zheng Ban Fa [2021] No. 7)

### (II) Business qualifications of majority-owned subsidiaries

<b>Name of Controlling Subsidiary</b>	<b>Business Qualification</b>
Everbright Asset Management	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000047217)</p> <p>License for qualified domestic institutional investor to carry out overseas securities investment and management business (Reply on Approving the Establishment of a Securities Management Subsidiary of Everbright Securities Company Limited) (Zheng Jian Xu Ke [2011] No. 1886)</p> <p>Entrusted insurance fund management <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 publicly offered securities investment funds (Hu Zheng Jian Xu Ke [2017] No. 10)</p> <p>Qualification for the comprehensive settlement of financial futures (Zheng Jian Qi Huo Zi [2007] No. 298)</p>

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Name of Controlling Subsidiary	Business Qualification
	Stock options (Shang Zheng Han [2015] No. 168 and Shen Zheng Han [2019] No. 721)
	Business qualifications of Everbright Photon: warehouse receipt service and pricing service (business name is now changed to OTC derivatives business), basis transaction (business name is now changed to basis trade) (China Futures Association Han Zi [2014] No. 364); market making (China Futures Association Bei Zi [2018] No. 56)
Everbright Capital	Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))
Everbright Development	Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))
Everbright Fortune	Member as alternative investment subsidiary (4th Batch of Members as Private Investment Fund Subsidiaries and Alternative Investment Subsidiaries of Securities Association of China)
Everbright Pramerica	License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000029148)
	Separate account 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)
	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)
	Entrusted insurance fund management
EBSHK	License for Carrying out Securities and Futures Business in the People's Republic of China – Domestic securities investment (serial number: 000000029442)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSHK	Everbright Securities Investment Services (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC153)
		Type 4 regulated activity – Advising on securities	
		Type 9 regulated activity – Asset management	
		Exchange Participant	The Stock Exchange Participant ID 01086
		China Connect Exchange Participant	
		Options Trading Exchange Participant	The Stock Exchange HKATS Code SHK
		Direct Clearing Participant	SEOCH DCASS Code CSHK
		China Connect Clearing Participant	HKSCC Participant ID B01086
		Direct Clearing Participant	
		Financial intermediary company under the regulation of the Monetary Authority of Macao	Monetary Authority of Macao
	CES Nominees (HK) Limited	Associated entity	(SFC AAS942)
		Trust and corporate service provider	(The Hong Kong Companies Registry License Number TC002563)
	CES Commodities (HK) Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AAF237)
		General Clearing Participant	HKCC DCASS Code CSHK
		Futures dealer	HKFE HKATS Code SHK
	now renamed as CES Forex (HK) Limited	Type 3 regulated activity – Leveraged foreign exchange trading	(SFC ACI995)
		Money Service Operator	(Hong Kong Customs and Excise Department, license number: 12-09-00833)
	Everbright Securities Digital Finance (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC483)
	Everbright Securities Global (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAI430)
		Type 6 regulated activity – Advising on corporate finance	
Bright Fund Management Limited	Type 1 regulated activity – Dealing in securities	(SFC AAI432)	
	Type 4 regulated activity – Advising on securities		
	Type 9 regulated activity – Asset management		

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSHK	China Everbright Securities (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAW536)
		Type 4 regulated activity – Advising on securities	
		Type 6 regulated activity – Advising on corporate finance	
		Type 9 regulated activity – Asset management	
		Exchange Participant	The Stock Exchange Participant ID 01355
		China Connect Exchange Participant	
		China Connect Clearing Participant	HKSCC Participant ID B01355
		Direct Clearing Participant	
	China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AEX690)
		Type 3 regulated activity – Leveraged foreign exchange trading	
		Clearing participant	HKCC DCASS Code CCEV
		Futures dealer	HKFE HKATS Code CEV
	China Everbright Research Limited	Type 4 regulated activity – Advising on securities	(SFC AEH589)
	China Everbright Capital Limited	Type 1 regulated activity – Dealing in securities	(SFC ACE409)
		Type 4 regulated activity – Advising on securities	
		Type 6 regulated activity – Advising on corporate finance	
	China Everbright Securities Asset Management Limited	Type 1 regulated activity – Dealing in securities	(SFC AYE648)
		Type 4 regulated activity – Advising on securities	
Type 9 regulated activity – Asset management		(China Securities Regulatory Commission)	
License for Carrying out Securities and Futures Business in the People's Republic of China – Domestic securities investment (serial number: 000000029462)			
CES Wealth Management (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1134)	
	Mandatory Provident Fund intermediary	(Hong Kong Mandatory Provident Fund Schemes Authority IC000854)	

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSHK	CES Insurance Consultants (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1019)
		Insurance brokerage business under the regulation of the Monetary Authority of Macao	(Monetary Authority of Macao 02/CRE)
		Mandatory Provident Fund intermediary	(Hong Kong Mandatory Provident Fund Schemes Authority IC000203)
	China Everbright Wealth Management Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1153)
	CES Insurance Agency (HK) Limited	Insurance agency business	(Hong Kong Insurance Authority FA2265)
	Bright Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD – Loco London Gold – Loco London Silver	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: MEC-2112018; membership number: 044)
	Sun Hing Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: MEC-2112043; membership number: 040)
Shun Loong Bullion Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: MEC-2112070; membership number: 068)	
Everbright Securities (UK) Company Limited	Dealing in securities; advising on securities; studying China's macro policies, industry policies and A shares (through Everbright Securities, its subsidiary in Shanghai) and global 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)	

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

Unaudited Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2022



Ernst & Young  
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## INDEPENDENT REVIEW REPORT

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

### **Introduction**

We have reviewed the interim financial information set out on pages 2 to 71, which comprises the condensed consolidated statement of financial position of Everbright Securities Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with IAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong  
25 August 2022

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	Notes	Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
<b>Revenue</b>			
Fee and commission income	4	3,783,931	4,484,480
Interest income	5	2,875,807	3,176,027
Net investment gains	6	579,646	814,623
<b>Total revenue</b>		7,239,384	8,475,130
Other income and gains	7	272,276	2,077,532
<b>Total revenue and other income</b>		7,511,660	10,552,662
<b>Expenses</b>			
Fee and commission expenses	8	(565,728)	(704,803)
Interest expenses	9	(1,638,209)	(1,894,900)
Staff costs	10	(1,813,999)	(2,057,391)
Depreciation and amortisation expenses	11	(298,679)	(290,096)
Tax and surcharges		(36,963)	(37,980)
Other operating expenses	12	(613,022)	(2,469,777)
Impairment losses	13	(165,812)	(605)
Credit loss expense	14	269,514	(165,051)
<b>Total expenses</b>		(4,862,898)	(7,620,603)
<b>Operating profit</b>		2,648,762	2,932,059
Share of profit of associates and joint ventures		65,904	48,974
<b>Profit before income tax</b>		2,714,666	2,981,033
Income tax expense	15	(571,949)	(677,143)
<b>Profit for the period</b>		2,142,717	2,303,890
Attributable to:			
Shareholders of the Company		2,107,524	2,262,277
Non-controlling interests		35,193	41,613
<b>Total</b>		2,142,717	2,303,890
Basic and diluted earnings per share (in RMB per share)	17	0.42	0.48

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<u>2,142,717</u>	<u>2,303,890</u>
<b>Other comprehensive income</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	9,299	66,901
-Provision for ECL allowance	446	1,740
-Reclassification to profit or loss	(753)	(69,327)
Share of other comprehensive income of associates	1,930	(14)
Exchange differences on translation of financial statements in foreign currencies	18,721	(15,958)
Income tax impact	<u>(2,248)</u>	<u>168</u>
Total items that may be reclassified subsequently to profit or loss	<u>27,395</u>	<u>(16,490)</u>
Items that will not be reclassified subsequently to profit or loss:		
Equity investments designated at fair value through other comprehensive income		
-Net changes in fair value	22,995	(213,310)
-Income tax impact	<u>(5,749)</u>	<u>53,328</u>
Total items that will not be reclassified subsequently to profit or loss	<u>17,246</u>	<u>(159,982)</u>
<b>Total other comprehensive income for the period, net of tax</b>	<u>44,641</u>	<u>(176,472)</u>
<b>Total comprehensive income for the period</b>	<u>2,187,358</u>	<u>2,127,418</u>
Attributable to:		
Shareholders of the Company	2,152,165	2,085,805
Non-controlling interests	<u>35,193</u>	<u>41,613</u>
<b>Total</b>	<u>2,187,358</u>	<u>2,127,418</u>

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	<u>Notes</u>	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
<b>Non-current assets</b>			
Property and equipment	18	802,961	836,894
Right-of-use assets	19	653,868	696,901
Goodwill	20	799,534	928,322
Other intangible assets	21	210,201	257,413
Investments in associates and joint ventures	23	1,027,277	1,004,204
Financial assets measured at amortised cost	24	2,755,065	1,787,443
Equity investments designated at fair value through other comprehensive income	25	2,392,740	559,564
Debt investments at fair value through other comprehensive income	26	10,086,208	11,675,724
Refundable deposits	27	11,316,353	10,245,462
Deferred tax assets	28	2,235,608	2,156,069
Finance lease receivables	29	32,436	54,744
Receivables arising from sale-and-leaseback arrangements	30	576,370	851,140
Other non-current assets	31	238,387	241,286
<b>Total non-current assets</b>		<u>33,127,008</u>	<u>31,295,166</u>
<b>Current assets</b>			
Accounts receivable	32	2,136,183	1,939,085
Finance lease receivables	29	317,550	593,616
Receivables arising from sale-and-leaseback arrangements	30	822,896	902,106
Other receivables and prepayments	33	2,438,842	1,297,547
Margin accounts receivable	34	40,081,496	48,445,768
Debt investments at fair value through other comprehensive income	26	2,814,523	1,422,355
Financial assets held under resale agreements	35	469,861	6,792,387
Financial assets measured at amortised cost	24	1,717,951	2,349,176
Financial assets at fair value through profit or loss	36	81,703,188	68,750,197
Derivative financial assets	37	709,357	547,338
Clearing settlement funds	38	436,105	403,315
Cash held on behalf of brokerage clients	39	64,091,946	62,134,265
Cash and bank balances	40	20,141,906	12,235,280
<b>Total current assets</b>		<u>217,881,804</u>	<u>207,812,435</u>
<b>Total assets</b>		<u>251,008,812</u>	<u>239,107,601</u>

continued/...

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)


	<u>Notes</u>	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
<b>Current liabilities</b>			
Loans and borrowings	42	4,165,900	4,960,033
Short-term debt instruments	43	2,121,128	7,244,956
Placements from other financial institutions	44	14,640,436	13,692,415
Financial liabilities at fair value through profit or loss	45	148,506	342,425
Accounts payable to brokerage clients	46	74,259,811	70,224,000
Employee benefits payable	47	2,221,843	1,821,514
Other payables and accruals	48	8,901,266	4,336,714
Current tax liabilities	28	430,014	764,321
Financial assets sold under repurchase agreements	49	22,354,791	19,863,912
Derivative financial liabilities	37	1,084,231	512,046
Lease liabilities due within one year	19	264,734	249,072
Contract liabilities		41,315	49,863
Long-term bonds due within one year	50	13,621,008	11,896,011
<b>Total current liabilities</b>		<u>144,254,983</u>	<u>135,957,282</u>
<b>Net current assets</b>		<u>73,626,821</u>	<u>71,855,153</u>
<b>Total assets less current liabilities</b>		<u>106,753,829</u>	<u>103,150,319</u>
<b>Non-current liabilities</b>			
Loans and borrowings	42	2,694,789	2,793,973
Long-term bonds	50	34,450,275	35,930,692
Deferred tax liabilities	28	18,749	18,103
Employee benefits payable	47	1,244	1,244
Provision	51	5,284,293	5,284,293
Lease liabilities	19	420,566	461,820
Contract liabilities		1,474	988
Other non-current liabilities	52	40,742	63,944
<b>Total non-current liabilities</b>		<u>42,912,132</u>	<u>44,555,057</u>
<b>Net assets</b>		<u><u>63,841,697</u></u>	<u><u>58,595,262</u></u>

continued/...

The accompanying notes form an integral part of the interim condensed consolidated financial statements.


EVERBRIGHT SECURITIES COMPANY LIMITED  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
 30 June 2022

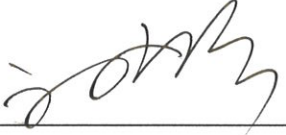
(All amounts expressed in RMB thousands unless otherwise specified)



	<u>Notes</u>	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
<b>Equity</b>			
Share capital	53	4,610,788	4,610,788
Other equity instruments	54	9,498,943	4,999,057
Reserves	55	36,706,273	36,618,470
Retained profits	55	<u>12,260,833</u>	<u>11,637,280</u>
Total equity attributable to shareholders of the Company		63,076,837	57,865,595
Non-controlling interests		<u>764,860</u>	<u>729,667</u>
<b>Total equity</b>		<u>63,841,697</u>	<u>58,595,262</u>

Approved and authorised for issue by the board of directors on 25 August 2022.

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	Attributable to shareholders of the Company										Non-controlling interests	Total equity
	Note	Share capital	Other equity instruments	Reserves					Retained profits	Total		
Capital reserve				Surplus reserves	General reserve	Fair value reserve	Translation reserve					
1 January 2022 (Audited)		4,610,788	4,999,057	24,198,686	3,748,565	8,975,099	68,912	(372,792)	11,637,280	57,865,595	729,667	58,595,262
Profit for the period		-	-	-	-	-	-	-	2,107,524	2,107,524	35,193	2,142,717
Other comprehensive income		-	-	-	-	-	25,920	18,721	-	44,641	-	44,641
Total comprehensive income		-	-	-	-	-	25,920	18,721	2,107,524	2,152,165	35,193	2,187,358
Issuance of the perpetual bonds		-	4,499,886	-	-	-	-	-	-	4,499,886	-	4,499,886
Appropriation to general reserve		-	-	-	-	43,162	-	-	(43,162)	-	-	-
Dividends approved in respect of the previous year	16	-	-	-	-	-	-	-	(1,051,259)	(1,051,259)	-	(1,051,259)
Distribution to other equity instrument holders	16	-	-	-	-	-	-	-	(389,550)	(389,550)	-	(389,550)
30 June 2022 (Unaudited)		<u>4,610,788</u>	<u>9,498,943</u>	<u>24,198,686</u>	<u>3,748,565</u>	<u>9,018,261</u>	<u>94,832</u>	<u>(354,071)</u>	<u>12,260,833</u>	<u>63,076,837</u>	<u>764,860</u>	<u>63,841,697</u>

continued/...

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	Attributable to shareholders of the Company										Non-controlling interests	Total equity
	Note	Reserves								Total		
		Share capital	Other equity instruments	Capital reserve	Surplus reserves	General reserve	Fair value reserve	Translation reserve	Retained profits			
1 January 2021 (Audited)		4,610,788	2,000,000	24,198,686	3,441,295	8,090,331	195,675	(347,877)	10,259,982	52,448,880	746,221	53,195,101
Profit for the period		-	-	-	-	-	-	-	2,262,277	2,262,277	41,613	2,303,890
Other comprehensive income		-	-	-	-	-	(160,514)	(15,958)	-	(176,472)	-	(176,472)
Total comprehensive income		-	-	-	-	-	(160,514)	(15,958)	2,262,277	2,085,805	41,613	2,127,418
Issuance of the perpetual bonds		-	3,000,000	-	-	-	-	-	-	3,000,000	-	3,000,000
Other comprehensive income that has been reclassified to retained profits		-	-	-	-	-	(2,825)	-	2,825	-	-	-
Appropriation to general reserve		-	-	-	-	43,712	-	-	(43,712)	-	-	-
Dividends approved in respect of the previous year	16	-	-	-	-	-	-	-	(728,505)	(728,505)	-	(728,505)
Distribution to other equity instrument holders	16	-	-	-	-	-	-	-	(213,700)	(213,700)	-	(213,700)
30 June 2021 (Unaudited)		4,610,788	5,000,000	24,198,686	3,441,295	8,134,043	32,336	(363,835)	11,539,167	56,592,480	787,834	57,380,314

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before income tax	2,714,666	2,981,033
Adjustments for:		
Interest expenses	989,000	1,203,501
Share of profit of associates and joint ventures	(65,904)	(48,974)
Depreciation and amortisation expenses	300,370	291,788
Impairment losses	165,812	605
Credit loss expense	(269,514)	165,051
Gains on disposal of property and equipment and other intangible assets	(502)	(106)
Foreign exchange (gains)/losses	(9,113)	531
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	(306,206)	(535,827)
Dividend income from equity investments designated at fair value through other comprehensive income	(636)	(283,619)
Unrealised fair value changes of financial instruments at fair value through profit or loss	134,929	281,933
Unrealised fair value changes of derivative financial instruments	130,806	62,133
	<u>3,783,708</u>	<u>4,118,049</u>
Operating cash flows before movements in working capital	<u>3,783,708</u>	<u>4,118,049</u>

continued/...

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
<b>(continued)</b>		
<i>Changes in operating assets</i>		
Increase in refundable deposits	(1,070,891)	(2,407,165)
Decrease/(increase) in margin accounts receivable	8,344,843	(7,849,932)
Decrease in finance lease receivables	300,686	632,359
Decrease/(increase) in receivable arising from sale-and-leaseback arrangements	355,741	(111,604)
Increase in accounts receivable, other receivables and prepayments	(910,477)	(79,086)
Decrease in financial assets held under resale agreements	6,611,037	2,961,470
Increase in financial instruments at fair value through profit or loss	(13,281,839)	(1,277,150)
Decrease/(increase) in derivative financial instruments	279,360	(161,357)
Increase in restricted bank deposits	(40,356)	(271,602)
(Increase)/decrease in cash held on behalf of brokerage clients	(4,374,377)	6,297,058
Decrease in other investments	3,190,888	686,714
<i>Changes in operating liabilities</i>		
Increase in accounts payable to brokerage clients	4,298,020	7,731,574
Increase in other payables and accruals	10,865	66,028
Increase/(decrease) in employee benefits payable	400,329	(250,660)
Increase in financial assets sold under repurchase agreements	2,490,879	1,995,031
Increase/(decrease) in placements from other financial institutions	948,021	(7,063,823)
Cash from operations	11,336,437	5,015,904
Income taxes paid	(993,146)	(1,609,466)
Interest paid for operating activities	(655,827)	(725,522)
Net cash flows from operating activities	9,687,464	2,680,916

continued/...

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

	<u>Note</u>	<u>Six months ended 30 June</u>	
		<u>2022</u>	<u>2021</u>
		(Unaudited)	(Unaudited)
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		3,847,157	11,896,926
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		328,864	686,509
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		13,406	2,193
Proceeds from disposal of subsidiaries, associates and joint ventures		14,543	36,730
Dividends received from subsidiaries, associates and joint ventures		27,750	142,000
Purchase of financial assets at fair value through other comprehensive income and other investments		(3,391,168)	(10,936,037)
Purchases of property and equipment, other intangible assets and other non-current assets		(75,823)	(102,380)
Net cash flows from investing activities		<u>764,729</u>	<u>1,725,941</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of perpetual bonds		4,499,886	3,000,000
Proceeds from issuance of long-term bonds		3,000,000	8,300,000
Proceeds from issuance of short-term debt instruments		15,859,419	19,433,170
Proceeds from loans and borrowings		5,589,756	12,304,193
Long-term bonds repaid		(3,000,000)	(3,480,000)
Short-term debt instruments repaid		(20,973,230)	(20,450,340)
Loans and borrowings repaid		(6,483,073)	(5,006,858)
Repurchase of non-controlling interests by a subsidiary		-	(1,040,824)
Lease payments paid		(146,432)	(159,465)
Interest paid		(740,645)	(865,668)
Dividends paid		(174,821)	-
Net cash flows (used in)/ from financing activities		<u>(2,569,140)</u>	<u>12,034,208</u>
Net increase in cash and cash equivalents		7,883,053	16,441,065
Cash and cash equivalents at the beginning of the period		12,302,952	9,596,524
Effect of foreign exchange rate changes		54,251	(10,682)
Cash and cash equivalents at the end of the period	41	<u>20,240,256</u>	<u>26,026,907</u>

The accompanying notes form an integral part of the interim condensed consolidated financial statements.

(All amounts expressed in RMB thousands 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 30 June 2022 the Company’s registered capital was RMB4,610,787,639 and the Company had a total of 4,610,787,639 issued shares of RMB1.00 each.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as well as all applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

(All amounts expressed in RMB thousands unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principal accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2021.

4. FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Income arising from		
- Securities brokerage and investment advisory business	2,037,646	2,468,098
- Underwriting and sponsorship business	799,624	1,045,288
- Asset management business	658,433	671,574
- Futures brokerage business	235,770	240,022
- Financial advisory business	21,213	35,683
- Others	31,245	23,815
Total	3,783,931	4,484,480

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(All amounts expressed in RMB thousands unless otherwise specified)

5. INTEREST INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Interest income arising from		
- Margin financing and securities lending	1,344,192	1,552,592
- Deposits in financial institutions	1,056,156	993,055
- Debt investments at fair value through other comprehensive income	213,284	324,727
- Securities-backed lending and stock repurchases	109,251	70,955
- Financial assets measured at amortised cost	91,461	139,924
- Receivable arising from sale-and-leaseback arrangements	39,278	32,834
- Financial assets held under resale agreements	11,188	8,439
- Finance lease	6,647	28,833
- Others	4,350	24,668
Total	<u>2,875,807</u>	<u>3,176,027</u>

6. NET INVESTMENT GAINS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Net realised gains/(losses) from		
- Financial instruments at fair value through profit or loss	(228,611)	101,825
- Derivative financial instruments	27,857	(4,427)
- Debt investments at fair value through other comprehensive income	753	69,327
- Financial assets measured at amortised cost	708	1,849
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	895,205	706,496
- Equity investments designated at fair value through other comprehensive income	636	283,619
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	(134,929)	(281,933)
- Derivative financial instruments	18,027	(62,133)
Total	<u>579,646</u>	<u>814,623</u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Government grants	143,225	257,865
Income from bulk commodity trading	72,075	1,756,852
Exchange gains/(losses)	9,113	(531)
Income from agent business	6,548	12,753
Rental income	2,913	10,114
Others	38,402	40,479
Total	<u>272,276</u>	<u>2,077,532</u>

8. FEE AND COMMISSION EXPENSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Expenses arising from		
- Securities brokerage and investment advisory business	545,661	676,408
- Underwriting and sponsorship business	12,366	22,568
- Futures brokerage business	7,233	5,458
- Asset management business	468	369
Total	<u>565,728</u>	<u>704,803</u>

9. INTEREST EXPENSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Interest expenses for		
- Long-term bonds	845,796	1,082,766
- Placements from other financial institutions	260,865	304,731
- Financial assets sold under repurchase agreements	208,431	275,213
- Guarantees for derivatives	88,374	131
- Loans and borrowings	85,131	100,719
- Accounts payable to brokerage clients	72,741	65,233
- Short-term debt instruments	44,281	3,620
- Lease liabilities	13,791	16,397
- Others	18,799	46,090
Total	<u>1,638,209</u>	<u>1,894,900</u>

(All amounts expressed in RMB thousands unless otherwise specified)

10. STAFF COSTS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Salaries, bonuses and allowances	1,411,216	1,683,500
Contributions to pension schemes	198,344	127,925
Other social welfare	204,439	245,966
Total	<u>1,813,999</u>	<u>2,057,391</u>

The domestic employees of the Group in Mainland China participate in social welfare plans, which cover pension, medical, housing, and other welfare benefits, and are organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated on a regular basis and paid to the labour and social welfare authorities based on a certain percentage of the employees' salaries. These social welfare plans are defined contribution plans and contributions to the plans are expensed as incurred. The Group did not have any forfeited contributions under these pension plans.

The Group also provides an enterprise annuity plan to employees in Mainland China. According to the plan, when an employee resigns, part of the contributed amount may be returned to the Company's enterprise annuity account based on his/her actual working time. Such returned contributions had no impact on the level of annuity contributions for existing employees. The Group did not utilise any of such forfeited contributions to reduce the existing level of contributions.

11. DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Amortisation of right-of-use assets	150,655	151,173
Amortisation of other intangible assets	62,775	54,234
Depreciation of property and equipment	70,716	62,149
Amortisation of leasehold improvements and long-term deferred expenses	14,533	22,540
Total	<u>298,679</u>	<u>290,096</u>

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For the six months ended 30 June 2022

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12. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
IT expenses	113,626	143,708
Fund and asset management plan distribution and custodian expenses	103,992	121,234
Cost of bulk commodity trading	71,631	1,756,576
Promotion and entertainment expenses	57,425	80,729
Stock exchange management fees	47,918	41,593
Rental expenses and utilities	41,762	47,949
Securities/futures investor protection funds	21,054	23,897
Consulting and professional services	20,852	22,819
Postal and communication expenses	16,707	38,334
Labour outsourcing expenses	14,755	33,875
Business travel expenses	13,688	65,490
Auditors' remuneration	3,189	3,189
Others	86,423	90,384
Total	<u>613,022</u>	<u>2,469,777</u>

13. IMPAIRMENT LOSSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Provision for impairment losses against		
- Goodwill	165,812	-
- Inventories	-	605
Total	<u>165,812</u>	<u>605</u>

14. CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Provision for/(reversal of) credit losses against		
- Financial assets held under resale agreements	(288,511)	3,018
- Margin accounts receivable	16,319	57,417
- Other receivables and prepayments	4,549	101,978
- Financial assets measured at amortised cost	(2,896)	974
- Other non-current assets	2,486	-
- Finance lease receivables	(2,312)	(2,240)
- Accounts receivable	2,166	(76)
- Receivable arising from sale-and-leaseback arrangements	(1,761)	2,240
- Debt investments at fair value through other comprehensive income	446	1,740
Total	<u>(269,514)</u>	<u>165,051</u>

(All amounts expressed in RMB thousands unless otherwise specified)

15. INCOME TAX EXPENSE

Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Current tax		
- Mainland China income tax	625,676	697,385
- Hong Kong profits tax	7,859	11,510
Subtotal	633,535	708,895
Adjustment in respect of prior years		
- Mainland China income tax	25,314	8,934
- Hong Kong profits tax	(10)	(691)
Subtotal	25,304	8,243
Deferred tax		
- Origination and reversal of temporary differences	(86,890)	(39,995)
Total	571,949	677,143

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.

16. DIVIDENDS

	Notes	Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
Distribution to ordinary shares	(1)	1,051,259	728,505
Distribution to other equity instrument holders	(2)	389,550	213,700
Total		1,440,809	942,205

(1) Pursuant to the resolution of the meeting of shareholders held on 14 June 2022, the Company distributed cash dividends of RMB2.28 for every 10 shares (tax included) amounting to RMB1,051,259 thousand in total on 5 August 2022 for the year ended 31 December 2021.

Pursuant to the resolution of the meeting of shareholders held on 18 May 2021, the Company distributed cash dividends of RMB1.58 for every 10 shares (tax included) amounting to RMB728,505 thousand in total on 9 July 2021 for the year ended 31 December 2020.

(2) The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. For the period ended 30 June 2022, the Company has recognised the dividend payable to other equity instrument holders of RMB389,550 thousand (for the period ended 30 June 2021: RMB213,700 thousand), of which RMB88,000 thousand has been distributed on 17 August 2022.

(All amounts expressed in RMB thousands unless otherwise specified)

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period 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 period ended 30 June 2022.

	Note	Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
Earnings			
Profit attributable to shareholders of the Company		2,107,524	2,262,277
Less: Profit attributable to other equity instrument holders of the Company	(1)	161,122	60,513
Profit attributable to ordinary shareholders of the Company		<u>1,946,402</u>	<u>2,201,764</u>
Weighted average number of ordinary shares in issue (thousands)		<u>4,610,788</u>	<u>4,610,788</u>
Basic and diluted earnings per share attributable to equity shareholders (in RMB per share)		<u>0.42</u>	<u>0.48</u>

(1) For the purpose of calculating the basic earnings per ordinary share in respect of the period ended 30 June 2022, RMB161,122 thousand (for the period ended 30 June 2021: RMB60,513 thousand) attributable to perpetual subordinated bonds were deducted from profits attributable to shareholders of the Company.

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 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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(All amounts expressed in RMB thousands unless otherwise specified)

18. PROPERTY AND EQUIPMENT

	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Total
Cost					
31 December 2020 (Audited)	914,993	676,364	353,641	110,049	2,055,047
Additions	859	77,326	16,830	-	95,015
Disposals and others	-	(46,948)	(71,214)	(492)	(118,654)
31 December 2021 (Audited)	915,852	706,742	299,257	109,557	2,031,408
Additions	362	32,460	6,204	-	39,026
Transfers during the period	(988)	-	-	-	(988)
Disposals and others	-	(1,495)	(1,287)	(695)	(3,477)
30 June 2022 (Unaudited)	915,226	737,707	304,174	108,862	2,065,969
Accumulated depreciation					
31 December 2020 (Audited)	(341,274)	(530,632)	(275,306)	(24,737)	(1,171,949)
Charge for the year	(23,747)	(79,056)	(21,735)	(4,560)	(129,098)
Disposals and others	-	46,453	59,589	491	106,533
31 December 2021 (Audited)	(365,021)	(563,235)	(237,452)	(28,806)	(1,194,514)
Charge for the period	(11,433)	(43,805)	(15,087)	(2,083)	(72,408)
Disposals and others	-	1,842	1,400	672	3,914
30 June 2022 (Unaudited)	(376,454)	(605,198)	(251,139)	(30,217)	(1,263,008)
Carrying amount					
30 June 2022 (Unaudited)	538,772	132,509	53,035	78,645	802,961
31 December 2021 (Audited)	550,831	143,507	61,805	80,751	836,894

As at 30 June 2022 and 31 December 2021, included in buildings were items with carrying amounts of RMB1,090 thousand and RMB1,126 thousand, respectively, for which the Group has yet to obtain the relevant land or building certificates.

EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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(All amounts expressed in RMB thousands unless otherwise specified)

19. LEASES

(i) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Cost			
As at 31 December 2020 (Audited)	1,341,539	6,496	1,348,035
Additions	182,604	2,213	184,817
Disposals and others	(134,164)	(278)	(134,442)
As at 31 December 2021 (Audited)	<u>1,389,979</u>	<u>8,431</u>	<u>1,398,410</u>
Additions and others	109,069	80	109,149
Disposals	(106,714)	(1,174)	(107,888)
As at 30 June 2022 (Unaudited)	<u>1,392,334</u>	<u>7,337</u>	<u>1,399,671</u>
Accumulated depreciation			
As at 31 December 2020 (Audited)	(524,157)	(1,610)	(525,767)
Charge for the year	(301,329)	(1,575)	(302,904)
Disposals and others	126,965	197	127,162
As at 31 December 2021 (Audited)	<u>(698,521)</u>	<u>(2,988)</u>	<u>(701,509)</u>
Charge for the period	(149,876)	(779)	(150,655)
Disposals and others	105,560	801	106,361
As at 30 June 2022 (Unaudited)	<u>(742,837)</u>	<u>(2,966)</u>	<u>(745,803)</u>
Net carrying amount			
As at 30 June 2022 (Unaudited)	<u>649,497</u>	<u>4,371</u>	<u>653,868</u>
As at 31 December 2021 (Audited)	<u>691,458</u>	<u>5,443</u>	<u>696,901</u>

(ii) Lease liabilities

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Carrying amount at the beginning of the period/year	710,892	823,634
New leases	109,149	184,817
Accretion of interest recognised during the period/year	13,791	31,829
Payments	(146,432)	(326,416)
Others	(2,100)	(2,972)
Carrying amount at the end of the period/year	<u>685,300</u>	<u>710,892</u>
Analysed into:		
Current portion	<u>264,734</u>	<u>249,072</u>
Non-current portion	<u>420,566</u>	<u>461,820</u>

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(All amounts expressed in RMB thousands unless otherwise specified)

19. LEASES (continued)

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Amortisation of right-of-use assets	150,655	151,173
Interest on lease liabilities	13,791	16,397
Expense relating to short-term leases	5,068	5,138
Expense relating to leases of low-value assets	4,384	203
Total	<u>173,898</u>	<u>172,911</u>

20. GOODWILL

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	116,315	45,497
Less: Provision for impairment losses	(812,943)	(647,131)
Effect of exchange rate changes for impairment provision	<u>(8,039)</u>	<u>25,755</u>
Carrying amount	<u>799,534</u>	<u>928,322</u>

21. OTHER INTANGIBLE ASSETS

	Customer relationship	Software and others	Total
Cost			
As at 31 December 2020 (Audited)	863,494	954,521	1,818,015
Additions	-	156,326	156,326
Disposals and others	(132)	(24,384)	(24,516)
As at 31 December 2021 (Audited)	863,362	1,086,463	1,949,825
Additions	-	26,194	26,194
Disposals and others	-	(10,811)	(10,811)
As at 30 June 2022 (Unaudited)	<u>863,362</u>	<u>1,101,846</u>	<u>1,965,208</u>
Accumulated amortisation			
As at 31 December 2020 (Audited)	(858,881)	(742,894)	(1,601,775)
Charge for the year	(4,481)	(106,864)	(111,345)
Disposals and others	-	20,708	20,708
As at 31 December 2021 (Audited)	(863,362)	(829,050)	(1,692,412)
Charge for the period	-	(62,775)	(62,775)
Disposals and others	-	180	180
As at 30 June 2022 (Unaudited)	<u>(863,362)</u>	<u>(891,645)</u>	<u>(1,755,007)</u>
Carrying amount			
As at 30 June 2022 (Unaudited)	<u>-</u>	<u>210,201</u>	<u>210,201</u>
As at 31 December 2021 (Audited)	<u>-</u>	<u>257,413</u>	<u>257,413</u>

(All amounts expressed in RMB thousands unless otherwise specified)

22. INVESTMENTS IN STRUCTURED ENTITIES

(a) Interests in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly investments in funds and asset management products. For those structured entities where the Group is involved as a manager or as an 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 30 June 2022 and 31 December 2021, the net assets of the consolidated structured entities were RMB15,056,755 thousand and RMB15,384,052 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB15,336,798 thousand and RMB15,159,061 thousand respectively.

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

(b) Structured entities sponsored by third party institutions and not consolidated by the Group but in which the Group holds an interest

The types of structured entities that the Group does not consolidate but in which it holds an interest include mutual funds, trust products, asset management products, wealth management products, segregated accounts and other products issued by banks or other financial institutions.

The carrying amounts of the related accounts in the consolidated statement of financial position are equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at the end of the reporting period, and their respective carrying amounts are listed below:

Financial assets at fair value through profit or loss	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Funds	42,904,025	33,913,691
Wealth management products	9,060,854	8,189,774
Others	<u>174,553</u>	<u>262,673</u>
Total	<u><u>52,139,432</u></u>	<u><u>42,366,138</u></u>

(All amounts expressed in RMB thousands unless otherwise specified)

22. INTERESTS 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 the Group holds an interest include mutual funds and asset management products and other products.

The carrying amounts of the related accounts in the consolidated statement of financial position are 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 period, and their respective carrying amounts are listed below:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss		
Funds	603,740	577,084
Others	<u>1,518,462</u>	<u>1,440,091</u>
Total	<u>2,122,202</u>	<u>2,017,175</u>

As at 30 June 2022 and 31 December 2021, the net assets of these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests amounted to RMB374,891,069 thousand and RMB363,611,171 thousand, respectively.

During the six months ended 30 June 2022 and 2021, the Group recognised the income amounting to RMB658,433 thousand and RMB463,892 thousand, respectively, from these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests. As at 30 June 2022 and 31 December 2021, the corresponding remuneration receivables totalled RMB137,474 thousand and RMB128,931 thousand, respectively.

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Share of net assets		
- Associates	774,764	737,463
- Joint ventures	<u>252,513</u>	<u>266,741</u>
Total	<u>1,027,277</u>	<u>1,004,204</u>

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23. 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:

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB)	Equity interest held		Principal activities
			30 June 2022	31 December 2021	
<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 Easecreate 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 Guangli 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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23. 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)	Equity interest held		Principal activities
			30 June 2022	31 December 2021	
<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	47.65%	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	30.50%	24.76%	Fund management
CES Forex (HK) Limited (formerly known as "Sun Hung Kai Forex Limited") <sup>(1)</sup> 光證外匯(香港)有限公司(原名: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	56.65%	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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23. 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)	Equity interest held		Principal activities
			30 June 2022	31 December 2021	
<u>Joint ventures</u> (continued)					
Shanghai JinXin Investment Consultancy LLP (Limited Partnership) ("Jinxin Fund") <sup>*(2)(3)</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
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> 上海光大富尊璟閣投資中心(有限合夥)	Shanghai	RMB 52,350,000	0.19%	0.20%	Investment management
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
Shanghai Jingjun Enterprise Management L.P. (Limited Partnership) (formerly known as "Hangzhou Jingxing Investment L.P.") <sup>*</sup> 上海璟隼企業管理合夥企業(有限合夥) (原名: 杭州璟星投資合夥企業(有限合夥))	Shanghai	RMB 10,000,000	40.00%	40.00%	Investment management
Beijing Everbright 360 Investment Management Center <sup>*(2)</sup> 北京光大三六零投資管理中心(有限合夥)	Beijing	RMB 680,800,000	0.07%	0.07%	Investment management
Hohhot Haotian Construction Co., Ltd. <sup>*(2)</sup> 呼和浩特市昕天環建設有限公司	Hohhot	RMB 100,000,000	1.00%	1.00%	Investment management
Sunshine Anti Epidemic Investment Fund SP <sup>(2)(4)</sup>	Cayman Islands	USD 50,000	N/A	19.97%	USD bond investment

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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 30 June 2022, the Group's shareholding of these investees has been restricted by the judicial department. Please refer to note 51(b) for details.
  - (4) As at 30 June 2022, the Group has lost joint control due to changes in contract.
- \* The English translation of the names is for reference only. The official names of these entities are in Chinese.

Summarised financial information of the Group's material associates, reconciled to the carrying amounts in the interim condensed consolidated financial statements, is disclosed below:

Dacheng Fund Management Co., Ltd.

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross amounts of the associate:		
Assets	4,991,334	4,820,396
Liabilities	(1,971,565)	(1,951,659)
Net assets	<u>3,019,769</u>	<u>2,868,737</u>
	<u>Six months ended 30 June</u>	
	2022	2021
	(Unaudited)	(Unaudited)
Revenue	<u>962,403</u>	<u>773,122</u>
Profit for the period	271,313	176,699
Other comprehensive income	7,719	(58)
Total comprehensive income	<u>279,032</u>	<u>176,641</u>
Dividend declared this period from the associate	<u>32,000</u>	<u>27,750</u>
Dividend received this period from the associate	<u>27,750</u>	<u>142,000</u>
	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Reconciled to the Group's interest in the associate:		
Net assets	3,019,769	2,868,737
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	<u>754,942</u>	<u>717,184</u>
Carrying amount in the consolidated financial statements	<u>754,942</u>	<u>717,184</u>

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	(1,924)	4,800
Total comprehensive income	(1,924)	4,800
	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	272,335	287,020

24. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Non-current	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Debt securities	2,807,321	1,839,161
Others	167,969	168,503
Less: Allowance for ECLs	(220,225)	(220,221)
Total	2,755,065	1,787,443
Analysed as:		
Listed outside Hong Kong	105,854	113,851
Unlisted	2,649,211	1,673,592
Total	2,755,065	1,787,443
Current	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Debt securities	1,722,922	2,357,540
Less: Allowance for ECLs	(4,971)	(8,364)
Total	1,717,951	2,349,176
Analysed as:		
Listed inside Hong Kong	101,252	157,618
Listed outside Hong Kong	56,609	53,745
Unlisted	1,560,090	2,137,813
Total	1,717,951	2,349,176

As at 30 June 2022, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB2,168,872 thousand. (as at 31 December 2021: RMB2,646,046 thousand).

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24. FINANCIAL ASSETS MEASURED AT AMORTISED COST (continued)

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	228,585	330,918
Charge for the period/year	308	4,613
Reversal for the period/year	(3,204)	(27,286)
Amounts written off	(700)	(79,400)
Others	207	(260)
	<u>225,196</u>	<u>228,585</u>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>3,420</u>	<u>236</u>	<u>221,540</u>	<u>225,196</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>3,039</u>	<u>338</u>	<u>225,208</u>	<u>228,585</u>

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Non-current		
Equity securities	<u>2,392,740</u>	<u>559,564</u>
Total	<u>2,392,740</u>	<u>559,564</u>
Analysed as:		
Listed outside Hong Kong	1,977,900	187,591
Unlisted	<u>414,840</u>	<u>371,973</u>
Total	<u>2,392,740</u>	<u>559,564</u>

For the six months ended 30 June 2022, the Group did not dispose of any equity investments designated at fair value through other comprehensive income. There was no accumulated net realised gains on the equity instruments disposed (for the six months ended 30 June 2021: RMB3,767 thousand).

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26. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Debt securities	<u>10,086,208</u>	<u>11,675,724</u>
Total	<u><u>10,086,208</u></u>	<u><u>11,675,724</u></u>
Analysed as:		
Listed outside Hong Kong	517,448	374,942
Unlisted	<u>9,568,760</u>	<u>11,300,782</u>
Total	<u><u>10,086,208</u></u>	<u><u>11,675,724</u></u>
Current	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Debt securities	<u>2,814,523</u>	<u>1,422,355</u>
Total	<u><u>2,814,523</u></u>	<u><u>1,422,355</u></u>
Analysed as:		
Listed outside Hong Kong	118,229	160,352
Unlisted	<u>2,696,294</u>	<u>1,262,003</u>
Total	<u><u>2,814,523</u></u>	<u><u>1,422,355</u></u>

As at 30 June 2022, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB10,283,828 thousand (31 December 2021: RMB9,035,084 thousand).

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	56,042	137,851
Charge for the period/year	601	2,518
Reversal for the period/year	(155)	(1,083)
Amounts written off	<u>(655)</u>	<u>(83,244)</u>
At the end of the period/year	<u><u>55,833</u></u>	<u><u>56,042</u></u>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>5,787</u>	<u>46</u>	<u>50,000</u>	<u>55,833</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>5,640</u>	<u>402</u>	<u>50,000</u>	<u>56,042</u>

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27. REFUNDABLE DEPOSITS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deposits with stock exchanges and clearing houses		
- China Securities Depository and Clearing Corporation Limited	1,355,033	1,161,227
- Shanghai Clearing House	45,654	45,503
- The Stock Exchange of Hong Kong Limited	10,295	11,869
- Hong Kong Securities Clearing Company Limited	35,554	21,129
Subtotal	<u>1,446,536</u>	<u>1,239,728</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	2,917,427	3,482,748
- Dalian Commodity Exchange	2,362,107	1,725,198
- Shanghai Futures Exchange	2,336,394	1,801,020
- Zhengzhou Commodity Exchange	1,873,874	1,446,961
- Shanghai International Energy Exchange	287,313	120,382
- Hong Kong Futures Exchange	7,697	7,358
- Shanghai Gold Exchange	2,820	2,820
Subtotal	<u>9,787,632</u>	<u>8,586,487</u>
Deposits with other institutions		
- CSFC	79,410	415,203
- Other institutions	2,775	4,044
Subtotal	<u>82,185</u>	<u>419,247</u>
Total	<u><u>11,316,353</u></u>	<u><u>10,245,462</u></u>

28. INCOME TAX

(a) Current taxation

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current tax liabilities	<u>430,014</u>	<u>764,321</u>
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At the beginning of the period/year	764,321	1,472,633
Provision for the period/year	658,839	1,491,495
Increase through the sale of equity investments designated at fair value through other comprehensive income	-	9,069
Tax paid	<u>(993,146)</u>	<u>(2,208,876)</u>
At the end of the period/year	<u><u>430,014</u></u>	<u><u>764,321</u></u>

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28. 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 period are as follows:

Deferred tax arising from:	Allowance for ECLs/ impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Others	Total
As at 31 December 2020 (Audited)	1,730,449	388,320	(393,164)	9,935	1,735,540
Recognised in profit or loss	75,314	38,733	277,726	(5,278)	386,495
Recognised in reserves	-	-	6,862	-	6,862
Transferred out	-	-	9,069	-	9,069
As at 31 December 2021 (Audited)	1,805,763	427,053	(99,507)	4,657	2,137,966
Recognised in profit or loss	(68,946)	98,378	9,145	48,313	86,890
Recognised in reserves	-	-	(7,997)	-	(7,997)
As at 30 June 2022 (Unaudited)	<u>1,736,817</u>	<u>525,431</u>	<u>(98,359)</u>	<u>52,970</u>	<u>2,216,859</u>

(c) Reconciliation to the statement of financial position

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	2,235,608	2,156,069
Net deferred tax liabilities recognised in the consolidated statement of financial position	(18,749)	(18,103)
Total	<u>2,216,859</u>	<u>2,137,966</u>

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28. INCOME TAX (continued)

(d) Recognised in other comprehensive income

	Six months ended 30 June 2022 (Unaudited)		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	9,299	(2,325)	6,974
- Provision for ECL allowance	446	(112)	334
- Reclassified to profit or loss	(753)	189	(564)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	22,995	(5,749)	17,246
Share of other comprehensive income of associates	1,930	-	1,930
Exchange differences on translation of financial statements in foreign currencies	18,721	-	18,721
<b>Total</b>	<b>52,638</b>	<b>(7,997)</b>	<b>44,641</b>
	Six months ended 30 June 2021 (Unaudited)		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	66,901	(16,727)	50,174
- Provision for ECL allowance	1,740	(435)	1,305
- Reclassified to profit or loss	(69,327)	17,330	(51,997)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	(213,310)	53,328	(159,982)
Share of other comprehensive income of associates	(14)	-	(14)
Exchange differences on translation of financial statements in foreign currencies	(15,958)	-	(15,958)
<b>Total</b>	<b>(229,968)</b>	<b>53,496</b>	<b>(176,472)</b>

(e) Deferred tax assets not recognised

As at 30 June 2022 and 31 December 2021, the Group has not recognised deferred tax assets in respect of cumulative tax losses, provision for contingent liabilities, allowance for ECLs, changes in fair value of financial instruments and employee benefits payable with timing differences amounting to RMB4,301,767 thousand and RMB4,202,335 thousand, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The expiration period of tax losses shall be in accordance with the local current tax legislation.

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29. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Minimum lease payments to be received	474,661	784,014
Less: Unrealised finance income	<u>(42,731)</u>	<u>(51,398)</u>
Balance of finance lease receivables	431,930	732,616
Less: Allowance for ECLs	<u>(81,944)</u>	<u>(84,256)</u>
Finance lease receivables, net	<u>349,986</u>	<u>648,360</u>
Analysis for presentation purposes:		
Current assets	<u>317,550</u>	<u>593,616</u>
Non-current assets	<u>32,436</u>	<u>54,744</u>

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

	<u>30 June 2022</u> (Unaudited)		<u>31 December 2021</u> (Audited)	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	438,929	399,241	723,772	677,337
1 to 2 years	27,827	26,139	49,904	46,859
2 to 3 years	4,865	3,943	4,865	3,807
Over 3 years	<u>3,040</u>	<u>2,607</u>	<u>5,473</u>	<u>4,613</u>
Total	<u>474,661</u>	<u>431,930</u>	<u>784,014</u>	<u>732,616</u>
Unrealised finance income	<u>(42,731)</u>	-	<u>(51,398)</u>	-
Balance of finance lease receivables	431,930	431,930	732,616	732,616
Allowance for ECLs	<u>(81,944)</u>	<u>(81,944)</u>	<u>(84,256)</u>	<u>(84,256)</u>
Finance lease receivables, net	<u>349,986</u>	<u>349,986</u>	<u>648,360</u>	<u>648,360</u>

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29. FINANCE LEASE RECEIVABLES (continued)

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	84,256	79,098
Charge for the period/year	6,540	25,716
Reversal of impairment	<u>(8,852)</u>	<u>(20,558)</u>
At the end of the period/year	<u>81,944</u>	<u>84,256</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>2,005</u>	<u>12,255</u>	<u>67,684</u>	<u>81,944</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>1,602</u>	<u>16,903</u>	<u>65,751</u>	<u>84,256</u>

30. RECEIVABLE ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Minimum lease payments to be received	1,519,462	1,908,810
Less: Unrealised finance income	<u>(87,817)</u>	<u>(121,424)</u>
Balance of receivables arising from sale-and-leaseback arrangements	1,431,645	1,787,386
Less: Allowance for ECLs	<u>(32,379)</u>	<u>(34,140)</u>
Receivables arising from sale-and- leaseback arrangements, net	<u>1,399,266</u>	<u>1,753,246</u>
Analysis for presentation purposes:		
Current assets	<u>822,896</u>	<u>902,106</u>
Non-current assets	<u>576,370</u>	<u>851,140</u>

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30. RECEIVABLE ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS (continued)

(a) Analysed by nature: (continued)

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

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	918,171	852,664	1,011,877	929,296
1 to 2 years	485,717	465,659	650,800	618,428
2 to 3 years	115,574	113,322	246,133	239,662
<b>Total</b>	<b>1,519,462</b>	<b>1,431,645</b>	<b>1,908,810</b>	<b>1,787,386</b>
Unrealised finance income	(87,817)	-	(121,424)	-
Balance of receivables arising from sale-and-leaseback arrangements	1,431,645	1,431,645	1,787,386	1,787,386
Allowance for ECLs	(32,379)	(32,379)	(34,140)	(34,140)
Receivables arising from sale-and-leaseback arrangements, net	<b>1,399,266</b>	<b>1,399,266</b>	<b>1,753,246</b>	<b>1,753,246</b>

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At the beginning of the period/year	34,140	28,429
Charge for the period/year	1,362	9,231
Reversal of impairment	(3,123)	(3,520)
At the end of the period/year	<b>32,379</b>	<b>34,140</b>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<b>3,561</b>	<b>441</b>	<b>28,377</b>	<b>32,379</b>
31 December 2021 (Audited)	<b>4,937</b>	<b>787</b>	<b>28,416</b>	<b>34,140</b>

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31. OTHER NON-CURRENT ASSETS

Analysed by nature:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Other receivables	281,996	275,504
Deposits	56,459	55,302
Long-term deferred expenses	(a) 53,996	62,058
Less: Allowance for ECLs	(b) <u>(154,064)</u>	<u>(151,578)</u>
Total	<u>238,387</u>	<u>241,286</u>

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	62,058	77,192
Additions	5,483	30,633
Amortisation	(14,533)	(45,767)
Others	988	-
Balance at the end of the period/year	<u>53,996</u>	<u>62,058</u>

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
At the beginning of the period/year	151,578	1,413
Charge for the period/year	2,486	20,990
Transfer-in from other receivables and prepayments	-	121,114
Transfer-out to accounts receivable	-	(1,413)
Others	-	9,474
At the end of the period/year	<u>154,064</u>	<u>151,578</u>

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32. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Accounts receivable of		
- Settlement	1,069,600	823,268
- Brokers and dealers	812,325	788,949
- Fees and commissions	302,430	368,628
- Others	35,215	41,832
Less: Allowance for ECLs	<u>(83,387)</u>	<u>(83,592)</u>
Total	<u><u>2,136,183</u></u>	<u><u>1,939,085</u></u>

(b) Analysed by ageing:

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Within 1 year	2,047,687	1,856,422
1 to 2 years	14,991	12,306
2 to 3 years	6,031	67,690
Over 3 years	<u>67,474</u>	<u>2,667</u>
Total	<u><u>2,136,183</u></u>	<u><u>1,939,085</u></u>

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	83,592	73,360
Charge for the period/year	2,166	9,900
Reversal of impairment	-	(965)
Amounts written off	(2,500)	-
Transfer-in from other non-current assets	-	1,413
Others	<u>129</u>	<u>(116)</u>
At the end of the period/year	<u><u>83,387</u></u>	<u><u>83,592</u></u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
30 June 2022 (Unaudited)	<u>257</u>	<u>9</u>	<u>-</u>	<u>83,121</u>	<u>83,387</u>
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2021 (Audited)	<u>4,419</u>	<u>4</u>	<u>-</u>	<u>79,169</u>	<u>83,592</u>

(e) Accounts receivable that were not impaired

Accounts receivable that were not impaired were not past due and related to a wide range of customers for whom there was no recent history of default.

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33. OTHER RECEIVABLES AND PREPAYMENTS

(a) Analysed by nature:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Other receivables <sup>(1)</sup>	2,576,777	1,512,553
Dividend receivables	260,123	235,477
Bulk commodity trading inventories	110,429	88,801
Interest receivable	46,399	39,676
Deferred expenses	29,024	23,921
Factoring receivables	4,800	4,800
Others	84,049	60,658
Less: Allowance for ECLs	(672,759)	(668,089)
Provision for Impairment losses	-	(250)
Total	<u>2,438,842</u>	<u>1,297,547</u>

(1) The balance of other receivables mainly represents investment prepayments, rental deposits, sundry receivables and prepayments arising from the normal course of business.

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	668,089	449,484
Charge for the period/year	4,549	379,443
Reversal of impairment	-	(39,578)
Amounts written off	-	(31)
Transfer out to other non-current assets	-	(121,114)
Others	121	(115)
At the end of the period/year	<u>672,759</u>	<u>668,089</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>1,459</u>	<u>-</u>	<u>671,300</u>	<u>672,759</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>433</u>	<u>-</u>	<u>667,656</u>	<u>668,089</u>

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34. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Individuals	36,674,959	43,746,496
Institutions	4,039,849	5,313,155
Less: Allowance for ECLs	<u>(633,312)</u>	<u>(613,883)</u>
Total	<u><u>40,081,496</u></u>	<u><u>48,445,768</u></u>

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	613,883	671,470
Charge for the period/year	27,196	105,791
Reversal of impairment	(10,877)	(44,504)
Amounts written off	-	(112,390)
Others	<u>3,110</u>	<u>(6,484)</u>
At the end of the period/year	<u><u>633,312</u></u>	<u><u>613,883</u></u>

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

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Fair value of collateral:		
- Equity securities	117,330,458	145,347,776
- Cash	5,415,659	4,767,364
- Mutual funds	2,782,461	3,479,247
- Debt securities	1,109,856	1,452,871
- Others	<u>493,266</u>	<u>440,627</u>
Total	<u><u>127,131,700</u></u>	<u><u>155,487,885</u></u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>23,911</u>	<u>824</u>	<u>608,577</u>	<u>633,312</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>31,293</u>	<u>612</u>	<u>581,978</u>	<u>613,883</u>

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35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Current	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Equity securities	1,284,208	1,761,000
Debt securities	287,604	6,421,849
Less: Allowance for ECLs	<u>(1,101,951)</u>	<u>(1,390,462)</u>
Total	<u>469,861</u>	<u>6,792,387</u>

(b) Analysed by market:

Current	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Stock exchanges	1,511,808	2,109,729
Inter-bank market	60,004	6,073,120
Less: Allowance for ECLs	<u>(1,101,951)</u>	<u>(1,390,462)</u>
Total	<u>469,861</u>	<u>6,792,387</u>

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

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
At the beginning of the period/year	1,390,462	1,471,697
Charge for the period/year	16,576	135,767
Reversal for the period/year	(305,087)	(162,303)
Amounts written off	<u>-</u>	<u>(54,699)</u>
At the end of the period/year	<u>1,101,951</u>	<u>1,390,462</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2022 (Unaudited)	<u>200</u>	<u>2</u>	<u>1,101,749</u>	<u>1,101,951</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2021 (Audited)	<u>6,001</u>	<u>120</u>	<u>1,384,341</u>	<u>1,390,462</u>

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36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Funds	43,507,765	34,490,775
Debt securities	18,117,198	14,952,323
Wealth management products	9,060,854	8,189,774
Equity securities	4,288,265	5,068,355
Others	6,729,106	6,048,970
Total	81,703,188	68,750,197
Analysed as:		
- Listed outside Hong Kong	9,672,038	13,576,465
- Listed inside Hong Kong	36,273	212,507
- Unlisted	71,994,877	54,961,225
Total	81,703,188	68,750,197

As at 30 June 2022 and 31 December 2021, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss with a total fair value of RMB38,507 thousand and RMB206,276 thousand to external clients, respectively. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy. The fair value of collateral for the securities lending business is analysed in note 34(c) together with the fair value of collateral of the margin financing business.

As at 30 June 2022 and 31 December 2021, financial assets at fair value through profit or loss of the Group included RMB11,957,367 thousand and RMB12,857,513 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 RMB1,154,394 thousand and RMB1,754,263 thousand, respectively.

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37. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022 (Unaudited)		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	6,770,000	88	(13,163)
Equity derivatives			
- Stock index futures	2,908,324	69,255	(66,239)
- OTC stock index options	8,905,540	425,667	(256,343)
- Stock index options	5,866,064	44,707	(209,653)
- Total return swaps	14,290,579	172,746	(577,378)
- Structured notes	2,117,091	52,475	(6,367)
Others			
- Commodity futures	1,133,006	29,236	(23,437)
- Commodity options	1,724,669	13,674	(34,490)
Total	<u>43,715,273</u>	807,848	(1,187,070)
Less: Cash (received)/paid as settlement		(98,491)	102,839
Net position		<u>709,357</u>	<u>(1,084,231)</u>
	31 December 2021 (Audited)		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	7,880,000	102	(13,063)
Equity derivatives			
- Stock index futures	3,887,930	7,620	(154,201)
- OTC stock index options	2,646,779	114,016	(217,356)
- Stock options	1,449,289	17,454	(11,020)
- Total return swaps	12,294,232	389,609	(225,568)
- Structure notes	2,194,552	262	(19,466)
Others			
- Commodity futures	294,423	9,685	(3,830)
- Commodity options	1,884,159	25,895	(38,636)
Total	<u>32,531,364</u>	564,643	(683,140)
Less: Cash (received)/paid as settlement		(17,305)	171,094
Net position		<u>547,338</u>	<u>(512,046)</u>

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 and commodity futures were settled daily and the corresponding receipts and payments were included in "clearing settlement funds".

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38. CLEARING SETTLEMENT FUNDS

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Deposits with		
- China Securities Depository and Clearing Corporation Limited	436,105	403,315

39. 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 the brokerage business. The Group has classified its brokerage clients' monies as cash held on behalf of brokerage clients under the current asset section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies.

In Mainland China, cash held on behalf of brokerage clients for their transaction and settlement funds is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

40. CASH AND BANK BALANCES

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Cash on hand	98	195
Bank balances	20,141,808	12,235,085
Total	<u>20,141,906</u>	<u>12,235,280</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 30 June 2022 and 31 December 2021, the Group's bank balances of RMB328,137 thousand and RMB287,781 thousand, respectively, were restricted.

41. CASH AND CASH EQUIVALENTS

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Cash on hand	98	195
Bank balances	20,141,808	12,235,085
Clearing settlement funds	436,105	403,315
Less: Restricted bank deposits	(328,137)	(287,781)
Interest receivable	(9,618)	(47,862)
Total	<u>20,240,256</u>	<u>12,302,952</u>

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42. LOANS AND BORROWINGS

30 June 2022  
 (Unaudited)

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.24% to Hibor+2.79%	2022-2023	3,719,747
- Non-current	HKD	Hibor+2.03% to Hibor+2.53%	2023-2024	2,313,877
Secured bank loans				
- Current	RMB	3.90%-4.40%	2022-2023	446,153
- Non-current	RMB	4.35%-5.80%	2023-2025	<u>380,912</u>
Total				<u><u>6,860,689</u></u>

31 December 2021  
 (Audited)

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.13% to Hibor+2.39%	2022	4,396,299
- Non-current	HKD	Hibor+1.30% to Hibor+2.39%	2023-2024	2,251,412
Secured bank loans				
- Current	RMB	3.95%-6.70%	2022	563,734
- Non-current	RMB	4.35%-5.80%	2023-2024	<u>542,561</u>
Total				<u><u>7,754,006</u></u>

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43. SHORT-TERM DEBT INSTRUMENTS

(Unaudited)	Nominal interest rate	Book value as at 1 January 2022	Increase	Decrease	Book value as at 30 June 2022
Short-term financing bills payable and structured notes	0.00% -6.88%	7,244,956	15,926,448	(21,050,276)	2,121,128

(Audited)	Nominal interest rate	Book value as at 1 January 2021	Increase	Decrease	Book value as at 31 December 2021
Short-term financing bills payable and structured notes	0.00% -6.05%	10,324,937	33,015,433	(36,095,414)	7,244,956

During the six months ended 30 June 2022, the Group has issued 98 tranches of structured notes, and repaid 98 tranches of structured notes. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.88% per annum plus a floating rate, and was repayable within 1 year.

In 2021, the Group issued 191 tranches of structured notes, and repaid 145 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.05% per annum plus a floating rate, and was repayable within 1 year.

44. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Interbank lending	(1)	14,640,436	12,742,119
Placements from CSFC	(2)	-	950,296
Total		14,640,436	13,692,415

(1) As at 30 June 2022, the interbank lending was unsecured and bears interest at rates ranging from 1.10% to 2.45% per annum, with maturity ranging from 1 day to 320 days. As at 31 December 2021, the interbank lending was unsecured and bore interest at rates ranging from 1.70% to 3.00% per annum, with maturity ranging from 3 days to 326 days.

(2) As at 30 June 2022, There were no placements from CSFC. As at 31 December 2021, placements from CSFC were repayable within one year, and bear interest at the rate of 2.80% per annum.

(All amounts expressed in RMB thousands unless otherwise specified)

45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	-	56,746
Designated as fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	148,506	285,679
Total		<u>148,506</u>	<u>342,425</u>
Analysis for presentation purposes:			
- Current		<u>148,506</u>	<u>342,425</u>
Total		<u>148,506</u>	<u>342,425</u>

(1) The financial liabilities at fair value through profit or loss resulted from the consolidation of structured entities, as the Group has the obligation to pay other investors upon maturity or redemption dates of the structured entities based on the net book value and related terms of those consolidated structured entities.

46. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Clients' deposits for other brokerage business	66,202,890	63,472,319
Clients' deposits for margin financing and securities lending	<u>8,056,921</u>	<u>6,751,681</u>
Total	<u>74,259,811</u>	<u>70,224,000</u>

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

The majority of the balances of accounts payable are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under 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 information in view of the nature of these businesses.

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

47. EMPLOYEE BENEFITS PAYABLE

	Salaries, bonuses and allowances	Contributions to pension schemes	Other social welfare	Total
Current				
31 December 2020 (Audited)	1,687,584	4,367	15,944	1,707,895
Accrued for the year	3,301,969	343,980	470,033	4,115,982
Payments made	<u>(3,176,791)</u>	<u>(344,333)</u>	<u>(481,239)</u>	<u>(4,002,363)</u>
31 December 2021 (Audited)	1,812,762	4,014	4,738	1,821,514
Accrued for the period	1,411,216	198,344	204,439	1,813,999
Payments made	<u>(1,009,620)</u>	<u>(198,173)</u>	<u>(205,877)</u>	<u>(1,413,670)</u>
30 June 2022 (Unaudited)	<u>2,214,358</u>	<u>4,185</u>	<u>3,300</u>	<u>2,221,843</u>
Non-current				
31 December 2020 (Audited)	2,295	-	-	2,295
Payments made	<u>(1,051)</u>	<u>-</u>	<u>-</u>	<u>(1,051)</u>
31 December 2021 (Audited) and				
30 June 2022 (Unaudited)	<u>1,244</u>	<u>-</u>	<u>-</u>	<u>1,244</u>

48. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Deposits of derivative business	5,502,681	2,388,691
Dividends payable	1,446,270	180,281
Settlement payables	737,183	296,401
Other tax payables	307,476	497,734
Risk reserve for futures brokerage business	165,926	153,873
Distribution expenses payable	150,553	192,590
Accrued expenses	97,741	49,648
Payables to custodians	47,731	32,494
Deposits of financial leasing business	45,491	86,732
Commission payables	44,533	61,121
Other deposits	43,243	23,038
Bond underwriting fees	42,021	33,864
Funds for party organisation work	40,270	40,270
Deposits of bulk commodity tradings	36,271	30,479
Payables to the securities and futures investor protection fund	22,301	24,213
Payables on behalf of the staff	8,460	8,054
Interest payable	3,255	9,872
Others <sup>(1)</sup>	<u>159,860</u>	<u>227,359</u>
Total	<u>8,901,266</u>	<u>4,336,714</u>

(1) The balance of others mainly represents sundry payables arising from the normal course of business.

EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise specified)

49. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by collateral type:

Current	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Debt securities	<u>22,354,791</u>	<u>19,863,912</u>
Total	<u><u>22,354,791</u></u>	<u><u>19,863,912</u></u>

(b) Analysed by market:

Current	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Interbank market	20,406,369	18,057,318
Stock exchanges	<u>1,948,422</u>	<u>1,806,594</u>
Total	<u><u>22,354,791</u></u>	<u><u>19,863,912</u></u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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(All amounts expressed in RMB thousands unless otherwise specified)

50. LONG-TERM BONDS

As at 30 June 2022 (Unaudited)

Name	Par value in original currency	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at 31 December 2021 (Audited)	Increase	Decrease	Book value as at 30 June 2022 (Unaudited)
17 EVERBRIGHTG2 <sup>(1)</sup>	1,500,000	04/07/2017	04/07/2022	1,492,500	4.70%	1,533,637	36,000	-	1,569,637
17 EVERBRIGHTG4 <sup>(2)</sup>	1,600,000	16/10/2017	16/10/2022	1,595,200	4.90%	1,615,467	39,680	-	1,655,147
19 EVERBRIGHT01 <sup>(3)</sup>	3,000,000	22/01/2019	22/01/2022	2,991,000	3.88%	3,109,676	6,724	(3,116,400)	-
19 EVERBRIGHT02 <sup>(4)</sup>	3,000,000	22/08/2019	22/08/2022	2,985,849	3.75%	3,037,537	58,608	-	3,096,145
20 EVERBRIGHTF1 <sup>(5)</sup>	3,000,000	09/03/2020	09/03/2023	2,991,509	3.19%	3,074,329	49,265	(95,700)	3,027,894
20 EVERBRIGHTG1 <sup>(6)</sup>	1,500,000	22/06/2020	22/06/2023	1,493,868	3.10%	1,521,398	24,272	(46,500)	1,499,170
20 EVERBRIGHTG3 <sup>(7)</sup>	3,700,000	14/07/2020	14/07/2023	3,687,830	3.60%	3,756,190	68,064	-	3,824,254
20 EVERBRIGHTG5 <sup>(8)</sup>	4,800,000	28/08/2020	28/08/2023	4,784,340	3.70%	4,852,671	90,659	-	4,943,330
20 EVERBRIGHTG7 <sup>(9)</sup>	1,700,000	25/12/2020	25/12/2023	1,696,792	3.60%	1,699,056	30,879	-	1,729,935
21 EVERBRIGHTF1 <sup>(10)</sup>	2,000,000	11/11/2021	16/11/2022	2,000,000	2.85%	2,007,964	28,267	-	2,036,231
21 EVERBRIGHTG1 <sup>(11)</sup>	5,300,000	14/01/2021	14/01/2024	5,280,000	3.57%	5,468,900	97,133	(189,210)	5,376,823
21 EVERBRIGHTG2 <sup>(12)</sup>	2,000,000	07/06/2021	07/06/2024	1,992,925	3.30%	2,031,341	33,430	(66,000)	1,998,771
21 EVERBRIGHTG3 <sup>(13)</sup>	1,000,000	07/06/2021	07/06/2026	995,283	3.67%	1,016,734	18,667	(36,700)	998,701
21 EVERBRIGHTG4 <sup>(14)</sup>	1,300,000	16/07/2021	16/07/2024	1,295,755	3.12%	1,315,189	20,814	-	1,336,003
21 EVERBRIGHTG5 <sup>(15)</sup>	1,700,000	16/07/2021	16/07/2026	1,691,981	3.45%	1,719,879	29,879	-	1,749,758
21 EVERBRIGHTG6 <sup>(16)</sup>	3,000,000	11/08/2021	11/08/2024	2,987,264	3.12%	3,025,597	48,519	-	3,074,116
21 EVERBRIGHTG8 <sup>(17)</sup>	3,000,000	16/09/2021	16/09/2024	3,000,000	3.10%	3,027,263	46,118	-	3,073,381
21 EVERBRIGHTG9 <sup>(18)</sup>	1,000,000	16/09/2021	16/09/2026	1,000,000	3.50%	1,010,260	17,356	-	1,027,616
21 EVERBRIGHT10 <sup>(19)</sup>	2,000,000	23/12/2021	23/12/2024	2,000,000	3.02%	2,001,489	29,952	-	2,031,441
21 EVERBRIGHT11 <sup>(20)</sup>	1,000,000	23/12/2021	23/12/2026	1,000,000	3.35%	1,000,826	16,612	-	1,017,438
22 EVERBRIGHTG1 <sup>(21)</sup>	2,500,000	14/06/2022	13/06/2025	2,500,000	2.90%	-	2,503,377	-	2,503,377
22 EVERBRIGHTG2 <sup>(22)</sup>	500,000	14/06/2022	13/06/2027	500,000	3.25%	-	500,815	-	500,815
Guangjing NO.17 Structured Notes <sup>(23)</sup>	1,300	24/09/2021	28/09/2022	1,300	-	1,300	-	-	1,300
<b>Total</b>						<b>47,826,703</b>	<b>3,795,090</b>	<b>(3,550,510)</b>	<b>48,071,283</b>

(All amounts expressed in RMB thousands unless otherwise specified)

50. LONG-TERM BONDS (continued)

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Long-term bonds due within one year	13,621,008	11,896,011
Long-term bonds due after one year	<u>34,450,275</u>	<u>35,930,692</u>
Total	<u>48,071,283</u>	<u>47,826,703</u>

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

- (1) 5-year corporate bond amounting to RMB1.5 billion on 4 July 2017
- (2) 5-year corporate bond amounting to RMB1.6 billion on 16 October 2017
- (3) 3-year corporate bond amounting to RMB3 billion on 22 January 2019, which was redeemed on 22 January 2022
- (4) 3-year corporate bond amounting to RMB3 billion on 22 August 2019
- (5) 3-year corporate bond amounting to RMB3 billion on 9 March 2020
- (6) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020
- (7) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020
- (8) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020
- (9) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020
- (10) 1-year corporate bond amounting to RMB2 billion on 11 November 2021
- (11) 3-year corporate bond amounting to RMB5.3 billion on 14 January 2021
- (12) 3-year corporate bond amounting to RMB2 billion on 7 June 2021
- (13) 5-year corporate bond amounting to RMB1 billion on 7 June 2021
- (14) 3-year corporate bond amounting to RMB1.3 billion on 16 July 2021
- (15) 5-year corporate bond amounting to RMB1.7 billion on 16 July 2021
- (16) 3-year corporate bond amounting to RMB3 billion on 11 August 2021
- (17) 3-year corporate bond amounting to RMB3 billion on 16 September 2021
- (18) 5-year corporate bond amounting to RMB1 billion on 16 September 2021
- (19) 3-year corporate bond amounting to RMB2 billion on 23 December 2021
- (20) 5-year corporate bond amounting to RMB1 billion on 23 December 2021
- (21) 3-year corporate bond amounting to RMB2.5 billion on 14 June 2022
- (22) 5-year corporate bond amounting to RMB0.5 billion on 14 June 2022
- (23) 1-year structured notes amounting to RMB1.3 million on 24 September 2021

(All amounts expressed in RMB thousands unless otherwise specified)

51. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Litigation and arbitration	<u>5,284,293</u>	<u>5,284,293</u>

(b) Provision for contingent liabilities

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
At the beginning of the period/year	5,284,293	4,551,975
Additional provision	-	733,123
Amounts utilised during the period/year	<u>-</u>	<u>(805)</u>
At the end of the period/year	<u>5,284,293</u>	<u>5,284,293</u>

Everbright Capital Investment Co., Ltd. (hereinafter referred to as "Everbright Capital"), a wholly-owned subsidiary of the Company, is principally engaged in the private equity investment fund business. Everbright Jinhui Asset Management Co., Ltd. (Shanghai) (hereinafter referred to as "Everbright Jinhui") is a subsidiary of Everbright Capital. In April 2016, Everbright Jinhui, together with Baofeng (Tianjin) Investment Management Co., Ltd., a wholly-owned subsidiary of Baofeng Group Co., Ltd. (hereinafter referred to as "Baofeng Group") and Shanghai Qunchang Financial Services Co., Ltd., signed a partnership agreement with the limited partners of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Jinxin Fund") as general partners with the proposition to directly or indirectly acquire 65% equity interests in an overseas company, MP & Silva Holding S.A. (hereinafter referred to as "MPS") through the incorporation of a special purpose vehicle held by Jinxin Fund. Everbright Jinhui is the managing partner of Jinxin Fund. Jinxin Fund's senior-tranche limited partners contributed RMB3,200,000 thousand, the mid-tranche limited partners contributed RMB1,000,000 thousand, and the junior-tranche limited partners contributed RMB1,000,000 thousand. The senior-tranche limited partners are China Merchants Wealth Asset Management Co., Ltd., which is a stakeholder of China Merchants Bank Co., Ltd. (hereinafter referred to as "Merchants Bank"), and Shanghai Aijian Trust Co., Ltd., which is a stakeholder of Shanghai Hua Rui Bank Co., Ltd. (hereinafter referred to as "Hua Rui Bank") contributed RMB2.8 billion and RMB400 million respectively. Meanwhile, each of the senior-tranche limited partners presented a "Letter of Makeup of Shortfall" with the chop of Everbright Capital affixed, however, it was not in compliance with the internal approval process of Everbright Capital, the main contents of which are that Everbright Capital shall have the obligation to make up the corresponding shortfall to the extent that the senior-tranche limited partners are unable to exit their investments with indicated returns within a 36-month investment period of Jinxin Fund. On 25 February 2019, the investment period of Jinxin Fund expired and Everbright Capital failed to exit as originally planned.

(All amounts expressed in RMB thousands unless otherwise specified)

51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In October 2018, Hua Rui Bank initiated arbitration proceedings with Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) against Everbright Jinhui to recover investment principal, investment return, penalty, legal and arbitration costs amounting to RMB452.37 million regarding the “Supplementary Agreement to the Partnership Agreement of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership)”. In May 2020, Everbright Jinhui received the Arbitration Award ([2020] Humao Arbitration No. 0338), which ruled that Everbright Jinhui, as a respondent, shall pay Hua Rui Bank the principal of RMB400 million and the corresponding expected income, legal fees, arbitration fees and other related expenses to Hua Rui Bank as an applicant.

In November 2018, Hua Rui Bank also filed a civil lawsuit with the Shanghai Financial Court against Everbright Capital over the same case with claims amounting to approximately RMB431.36 million. Hua Rui Bank also initiated preservative measures requesting the Shanghai Financial Court to freeze Everbright Capital’s basic deposit account and equity interests in some investments. In August 2020, Everbright Capital received the paper of civil judgement of first instance ([2018] Hu 74 Min Chu No. 730) from the Shanghai Financial Court that Everbright Capital shall pay Hua Rui Bank the principal of RMB400 million and the investment income from 1 January 2018 to the date of actual fulfilment, and bear the legal fees, preservation fees and other related expenses. If Hua Rui Bank receives the original capital of its investment and the income due to the enforcement of the outcome of arbitration, the payment obligation of Everbright Capital under the above judgment will be decreased correspondingly. Everbright Capital appealed to the Shanghai High People’s Court. In June 2021, Everbright Capital received the paper of civil judgement of second instance ([2020] Hu Min Zhong No. 618) from the Shanghai High People’s Court that rejected the request of Everbright Capital, and the original verdict was upheld.

In November 2018, Shenzhen Hengxiang Equity Investment Fund LLP (limited partnership) (hereinafter referred to as “Shenzhen Hengxiang”), one of the mid-tranche limited partners of Jinxin Fund, initiated arbitration proceedings with Shanghai International Arbitration Center against Everbright Jinhui as one of the respondents in disputes over the partnership agreements and the supplementary agreements. The arbitration amount was about RMB167.81million. Shenzhen Hengxiang presented the “Supplementary Agreement” signed by all general partners. The Supplementary Agreement stated that all general partners have the obligation to make up the corresponding shortfall to the extent that Shenzhen Hengxiang is unable to exit its investment principal of RMB150 million with indicated returns. In November 2018, the People’s Court of Jingan District of Shanghai accepted the application of the property preservation of Shenzhen Hengxiang and has frozen the relevant equity interests in some investments held by Everbright Jinhui. In April 2020, Everbright Jinhui received the Arbitration Award ([2020] Humao Arbitration No. 0322), which ruled that Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Services Co., Ltd., as respondents, shall pay Shenzhen Hengxiang’s investment principal of RMB150 million and the corresponding expected income, legal fees, arbitration fees and other related expenses. In December 2020, the execution of Judgment Document ([2020] Hu 02 Zhi 1332) was terminated by the Shanghai No. 2 Intermediate People’s Court, because it was verified that Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Services Co., Ltd. had no executable property.

(All amounts expressed in RMB thousands unless otherwise specified)

51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In May 2019, Everbright Capital received the notice of responding to prosecution from the Shanghai Financial Court. Merchants Bank initiated a civil lawsuit as plaintiff against Everbright Capital, requesting Everbright Capital to fulfil the obligation of making up the shortfall according to the "Letter of Makeup of Shortfall". The lawsuit amount was approximately RMB3,489 million for the principal of RMB2,800 million, expected income, penalties and other related expenses. In May 2019, Shanghai Financial Court accepted the application of the property preservation of Everbright Capital and has frozen the relevant equity interests in some investments held by Everbright Capital. In August 2020, Everbright Capital received the paper of civil judgement of first instance ([2019] Hu 74 Min Chu No. 601) from the Shanghai Financial Court that Everbright Capital shall pay RMB3,116 million and the accrued interest from 6 May 2019 to the date of actual payoff to Merchants Bank, and bear part of the legal fees, property preservation fees and other related expenses. Everbright Capital appealed to the Shanghai High People's Court. In June 2021, Everbright Capital received the paper of civil judgement of second instance ([2020] Hu Min Zhong No. 567) from the Shanghai High People's Court that rejected the request of Everbright Capital, and the original verdict was upheld.

In September 2020, Jiaying Zhaoyuan Yongjin Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhaoyuan Yongjin"), one of the mid-tranche limited partners of Jinxin Fund, initiated a civil lawsuit as plaintiff against Everbright Capital, regarding tort liability dispute, requesting Everbright Capital to compensate for the loss of investment principal of RMB600 million and the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgment ([2020] Hu 74 Min Chu No. 2467) from the Shanghai Financial Court that Everbright Capital shall compensate Zhaoyuan Yongjin for 30% of the investment principal, which is RMB180 million; Zhaoyuan Yongjin's remaining claims are not supported. Everbright Capital has appealed the verdict of the case, and the trial of this lawsuit is still in progress and has not judged.

In May 2021, Guizhou Guian Financial Investment Co., Ltd., the stakeholder of another mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital, regarding tort liability dispute, requesting Everbright Capital to compensate for the loss of their investment principal of RMB95 million, together with the corresponding expected income. The trial of this lawsuit is still in progress and has not judged.

In June 2021, Shanghai Dongxing Investment Holdings Co., Ltd., the stakeholder of one of mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital and Everbright Jinhui, regarding tort liability dispute, requesting Everbright Capital and Everbright Jinhui to compensate for the loss of their investment principal of RMB246.5 million, together with the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgement ([2021] Hu 74 Min Chu No. 283) from the Shanghai Financial Court that rejected the request of the plaintiff.

Everbright Capital has filed a retrial application with the Shanghai High People's Court regarding the civil lawsuit cases of Hua Rui Bank and Merchants Bank. In June 2022, Everbright Capital received civil rulings from the Shanghai High People's Court, which ruled to reject the retrial application. As of the date of approval of the financial statements, Hua Rui Bank and Merchants Bank have applied for enforcement, and Everbright Capital has received the enforcement notices but has not fulfilled the payments.

(All amounts expressed in RMB thousands unless otherwise specified)

51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In March 2022, Everbright Capital received the enforcement ruling (one of [2021] Hu 74 Zhi No. 466) from the Shanghai Financial Court, ruling that 35% of Everbright Fortune Financial Leasing Co., Ltd. and 3,810,482 shares of Tianyang Hongye Technology Co., Ltd held by Everbright Capital were adjudicated as price. There are still uncertainties in the above enforcement results, and the impact on the Group needs to be assessed according to the relevant enforcement results.

In March 2022, for the Kunming Investment Partnership (Limited Partnership) that was frozen by the judicial system, Everbright Development Investment Co., Ltd. has filed a lawsuit against the execution objection of an outsider with the Shanghai Financial Court and received a notice of acceptance ([2022] Hu 74 Min Chu No. 728). The trial of this lawsuit 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 the account the requirements of the relevant laws and regulations, the Group made a provision for contingent liabilities amounting to RMB5.28 billion as of 30 June 2022 (31 December 2021: RMB5.28 billion) in accordance with the relevant provisions of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The provision was made based on an assessment and estimate of probable losses, after considering the repurchase agreement for Baofeng Group and its controlling shareholder, Feng Xin, to repurchase equity interests in MPS from Jinxin Fund as contractually agreed. In this regard, in 13 March 2019, Everbright Jinhui, in its capacity as the executive partner of Jinxin Fund, together with Jinxin Fund, jointly pursued civil legal action against Baofeng Group and Feng Xin at Beijing Higher People's Court, seeking compensation for losses arising from the non-fulfilment of their obligations to repurchase the 65% equity interests in MPS from Jinxin Fund and other related costs, totalling RMB751.19 million. In December 2020, Everbright Jinhui received the first instance Civil Judgement ([2019] Jing Min Chu No. 42), which rejected the plaintiff's claim, and the relevant case acceptance fees and property preservation fees were borne by the plaintiff. The Group has appealed to against the judgement of the first instance. In June 2022, Baofeng Group received the civil ruling ([2021] Supreme Fa Min Zhong No. 580), which ruled to revoke the Civil Judgement ([2019] Jing Min Chu No. 42) from Beijing Higher People's Court and send back to Beijing Higher People's Court for retrial.

In June 2021, Jinxin Inc., the special purpose vehicle of Jinxin Fund registered in the Cayman Islands, filed a lawsuit against Riccardo Silva, Andreaa Radrizzani and other previous shareholders of MPS, regarding fraudulent misrepresentation and breach of tax commitment, in the higher court of England and Wales, amounting to USD661 million. As of the date of approval of the financial statements, no court session has been held.

The Company will continue to monitor the progress and results of the matter, evaluate the responsibility to be undertaken, and disclose the relevant information.

Please refer to the Group's announcements of No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009 and No. Lin 2022-032 for more details.

(All amounts expressed in RMB thousands unless otherwise specified)

52. OTHER NON-CURRENT LIABILITIES

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Deposits of financial leasing business	24,261	48,064
Others	<u>16,481</u>	<u>15,880</u>
Total	<u>40,742</u>	<u>63,944</u>

53. SHARE CAPITAL

All shares issued by the Company are in form of 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>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Registered, issued and fully paid (at RMB1 per share)	<u>4,610,788</u>	<u>4,610,788</u>

54. OTHER EQUITY INSTRUMENTS

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Perpetual subordinated bonds	<u>9,498,943</u>	<u>4,999,057</u>

As approved by the CSRC, the Company issued a batch of perpetual subordinated bonds ("20 Guangzheng Y1") amounting to RMB2 billion with an initial interest rate of 4.40% on 14 August 2020, a batch of perpetual subordinated bonds ("21 Guangzheng Y1") amounting to RMB3 billion with an initial interest rate of 4.19% on 10 May 2021, a batch of perpetual subordinated bonds ("22 Guangzheng Y1") amounting to RMB2 billion with an initial interest rate of 3.73% on 17 February 2022, a batch of perpetual subordinated bonds ("22 Guangzheng Y2") amounting to RMB1 billion with an initial interest rate of 4.08% on 10 March 2022 and a batch of perpetual subordinated bonds ("22 Guangzheng Y3") amounting to RMB1.5 billion with an initial interest rate of 4.03% on 22 March 2022. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bps. The current base rate is defined as the average yield of 5 Year Treasury from the interbank fixed rate bond yield curve published on the webpage of China Bond in 5 working days before the adjustment.

The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Company 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 shareholders and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

(All amounts expressed in RMB thousands unless otherwise specified)

55. RESERVES AND RETAINED PROFITS

(a) Capital reserve

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

(b) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve.

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

(c) General reserve

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

In accordance with the requirements of the Financial Rules for Financial Enterprises (Order No. 42 of the Ministry of Finance of the PRC) and its implementation guide (Caijin [2007] No. 23) and the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve. Several subsidiaries of the Company are also subject to the relevant general risk reserve requirement according to CSRC regulations.

In accordance with the Securities Law and the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the transaction risk reserve. In accordance with the provisions of the Interim Measures for the Supervision and Administration of Risk Reserves of Publicly Offered Securities Investment Funds (Order No. 94 of the CSRC) issued on 24 September 2013, the Company appropriates other risk reserve at a monthly rate of not less than 2.5% of the fund custody fee income.

(d) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair values of debt investments at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income until the assets are derecognised or impaired.

(e) Translation reserve

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

(All amounts expressed in RMB thousands unless otherwise specified)

55. RESERVES AND RETAINED PROFITS (continued)

(f) Retained profits

The movements in retained profits are set out below:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
At the beginning of the period/year	11,637,280	10,259,982
Profit for the period/year	2,107,524	3,484,332
Appropriation to surplus reserve	-	(307,270)
Appropriation to general reserve	(43,162)	(884,768)
Dividends approved in respect of the previous year	(1,051,259)	(728,505)
Distribution to other equity instrument holders	(389,550)	(213,700)
Others	-	27,209
	<u>12,260,833</u>	<u>11,637,280</u>

56. 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 of these assets, the Group continues to recognise these assets.

(a) 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.

57. COMMITMENTS

Capital commitments

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Contracted but not provided for	<u>29,757</u>	<u>25,042</u>

The Group's capital commitments were mainly for the proposed investments of unlisted equity.

58. CONTINGENCIES

As at 30 June 2022, for the Group's pending litigations for MPS, please refer to note 51(b) for details.

In May 2022, Daxinganling Rural Commercial Bank Co., Ltd. filed a lawsuit against the Company (as the joint lead underwriter) for the securities misrepresentation dispute with China Huayang Economic and Trade Group Co., Ltd., and the amount involved was approximately RMB65,479 thousand. The Beijing Financial Court accepted the case and ruled that the case should be accepted by the Beijing No. 1 Intermediate People's Court, and the jurisdiction objection raised by the plaintiff has not yet been decided.

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58. CONTINGENCIES (continued)

In May 2022, Mr. Jiang filed a lawsuit against Mr. Situ and Everbright Securities Investment Services (Hong Kong) Co., Ltd. for the reason of false statements in the sale of bonds, and the amount involved was approximately HKD14,464 thousand. The case has been accepted by the High Court of Hong Kong.

In June 2022, Mr. Xie, Chengdu Deshang Jinchangchuan Chuangke Equity Investment Fund Center (Limited Partnership) and Chongqing Zhongbao Chuangrui Cultural Creative Equity Investment Fund Partnership (limited partnership) filed lawsuits against the Company (as the lead underwriter) for the securities misrepresentation dispute with Beijing Yingding Education Technology Co., Ltd., and the amounts involved were approximately RMB20,000 thousand, RMB15,000 thousand, and RMB10,000 thousand respectively. The above three cases have been accepted by the Beijing Financial Court.

59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Company with ownership of 5% or above. The share percentages in the Company are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.73%	20.83%

(ii) Associates and joint ventures of the Company

The detailed information of the Company's associates and joint ventures is set out in note 23.

(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:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balances at the end of the period/year:		
Other payables and accruals	482,572	212
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Transactions during the period:		
Fee and commission income	27,607	31,997
Fee and commission expenses	468	-

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Related party transactions and balances (continued)

(ii) Transactions between the Group and associates, joint ventures and other related parties:

	<u>30 June 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
Balances at the end of the period/year:		
Right-of-use assets	14,410	26,803
Financial assets at fair value through profit or loss	813,677	1,113,600
Accounts receivable	7,539	9,468
Other receivables and prepayments	139,843	98,784
Cash and bank balances	11,829,287	9,378,548
Loans and borrowings	1,087,872	1,091,236
Placements from other financial institutions	2,000,863	2,000,667
Other payables and accruals	63,232	66,661
Financial assets sold under repurchase agreements	-	114,029
Lease liabilities	<u>14,241</u>	<u>22,735</u>
	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Unaudited)
Transactions during the period:		
Fee and commission income	51,145	55,339
Interest income	72,485	30,926
Net realised gains	3,004	11,519
Other income and gains	252	2,022
Fee and commission expenses	11,915	4,937
Interest expenses	23,559	22,284
Other operating expenses	31,459	58,422
Transaction amount for placements from other financial institutions, loans and borrowings	103,456,686	20,205,705
Transaction amount for financial assets sold under repurchase agreements	<u>19,520,527</u>	<u>30,600,674</u>

(c) Key management personnel's remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors, is as follows:

	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Unaudited)
Short-term employee benefits		
- Fees, salaries, allowances and bonuses	15,216	25,486
Post-employment benefits		
- Contributions to pension schemes	<u>1,264</u>	<u>107</u>
Total	<u>16,480</u>	<u>25,593</u>

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## 60. SEGMENT REPORTING

Management allocated resources and assessed the segment performance based on the operating segments. Accordingly, the reporting period's segment reporting 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 to 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, collateralised stock repurchase transactions, securities transactions under repurchase agreements 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 to 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 investments 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 investments in and trading of stocks, bonds and derivatives to earn investment income;
- Asset management business segment: The Company provides institutional and individual clients with various securities asset management services and fund asset management services to earn management and advisory fees;
- Equity investment business segment: The Company generates income from private equity investment, alternative investment and PPP businesses; and
- 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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60. SEGMENT REPORTING (continued)

(a) Business segments

For the six months ended 30 June 2022 (Unaudited)

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	1,895,087	810,472	388,709	-	662,924	476	26,263	3,783,931
- Inter-segment	40,286	-	-	-	-	-	-	40,286
Interest income								
- External	1,984,403	50,044	43,864	190,733	28,317	358,445	220,001	2,875,807
- Inter-segment	1,644	-	-	-	5	11	373,094	374,754
Net investment gains								
- External	52,035	138,150	184,198	(140,844)	(13,546)	36,000	323,653	579,646
- Inter-segment	-	-	-	-	-	-	-	-
Total revenue								
- External	3,931,525	998,666	616,771	49,889	677,695	394,921	569,917	7,239,384
- Inter-segment	41,930	-	-	-	5	11	373,094	415,040
Other income and gains								
- External	120,721	1,139	928	-	20,113	2,681	126,694	272,276
- Inter-segment	394	-	-	-	-	-	1,530	1,924
Segment revenue and other income								
- External	4,052,246	999,805	617,699	49,889	697,808	397,602	696,611	7,511,660
- Inter-segment	42,324	-	-	-	5	11	374,624	416,964
Segment expenses								
- External	(2,490,269)	(297,272)	(249,258)	(166,856)	(397,853)	(44,466)	(1,216,924)	(4,862,898)
- Inter-segment	(6,932)	(4,784)	-	-	(32,355)	(369,087)	(721)	(413,879)
Segment operating profit/(loss)								
- External	1,561,977	702,533	368,441	(116,967)	299,955	353,136	(520,313)	2,648,762
- Inter-segment	35,392	(4,784)	-	-	(32,350)	(369,076)	373,903	3,085
Share of profits of associates and joint ventures								
- External	1,705	(6,719)	124	-	65,134	(1,075)	6,735	65,904
- Inter-segment	-	6,735	-	-	-	4,853	-	11,588
Profit/(loss) before income tax								
- External	1,563,682	695,814	368,565	(116,967)	365,089	352,061	(513,578)	2,714,666
- Inter-segment	35,392	1,951	-	-	(32,350)	(364,223)	373,903	14,673
Interest expenses	(948,348)	(26,329)	(87,722)	(147,607)	(10,031)	(7,816)	(410,356)	(1,638,209)
Impairment losses	(165,812)	-	-	-	-	-	-	(165,812)
Credit loss expense	273,223	3,507	(2,613)	(801)	-	(410)	(3,392)	269,514
Depreciation and amortisation expenses	(116,648)	(21,558)	(12,479)	(1,132)	(28,135)	(3,029)	(115,698)	(298,679)

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60. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the six months ended 30 June 2021 (Unaudited)

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	2,243,222	1,064,122	458,453	-	675,835	1,264	41,584	4,484,480
- Inter-segment	11,117	-	-	-	-	-	-	11,117
Interest income								
- External	2,011,993	63,322	60,074	283,152	62,121	420,615	274,750	3,176,027
- Inter-segment	3,516	-	-	-	5	-	421,285	424,806
Net investment gains								
- External	35,240	102,009	77,570	(74,162)	16,248	110,759	546,959	814,623
- Inter-segment	-	-	-	-	-	-	-	-
Total revenue								
- External	4,290,455	1,229,453	596,097	208,990	754,204	532,638	863,293	8,475,130
- Inter-segment	14,633	-	-	-	5	-	421,285	435,923
Other income and gains								
- External	1,821,081	6,276	(492)	-	23,576	1,062	226,029	2,077,532
- Inter-segment	787	-	-	-	-	-	156	943
Segment revenue and other income								
- External	6,111,536	1,235,729	595,605	208,990	777,780	533,700	1,089,322	10,552,662
- Inter-segment	15,420	-	-	-	5	-	421,441	436,866
Segment expenses								
- External	(4,691,410)	(475,730)	(155,840)	(264,908)	(387,160)	(173,583)	(1,471,972)	(7,620,603)
- Inter-segment	(9,834)	(7,927)	-	-	(3,500)	(414,168)	(379)	(435,808)
Segment operating profit/(loss)								
- External	1,420,126	759,999	439,765	(55,918)	390,620	360,117	(382,650)	2,932,059
- Inter-segment	5,586	(7,927)	-	-	(3,495)	(414,168)	421,062	1,058
Share of profits of associates and joint ventures								
- External	2,858	(8,760)	189	-	42,917	2,145	9,625	48,974
- Inter-segment	-	8,760	-	-	-	6,722	-	15,482
Profit/(loss) before income tax								
- External	1,422,984	751,239	439,954	(55,918)	433,537	362,262	(373,025)	2,981,033
- Inter-segment	5,586	833	-	-	(3,495)	(407,446)	421,062	16,540
Interest expenses	(1,068,866)	(37,930)	(24,177)	(232,454)	(9,153)	(24,541)	(497,779)	(1,894,900)
Impairment losses	(605)	-	-	-	-	-	-	(605)
Credit loss expense	(72,440)	-	-	(12,897)	-	(114,719)	35,005	(165,051)
Depreciation and amortisation expenses	(117,577)	(20,189)	(10,842)	(866)	(22,073)	(1,609)	(116,940)	(290,096)

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60. SEGMENT REPORTING (continued)

(b) Geographical segments

The following tables set out information about (i) the geographical location of the Group's revenue from external customers and (ii) the Group's property and equipment, goodwill, other intangible assets, interests in associates and joint ventures, and refundable deposits ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, 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 operations, in the case of investments in associates and joint ventures.

Segment revenue:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Revenue from external customers	6,822,263	417,121	7,239,384	7,774,940	700,190	8,475,130
Other income and gains	259,493	12,783	272,276	2,057,265	20,267	2,077,532
<b>Total</b>	<b>7,081,756</b>	<b>429,904</b>	<b>7,511,660</b>	<b>9,832,205</b>	<b>720,457</b>	<b>10,552,662</b>

Specified non-current assets:

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	778,920	24,041	802,961	807,061	29,833	836,894
Right-of-use assets	571,266	82,602	653,868	579,176	117,725	696,901
Goodwill	9,380	790,154	799,534	9,380	918,942	928,322
Other intangible assets	162,519	47,682	210,201	199,148	58,265	257,413
Investments in associates and joint ventures	986,135	41,142	1,027,277	949,452	54,752	1,004,204
Other non-current assets	53,996	-	53,996	62,058	-	62,058

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61. FAIR VALUE INFORMATION

(a) Fair value of financial instruments

The following table lists the information about the fair value 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

	30 June 2022 (Unaudited)			Total
	Level I	Level II	Level III	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Funds	32,250,298	9,178,913	2,078,554	43,507,765
– Debt securities	7,403,258	10,712,709	1,231	18,117,198
– Wealth management products	4,678,122	1,045,483	3,337,249	9,060,854
– Equity securities	2,991,258	169,143	1,127,864	4,288,265
– Others	205,940	6,176,702	346,464	6,729,106
Debt investments at fair value through other comprehensive income				
– Debt securities	52,263	12,848,468	-	12,900,731
Equity investments designated at fair value through other comprehensive income				
– Equity securities	1,844,184	79,013	469,543	2,392,740
Derivative financial assets	46,604	172,746	490,007	709,357
<b>Total</b>	<b>49,471,927</b>	<b>40,383,177</b>	<b>7,850,912</b>	<b>97,706,016</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	148,506	-	148,506
Derivative financial liabilities	212,547	577,378	294,306	1,084,231
<b>Total</b>	<b>212,547</b>	<b>725,884</b>	<b>294,306</b>	<b>1,232,737</b>

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61. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

	31 December 2021 (Audited)			Total
	Level I	Level II	Level III	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Funds	22,684,632	10,112,178	1,693,965	34,490,775
– Debt securities	3,139,348	11,778,965	34,010	14,952,323
– Wealth management products	1,603,235	4,072,781	2,513,758	8,189,774
– Equity securities	3,166,461	728	1,901,166	5,068,355
– Others	177,064	5,472,317	399,589	6,048,970
Debt investments at fair value through other comprehensive income				
– Debt securities	-	13,098,079	-	13,098,079
Equity investments designated at fair value through other comprehensive income				
– Equity securities	82,401	-	477,163	559,564
Derivative financial assets	19,571	389,608	138,159	547,338
<b>Total</b>	<b>30,872,712</b>	<b>44,924,656</b>	<b>7,157,810</b>	<b>82,955,178</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	342,425	-	342,425
Derivative financial liabilities	17,020	225,568	269,458	512,046
<b>Total</b>	<b>17,020</b>	<b>567,993</b>	<b>269,458</b>	<b>854,471</b>

For the period ended 30 June 2022, financial assets of Level 1 of RMB13,976 thousand were transferred from Level 3; financial assets of Level 2 of RMB45,614 thousand were transferred from Level 3. There were no significant transfers between other levels.

For the year ended 31 December 2021, financial assets of Level 3 of RMB36,806 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB132,255 thousand were transferred from Level 3; financial assets of Level 2 of RMB1,421,629 thousand were transferred from Level 3; financial liabilities of Level 2 of RMB285,679 thousand were transferred from Level 3. There were no significant transfers between other levels.

(i) Financial instruments in Level I

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, debt investments at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income) traded in active markets are based on quoted market prices at the end of the period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer or a broker and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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61. 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 use observable input values that reflect market conditions in the process of forming quotations without significant adjustment.

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, 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.

For the period ended 30 June 2022, the valuation technique used in the above-mentioned continuous Level II fair value measurement of the Group has not changed.

(iii) Valuation methods for specific investments in Level III

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 and funds	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Equity securities, preference shares, unlisted equity investments and funds	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Trust products, bonds, funds, asset management products and wealth management products	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative assets	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative liabilities	Option pricing model	Volatility	The higher the volatility, the higher the fair value

For the period ended 30 June 2022, the valuation technique used in the above-mentioned continuous Level III fair value measurement of the Group has not changed.

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61. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation of the opening balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
31 December 2021 (Audited)	6,542,488	477,163	138,159	-	(269,458)
Gains/(losses) for the period	252,891	-	444,632	-	475
Changes in fair value recognised in other comprehensive income	-	42,027	-	-	-
Purchases and issues	5,514,853	-	35,376	-	(154,205)
Transfer-in	548	-	-	-	-
Transfer-out	(9,943)	(49,647)	-	-	-
Sales and settlements	(5,409,475)	-	(128,160)	-	128,882
	<u>6,891,362</u>	<u>469,543</u>	<u>490,007</u>	<u>-</u>	<u>(294,306)</u>
30 June 2022 (Unaudited)					
Total unrealised profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	<u>416,430</u>	<u>-</u>	<u>457,217</u>	<u>-</u>	<u>3,326</u>
31 December 2020 (Audited)	6,258,829	471,340	64,315	(1,301,326)	(304,379)
Gains/(losses) for the year	470,493	-	1,745	42,908	(17,248)
Changes in fair value recognised in other comprehensive income	-	36,789	-	-	-
Purchases or issues	10,925,133	-	96,734	-	(77,370)
Transfer-in	13,788	23,018	-	-	-
Transfer-out	(1,548,746)	(5,137)	-	285,679	-
Sales and settlements	(9,577,009)	(48,847)	(24,635)	972,739	129,539
	<u>6,542,488</u>	<u>477,163</u>	<u>138,159</u>	<u>-</u>	<u>(269,458)</u>
31 December 2021 (Audited)					
Total unrealised profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	<u>683,910</u>	<u>-</u>	<u>4,064</u>	<u>-</u>	<u>(12,457)</u>

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(All amounts expressed in RMB thousands unless otherwise specified)

61. 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 2021 and 30 June 2022, except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

Carrying amount:

	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Financial assets		
- Financial assets measured at amortised cost	<u>4,473,016</u>	<u>4,136,619</u>
Financial liabilities		
- Long-term bonds	<u>48,071,283</u>	<u>47,826,703</u>

Fair value:

	<u>30 June 2022 (Unaudited)</u>			
	Level I	Level II	Level III	Total
Financial assets				
- Financial assets measured at amortised cost	<u>-</u>	<u>4,606,084</u>	<u>-</u>	<u>4,606,084</u>
Financial liabilities				
- Long-term bonds	<u>-</u>	<u>48,508,607</u>	<u>-</u>	<u>48,508,607</u>
	<u>31 December 2021 (Audited)</u>			
	Level I	Level II	Level III	Total
Financial assets				
- Financial assets measured at amortised cost	<u>-</u>	<u>4,223,406</u>	<u>1,473</u>	<u>4,224,879</u>
Financial liabilities				
- Long-term bonds	<u>-</u>	<u>48,280,514</u>	<u>-</u>	<u>48,280,514</u>

(All amounts expressed in RMB thousands unless otherwise specified)

62. GUARANTEES

During the reporting period, guarantees provided by the Company mainly included the net capital guarantee for Shanghai Everbright Securities Assets Management Co., Ltd. and the counter-guarantee to the guarantor for borrowing loans from overseas commercial bank for Everbright Securities Financial Holdings Limited (“EBSFHL”), wholly-owned subsidiaries of the Company. As at 30 June 2022, the balance of the above guarantees amounted to RMB5.329 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees and financing guarantees provided by EBSFHL, and its subsidiaries to their subsidiaries for the business development of such companies. As at 30 June 2022, the balance of the above guarantees amounted to RMB1.577 billion.

63. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Other than those matters as already disclosed elsewhere in the consolidated financial statements, significant events after the reporting period included the following events:

(a) Issuance of corporate bonds after the reporting period

On 18 August 2022, the Company issued a corporate bond with an aggregate principal amount of RMB2 billion through public offering, which has a term of 3 years and bears interest at a rate of 2.56%.

(b) Redemption of corporate bonds after the reporting period

On 4 July 2017, the Company issued a corporate bond with an aggregate principal amount of RMB1.5 billion, which has a term of 5 years and bears interest at a rate of 4.70%. The redemption work of this bond was completed on 4 July 2022.

On 22 August 2019, the Company issued a corporate bond with an aggregate principal amount of RMB3 billion, which has a term of 3 years and bears interest at a rate of 3.75%. The redemption work of this bond was completed on 22 August 2022.

(c) Dissolution of subsidiaries

In accordance with the relevant requirements of the regulatory agency to compress the level of the Company, the subsidiaries of EBSFHL are promoting internal restructuring matters. On 29 July 2022, Everbright Securities Global Limited and Everbright Securities International Limited which are the subsidiaries of EBSFHL applied for liquidation, and the relevant assets and liabilities held were undertaken by EBSFHL.

64. COMPARATIVE FIGURES

Certain comparative figures in the interim condensed consolidated financial statements have been reclassified to conform with the current period’s presentation.

65. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2022.