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

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

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The board of directors (the “**Board**”) of Everbright Securities Company Limited (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2023. This announcement, containing the full text of the 2023 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group’s annual results for the year ended December 31, 2023 have been reviewed by the audit and related party transaction control committee of the Company.

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.ebscn.com](http://www.ebscn.com)). The Company’s 2023 annual report will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

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

Shanghai, the PRC  
March 27, 2024

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

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## IMPORTANT NOTICE

- I. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this annual report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally assume legal responsibility as to the contents herein.
- II. This report was reviewed and passed at the 35th meeting of the sixth session of the Board of the Company. The number of Directors that should attend the Board meeting was 11 and the number of Directors having voted at the Board meeting was 11. None of the Directors or Supervisors has made any objection to this report.
- III. Unless otherwise specified, the financial data disclosed in this report are prepared in accordance with the International Financial Reporting Standards and have been audited by Ernst & Young, who then issued a standard unqualified audit report thereon. Unless otherwise stated, the financial data set out in this report are denominated in RMB.
- IV. Zhao Ling, the person-in-charge of the Company, Mei Jian, the person-in-charge of accounting affairs, and Du Jia, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.
- V. The profit distribution proposal or proposal on transfer of capital reserve into share capital reviewed by the Board for the Reporting Period

The Company's profit distribution proposal for 2023 that was considered and approved at the 35th meeting of the sixth session of the Board of the Company is: on the basis of a total share capital of 4,610,787,639 shares (comprising A Shares and H Shares) in issue as at December 31, 2023, a cash dividend of RMB2.803 (tax inclusive) per 10 shares is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB1,292,403,775.21. The above distribution proposal will be submitted for consideration at the general meeting of the Company and will be implemented after the proposal is approved by the general meeting.

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

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

### I. Definitions

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

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

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

EBSI	Everbright Securities International Holdings Limited (光大證券國際控股有限公司), a wholly-owned subsidiary of the Company
ETF	exchange-traded fund
Everbright Asset Management	Shanghai Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), a wholly-owned subsidiary of the Company
Everbright Bank	China Everbright Bank Company Limited
Everbright Capital	Everbright Capital Investment Co., Ltd. (光大資本投資有限公司), a wholly-owned subsidiary of the Company
Everbright Development	Everbright Development Investment Co., Ltd. (光大發展投資有限公司), a wholly-owned subsidiary of the Company
Everbright Fortune	Everbright Fortune Investment Co., Ltd. (光大富尊投資有限公司), a wholly-owned subsidiary of the Company
Everbright Futures	Everbright Futures Co., Ltd. (光大期貨有限公司), a wholly-owned subsidiary of the Company
Everbright Group	China Everbright Group Ltd. (中國光大集團股份公司), the largest shareholder of the Company
Everbright Leasing	Everbright Fortune Financial Leasing Co., Ltd. (光大幸福融資租賃有限公司), a majority-owned subsidiary of the Company
Everbright Limited	China Everbright Limited (中國光大控股有限公司), the second largest shareholder of the Company
Everbright Pramerica	Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司), a majority-owned subsidiary of the Company
FOF	fund of funds, a fund that invests exclusively in other securities investment funds
Group, our Group	the Company and its subsidiaries
H Shares	foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
HK\$ or Hong Kong dollars or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
IFRSs	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board, and interpretation issued by the International Accounting Standards Committee (IASC)
IPO	initial public offering
maintenance margin ratio	the ratio of the total value of all the collateral from the clients of margin financing and securities lending business (including the amount of cash and the market value of securities held in margin securities account) to the margin balance of clients (including the sum of the amount of margin loans purchased, the latest market value of securities lent and any accrued interest and fees)
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
PB	prime brokerage
PBOC	People's Bank of China, the central bank of the PRC
PPP	public-private partnership
PRC GAAP	the PRC Accounting Standards for Business Enterprises
QFII	qualified foreign institutional investor
REITs	real estate investment trusts
related party transaction(s)	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time, unless otherwise stated
Renminbi or RMB	RMB, the lawful currency of the PRC. Amounts are in RMB unless otherwise indicated in this report
Reporting Period	the year of 2023 (January 1, 2023 to December 31, 2023)

## SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

SAFE	State Administration of Foreign Exchange of the People's Republic of China (中華人民共和國國家外匯管理局)
Sci-tech Innovation Board	the science and technology innovation board launched by the SSE
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
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange

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

### II. Warning of Material Risks

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. Company Information

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

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

Unit: RMB

	<b>As at December 31, 2023</b>	As at December 31, 2022
Registered capital	<b>4,610,787,639.00</b>	4,610,787,639.00
Net capital	<b>46,970,165,838.86</b>	48,853,130,506.55

### Business scope of the Company:

Business scope of the Company includes securities brokerage, securities investment consulting, financial advisory relating to securities trading and securities investment, securities underwriting and sponsorship, proprietary trading of securities, intermediary introduction business for futures companies, proxy sale of securities investment funds, margin financing and securities lending business, proxy sale of financial products, market making of stocks and options, 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 the specific scope of operating activities should be determined by approval documentations or licenses issued by relevant agencies).

### Qualification of each of the businesses of the Company:

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

## II. Contact Person and Information

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

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



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### III. Basic Information

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

### IV. Information Disclosure and Place of Inspection

Media and its website for publication of the annual report	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> SSE: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Website of the stock exchange for publication of the annual report of the Company	No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC
Place where the annual report of the Company is available for inspection	

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

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VI. Other Information of the Company

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

##### *Incorporation in 1996*

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

##### *Increase of registered capital in 1997*

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

##### *Equity transfer in the period from 1999 to 2002*

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

##### *Increase of registered capital in 2002*

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

##### *Restructuring into a joint stock company in 2005*

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

### ***Increase of registered capital in 2007***

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

### ***Initial public offering of A Shares and listing on the SSE in 2009***

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

### ***Private placement of A Shares in 2015***

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

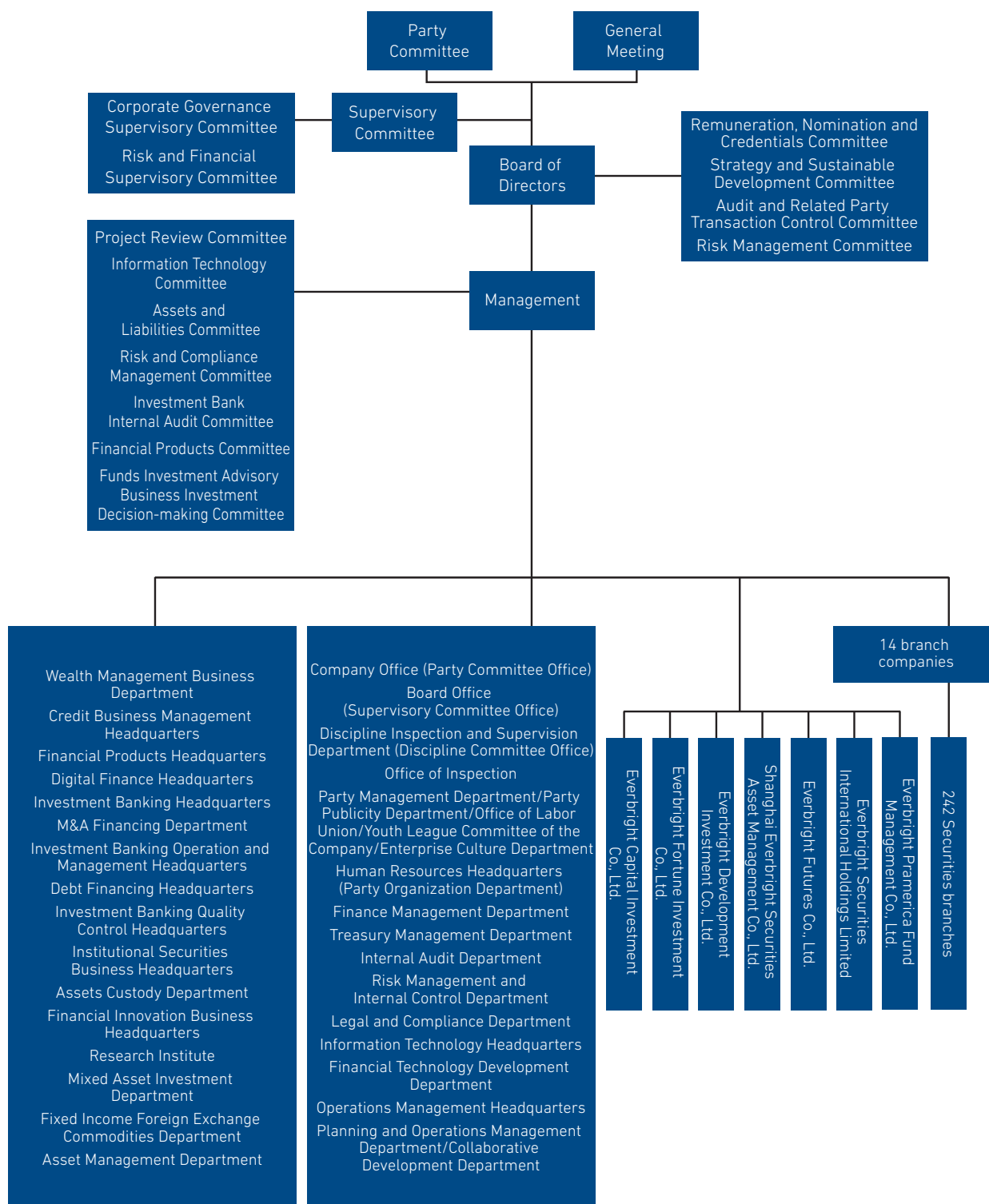
### ***Public offering and listing of H Shares on the Hong Kong Stock Exchange in 2016***

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Organizational structure

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



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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Name	Registered Capital	Shareholding Percentage	Registered Address	Date of Establishment	Person in Charge and Contact Number
Everbright Futures	RMB1.5 billion	100%	6th Floor & Unit 703, No. 729, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	April 8, 1993	Wen Minggang (聞明剛) 021-80212288
Everbright Asset Management	RMB200 million	100%	26th Floor, Tower 3, No. 799, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	February 21, 2012	Chang Song (常松) 021-32068317
Everbright Fortune	RMB2 billion	100%	Rooms 801-803, No. 1508 Xinzha Road, Jing'an District, Shanghai	September 26, 2012	Li Song (李松) 021-22167135
EBSI	HK\$7.4 billion	100%	12/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong	November 19, 2010	Li Mingming (李明明) 852-39202828
Everbright Development	RMB500 million	100%	Room 209, Western District, Level 2, No. 707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	June 12, 2017	Chen Hu (陳濤) 021-61061966
Everbright Pramerica	RMB160 million	55%	6th Floor, Tower One, BFC, No. 558 Zhongshan East Second Road, Huangpu District, Shanghai	April 22, 2004	Liu Xiang (劉翔) 021-80262888
Everbright Capital	RMB4 billion	100%	8th Floor, No. 1508 Xinzha Road, Jing'an District, Shanghai	November 7, 2008	Guo Yongjie (郭永潔) 021-61061986

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

As of the disclosure date of this report, the Company has 14 branch companies and 242 securities brokerage branches located nationwide in 121 cities (including county-level cities) of 30 provinces, autonomous regions and municipalities directly under the central government. For details of the geographical location of the branch companies and securities brokerage branches of the Company, please refer to "III. The Geographical Locations of the Branch Companies and Securities Brokerage Branches of the Company" under Appendix "Information Disclosure of Securities Companies" in this report.

### 4. The number and geographical location of other branches

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VII. Other Relevant Information

<b>Accounting firm engaged by the Company (Domestic):</b>	Name	Ernst & Young Hua Ming LLP (Special General Partnership)
	Business address	Level 17, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Beijing, China
	Name of signatory accountants	Chen Qi (陳奇), Wei Huanhuan (魏歡歡)
<b>Accounting firm engaged by the Company (International):</b>	Name	Ernst & Young
	Business address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of signatory accountants	NG Chi Keung
<b>Domestic legal advisor:</b>	King & Wood Mallesons	
<b>International legal advisor:</b>	Latham & Watkins LLP	
<b>A Share Registrar:</b>	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
<b>H Share Registrar:</b>	Computershare Hong Kong Investor Services Limited	

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

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

Item	2023 (RMB'000)	2022 (RMB'000)	Variance as compared to the last corresponding period	2021 (RMB'000)
<b>Operating results</b>				
Revenue and other income	14,776,094	15,021,145	(1.63)%	21,897,834
Profit before income tax	4,757,297	3,853,905	23.44%	4,668,206
Net profit attributable to shareholders of the Company	4,271,152	3,189,073	33.93%	3,484,332
Net cash from (used in) operating activities	26,673,529	17,910,087	48.93%	(3,483,986)
	(RMB/share)	(RMB/share)		(RMB/share)
<b>Earnings per share</b>				
Basic earnings per share	0.84	0.61	37.70%	0.72
Diluted earnings per share	0.84	0.61	37.70%	0.72
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.32	0.55	(41.82)%	0.84
<b>Profitability indicator</b>				
Weighted average return on net assets	6.91%	5.27%	Increased by 1.64 percentage points	6.43%
Weighted average return on net assets after deducting non-recurring profit or loss	2.64%	4.75%	Decreased by 2.11 percentage points	7.49%

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	As of December 31, 2023 (RMB'000)	As of December 31, 2022 (RMB'000)	Variance as compared to the last corresponding period	As of December 31, 2021 (RMB'000)
<b>Scale indicators</b>				
Total assets	<b>259,604,027</b>	258,354,482	0.48%	239,107,601
Total liabilities	<b>191,708,638</b>	193,570,043	(0.96)%	180,512,339
Accounts payable to brokerage clients	<b>55,957,676</b>	69,297,987	(19.25)%	70,224,000
Equity attributable to shareholders of the Company	<b>67,088,609</b>	64,004,834	4.82%	57,865,595
Total equity of owners	<b>67,895,389</b>	64,784,439	4.80%	58,595,262
Total share capital ('000 shares)	<b>4,610,788</b>	4,610,788	–	4,610,788
Net assets per share attributable to shareholders of the Company (RMB/share) <sup>Note 1</sup>	<b>12.49</b>	11.82	5.67% Increased by 0.93 percentage point	11.47
Gearing ratio <sup>Note 2</sup>	<b>66.66%</b>	65.73%		65.30%

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

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

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



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Unit: Yuan Currency: RMB

Item	As at the end of the Reporting Period	As at the end of last year
Core net capital	<b>39,370,165,838.86</b>	39,953,130,506.55
Subordinate net capital	<b>7,600,000,000.00</b>	8,900,000,000.00
Net capital	<b>46,970,165,838.86</b>	48,853,130,506.55
Net assets	<b>66,563,271,769.63</b>	65,617,882,655.56
Provisions for risk capital	<b>14,706,516,022.25</b>	14,279,048,816.13
On-balance sheet and off-balance sheet assets	<b>211,984,392,223.89</b>	190,295,218,095.36
Risk coverage ratio (%)	<b>319.38</b>	342.13
Capital leverage ratio (%)	<b>20.08</b>	22.55
Liquidity coverage ratio (%)	<b>232.90</b>	216.78
Net stable funding ratio (%)	<b>145.75</b>	157.99
Net capital/Net assets (%)	<b>70.56</b>	74.45
Net capital/Liabilities (%)	<b>36.81</b>	43.90
Net assets/Liabilities (%)	<b>52.17</b>	58.97
Value of proprietary trading of equity securities and equity derivatives/Net capital (%)	<b>6.70</b>	9.07
Value of proprietary trading of non-equity securities and non-equity derivatives/Net capital (%)	<b>174.82</b>	176.27

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

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

#### 1. Profitability information

RMB: million

	2023	2022	2021	2020	2019
Revenue and other income	<b>14,776.1</b>	15,021.1	21,897.8	21,034.0	15,352.4
Total expenses	<b>10,117.1</b>	11,272.4	17,296.3	17,125.0	14,209.0
Profit before income tax	<b>4,757.3</b>	3,853.9	4,668.2	3,998.8	1,218.9
Profit for the year – attributable to shareholders of the Company	<b>4,271.2</b>	3,189.1	3,484.3	2,334.1	567.9

#### 2. Asset information

RMB: million

	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
Total assets	<b>259,604.0</b>	258,354.5	239,107.6	228,736.4	204,090.3
Total liabilities	<b>191,708.6</b>	193,570.0	180,512.3	175,541.3	155,071.5
Accounts payable to brokerage clients	<b>55,957.7</b>	69,298.0	70,224.0	60,102.7	45,711.0
Equity attributable to shareholders of the Company	<b>67,088.6</b>	64,004.8	57,865.6	52,448.9	47,444.7
Total share capital	<b>4,610.8</b>	4,610.8	4,610.8	4,610.8	4,610.8

#### 3. Key financial indicator

	2023	2022	2021	2020	2019
Basic earnings per share (RMB)	<b>0.84</b>	0.61	0.72	0.50	0.12
Diluted earnings per share (RMB)	<b>0.84</b>	0.61	0.72	0.50	0.12
Weighted average return on net assets	<b>6.91%</b>	5.27%	6.43%	4.74%	1.20%
Gearing ratio	<b>66.66%</b>	65.73%	65.30%	68.46%	69.05%
Net assets per share attributable to shareholders of the Company (RMB/share)	<b>12.49</b>	11.82	11.47	10.94	10.29

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

## SECTION III REPORT OF THE BOARD

### I. Discussion and Analysis on Business Operation

#### (I) Main Businesses during the Reporting Period

In 2023, under the strong leadership of the Party Committee and the Board, the Company fully followed the guiding principles of the 20th CPC National Congress, centered on serving the real economy and major national strategies, insisted on high-quality development, focused on its principal responsibilities and businesses, adhered to the balanced development strategy, accelerated the institutional and structural reform, and continuously reinforced the foundation for risk control. The business structure has been gradually optimized and the operating results shown steady growth. Throughout the year, the Company recorded revenue of RMB14.776 billion, representing a year-on-year decrease of 1.63%, and net profit attributable to shareholders of the parent company of RMB4.271 billion, representing a year-on-year increase of 33.93%.

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

Unit: RMB'000

Item	2023				2022			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business segment	8,006,611	54%	5,839,717	58%	8,571,194	57%	5,800,490	51%
Corporate financing business segment	1,196,916	8%	733,884	7%	1,621,802	11%	640,354	6%
Institutional customer business segment	1,479,760	10%	501,460	5%	1,402,929	9%	551,438	5%
Investment trading business segment	1,358,879	9%	667,379	7%	169,613	1%	343,090	3%
Asset management business segment	1,182,546	8%	791,130	8%	1,580,496	11%	899,258	8%
Equity investment business segment	8,000	0%	(1,750,098)	(17)%	225,435	2%	490,202	4%

## SECTION III REPORT OF THE BOARD

### 1. Wealth management business segment

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

In 2023, the business segment achieved revenue of RMB8 billion, accounting for 54% of the Group's total revenue.

#### *Market environment*

In 2023, the total turnover in Shanghai and Shenzhen stock markets was RMB211.61 trillion, representing a year-on-year decrease of 5.48%. The size of mutual funds (non-monetary funds) issued was RMB1.15 trillion, representing a year-on-year decrease of 21.89%. The existing scale of mutual funds (non-monetary funds) was RMB16.1 trillion, representing a year-on-year increase of 5.56%. With the significant increase in the number of investment advisors in the industry, ETFs have become a new driver to wealth management.

In 2023, the balance of margin financing and securities lending in the entire market increased. As of the end of 2023, the balance of margin financing and securities lending in the entire market was RMB1,650.9 billion, representing an increase of 7.17% from the end of 2022. Among them, the margin financing balance was RMB1,579.3 billion, representing a year-on-year increase of 9.3%; the securities lending balance was RMB71.6 billion, representing a year-on-year decrease of 25.3%. The scale of stock pledge business in the entire market continued to decline.

According to statistics from the China Futures Association, in 2023, the accumulated trading volume and the accumulated turnover in the national futures market reached 8.776 billion lots and RMB568.15 trillion, representing a year-on-year increase of 29.78% and 6.43%, respectively. The overall accumulated revenue and the net profit of the industry throughout the year reached RMB40.09 billion and RMB9.903 billion, representing a year-on-year decrease of 0.17% and 9.88%, respectively.

In 2023, the Hong Kong Hang Seng Index closed at 17,047.39 points, representing a total decline of 13.82%; the Hong Kong Hang Seng TECH Index closed at 3,764.29 points, representing a total decline of 8.82%. In terms of market activity, the average daily turnover of the Hong Kong Stock Exchange was approximately HK\$105 billion in 2023, representing a decrease of over 15% as compared with the same period of 2022.

## SECTION III REPORT OF THE BOARD

### *Operational measures and performance*

#### (1) Retail business

In 2023, the Company focused on the development logic of “customer-asset-revenue” for the retail business, adhered to the “customer-centric” philosophy and actively practiced the political and popular nature of its financial work. Based on the development positioning as a “guardian” of residents’ wealth, the Company continued to refine its professional service capabilities and improve the value creation capability, making deep and solid progress in wealth transformation and achieving improvement in business result amid stability. It further improved the investment advisory service system. The scale of the securities investment advisory business and the fund investment advisory business expanded significantly as compared with that of last year and the influence of Sunshine Investment Consulting and Golden Sunshine Manager, two major investment advisory brands of the Company, was further expanded. The institutional brokerage service was increasingly diversified and achieved certain breakthroughs with the focus on algorithmic transactions in terms of trading services. As of the end of the third quarter of 2023, the ranking in terms of net revenue from proxy sale of financial products improved by 2 places. The Company won many prizes in the 6th New Fortune Best Investment Advisor Selection. It was awarded the “New Fortune Best Investment Advisor Team” for five consecutive times, the “Outstanding Organization Award” for four consecutive times and the “New Fortune Best Performance of Investment Advisor Team” for the first time. The Company was awarded the 2nd “Golden Advisory Award for New Fund Investment Advisor” and the “Golden Advisory Award for Promotion of Fund Investment Advisory” by Xinhua Finance.

As of the end of December 2023, the total number of customers of the Company reached 5,860,000, representing an increase of 9% from the end of last year; and customers’ total assets reached RMB1.3 trillion, representing a decrease of 3% from the end of last year. In 2023, the proxy sale of financial products services of the Company totaled RMB33.385 billion, representing a year-on-year increase of 26%. It continued to develop the buyer’s investment advisory business and achieved outstanding customer experience and service value. As of the end of 2023, the size of contracted customers’ assets for the securities investment advisory business was RMB50.4 billion, representing an increase of 35% from the beginning of the year. According to statistics from the Asset Management Association of China, as of the end of December 2023, the total scale of the stock + hybrid mutual funds of the Company was RMB24 billion and the total scale of mutual funds in the non-monetary market was RMB26.7 billion.

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

In 2023, with the customer demand as the center, the Company’s margin financing and securities lending business actively expanded service models and product innovation, continuously optimized the risk management mechanism, promoted the improvement of asset quality and continuously improved professional services to meet the multi-layered and differentiated business demands of customers. As of the end of 2023, the Company’s margin financing and securities lending balance was RMB34.345 billion, representing an increase of 0.58% from the end of 2022. The maintenance margin ratio of the Company’s margin financing and securities lending business was 242.90%.

## SECTION III REPORT OF THE BOARD

### (3) Stock pledge business

In 2023, the Company's stock pledge business conducted steady operation and continued to strengthen business access and risk control. As of the end of 2023, the Company's stock pledge balance was RMB2.775 billion, of which, the balance of the Company's own funds was RMB1.007 billion, representing a decrease of RMB91 million from the end of 2022. The weighted average performance guarantee ratio of the Company's stock pledge self-funded projects to be performed was 262.99%.

### (4) Futures brokerage business

The Company mainly develops futures brokerage business through its wholly-owned subsidiary, Everbright Futures. In 2023, Everbright Futures established the service team for three categories of customers, developed the business collaboration mechanism, continuously strengthened the support platform of the headquarters, deeply explored in rural revitalization and serving the real economy and promoted reform and development. In 2023, Everbright Futures achieved an average daily margin of RMB34.27 billion, with a market share of 1.79% in trading volume. The trading volume of Everbright Futures represented 1.12%, 1.46%, 2.49%, 2.55%, 0.99% and 0.67%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, the Energy Center and Guangzhou Futures Exchange. In the year, the cumulative stock options trading volume of Everbright Futures represented 1.48% of the total trading volume of stock options on the SSE, ranking 7th among the 32 futures companies engaged in stock options business in terms of the trading volume in December 2023. Everbright Futures contributed to the promotion of rural revitalization and provided support to 55,000 agricultural households through the "insurance + futures" program and the value of agricultural products involved was RMB2.3 billion. In 2023, Everbright Futures was awarded the "Golden Prize for Outstanding Members", the "Best Futures Companies in China" and other awards by various futures exchanges and authoritative media in the industry.

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

The Company develops overseas wealth management and brokerage business mainly through its Hong Kong subsidiary. As of the end of December 2023, the Hong Kong subsidiary's brokerage business had a total of 141,000 customers, with the asset scale of custodian customers of HK\$54.3 billion and more than 3,200 wealth management products. In 2023, the Hong Kong subsidiary was awarded the "Prize for Outstanding Securities Companies" by the Bloomberg Businessweek (Chinese Version) and the "Best Hong Kong Securities Company in the FinanceAsia Awards 2023" by FinanceAsia.

## SECTION III REPORT OF THE BOARD

### *Outlook for 2024*

In 2024, the Company's wealth management business will profoundly focus on the political and popular nature of financial work, develop high-quality product categories and practically meet customers' demand for asset preservation and appreciation through allocation services + investment advisory services. It will continue to develop the professional team, follow the principle line of the "customer-asset-revenue" logic, lay equal emphasis on developing new business and stabilizing existing operation and adhere to professional services and value creation to facilitate the high-quality development of wealth management. For the margin financing and securities lending business, the Company will improve the refined customer services, strengthen the application of financial technology, explore new drivers for business development and continuously conduct risk operation to constantly advance the high-quality business development. For the stock pledge business, the Company will strictly follow regulatory requirements, adhere to the orientation of serving the real economy and continuously display the value of comprehensive services. Everbright Futures will practice the calls of the times on developing finance for people and building a nation with a strong financial sector, deepen and refine rural revitalization and serving the real economy, adhere to the business development strategy of "pursuing progress while maintaining stability, promoting stability with progress and establishing the new before abolishing the old" and consolidate the overall risk prevention mechanism covering the "pre-event, in-process and post-event" stages to promote high-quality development. For the overseas wealth management and brokerage business, the Company will continue to deeply tap into customers, constantly diversify wealth management products and meet various investment demands of investors.

### **2. Corporate financing business segment**

Our corporate financing business segment mainly includes equity financing business, debt financing business, overseas investment banking business and financial leasing business.

In 2023, the business segment achieved revenue of RMB1.2 billion, accounting for 8% of the Group's total revenue.

#### *Market environment*

In 2023, with the official and comprehensive implementation of the registration-based IPO system, the Central Financial Work Conference put forward higher requirements on the high-quality development of the securities industry and improving the capability on serving the real economy. According to Wind data, as of the end of December 2023, the total amount of equity financing in the industry was RMB1,062.403 billion, representing a year-on-year decrease of 37.07%. The amount of IPO funds raised was RMB358.971 billion, representing a year-on-year decrease of 38.83%.

In 2023, the bond underwriting size of securities companies hiked significantly. The total bond underwriting amount of securities companies was RMB13.51 trillion, representing a year-on-year increase of 26.12%. The trend of the concentration of resources among top securities firms was slightly loosened and the competition pattern had adjustment opportunities.

In 2023, a total of 70 companies were newly listed on the Hong Kong market through IPOs, representing a year-on-year decrease of 19 companies. HK\$44.867 billion was raised through IPOs, representing a year-on-year decrease of 57%.

## SECTION III REPORT OF THE BOARD

### *Operational measures and performance*

#### (1) Equity financing business

In 2023, the Company fulfilled the responsibilities and undertakings as a central enterprise on the equity financing business. With serving the real economy as the core, it displayed professional advantages, focused on serving strategic emerging industries, further penetrated the development in the main area and conducted in-depth research on industries. It actively explored “specialized and sophisticated enterprises that produce new and unique products”, continuously explored market demand, deepened financial empowerment and optimized customer services to vigorously support the development of the real economy. The Company was awarded the “2023 Junding Prize for IPO Sales Investment Bank in China Securities industry” by the Securities Times.

In 2023, the Company recorded total equity underwriting amount of RMB5.411 billion (including private placement on the NEEQ), of which IPO financing scale was RMB4.363 billion. The Company completed 10 equity underwriting projects for which it acted as the lead underwriter, including 6 IPO projects with 1 IPO project on the Sci-tech Innovation Board. As of the end of December 2023, the Company had 9 equity projects under review and 5 projects for the Sci-tech Innovation Board in the pipeline.

#### (2) Debt financing business

In 2023, for debt financing business, the Company actively responded to national strategies and promoted the underwriting and issuance of featured bonds represented by green bonds, rural revitalization bonds and technological innovation bonds, further contributing its strength to financing of the real economy and demonstrating the undertakings of a central financial enterprise. The Company completed the issuance of the ABS on green vehicle loans with the largest scale in a single tranche in the market, the first PPN on rural revitalization of municipal transportation enterprises in China, the first “local industrial bonds with credit enhancement” in China, the first “Frequent Issuance Program” by “frequent issuers” in the Chinese interbank market in Hebei, the PPP-ABS without credit enhancement with the largest scale in China and the first PPP-ABS in Northwest China. It completed the issuance of the BYD Dynasty 23 ABS, the PPP on Xi’an Happy Forest Belt ABS, Jizhong Energy Technology Innovation Notes and other benchmark projects and was selected as outstanding practice cases of corporate ESG in serving the real economy in 2023. Meanwhile, the Company actively innovated and deeply tapped into the asset securitization business. The Company was awarded the “Best Underwriter for Corporate ABS” by Wind and the “Award for Annual Outstanding Institutions at the 9th China Asset Securitization Forum” by the China Asset Securitization Forum.

In 2023, the number of underwriting projects for bonds was 1,439, representing a year-on-year increase of 9.68%. The underwriting amount was RMB440.777 billion, with a market share of 3.30%, ranking 7th in the industry. Among them, the underwriting amount of interbank products was RMB88.198 billion, ranking 4th in the industry; the underwriting amount of asset securitization business was RMB42.678 billion, ranking 9th in the industry.



## SECTION III REPORT OF THE BOARD

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

Type of bonds	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	881.98	234	4
Corporate bonds	422.03	143	25
Asset securitization	426.78	244	9
Non-policy financial bonds	668.03	66	12
Local government bonds	1,993.79	747	7
Others	14.05	5	36

(3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In 2023, the Hong Kong subsidiary completed 18 equity projects and 7 debt projects, including 14 overseas financing projects of domestic enterprises. In terms of the number of underwriting projects of IPOs, the Hong Kong subsidiary ranked 13th in the entire market. As for serving the real economy, it completed a total of 9 projects, covering the manufacturing industry, strategic emerging industries, green industries, emerging infrastructure construction and other sectors.

(4) Financial leasing business

The Company conducts its financial leasing business mainly through Everbright Leasing, a majority-owned subsidiary of the Company. In 2023, Everbright Leasing recorded an investment of RMB460 million in financial leasing business.

### Outlook for 2024

In 2024, in terms of equity financing business, the Company will insist on serving real economy, focus on its principal responsibilities and businesses, leverage the direct financing function of investment banking, facilitate allocation of high-quality financial resources to major strategies, key fields and weak links and give full play to the function of resource coordination, offering comprehensive, integrated and high-quality comprehensive services to its enterprise customers in the real economy. For debt financing business, the Company will further tap into quality SOEs, seek business opportunities, expand the underwriting scale, actively integrate internal and external strategic resources and develop benchmark projects to continuously improve the market influence. The Company will vigorously improve the quantity and quality of project reserves through business synergy for overseas investment banking business. It will boost efforts in covering TMT, hard-core technology, new retails, pharmaceutical and other industries and harness the advantages of overseas financing platforms.

## SECTION III REPORT OF THE BOARD

### 3. Institutional customer business segment

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

In 2023, the business segment achieved revenue of RMB1.5 billion, accounting for 10% of the Group's total revenue.

#### *Market environment*

In 2023, the total turnover in Shanghai and Shenzhen stock markets recorded a year-on-year decrease of 5.48%. The size of wealth management products issued by banks reduced by 6.76% as compared with the end of 2022. The net assets under mutual funds amounted to RMB27.27 trillion, representing an increase of 5.90% as compared with the end of 2022. Securities companies continuously increased input in investment research and institutional services and the competition in institutional trading business was increasingly intensified. In 2023, various new regulations on the private fund industry were issued. The number of new products of private securities funds for filing in the whole market plunged significantly from May and the overall management scale of private securities funds increased slightly for the whole year. The CSRC released the Regulation on Strengthening the Management of Securities Transactions by Publicly-raised Securities Investment Funds (Draft for Soliciting Opinions) 《關於加強公開募集證券投資基金證券交易管理的規定(徵求意見稿)》, which further highlighted the importance of the comprehensive research capability of securities companies on investment research businesses, promoted the sell-side research business to return to the essence of research and put forward higher requirements on the comprehensive service capability of securities companies.

#### *Operational measures and performance*

##### (1) Institutional trading business

In 2023, the Company continuously explored comprehensive institutional businesses with investment research as the principal business and trading, fundraising and other derivative services as ancillary businesses. For the research business, through the optimization of customer hierarchy, the combination of traditional and customized services, the complementary online and offline services and the reasonable input of resources, the Company facilitated and consolidated the cooperation with core customers on mutual funds and insurance asset management, etc., expanded the coverage of cooperation with bank wealth management, private funds and other customers and strived to build service brand of Everbright. For trading services, the Company continuously optimized customer experience and improved value-added services. For sales, fundraising and other derivative businesses, the Company deepened internal coordination, enhanced the comprehensive service capability, expanded sources of revenue and reinforced customer stickiness. In 2023, its investment research commission from insurance asset management companies achieved a year-on-year increase of 9% and established cooperative relationship with 106 new institutional customers.

##### (2) Prime brokerage business

In 2023, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services underpinned by trading system, investment research, fundraising, capital intermediary and FOF/MOM investment and extended with other services to create the prime brokerage service brand. As of the end of 2023, the Company had introduced a total of 6,483 PB products, representing an increase of 27.57% as compared with the end of 2022. There were 4,020 existing PB products, representing an increase of 43.67% as compared with the end of 2022.

## SECTION III REPORT OF THE BOARD

(3) Asset custody and outsourcing business

In 2023, for asset custody and outsourcing business, the Company closely followed regulatory dynamics and conducted compliant and innovative development. It constantly displayed the coordinated advantages and the role of institutional business in attracting business, expanded the coverage of customer groups and service margins and further improved its business risk control, security assurance, operational capabilities and professional standards. As of the end of 2023, the scale of mutual and private fund custody amounted to RMB67.1 billion, representing an increase of 10.57% as compared with the beginning of the year. The scale of private equity product outsourcing amounted to RMB128.9 billion, representing an increase of 25.92% as compared with the beginning of the year.

(4) Investment research business

In 2023, for investment research business, the Company conducted policy analysis and economic research and judgment with the focus on the economic situation and market hotspots and frequently conveyed the voice of Everbright for the high-quality development and steady advancing of the capital market. It accelerated in building a professional research team to better serve customers and the market through distinctive and in-depth research. The Company held 2 big online strategy meetings for investors and 851 phone meetings, published 5,790 research reports in total, conducted 26,905 roadshows and reverse roadshows and 934 inspections. As of the end of 2023, the Company researched and followed 789 A-share listed companies and 174 overseas listed companies, with an increasing market influence. The investment research business of the Company was awarded 11 prizes, including the "Institute with Most Attention" and the "Institute with Best ESG Research", at the selection of the 11th Wind "Gold Analysts" in 2023 and ranked 4th in the Best Overseas Research Market Institute selected by the New Fortune and 5th in the Golden Kylin Best Analysts selected by Sina Finance.

(5) Financial innovation business

In 2023, with the diversification of subjects for the OTC derivatives business, the Company actively explored hedge instruments for various OTC derivatives, constantly developed the DMA derivative investment capability, established the FOF investment system and strengthened brand construction for structural products, achieving progress in business expansion, channel construction, customer size and innovative businesses. It maintained a stable market with increases in DMA market shares, achieved year-on-year increase in the scale of existing income swap and recorded positive income for the OTC option business in the whole year. It fully displayed the synergistic effects of OTC derivatives business and well satisfied investors' risk management demand. During the Reporting Period, for the exchange derivatives market maker business, the Company newly obtained the qualifications as the lead market maker for the E Fund STAR 50ETF options and China AMC STAR 50ETF options on the SSE and the SZSE, won the Silver Prize for Outstanding Market Makers for Index Options in 2022 by the China Financial Futures Exchange and obtained the annual class-A comprehensive appraisal on lead market makers for stock options in 2022 by the SSE. It completed the obligations of market makers for exchange options, continuously added new service categories for the businesses as a fund liquidity service provider, expanded the business scale and carried out the market making business in an orderly manner.

(6) Overseas institutional trading business

The Company conducts its overseas institutional trading business mainly through its Hong Kong subsidiary. In 2023, the overseas institutional trading business continued to enhance promotion and synergy, provided customers around the world with global transaction execution services and professional investment suggestions and realized synergy with wealth management business through mutual empowerment to build a business ecosystem.

## SECTION III REPORT OF THE BOARD

### *Outlook for 2024*

In 2024, for the institutional trading business, the Company will continue to diversify investment research products and services, fully display the coordinated advantages, deepen the foundations for cooperation with mutual funds, insurance asset management and other institutional customers, boost efforts in providing comprehensive services to bank wealth management, private fund and interbank institutions, speed up expanding new cooperation with institutional customers and diversify the sources and structure of revenue. For the asset custody and outsourcing business, the Company will continue to center on its principal business as a securities company with the focus on standard product business, enhance its professional capabilities, expand the customer coverage, consolidate the infrastructure service function of the custody and outsourcing business, advance the resources integration model focusing on synergy development and display the role as a hub in providing institutional customers with one-stop comprehensive financial services by the Company. The investment research business will consolidate the research foundation, intensify research on key sectors, strengthen the sharing of research resources, improve the internal and external coordination mechanism and promote research ability and market influence. The financial innovation business will continue to follow the customer-centric concept, provide all-dimensional derivatives trading services, closely follow regulatory dynamics, control business risks, improve the systematic operation and steadily promote the high-quality business development.

### **4. Investment trading business segment**

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

In 2023, the business segment achieved revenue of RMB1.4 billion, accounting for 9% of the Group's total revenue.

#### *Market environment*

In 2023, SSE Composite Index, SZSE Component Index, CSI 300 Index and ChiNext Price Index recorded a decrease of 3.70%, 13.54%, 11.4% and 19.4%, respectively, throughout the year. In the first half of 2023, the market liquidity was loose on the whole and the yield rate of bonds moved down amid fluctuations. In the second half of 2023, the yield rate of bonds hiked significantly. With the release of the demand for bond allocation at the end of the year, the interest rate started to decline.

#### *Operational measures and performance*

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

In 2023, the Company operated its proprietary equity investment business based on the target and orientation on absolute returns. The Company continued to optimize the investment research methodology and promoted the optimization of business models, investment strategies and asset structure. Benefiting from the multi-asset and multi-strategy layout, the overall asset portfolio recorded positive revenue under the complicated and harsh market environment with the performance for the whole year outperforming last year.

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

Since 2023, for the proprietary fixed income investment business, the Company further consolidated the investment research foundations, improved investment frameworks, diversified investment strategies, steadily increased the allocation of high-quality bonds and increasingly expanded the scale. The Company actively participated in ESG themed investments to practice the green development concept, support scientific and technological innovation and serve the real economy.

## SECTION III REPORT OF THE BOARD

In 2023, the performance of the proprietary fixed income investment business improved significantly year on year. The Company optimized the portfolio structure on the basis of strict risk control. The Company mainly held high-grade and quality credit bonds and increased the holding of interest rate bonds when appropriate. It appropriately adjusted the position structure based on market changes to balance benefits and risks.

### ***Outlook for 2024***

In 2024, for the proprietary equity investment business, the Company will insist on pursuing progress amid stability, continue to refine and improve investment methodology, deeply explore investment opportunities, constantly improve talent teams and carry out business layout on absolute revenue. For the proprietary fixed income investment business, the Company will further improve the investment research capability and strengthen market research and judgment on the basis of the strict control of credit risk and the reasonable control of interest rate risk. It will appropriately adjust the investment pace, optimize investment strategies, properly expand investment categories and prudently and steadily carry out businesses in line with market trends.

### **5. Asset management business segment**

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

In 2023, the business segment achieved revenue of RMB1.2 billion, accounting for 8% of the Group's total revenue.

### ***Market environment***

In 2023, the regulatory rules on the asset management industry were continuously improved. The CSRC amended the Measures for the Administration of the Private Asset Management Business of Securities and Futures Operators (《證券期貨經營機構私募資產管理業務管理辦法》) and its ancillary normative documents to promote the more standardized and stable development of the private asset management industry. Five more securities companies were approved for the establishment of asset management subsidiaries and two more asset management subsidiaries of securities companies were granted the qualification as mutual fund managers throughout the year. Securities companies and asset management institutions sped up the public offering transformation and the competition in the industry was increasingly intensified. According to the Asset Management Association of China, the scale of the private asset management business of securities companies and their asset management subsidiaries was RMB5.3 trillion, representing a decrease of 15.6% from the beginning of the year. As of the end of 2023, the AUM of mutual funds amounted to RMB27.27 trillion (excluding ETF feeder funds), representing an increase of RMB1.52 trillion, or 5.9%, as compared with the end of 2022.

### ***Operational measures and performance***

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

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In 2023, Everbright Asset Management followed the development trend of the industry, actively promoted the application for the qualification as mutual fund managers and facilitated the preparation work for the public offering transformation in an orderly manner.

With the focus on the essence of asset management and based on customers' wealth management demand, Everbright Asset Management actively carried out diversified product layout. Meanwhile, it concentrated on improving its own investment research capability, continuously improved investment methodology and strived to improve the customers' sense of fulfillment. In 2023,

## SECTION III REPORT OF THE BOARD

Everbright Asset Management continuously maintained its product advantage in “fixed income +” sectors and was awarded the Golden Tripod Award for the Best Asset Management Team with Fixed Income in the securities industry in 2023. In the selection of the “Golden Bull Prize for the Securities Industry” in 2023 organized by the China Securities Journal, the products of Everbright Asset Management were awarded five Golden Bull prizes, covering fixed income, equity and FOF products.

As of the end of December 2023, the total AUM of Everbright Asset Management was RMB300.291 billion, representing a decrease of 17.82% from the beginning of the year, among which, by product type, the AUM of collective wealth management was RMB187.796 billion, the AUM of single wealth management was RMB102.026 billion, and the AUM of special wealth management was RMB10.469 billion. In 2023, Everbright Asset Management recorded a net income of RMB631 million from the asset management business. According to the data of the Asset Management Association of China, in the fourth quarter of 2023, the monthly average AUM of the private equity asset management business of Everbright Asset Management was RMB267.822 billion, ranking fifth in the industry.

### (2) Funds management business

The Company mainly conducts funds management business through its majority-owned subsidiary, Everbright Pramerica. In 2023, Everbright Pramerica continued to strengthen cooperation with distribution channels and issued three new funds: Special New Mixed Securities Investment Fund (專精特新混合型證券投資基金), Ruiyang Pure Bond Securities Investment Fund (睿陽純債債券型證券投資基金) and Mixed Securities Investment Fund with the Theme of Digital Economy (數字經濟主題混合型證券投資基金). Everbright Pramerica continuously promoted the establishment of the investment research system, strived to improve the breadth and depth of research support for investment and create excellent products. As of the end of 2023, Everbright Pramerica managed 71 mutual funds, 26 products for special accounts under management, and 26 products of its asset management subsidiaries. The total AUM of Everbright Pramerica amounted to RMB99.9 billion, with the AUM of mutual funds amounting to RMB81.2 billion, and the AUM of mutual funds excluding money market funds amounting to RMB63.8 billion.

### (3) Overseas asset management business

The Company conducts its overseas asset management business mainly through its Hong Kong subsidiary. In 2023, the Hong Kong subsidiary recorded investment performance of mutual fund products under its management higher than market indexes in the same period with an AUM of approximately HK\$1.336 billion. Among the products under its management, “Everbright Income Focus Fund” recorded performance significantly higher than market indexes in the same period and was continuously awarded the five-star rating (the highest) on five-year funds by Morningstar, Inc., an authoritative fund rating agency.

### **Outlook for 2024**

In 2024, Everbright Asset Management will practically strengthen the building of its own professional capabilities, improve customer services in an all-round manner and better satisfy the wealth management demand of residents. On the one hand, it will steadily promote the application for the qualification as mutual funds manager. On the other hand, it will fully display its advantages in resources endowment, strengthen product planning and creation in combination with market demand, continuously expand the product spectrum, vigorously explore market, diversify customer types and structure and consolidate the foundation of the private asset management business. With the investment research capabilities as the core business driver, Everbright Pramerica will deeply focus on retail channels, actively cooperate with institutional customers, constantly improve the comprehensive risk management system, boost inputs in financial technology and strive to continuously create value for investors and promote the high-quality development.

## SECTION III REPORT OF THE BOARD

### 6. Equity investment business segment

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

In 2023, the business segment achieved revenue of RMB8 million.

#### *Market environment*

In 2023, a total of 7,535 private equity investment funds were newly filed with the Asset Management Association of China and the total registered capital was approximately RMB2.75 trillion, representing a decrease of approximately 16% and 6% as compared with 2022. The major trend of investments transformed from financial investments towards industrial investments and the equity investment is playing a more important role in serving strategic emerging industries in China. Investments continuously concentrated in strategic and policy-oriented industries.

#### *Operational measures and performance*

(1) Private fund investment and financing business

The Company mainly conducts private fund investment and financing business through its wholly-owned subsidiaries, Everbright Capital and Everbright Development. In 2023, for direct investment projects and existing fund business, Everbright Capital continued to take measures to rectify such business according to the regulatory requirements, strengthened post-investment management of the existing investment projects, and properly facilitated risks solving and addressing. Everbright Development continued to improve the internal management system to ensure the smooth operation of existing products, and continued to explore new energy fund business models and Pre-REITs business models.

(2) Alternative investment business

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. Everbright Fortune actively followed market situation and orderly proceeded relevant business on follow-up investment in the Sci-tech Innovation Board and the ChiNext Board and direct equity investment to achieve steady business development. Everbright Fortune strengthened the construction of professional post-investment management team and made efforts to the post-investment management of the existing projects to ensure the safe and orderly withdrawal from projects. It actively attended the strategic placing of the Company on the Sci-tech Innovation Board. As of the end of 2023, it has completed follow-up investment in 11 companies on the Sci-tech Innovation Board.

#### *Outlook for 2024*

In 2024, Everbright Capital will continuously strengthen risk control and compliance management, adhere to prudent and stable operation, enhance post-investment management of existing direct investment and fund business. Everbright Development will continue to promote business model transformation and actively explore business innovation. Everbright Fortune will serve the real economy and the national strategy, steadily advance the strategic placing investment projects in the Sci-tech Innovation Board and ChiNext Board, and actively expand equity investment and other businesses; focus on "specialized and sophisticated enterprises that produce new and unique products", concentrate on the growth and innovation enterprises, and actively expand new business.

## SECTION III REPORT OF THE BOARD

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

In 2023, under the strong leadership of the Party Central Committee, China's existing and new policies forged synergy and opening-up was deepened in an all-round way, the economy rebounded and improved, and high-quality development was promoted in a practical way. Preliminary gross domestic product (GDP) increased by 5.2% year-on-year. Residents' demand for wealth management shown increasing growth, the demand for the preservation and appreciation of residents' assets was strong, and there was a large space for the securities industry to serve the direct financing in the real economy.

The Central Financial Work Conference proposed to speed up in building a nation with a strong financial sector, and do a good job in five major aspects on technology finance, green finance, inclusive finance, elderlycare finance, and digital finance, and with the focus on "strict supervision, risk prevention and development promotion" for the regulation on the industry, to make every effort to maintain the smooth and stable operation of the capital market, comprehensively deepen the reform of the capital market and improve the fundamental system of the capital market. It was proposed to promote the implementation of the registration-based IPO system, strengthen the supervision of the whole chain of issuance and listing, and evaluate and improve relevant institutional arrangements, highlight the investor-oriented concept, systematically sort out and evaluate key institutional arrangements in the capital market from the perspective of maintaining fair issuance in the market, and focus on improving regulatory rules on issuance pricing, quantitative trading and securities lending, clearly identify the legitimate rights and interests of investors, especially small and medium-sized investors. It was also proposed to continue to refine the institutional mechanisms such as bonus distribution and repurchase, and stimulate stable market dynamics in listed companies and other operating entities, further promote the reduction of fees and concessions to reduce the transaction costs of investors, so as to promote the dynamic balance of investment and financing activities and boost market confidence.

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



## SECTION III REPORT OF THE BOARD

### III. The Company's Businesses for the Reporting Period

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

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

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

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

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

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

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

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

Of which: Overseas assets reached RMB12.742 billion, representing 4.91% of the total assets.

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

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

#### (I) Insisting on the leadership of Party building and enhancing the spirit of the central enterprise

The Company has consistently adhered to the centralized and unified leadership of the CPC Central Committee in financial work, integrating Party leadership into all aspects and throughout the entire process of corporate governance, and effectively transforming the spirit of the Central Committee into concrete actions for high-quality development. Everbright Group, the controlling shareholder of Everbright Securities, was promoted and established by the MOF and Huijin Company. It has a complete set of financial services licenses and featured businesses related to people's livelihood, characterized by its overall finance, the synergy of industry and finance, and advantages in cross-border operations. As the only core subsidiary of the Group with a securities license, the Company has always insisted on the political and popular nature of its financial work, establishing the proper perspectives on operation, performance and risk, and effectively carrying out the "five major fields" in finance.

## SECTION III REPORT OF THE BOARD

### (II) Focusing on its principal responsibilities and businesses, and effectively enhancing the level of service to the real economy

The Company regards serving the real economy as the starting point and foothold of its work, comprehensively coordinates internal and external business resources, continuously optimizes the mechanism for jointly building project channels with investment banks and branch institutions, and constantly expanding the coverage of direct financing services. The equity financing business strengthens its deployment in key strategic areas of the country. During the Reporting Period, it served the national-level specialized and sophisticated "Little Giants" enterprise, HHCK, which was listed on the Sci-tech Innovation Board, contributing to the research and industrial upgrading of semiconductor packaging materials. The bond financing business maintains a leading position in the industry, consistently innovating to enhance market influence. During the Reporting Period, it assisted BYD Auto Finance Company Limited in the successful issuance of the BYD Dynasty 2023 Phase III Retail Auto Mortgage Loan Green Asset-backed Securities (盛世融迪 2023 年第三期個人汽車抵押貸款綠色資產支持證券), setting the record for the largest single-tranche issuance scale of green auto loan ABS in the capital market.

### (III) Strengthening synergistic development and maximizing synergy to unleash values

The Company continues to leverage the leading role of the Everbright Group's Institutional Customer Service Working Committee, optimize the portfolio of licenses and build synergistic scenarios and tap synergistic resources to support the business development. During the Reporting Period, it collaborated in serving "specialized and sophisticated enterprises that produce new and unique products" enterprises, such as Jiangsu Evergreen Technology, which became one of the first batch of listed enterprises under the registration-based IPO system on the main board of the SSE. It also assisted Shaoxing Communications Investment in issuing the first "carbon neutrality bond/rural revitalization" dual-labeled green medium-term notes in Zhejiang Province. Moreover, it supported Everbright Environment in successfully issuing the first "carbon neutrality" ABN in 2023, achieving value enhancement in serving national strategies and the Group's development. The Company will continue to build a collaborative business ecosystem focusing on its "customer-centric" business philosophy, providing a basket of standardized and differentiated integrated solutions for customers at domestic and abroad. A distinctive synergistic ecosystem will provide impetus for the Company to deepen customer traffic attraction, strengthen cross-selling and provide high value-added services.

### (IV) Gathering development impetus and uniting the core strength of corporate culture

The Company adhered to the principle of integrity, trustworthiness, righteousness, prudence, innovation and compliance, actively practiced the cultural philosophy of "compliance, integrity, professionalism and stability", and advocated the working style of "being honest, being professional, setting an example and caring for the grassroots". It promoted professionalism and the sense of honor of the Company. It promoted professionalism, encouraged cadres and employees to enhance their professional learning to cultivate expert talents. By demonstrating the "flying geese" effect, it encouraged cadres to strengthen their responsibility and fighting spirit. The Company actively sets examples and demonstrates a caring attitude towards the grassroots, aiding in solving practical problems, understanding the thoughts and concerns of employees, broadening channels for suggestions, and rallying cohesive forward momentum for joint efforts.

### (V) Technology-driven innovation to accelerate transformation and upgrading

Grasping the strategic opportunities of the digital economy, the Company has invested precisely in science and technology, enhanced its technological operation capability, strengthened its IT infrastructure, deeply explored the value of data, and driven business upgrading, operational intensification, quality improvement of risk control and management efficiency with data and technology to ensure high-quality and sustainable development of its operation and management. The Company has accelerated the transformation and upgrading of each business lines, improved its product creation and asset allocation capabilities, and is committed to offering financial products that combine safety, profitability and liquidity to more customers to better meet the financial needs of the public.

## SECTION III REPORT OF THE BOARD

### VI. Key Business Operation for the Reporting Period

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

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

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

Table 1 Major revenue items

Unit: RMB'000

Item	2023		2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission income	6,458,483	44%	7,271,598	48%	(813,115)	(11)%
Interest income	5,067,384	34%	5,340,691	36%	(273,307)	(5)%
Net investment gains	2,515,046	17%	1,096,821	7%	1,418,225	129%
Other income and gains	735,181	5%	1,312,035	9%	(576,854)	(44)%
<b>Total revenue and other income</b>	<b>14,776,094</b>		15,021,145		(245,051)	(2)%

In 2023, the revenue and other income of the Company amounted to RMB14.78 billion, representing a year-on-year decrease of 2%. In particular, fee and commission income amounted to RMB6.46 billion, representing a year-on-year decrease of 11%, which was mainly due to the changes in fee and commission income from brokerage business, investment banking and asset management business. Interest income amounted to RMB5.07 billion, representing a year-on-year decrease of 5%, which was mainly due to the decreases in interest income from margin financing and securities lending and interest income from financial interbank deposits. Net investment gains amounted to RMB2.52 billion, representing a year-on-year increase of 129%, which was mainly due to our adherence to the absolute return strategy and optimized investment structure. Other income and gains amounted to RMB0.74 billion, representing a year-on-year decrease of 44%, which was mainly due to the decrease of revenue from the commodity basis trading in the year.

Table 2 Major expenditure items

Unit: RMB'000

Item	2023	2022	Increase/decrease	
			Amount	Percentage
Fee and commission expenses	1,572,333	1,091,866	480,467	44%
Interest expenses	3,268,003	3,248,434	19,569	1%
Staff costs	4,243,576	4,034,078	209,498	5%
Depreciation and amortization expenses	675,105	613,088	62,017	10%
Tax and surcharges	55,149	64,867	(9,718)	(15)%
Other operating expenses	1,766,917	2,256,212	(489,295)	(22)%
Provision for contingent liabilities	(2,132,573)	-	(2,132,573)	N/A
Impairment losses	340,062	201,853	138,209	68%
Credit loss expense	328,503	(237,998)	566,501	238%
<b>Total</b>	<b>10,117,075</b>	11,272,400	(1,155,325)	(10)%

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In 2023, total expenses amounted to RMB10.12 billion, representing a year-on-year decrease of 10%. In particular, fee and commission expenses amounted to RMB1.57 billion, representing a year-on-year increase of 44%, which was mainly due to the change in fee and commission income from brokerage business. Interest expenses amounted to RMB3.27 billion, which was basically the same with that of last year. Staff costs amounted to RMB4.24 billion, representing a year-on-year increase of 5%, which was mainly due to the increases in total performance-related salary and social security and provident fund contributions. Depreciation and amortization expenses amounted to RMB680 million, representing a year-on-year increase of 10%, which was mainly due to the increase in depreciation of property and equipment. Tax and surcharges amounted to RMB55.1 million, representing a year-on-year decrease of 15%, which was mainly due to the decrease in revenue. Other operating expenses amounted to RMB1.77 billion, representing a year-on-year decrease of 22%, which was mainly due to the decrease in commodities basis trading expenses. Reversal of provision for contingent liabilities amounted to RMB2.13 billion was mainly due to the enforcement settlement agreement in relation to MPS. Impairment losses amounted to RMB340 million, which was due to the provisions for impairment of goodwill and impairment loss on inventory by the subsidiaries. Credit loss expense amounted to RMB330 million, which was mainly due to the provision for impairment of receivables and other assets by the Company.

### 2. Cash Flows

In 2023, the cash and cash equivalents of the Company recorded a net increase of RMB7.75 billion, of which:

Net cash generated from operating activities amounted to RMB26.67 billion, mainly due to the decrease in financial instruments at fair value through profit or loss and the increase in financial assets sold under repurchase agreements, partially offset by the increase in financial assets held under resale agreements.

The net cash used in investing activities amounted to RMB14.81 billion, mainly due to the increase in the net investments at fair value through other comprehensive income.

The net cash used in financing activities amounted to RMB4.11 billion, mainly due to the repayment of short-term debt instruments, long-term bonds and bank borrowings, partially offset by the proceeds from the issuance of long-term bond, short-term debt financing instruments during the Reporting Period.

## SECTION III REPORT OF THE BOARD

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

Unit: RMB'000

Item	December 31, 2023		December 31, 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Non-current assets</b>	<b>42,090,369</b>		37,063,315		5,027,054	13.56%
Property and equipment	890,080	0.34%	823,147	0.32%	66,933	8.13%
Right-of-use assets	804,799	0.31%	542,666	0.21%	262,133	48.30%
Investment properties	11,432	0.00%	12,151	0.00%	(719)	(5.92)%
Goodwill	529,506	0.20%	834,718	0.32%	(305,212)	(36.56)%
Other intangible assets	262,918	0.10%	215,492	0.08%	47,426	22.01%
Investments in associates and joint ventures	1,001,201	0.39%	1,062,535	0.41%	(61,334)	(5.77)%
Financial assets measured at amortized cost	3,498,381	1.35%	3,485,729	1.35%	12,652	0.36%
Investment in debt instruments at fair value through other comprehensive income	22,129,376	8.52%	14,310,552	5.54%	7,818,824	54.64%
Investment in equity instruments at fair value through other comprehensive income	875,215	0.34%	2,485,330	0.96%	(1,610,115)	(64.78)%
Financial assets held under resale agreements	-	-	37,314	0.01%	(37,314)	(100.00)%
Refundable deposits	8,959,802	3.45%	9,701,252	3.76%	(741,450)	(7.64)%
Deferred tax assets	2,408,529	0.93%	2,480,145	0.96%	(71,616)	(2.89)%
Finance lease receivables	3,988	0.00%	8,269	0.00%	(4,281)	(51.77)%
Receivables arising from sale-and-leaseback arrangements	427,716	0.16%	674,741	0.26%	(247,025)	(36.61)%
Other non-current assets	287,426	0.11%	389,274	0.15%	(101,848)	(26.16)%
<b>Current assets</b>	<b>217,513,658</b>		221,291,167		(3,777,509)	(1.71)%
Accounts receivable	1,204,768	0.46%	1,450,422	0.56%	(245,654)	(16.94)%
Finance lease receivables	42,829	0.02%	218,689	0.08%	(175,860)	(80.42)%
Receivables arising from sale-and-leaseback arrangements	650,947	0.25%	981,066	0.38%	(330,119)	(33.65)%
Other receivables and prepayments	2,842,513	1.09%	2,660,847	1.03%	181,666	6.83%
Margin accounts receivable	36,783,275	14.17%	36,814,356	14.25%	(31,081)	(0.08)%
Investment in debt instruments at fair value through other comprehensive income	19,981,258	7.70%	7,439,924	2.88%	12,541,334	168.57%
Financial assets held under resale agreements	7,871,606	3.03%	1,366,820	0.53%	6,504,786	475.91%
Financial assets measured at amortized cost	149,369	0.06%	103,643	0.04%	45,726	44.12%
Financial assets at fair value through profit or loss	75,337,162	29.02%	92,067,675	35.64%	(16,730,513)	(18.17)%
Derivative financial assets	1,838,397	0.71%	1,107,395	0.43%	731,002	66.01%
Clearing settlement funds	1,237,540	0.48%	1,188,681	0.46%	48,859	4.11%
Cash held on behalf of brokerage clients	47,875,463	18.44%	61,922,141	23.97%	(14,046,678)	(22.68)%
Cash and bank balances	21,698,531	8.36%	13,969,508	5.41%	7,729,023	55.33%
<b>Total assets</b>	<b>259,604,027</b>		<b>258,354,482</b>		<b>1,249,545</b>	<b>0.48%</b>

## SECTION III REPORT OF THE BOARD

Item	December 31, 2023		December 31, 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Current liabilities</b>	<b>171,074,105</b>		159,678,846		11,395,259	7.14%
Loans and borrowings	956,260	0.50%	3,273,317	1.69%	(2,317,057)	(70.79)%
Short-term financing payables	13,083,268	6.82%	8,575,315	4.43%	4,507,953	52.57%
Placements from other financial institutions	12,821,203	6.69%	13,704,055	7.08%	(882,852)	(6.44)%
Accounts payable to brokerage clients	55,957,676	29.19%	69,297,987	35.80%	(13,340,311)	(19.25)%
Employee benefits payable	2,236,335	1.17%	1,818,516	0.94%	417,819	22.98%
Current tax liabilities	67,738	0.04%	115,397	0.06%	(47,659)	(41.30)%
Financial assets sold under repurchase agreements	43,862,830	22.88%	31,249,189	16.14%	12,613,641	40.36%
Financial liabilities at fair value through profit or loss	296,017	0.15%	97,458	0.05%	198,559	203.74%
Derivative financial liabilities	1,033,710	0.54%	703,189	0.36%	330,521	47.00%
Bonds payable due within one year	22,232,836	11.60%	15,349,694	7.93%	6,883,142	44.84%
Lease liabilities due within one year	224,558	0.12%	283,243	0.15%	(58,685)	(20.72)%
Contract liabilities	32,469	0.02%	44,636	0.02%	(12,167)	(27.26)%
Other current liabilities	18,269,205	9.53%	15,166,850	7.84%	3,102,355	20.45%
<b>Total assets less current liabilities</b>	<b>88,529,922</b>		98,675,636		(10,145,714)	(10.28)%
<b>Non-current liabilities</b>	<b>20,634,533</b>		33,891,197		(13,256,664)	(39.12)%
Loans and borrowings	1,163,962	0.61%	1,966,887	1.02%	(802,925)	(40.82)%
Bonds payable	17,266,636	9.01%	26,266,790	13.57%	(9,000,154)	(34.26)%
Deferred tax liabilities	20,576	0.01%	22,873	0.01%	(2,297)	(10.04)%
Provision	546,886	0.29%	5,284,293	2.73%	(4,737,407)	(89.65)%
Lease liabilities	591,315	0.31%	278,157	0.14%	313,158	112.58%
Other non-current liabilities	1,045,158	0.55%	72,197	0.04%	972,961	1,347.65%
<b>Total liabilities</b>	<b>191,708,638</b>		193,570,043		(1,861,405)	(0.96)%
<b>Net assets</b>	<b>67,895,389</b>		64,784,439		3,110,950	4.80%

Except for the liabilities disclosed in this report, as at December 31, 2023, the Company had no outstanding mortgages, charges, debts, other debt capital, liabilities under acceptance or other similar indebtedness, hire purchase and financial leasing commitments, guarantees or other significant contingent liabilities.

### *Non-current assets:*

As of December 31, 2023, the non-current assets of the Company amounted to RMB42.1 billion, representing an increase of 14% as compared with that of the beginning of the year, which was mainly due to the increase in investment in debt instruments at fair value through other comprehensive income, partially offset by the decreases in investment in equity instruments at fair value through other comprehensive income and refundable deposits.

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### *Current assets:*

As of December 31, 2023, the current assets of the Company amounted to RMB217.5 billion, representing a decrease of 2% as compared with that of the beginning of the year, which was mainly due to the decreases in financial assets at fair value through profit or loss and cash held on behalf of brokerage clients, partially offset by the increases in investment in debt instruments at fair value through other comprehensive income and cash and bank balances.

### *Current liabilities:*

As of December 31, 2023, the current liabilities of the Company amounted to RMB171.1 billion, representing an increase of 7% as compared with that of the beginning of the year, which was mainly due to the increases in financial assets sold under repurchase agreements and bonds payable due within one year, partially offset by the decrease in accounts payable to brokerage clients.

### *Non-current liabilities:*

As of December 31, 2023, the non-current liabilities of the Company amounted to RMB20.6 billion, representing a decrease of 39% as compared with that of the beginning of the year, which was mainly due to the decreases in bonds payable and provision.

## **Borrowings and bond financing**

Unit: RMB'000

Item	2023	2022
Loans and borrowings	2,120,222	5,240,204
Short-term debt instruments issued	13,083,268	8,575,315
Long-term bonds	39,499,472	41,616,484
<b>Total</b>	<b>54,702,962</b>	55,432,003

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

As at December 31, 2023, the Company's gearing ratio was 66.66%, the Company's borrowings, short-term commercial papers payable and bonds due within one year amounted to RMB36.3 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB181.2 billion. Therefore, the liquidity risk exposure of the Company was not material.

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

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

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### (III) Analysis on investments

As of the end of the Reporting Period, long-term equity investment of the Company amounted to RMB1.001 billion, representing a decrease of RMB61 million or 6% from the beginning of the year, which was mainly due to recovery of investments in associates and joint ventures. For details, please refer to the relevant disclosure in the financial report.

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

##### (1) Significant equity investment

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

##### (2) Significant non-equity investment

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

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

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

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

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

As of December 31, 2023, Everbright Futures had total assets, net assets, total revenue and net profit for 2023 amounting to RMB27.477 billion, RMB2.907 billion, RMB1.206 billion and RMB378 million, respectively.

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

As of December 31, 2023, Everbright Asset Management had total assets, net assets, total revenue and net profit for 2023 amounting to RMB3.234 billion, RMB2.859 billion, RMB770 million and RMB289 million, respectively.

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

As of December 31, 2023, Everbright Capital had total assets, net assets, total revenue and net profit for 2023 amounting to RMB2.348 billion, RMB-818 million, RMB49 million and RMB2.140 billion, respectively. (During the Reporting Period, the enforcement settlement agreement was signed, which resulted in non-recurring gains or losses, see the announcement No. Lin 2023-046 of the Company published on the website of the SSE, and the announcement of the Company dated September 20, 2023 published on the website of the Hong Kong Stock Exchange for details).



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

As of December 31, 2023, Everbright Fortune had total assets, net assets, total revenue and net profit for 2023 amounting to RMB1.997 billion, RMB1.813 billion, RMB88 million and RMB49 million, respectively.

5. China Everbright Securities International Company Limited is the main operating and management platform for the Company's business in Hong Kong. As of December 31, 2023, China Everbright Securities International Company Limited had total assets, net assets, total revenue and net profit for 2023 amounting to HK\$5.149 billion, HK\$2.988 billion, HK\$1.090 billion and HK\$87 million under IFRSs, respectively.

China Everbright Securities International Limited, as a shareholding platform, is a company with limited liability incorporated under the laws of Hong Kong on November 19, 2010 with a registered capital of HK\$7.4 billion, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services. As of December 31, 2023, EBSI had total assets, net assets, total revenue and net loss (which was due to the impact of goodwill impairment and other factors) for 2023 amounting to RMB12.742 billion (RMB equivalent, here and below), RMB2.506 billion, RMB462 million and RMB483 million under the PRC GAAP, respectively.

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

As of December 31, 2023, Everbright Development had total assets, net assets, total revenue and net profit for 2023 amounting to RMB979 million, RMB264 million, RMB387 million and RMB264 million, respectively.

7. Everbright Fortune Financing Leasing Co., Ltd., established on September 29, 2014 with a registered capital of RMB1 billion, is held by the Company as to 85% equity interests through Everbright Capital and EBSI (among which, 35% equity interests held by Everbright Capital was under the frozen status due to the impact of MPS risk events. 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 announcements published on the website of the Hong Kong Stock Exchange dated May 31, 2019 and March 16, 2022). It is principally engaged in financial leasing and leasing business, etc.

As of December 31, 2023, Everbright Leasing had total assets, net assets, total revenue and net loss for 2023 amounting to RMB1.601 billion, RMB1.180 billion, RMB51 million and RMB69 million, respectively.

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

As of December 31, 2023, Everbright Pramerica had total assets, net assets, total revenue and net profit for 2023 amounting to RMB1.602 billion, RMB1.400 billion, RMB485 million and RMB89 million, respectively.

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

As of December 31, 2023, Dacheng Fund had total assets, net assets, total revenue and net profit for 2023 amounting to RMB5.715 billion, RMB3.388 billion, RMB2.006 billion and RMB405 million, respectively.

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

As of end of 2023, the Company consolidated 38 structured entities, including asset management plans and partnerships. For asset management plans that the Company acts as the 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 its investment and the exposure to its variable returns, and includes them into the scope of consolidation. As at December 31, 2023, the net assets of the above structured entities within the scope of consolidation amounted to RMB12.7 billion.

### (VII) Financing channels of the Company

The financing channels of the Company comprise equity financing and debt financing. In 2023, the Company did not commence equity financing and its main debt financing instruments included: public corporate bonds, non-public corporate bonds, short-term corporate bonds of the securities companies, commercial papers and structured notes of the securities companies, margin refinancing from CSFC, inter-bank borrowing, gold leasing and bond repurchase. The principal and interest of the debt financing instruments were all paid in a timely manner.

### (VIII) Analysis of the financing capability of the Company

As an A+H listed securities firm with good market reputation and domestic and overseas financing capabilities, the Company attaches great importance to the maintenance of the relationship with counterparties of financing instruments and maintains a good partnership with commercial banks. At the end of 2023, the Company's total bank credit facilities amounted to RMB217 billion, with utilized lines of approximately RMB37 billion and unused lines of approximately RMB180 billion. Meanwhile, the strong capital strength of Everbright Group also provides solid guarantee for the Company.

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

### (I) Competitive landscape and development trend of the industry

In 2024, under the guidance of the goal of "accelerating the construction of a strong financial power" proposed at the Central Financial Work Conference, the capital market will continue to deepen its reform. The "strict supervision" over securities companies by regulators will become increasingly normalized, and the regulators will crack down on illegal activities such as financial fraud and fraudulent issuance, which will continuously enhance investors' confidence. The enhanced financing constraints and optimized risk indicators will further boost the capital concentration level in the industry. The decreased fee and commission in the industry will continue, which will continuously reduce investors' transaction cost, accelerating the transformation in wealth management. The comprehensive registration-based IPO system upon implementation will impose higher requirements on the characterized development of securities companies, and securities companies are required to play a good role as the main force in serving the real economy and as the bedrock in maintaining the finance stability, which will continuously improve the quality and efficiency in serving the real economy.

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### (II) Company's development strategy

Taking "developing a first-class service-oriented investment bank in China" as its strategic goal, taking adhering to the politics and people orientation in finance work as its purpose, taking practicing the national strategy and serving the real economy as its mission and taking the customers as its focus, the Company will adhere to its principal responsibilities and businesses as a securities company, and continue to improve its service capabilities. The Company will give full play to the role of a securities company as the main channel for direct financings in the Group's integrated financial service system, strive to build a first-class investment banking brand with Everbright characteristics, and make the best effort to five major fields, namely technology finance, green finance, inclusive finance, elderlycare finance and digital finance.

### (III) Business plan

In 2024, the Company will fully implement the spirit of the Central Financial Work Conference and the Central Economic Work Conference, by taking "developing a first-class service-oriented investment bank in China" as its strategic goal, taking the politics and people orientation in finance work as its purpose, and taking preventing major financial risks as its bottom line, and will insist on the path of "focusing on its main business development, adhering to steady development, promoting balanced development, strengthening synergetic development, achieving safe development", to uphold the balanced development strategy. The Company will continue to deepen its reform, strengthen its internal management, improve its resource utilization, and keep a balance between development and security. Taking serving the real economy as its work aim and outcome, the Company will strengthen internal and external coordination, and make the best effort in "five major fields" in finance.

### (IV) 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, improving its risk management system, building its risk management information system and strengthening its professional risk management so as to effectively manage various risks faced during the Company's operations and promote the healthy and sustainable development of the Company's businesses.

#### 2. Risk management structure

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

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

## SECTION III REPORT OF THE BOARD

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

The risk management functions of the Company include risk management and internal control department, legal and compliance department, internal audit department, information technology headquarters, financial technology development department, financial management department, treasury management department, operations management headquarters, board office (supervisory committee office), investment banking quality control headquarters 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.

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

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

The Board reviews the Company's risk assessment report on a semi-annual basis and the Company's internal control evaluation report and audit report of internal control on an annual basis, and has also audited and reviewed the Company's risk management and internal control system. In 2023, the Company's overall risk was basically controllable, the core risk control indicators continued to meet regulatory requirements, the Company maintained effective internal control over financial reporting in all material aspects in accordance with the requirements of its internal control standard system and relevant regulations, and no material defects in internal control over non-financial reporting were identified.

### 3. *Measures against various risks*

#### (1) *Market risk*

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

In terms of the market risk, the Company adheres to the principle of proactive management and quantitative orientation and establishes a risk limit system incorporated with various procedures for market risk tolerance and business risk limits based on the risk preferences

## SECTION III REPORT OF THE BOARD

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 the Company determines the market risk loss tolerance and the management of the Company and its committees determine breakdown scale of proprietary trading business, the management mechanism for market risk tolerance and limits, break down the market risk loss tolerance and review and approve limits for specific business, and specify the early warning standards, over-limit standards and countermeasures of various indicators. Among them, business risk limits system and various risk indicators include value at risk (VaR), net exposure value, Greek letters, concentration, basis point value, etc. Stress testing is an integrated part of the Company's market risk management, therefore the Company has established and improved a stress testing mechanism to test the corresponding investment portfolios periodically or irregularly and to assess the potential loss that the Company may suffer under the stress scenario according to its business development and changes in market and made risk recommendations to provide a basis for the Company's business department and management to make decisions. For the OTC derivatives business, risk management adheres to market-neutral strategies as the core, the Company has established risk management measures such as access to underlying pool, deposits management, prior access to counterparties, in-market surveillance and post-collateral risk disposal, and also established risk limits such as Greek letter exposure, target concentration, and stress test loss to carry out market risk management.

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

### (2) *Credit risk*

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

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

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### (3) *Operational risk*

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

The Company has strictly controlled operational risks through formulating administrative measures for the operational risk and implementation rules for three tools, specifying the governance structure of the operational risk and strengthening the responsibilities and duties for managing each defense line of operational risk. The Company continues to promote the improvement of the operational risk management system, strengthen the monitoring and reporting of operational risk indicators, strictly implement the self-assessment of operational risk and control, collect and analyze internal and external loss data of operational risk, review and improve the key risk indicator system, and further optimize the application of operational risk management tools. The Company continues to promote the construction of operational risk management system, enhance data collection and statistical analysis functions. The Company integrates the operational risk management and internal control, reinforces the corresponding system such as monitoring of internal control, authorization management and new business assessment and strengthens the vision and effectiveness of operational risk management. The Company focuses on strengthening advocacy and training of operational risk management, and enhances the awareness of all employees in management responsibility of operational risk, so as to ensure that the overall operational risk faced by the Company is controllable and tolerable.

### (4) *Liquidity risk*

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

The Company has authorized the treasury management department to take charge of the overall liquidity risk management within the scope of consolidation, implement overall control over the financing management of the Company, set up a capital desk to centrally manage short-term trading financing instruments, coordinate and arrange the capital needs of all members of the Company, and carry out daily liquidity management; the risk management and internal control department of the Company is responsible for monitoring the limit system for overall liquidity risk of the Company.

For the purpose of preventing the liquidity risk prudently, the Company has formulated the Administrative Measures for the Liquidity Risk of Everbright Securities Company Limited 《光大證券股份有限公司流動性風險管理辦法》, specified the objective, strategy, governance structure, response methods and reporting system relating to the liquidity risk management, and actively carried out liquidity risk consolidation management to ensure that the overall liquidity risk within the scope of consolidation is controllable.

Under assets and liabilities management and overall risk management policies, the Company persistently adheres to the strategy of robust risk management. The Company has adopted a proactive management and dynamic adjustment approach, and developed a tolerance and borrowing or lending management mechanism for the liquidity risks covering parent company and subsidiaries pursuant to the overall risks management policies. It has gradually improved the management framework for the differentiated liquidity risk of subsidiaries. In addition, the Company has also established differentiated fund management patterns according to the liquidity characteristics of different businesses, and set up the corresponding liquidity risk limit management, monitoring and early warning system. The Company centralized the management of short-term trading liabilities and strictly prevented daytime liquidity risks. The Company continued to reasonably measure liquidity risk management costs, and explored the incorporation of liquidity factors into the Company's capital pricing system.

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

(5) *Information technology risk*

Information technology risk refers to the risk of loss due to human errors, software and hardware defects or failures, natural disasters, etc. affecting the network and information system or data, resulting in abnormal service capability of the network and information system or data damage or leakage.

With the extensive application of the new generation of information technology in the financial field, scientific and technological innovation makes the risk increasingly hidden, sudden and conductive, and the information technology risk becomes more and more complicated. During the Reporting Period, the Company focused the digital, platform-based and intelligent technologic and strategic goals, continued to deepen the information technology reform, strengthened information system security and quality control, and improved the guarantee mechanism on the information system and enhanced the operation and maintenance management of information technology with big data, cloud computing, artificial intelligence and other technologies. It further optimized and improved emergency plans for internet security incidents and boosted the monitoring on information technology risks and the emergency handling capability through regular emergency exercises to ensure the long-term stable operation of the information system of the Company. No information technology risk events occurred during the Reporting Period.

(6) *Reputational risk*

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

In order to effectively control reputational risk, the Company continuously carries 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 《聲譽風險和輿情工作管理辦法》, the Implementation Rules for Reputational Risk and Public Opinion Work 《聲譽風險和輿情工作實施細則》, the Measures for the Management of Information Release 《信息發佈管理辦法》, the General Response Plan for Emergency 《突發事件總體應急預案》, and other related measures.

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

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

### (7) *Compliance risk*

Compliance risk refers to the risk of the Company being subject to legal liabilities, regulatory measures, disciplinary sanctions, property losses, or damage to its commercial reputation due to its or its employees' violations of laws, regulations, and standards in business operations or professional practices.

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 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 effectively performs various compliance management functions. In order to effectively control compliance risk, the Company has established a compliance management system and strengthened the full-process control of compliance management: in the ex-ante stage, the Company carries out compliance review on its key systems, significant businesses and innovative businesses through compliance review, compliance consulting and other measures; in the interim stage, the Company continuously monitors and inspects the practices of practitioners to prevent, among others, non-compliant trading, leakage of sensitive information and benefit transfer by such practitioners; in the ex-post stage, the Company identifies problems and risks through compliance inspections and requires the relevant entities to make immediate rectification. The Company continuously improves its accountability mechanism, urges all employees to recognize the red line and bottom line through normalized warning publicity and case warning, and foster a clean and upright development environment for the Company.

In addition, the Company attaches great importance to the construction of compliance culture. The Company strengthened employee awareness of internal control and compliance by providing warnings based on cases and compliance trainings and examinations to them. The Company strengthened the compliance management of the parent and subsidiaries and, under the principle of "level-based authorization" and "category-based management", implemented level-based and category-based management for each subsidiary. Through continuous improvement of compliance reporting, compliance review of major innovative businesses, compliance inspections and other aspects, it further strengthened the daily supervision and control of the legal compliance work of the subsidiaries. The Company promoted the establishment and improvement of the legal affairs management system, by focusing on contract review, litigation support, and supervision communication mechanism to carry out legal affairs risk management. It continuously improved the management and control of professional practices and corruption-free practices. Through the application of information technology, it promoted the structured and standardized management of compliance data, and improved the technical level and management efficiency of monitoring.



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

The Company attached significant importance to risk management and was committed to building a comprehensive risk management system aligned with the Company's strategic goals. During the Reporting Period, the Company continued to strengthen the comprehensive consolidated management and the Group's control, optimize the risk management organizational structure, improve the risk management system and mechanism, strengthen professional risk management and forward-looking control, increase efforts in the promotion of risk management culture and concept, expand the risk management team, improve the risk management information systematization level, and promote the continuous improvement of the Company's comprehensive risk management system. In 2023, the total amount of investment in risk management amounted to RMB97 million, including the purchase and development expenses of risk management-related systems, the daily operating expenses of risk control-related departments, and the risk control staff costs.

The Company continued to strengthen its investment in compliance management system: (1) the Company further enhanced technology empowerment in compliance management, leveraged the advantages of the compliance system to improve the compliance monitoring and compliance personnel management functions and effectively improve the efficiency of daily compliance management work; (2) the Company upgraded the customer transaction behavior ex-ante risk control system and optimized the monitoring indicators according to the new regulatory requirements and practices, to provide effective control methods for the management of abnormal customer transaction behaviors and reduce the risk of abnormal customer transactions; (3) the Company continued to improve the information isolation wall system, anti-money laundering system, sensitive person monitoring system, and investment banking conflict of interest review system; and (4) the Company gave full play to the effectiveness of the Company's legal and regulatory database, allowing employees to have access to laws and regulations and regulatory penalty cases at any time, enhancing the awareness of compliant business development. During the Reporting Period, the amount of investment in compliance management system amounted to RMB7.68 million.

The Company has incorporated digital transformation into its corporate development strategy. It has determined a "platform-based, componentized, and intelligent" approach for technology development to lay a solid foundation of technology for the Company's digital transformation. The Company has gradually improved the three operation mechanisms of "stable support, efficient response, and integration driven". It focuses on the construction of the four capabilities of "security ensuring capability, business support capability, scientific and technological innovation capability, and scientific and technological application capability", which comprehensively empowers wealth, institutions, operations, and control, leads business innovation and transformation, and promotes the Company's high-quality development. In 2023, the Company's total investment in information technology amounted to approximately RMB545 million, mainly used for the construction of information technology infrastructure, operation and maintenance of information technology, research and development and construction costs of information systems, and personnel outsourcing costs.

## SECTION III REPORT OF THE BOARD

### VIII. Profit Distribution and Proposed Dividend

For details of the formulation and implementation of the Company's cash dividend policies and the 2023 annual profit distribution proposal, please refer to "X. Proposal of Profit Distribution or Capitalization from Capital Reserve Fund" of Section IV "Corporate Governance" in this report.

### IX. Other Information

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

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

#### (II) Pre-emptive right

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

#### (III) Service contracts of Directors and Supervisors

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

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

#### (IV) Right of Directors and Supervisors to purchase shares

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

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

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

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

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

#### (VII) Permitted indemnity provision

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

#### (VIII) Management contracts

For the year ended December 31, 2023, no contract has been entered into for the management and administration of the entire or any material part of the business of the Group.

## SECTION III REPORT OF THE BOARD

### (IX) Major clients

The Group has a diversified customer base in various business segments, with major clients including individuals, corporations, institutional investors and financial institutions. The Group's clients are primarily located in China, but it expects to serve more overseas clients as the Group expands our overseas operations.

In 2023, income generated from the five largest clients of the Group accounted for less than 30% of the Group's total revenue and other income. The Group has no major suppliers due to the nature of our businesses.

### (X) Reserves and reserves for profit distribution

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

### (XI) Employees

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

### (XII) Equity-linked agreements

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

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

As at December 31, 2023, 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 C3 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

### (XIV) Donations

During the Reporting Period, the Group's donations amounted to approximately RMB7.73 million in total.

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

Shanghai, the PRC  
March 27, 2024

## SECTION IV CORPORATE GOVERNANCE

### I. Description of Corporate Governance

#### (I) Corporate governance

As a public company listed in both mainland China and Hong Kong, the Company has established a sound corporate governance system in strict compliance with the laws and regulations including the Company Law, the Securities Law, the Regulations for Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies, and the Corporate Governance Code (the "Corporate Governance Code") in Appendix C1 to the Hong Kong Listing Rules. During the Reporting Period, based on relevant laws and regulations and the actual situation of the Company, the Company amended the Working Rules for the Secretary to the Board of Everbright Securities Company Limited (《光大證券股份有限公司董事會秘書工作制度》), the Measures of Managing Information Disclosure of Everbright Securities Company Limited (《光大證券股份有限公司信息披露事務管理制度》), the Disclosure Deferral and Exemption Management System of Everbright Securities Company Limited (《光大證券股份有限公司信息披露暫緩與豁免管理制度》), the Insider Registration System of Everbright Securities Company Limited (《光大證券股份有限公司內幕信息知情人登記制度》), and the Management System for Investor Relations of Everbright Securities Company Limited (《光大證券股份有限公司投資者關係管理工作制度》), which were considered and approved at the twenty-third meeting of the sixth session of the Board of the Company on March 30, 2023, and amended the Articles of Association of Everbright Securities Company Limited and the Working Rules for Independent Directors of Everbright Securities Company Limited (《光大證券股份有限公司獨立董事工作制度》), which were considered and approved at the thirty-first meeting of the sixth session of the Board of the Company on December 6, 2023, and were considered and approved at the 2023 second extraordinary general meeting of the Company on December 29, 2023.

The Company has been continuing to improve its corporate governance structure towards independent functioning and checks and balances among general meeting, the Board, the Supervisory Committee and the management, so that each level plays its part within their respective scope of duties and authorizations to ensure standardized operation of the Company. Except for Code Provision B.2.2 of Part 2, the Company fully complied with all the code provisions of the Corporate Governance Code, and met the requirements of the majority of the recommended best practices set out in Part 2 of the Corporate Governance Code. Pursuant to Code Provision B.2.2 of Part 2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The terms of office of the sixth session of the Board and the Supervisory Committee of the Company expired on December 14, 2023. Due to the time required for the preparation of the re-election, the Company is in the process of selecting members for the next session of the Board and the Supervisory Committee in accordance with the Measures for the Supervision and Administration of the Directors, Supervisors, Senior Executives and Practitioners of Securities and Fund Business Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) and other relevant laws and regulations. In order to maintain the continuity in the work of the Board and the Supervisory Committee, the re-election of the sixth session of the Board and the Supervisory Committee will be postponed, and the terms of office of each special committee under the Board will also be correspondingly extended. Before the completion of the re-election and appointment, all the members of the sixth session of the Board and the Supervisory Committee and members of each special committee under the Board will continue to perform their respective duties and obligations in accordance with laws and administrative regulations as well as the relevant provisions of the Articles of Association.

During the Reporting Period, the Company convened 3 general meetings, 13 Board meetings, 6 meetings of the Supervisory Committee, 10 meetings of the Audit and Related Party Transaction Control Committee, 8 meetings of the Remuneration, Nomination and Credentials Committee, 4 meetings of the Risk Management Committee, 1 meeting of the Strategy and Sustainable Development Committee and 1 special meeting of the independent Directors.

## SECTION IV CORPORATE GOVERNANCE

### (II) Relationship with controlling shareholders

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

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

In order to meet the corporate governance and standardized operation requirements of A+H listed company, on August 1, 2016, the Board meeting approved and adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 (now known as Appendix C3) to the Hong Kong Listing Rules as the code of conduct for listed securities transactions of the Company by all Directors and Supervisors, and adopted the Corporate Governance Code as its own corporate governance guideline. On August 18, 2016, the H Shares of the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange.

According to Rule 3.21 of the Hong Kong Listing Rules (in respect of audit committee), Rule 3.25 of the Hong Kong Listing Rules (in respect of remuneration committee) and paragraph B.3 of Part 2 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules (in respect of nomination committee), independent non-executive directors shall account for the majority of members of the Remuneration, Nomination and Credentials Committee and the Audit and Related Party Transaction Control Committee of the Board of the Company. Currently, the composition of the special committees of the Board has conformed to the above requirements under the Hong Kong Listing Rules and the Corporate Governance Code.

## SECTION IV CORPORATE GOVERNANCE

In respect of the corporate governance, the responsibilities of the Board or the special committees shall include the followings: (I) to formulate and review the corporate governance policies and practice of the Company and make recommendations to the Board; (II) to review and monitor the training and continuous professional development of the Directors and the senior management; (III) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements; (IV) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and Directors (if any); and (V) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

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

### II. Information on General Meeting

#### (I) Shareholders and the general meeting

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

According to Article 83 of the Articles of Association, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such request to the Board of Directors in writing. The Board shall, in accordance with provisions of the law, administrative regulations and the Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the request. If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall serve a notice of the general meeting within five days after the Board of Directors has passed the relevant board resolution. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If the Board of Directors does not agree to hold such extraordinary general meeting or fails to give any reply within 10 days upon receipt of such request, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to propose to the Supervisory Committee to hold such extraordinary general meeting and shall propose to the Supervisory Committee in writing. If the Supervisory Committee agrees to hold such extraordinary general meeting, it shall serve a notice of such general meeting within five days upon receipt of such request. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If it fails to give such notice of the general meeting within the period of time set forth above, the Supervisory Committee shall be deemed not to convene and preside over such general meeting. The shareholder(s) severally or jointly holding 10% or more shares in the Company for more than 90 consecutive days may proceed to convene and preside over such general meeting by itself. Shareholders may also contact the Company through the contact information provided by the Company, please refer to "XVI. Investor Relations – (I) Overview of investor relations" of Section IV "Corporate Governance" for details.

## SECTION IV CORPORATE GOVERNANCE

In addition, according to Article 88 of the Articles of Association, when a general meeting of the Company is held, the Board of Directors, the Supervisory Committee and the shareholder(s) severally or jointly holding 3% or more shares in the Company shall have the right to make proposals regarding the matters to be resolved to the Company. The shareholder(s) severally or jointly holding 3% or more shares in the Company shall submit any temporary written proposals regarding the matters to be resolved to the convener 10 days before a general meeting is held. The convener shall give a supplementary notice of the general meeting and publicly announce the content of such temporary proposals within two days upon receipt of such proposal. Otherwise, the convener shall not change the proposals set out in the notice of general meeting or add any new proposals after the said notice announcement is served.

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

Meeting	Date of meeting	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of publishing the resolutions	Resolutions at the meeting
2022 annual general meeting	June 29, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>	June 29, 2023	<ul style="list-style-type: none"> <li>To consider the Resolution in Respect of the 2022 Report of the Board of Directors of the Company</li> <li>To consider the Resolution in Respect of the 2022 Report of the Supervisory Committee of the Company</li> <li>To consider the Independent Directors' Annual Work Report for 2022</li> <li>To consider the Resolution in Respect of the 2022 Annual Report and its Summary of the Company</li> <li>To consider the Resolution in Respect of the 2022 Profit Distribution Plan of the Company</li> <li>To consider the Resolution regarding the Election of Mr. Xie Song as a Non-executive Director of the Company</li> <li>To consider the Resolution of Cap of Proprietary Trading Businesses Scale of the Company in 2023</li> <li>To consider the Resolution of Expected Ordinary Related Party (Connected) Transactions of the Company in 2023</li> <li>To consider the Resolution of Amendments to the External Guarantee System of the Company</li> <li>To hear the report on performance appraisal and remuneration of Directors of the Company for 2022</li> <li>To hear the report on performance appraisal and remuneration of Supervisors of the Company for 2022</li> <li>To hear the report on execution of duty, performance appraisal and remuneration of the senior management of the Company for 2022</li> </ul>
The first extraordinary general meeting in 2023	August 8, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>	August 8, 2023	<ul style="list-style-type: none"> <li>To consider the Resolution on the Re-appointment of External Auditors for the Year of 2023</li> </ul>
The second extraordinary general meeting in 2023	December 29, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>	December 29, 2023	<ul style="list-style-type: none"> <li>To consider the Resolution on the Amendments to the Articles of Association of Everbright Securities Company Limited</li> <li>To consider the Resolution on the Amendments to the Working Rules for Independent Directors of the Company</li> <li>To consider the Resolution on Applying for Qualification for Listed Securities Market Making Trading Business</li> </ul>

## SECTION IV CORPORATE GOVERNANCE

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

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



## SECTION IV CORPORATE GOVERNANCE

### III. Directors, Supervisors and Senior Management

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

##### 1. The current Directors, Supervisors and senior management

Name	Position	Gender	Year of birth	Start of the term of office	Expiration of the term of office	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand)	Whether received remuneration from any related party of the Company or not
Zhao Ling	Chairman of the Board, Executive Director	Male	1972	June 14, 2022	To present	238.33	No
Liu Qiuming	Executive Director, President	Male	1976	June 14, 2022	To present	225.82	No
Song Bingfang	Non-executive Director	Male	1971	March 13, 2020	To present	0	Yes
Yin Yanwu	Non-executive Director	Male	1974	March 13, 2020	To present	0	Yes
Chan Ming Kin	Non-executive Director	Male	1969	August 13, 2018	To present	0	Yes
Xie Song	Non-executive Director	Male	1971	November 22, 2022	To present	0	No
Wang Yong	Independent Non-executive Director	Male	1966	June 29, 2023	To present	24.00	No
Po Wai Kwong	Independent Non-executive Director	Male	1957	November 1, 2018	To present	24.00	No
Ren Yongping	Independent Non-executive Director	Male	1963	December 15, 2020	To present	24.00	No
Yin Junming	Independent Non-executive Director	Male	1972	December 15, 2020	To present	24.00	No
Liu Yunhong	Independent Non-executive Director	Male	1976	December 15, 2020	To present	24.00	No
Liang Yi	Chairman of the Supervisory Committee	Male	1966	June 14, 2022	To present	201.26	No
Huang Xiaoguang	Supervisor	Male	1971	August 23, 2022	To present	0	No
Zhu Wuxiang	External Supervisor	Male	1965	September 15, 2014	To present	20.00	Yes
Cheng Fengchao	External Supervisor	Male	1959	December 15, 2020	To present	20.00	Yes
Huang Qin	Employee Supervisor	Female	1975	September 23, 2014	To present	260.99	No
Li Xianzhi	Employee Supervisor	Male	1965	October 17, 2017	To present	183.17	No
Lin Jingmin	Employee Supervisor	Female	1983	November 12, 2021	To present	143.79	No
Fu Jianping	Vice President	Male	1971	June 30, 2023	-	103.91	No
Wang Zhong	Vice President	Male	1972	March 12, 2015	-	130.58	No
Mei Jian	Vice President	Male	1970	January 12, 2017	-	192.51	No
Zhu Qin	Vice President, Chief Compliance Officer, Chief Risk Officer, Secretary to the Board	Female	1970	December 31, 2019	-	190.44	No
Xiong Guobing	Senior expert	Male	1968	February 27, 2020	-	196.56	No
Wang Cuiting	Chairman of the Labor Union, Senior expert	Female	1966	December 31, 2019	-	190.40	No
Fang Ye	Chief Information Officer	Male	1971	February 6, 2017	-	164.76	No
Wang Pei	Business Director	Male	1976	November 21, 2019	-	162.09	No
Total	/	/	/	/	/	2,744.61	/

## SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Gender	Year of birth	Start of the term of office	Expiration of the term of office
Fu Jianping	Non-executive Director	Male	1971	December 15, 2020	June 30, 2023
Tian Wei	Non-executive Director	Male	1973	December 15, 2020	April 20, 2023
Yu Mingxiong	Non-executive Director	Male	1977	December 15, 2020	April 7, 2023
Wu Chunsheng	Supervisor	Male	1963	December 15, 2020	January 18, 2024
Wang Hongyang	Supervisor	Male	1977	October 17, 2017	May 12, 2023
Li Bingtao	Business Director	Male	1976	February 13, 2017	March 12, 2024
Liang Chunliang	Business Director	Male	1971	April 17, 2020	January 2, 2024

Note 1: The terms of office of the sixth session of the Board and the Supervisory Committee of the Company expired on December 14, 2023. The Company is in the process of selecting members for the next session of the Board and the Supervisory Committee in accordance with the Measures for the Supervision and Administration of the Directors, Supervisors, Senior Executives and Practitioners of Securities and Fund Business Institutions 《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》, the Measures for the Administration of Independent Directors of Listed Companies 《上市公司獨立董事管理辦法》 and other relevant laws and regulations. In order to maintain the continuity in the work of the Board and the Supervisory Committee, the re-election of the sixth session of the Board and the Supervisory Committee will be postponed, and the terms of office of each special committee under the Board will also be correspondingly extended. Before the completion of the re-election and appointment, all the members of the sixth session of the Board and the Supervisory Committee and members of each special committee under the Board will continue to perform their respective duties and obligations in accordance with laws and administrative regulations as well as the relevant provisions of the Articles of Association.

Note 2: The Directors, Supervisors and senior management of the Company do not hold any shares of the Company, and there was no change in shareholdings during the Reporting Period.

Note 3: The Company held the 2022 annual general meeting on June 29, 2023, and elected Mr. Xie Song as a non-executive Director of the sixth session of the Board.

The Board of the Company received a letter of resignation from Mr. Tian Wei, a Director, on April 20, 2023. Mr. Tian Wei resigned as a non-executive Director of the Company.

The Board of the Company received a letter of resignation from Mr. Yu Mingxiong, a Director, on April 7, 2023. Mr. Yu Mingxiong resigned as a non-executive Director of the Company.

The Board of the Company received a letter of resignation from Mr. Fu Jianping, a Director, on June 30, 2023. Mr. Fu Jianping resigned as a non-executive Director of the Company. On the same date, the 26th meeting of the sixth session of the Board of the Company considered and approved the appointment of Mr. Fu Jianping as the vice president of the Company.

Note 4: The Board of the Company received a letter of resignation from Mr. Liu Yunhong, an independent non-executive Director, on November 24, 2023. Mr. Liu Yunhong resigned as an independent non-executive Director of the Company. As the resignation of Mr. Liu Yunhong will result in the number of independent directors of the Company not meeting the relevant provisions of the Measures for the Administration of Independent Directors of Listed Companies and the Articles of Association, Mr. Liu Yunhong shall continue to perform his duties as an independent non-executive Director until a new independent non-executive Director is elected at the general meeting of the Company.

Note 5: The Supervisory Committee of the Company received a letter of resignation from Mr. Wu Chunsheng, a Supervisor of the Company, on January 18, 2024. Mr. Wu Chunsheng resigned as a Supervisor of the Company.

The Supervisory Committee of the Company received a letter of resignation from Mr. Wang Hongyang, a Supervisor of the Company, on May 12, 2023. Mr. Wang Hongyang resigned as a Supervisor of the Company.

## SECTION IV CORPORATE GOVERNANCE

Note 6: The Board of the Company received a letter of resignation from Mr. Li Bingtao, a business director of the Company, on March 12, 2024. Mr. Li Bingtao resigned as a business director of the Company.

The Board of the Company received a letter of resignation from Mr. Liang Chunliang, a business director of the Company, on January 2, 2024. Mr. Liang Chunliang resigned as a business director of the Company.

Note 7: During the Reporting Period, the number of Directors, Supervisors and senior management personnel who resigned (including change): 4; the number of resigned personnel represented approximately 13.33% of that of all Directors, Supervisors and senior management at the beginning of the Reporting Period.

Note 8: According to the relevant requirements of the Rules for Governance of Securities Companies 《證券公司治理準則》, payment of more than 40% of annual performance-based remuneration for the senior management of the securities companies shall be deferred for a period of at least three years. Pursuant to the above requirements, during the Reporting Period, the following personnel have also received the performance bonuses of 2022 and deferred performance bonuses of previous years: Zhao Ling (趙陵): RMB653,700, Liang Yi (梁毅): RMB379,900, Liu Qiuming (劉秋明): RMB1,636,000, Wang Zhong (王忠): RMB191,700, Mei Jian (梅鍵): RMB1,554,100, Zhu Qin (朱勤): RMB1,650,300, Xiong Guobing (熊國兵): RMB1,582,500, Fang Ye (房擘): RMB1,588,600. Mr. Wang Pei (汪沛) has been a senior management member of the Company since January 2023, and the remuneration set out in the table does not include the deferred remuneration he received prior to joining the senior management of the Company.

Note 9: During the Reporting Period, Mr. Tian Wei, Mr. Yu Mingxiong, Mr. Wu Chunsheng and Mr. Wang Hongyang did not receive remuneration from the Company. Mr. Li Bingtao received pre-tax remuneration totalling RMB838,700 from the Company. Mr. Liang Chunliang received pre-tax remuneration totaling RMB2,340,500 from the Company.

Note 10: None of the Directors and the Supervisors had waived or agreed to waive the receipt of any emoluments during the year ended December 31, 2023.

Note 11: There are no relationships among each of the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

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

Name	Principal work experience
Zhao Ling (趙陵)	Mr. Zhao currently serves as the chairman and executive Director of the Company. He had served as a staff member of the treasury department, a deputy director of trading office, the director of the investment and trading division, an assistant to the general manager, a deputy general manager, an executive deputy general manager (in charge of operations), the general manager, the general manager of the financial market department, chief business officer, a member of the CPC Committee, deputy president and secretary to the board of directors of China Everbright Bank Company Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). He had also held directorship at Sun Life Everbright Asset Management Co., Ltd., CEB International Investment Corporation Limited and China Everbright Bank (Europe) S.A., respectively.

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Liu Qiuming (劉秋明)	Mr. Liu currently serves as an executive Director and the president of the Company. He previously served as the head of the institutional customer business of Shenyin & Wanguo Securities Co., Ltd., the managing director of UBS Securities Co., Limited (瑞銀證券有限責任公司), an executive member of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601318, Hong Kong Stock Exchange stock code: 2318), the vice president of Ping An Securities Co., Ltd. (平安證券有限責任公司), the chairman of the board and president of CMIG Capital Company Limited (中民投資資本管理有限公司) and other positions.
Song Bingfang (宋炳方)	Mr. Song is currently a non-executive Director of the Company, the director of inspection office of China Everbright Group Ltd. and a director of China Youth Travel Group Limited (中國青旅集團有限公司). He previously served at China Investment Bank (中國投資銀行), China Development Bank (國家開發銀行) and China Everbright Bank (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). During his tenure at China Everbright Bank, he took a temporary post as an assistant to the director of the financial affairs office of the People's Government of Inner Mongolia Autonomous Region. He joined China Everbright (Group) Corporation on July 2010 and successively served as the director and assistant to the general manager of the strategic planning department, assistant to the director and deputy director of the office of the Board of Directors (and the Supervisory Committee), and the deputy director, senior expert, deputy director (director level) and director of the office of the Board of Directors.
Yin Yanwu (尹岩武)	Mr. Yin is currently a non-executive Director of the Company, a member of the Party Committee, an executive director, the vice president and a member of the management decision committee of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165), the chairman and legal representative of Shanghai Everbright Investment Management Co., Ltd. (上海光控動態投資管理有限公司), the chairman, manager and legal representative of China Everbright Asset Management (Shanghai) Co. Ltd. (光控資產管理(上海)有限公司), and a director of China Everbright Assets Management Limited (中國光大資產管理有限公司). He once served as a member of the executive committee and business director of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601881, Hong Kong Stock Exchange stock code: 6881), the chairman, director of the executive committee and director of the investment decision committee of Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司) and other positions.

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Chan Ming Kin (陳明堅)	Mr. Chan is currently a non-executive Director of the Company, chief legal counsel of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165). He is a Hong Kong lawyer, and previously served as a Supervisor of the Company and company secretary of China Everbright Limited.
Xie Song (謝松)	Mr. Xie is currently a non-executive Director of the Company, the general manager of the finance department and the financial and special assets management department of China State Construction Engineering Corporation Limited (中國建築股份有限公司) (a company listed on the SSE, stock code: 601668), the secretary of the Party Committee and the chairman of China Construction Capital Holdings Limited (中建資本控股有限公司), a director of CSCEC Capital (Hong Kong) Limited (中建資本(香港)有限公司), vice chairman and a director of Central SOEs Industrial Investment Fund for Rural Industries Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) and the vice president of Construction Accounting Society of China. He previously served as the head of the finance department of Installation Company (Suzhou Branch) under China Construction Eighth Engineering Division Corporation Limited (中建八局安裝公司), the manager of the capital department, a deputy manager of the financing and investment management department, a deputy chief accountant, the chief accountant, and a director of China Construction Eighth Engineering Division Corporation Limited (中國建築第八工程局有限公司), the chief accountant of China Construction Libya Branch (中建利比亞分公司), and a deputy general manager of the capital department of China State Construction Engineering Corporation Limited.
Wang Yong (王勇)	Mr. Wang is currently an independent non-executive Director of the Company, director of the Executive Committee of the China Enterprise Development and M&A Research Center, the director of the Business Scholars Program and Cooperative Development Office of the School of Economics and Management, Tsinghua University, an independent director of Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1526), and an independent director of Yunnan Copper Co., Ltd. (雲南銅業股份有限公司, a company listed on the SZSE, stock code: 000878). He served as the project director of the Institute of Mechanical and Electrical, the deputy manager of the Mechanical and Electrical Equipment Plant, the manager of Water and Power Equipment Model Plant of China Institute of Water Resources and Hydropower Research (中國水利水電科學院), the deputy general manager of SRIT NETech Co., Ltd. (國研網絡數據科技有限公司), an independent director of Shenzhen Clou Electronics Co., Ltd. (深圳市科陸電子科技股份有限公司, a company listed on the SZSE, stock code: 002121) and Shenzhen Ocean's King Lighting Science & Technology Co., Ltd. (深圳市海洋王照明科技股份有限公司, a company listed on the SZSE, stock code: 002724).

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Po Wai Kwong (浦偉光)	Mr. Po is currently an independent non-executive Director of the Company, and an independent director of China Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601066, Hong Kong Stock Exchange stock code: 6066) and Citibank (Hong Kong) Limited, and served as a member of the Advisory Committee of the Hang Seng Index in Hong Kong. He previously served as the executive director of the Hong Kong Insurance Authority, senior director of the SFC and director of the agency supervision division of the SFC, chairman of the No. 3 committee of supervision of market agencies of the International Organization of Securities Commissions and a member of the International Advisory Council of the CSRC.
Ren Yongping (任永平)	Mr. Ren is currently an independent non-executive Director of the Company, an accounting professor and doctoral supervisor of management school of Shanghai University, academic director of MBA Center of Shanghai University and an independent director of Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司, a company listed on the SSE, stock code: 600486), Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. (a company listed on the SZSE, stock code: 003015) and Chuangzhi Technology (Jiangsu) Co., Ltd (unlisted company). He previously served as vice dean of management school and secretary of Party Committee of Shanghai University, lecturer, associate professor and professor of Jiangsu University, a director of Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司, a company listed on the SZSE, stock code: 300266), and an independent director of Tengda Construction Group Co., Ltd. (騰達建設集團股份有限公司, a company listed on the SSE, stock code: 600512), Kama Co., Ltd. (恒天凱馬股份有限公司, a company listed on the SSE, stock code: 900953), Kehua Holdings Co., Ltd. (科華控股股份有限公司, a company listed on the SSE, stock code: 603161), Jiangsu Hengshun Vinegar Industry Co., Ltd. (江蘇恒順醋業股份有限公司, a company listed on the SSE, stock code: 600305), Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司, a company listed on the SSE, stock code: 900929) and other companies.
Yin Junming (殷俊明)	Mr. Yin is currently an independent non-executive Director of the Company, and an accounting professor of the school of business of Nanjing University of Information Science & Technology and an independent director of Shuangdeng Group Co., Ltd. and Anhui Shenjian New Materials Co., Ltd. (安徽神劍新材料股份有限公司, a company listed on the SZSE, stock code: 002361). He was a dean, the secretary of the Party committee and an accounting professor of the accounting school of Nanjing Audit University, an associate professor at the Sias International College of Zhengzhou University, an accountant in the aircraft section of Nanchang Railway Bureau and an independent director of Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司, a company listed on the SZSE, stock code: 300715) and Suning Universal Co., Ltd. (蘇寧環球股份有限公司, a company listed on the SZSE, stock code: 000718).

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Liu Yunhong (劉運宏)	<p>Mr. Liu is currently an independent non-executive Director of the Company, the head of Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute, the deputy head of the Institute of International M&amp;A and Investment of Renmin University of China, an independent director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司, a company listed on the SSE, stock code: 601825), Shanghai Electric Group Company Limited (上海電氣集團股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601727, Hong Kong Stock Exchange stock code: 2727), Sinolink Securities Co., Ltd. (國金證券股份有限公司, a company listed on the SSE, stock code: 600109) and BOCOM International Trust Co., Ltd. (交銀國際信託有限公司, a non-listed company), an adjunct professor and a doctor and tutor of postgraduates of Renmin University of China and East China University of Political Science and Law. Mr. Liu has served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd., the general manager of Investment Banking Department of Aerospace Securities Co., Ltd. and the general manager of the Investment Banking Department and an assistant to the president of Hwabao Securities Co. Ltd.</p>
Liang Yi (梁毅)	<p>Mr. Liang is currently the Chairman of the Supervisory Committee of the Company, and a director of Everbright Jin'ou Asset Management Co., Ltd. Since joining China Everbright Group Ltd. in 2000, he had successively served as a deputy director of the legal division under the legal department, the director of the legal division, an assistant to the director of the legal department, a deputy director of the legal department, a deputy general manager of the risk management and internal control and compliance department/legal department, a senior specialist at the risk management and internal control department/legal department and a member of the headquarters disciplinary committee.</p>
Huang Xiaoguang (黃曉光)	<p>Mr. Huang is currently a Supervisor of the Company, a designated external director of Guangdong Hengtaian Investment Co., Ltd. (廣東恒泰安投資有限公司), a designated external director of Guangdong Hengxin Fund Management Co., Ltd. (廣東恒信基金管理有限公司), and a designated external director of Guangdong Seed Industry Group Co., Ltd. (廣東省種業集團有限公司). He was previously a vice general manager of Guangdong Hengjian International Investment Co., Ltd. (廣東恒健國際投資有限公司), a vice general manager of Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司), and a director of DIRUI Industrial Co., Ltd. (迪瑞醫療科技股份有限公司, a company listed on the SZSE, stock code: 300396), the head of the capital operation department of Guangdong Guangxin Holdings Group Ltd., a director of FSPG Hi-Tech Co., Ltd. (佛山佛塑科技集團股份有限公司), a director of Shengyi Technology Co., Ltd. (廣東生益科技股份有限公司), a director of Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司), the general manager of the capital operation center of Guangdong Guangwu Real Estate (Group) Co., Ltd. (廣東廣物房地產(集團)有限公司), a vice general manager of Guangdong Agricultural Supply-Side Structural Reform Fund Management Co., Ltd. (廣東省農業供給側結構性改革基金管理有限公司) and a vice general manager of Guangdong Hengjian Capital Management Co., Ltd. (廣東恒健資本管理有限公司).</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Zhu Wuxiang (朱武祥)	<p>Mr. Zhu is currently an external Supervisor of the Company, a professor of the Department of Finance of the School of Economics and Management of Tsinghua University, an independent director of Asia-Potash International Co., Ltd. (亞鉀國際股份有限公司, a company listed on the SZSE, stock code: 000893), and a supervisor of Unisplendour Corporation Limited (紫光股份有限公司, a company listed on the SZSE, stock code: 000938). He was previously an independent director of Beijing Properties (Holdings) Co., Ltd. (北京建設(控股)有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 925), Colour Life Services Group Co., Limited (彩生活服務集團有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1778), China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司, a company listed on the SSE, stock code: 600340), ZTE Corporation Co., Ltd. (中興通訊股份有限公司, a company listed on the SZSE and the Hong Kong Stock Exchange, SZSE stock code: 000063, Hong Kong Stock Exchange stock code: 763), Dongxing Securities Co., Ltd. (東興證券股份有限公司, a company listed on the SSE, stock code: 601198), Rongxin Power Electronic Co., Ltd. (榮信電力電子股份有限公司, a company listed on the SZSE, stock code: 002123), Offshore Oil Engineering Co., Ltd. (海洋石油工程股份有限公司, a company listed on the SSE, stock code: 600583) and China Cinda Asset Management Co., Ltd (中國信達資產管理股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1359).</p>
Cheng Fengchao (程鳳朝)	<p>Mr. Cheng is currently an external Supervisor of the Company, the chairman of Zhongguancun Guorui Financial and Industrial Development Research Institute, a member of the Academic Advisory Committee of the China Association for Public Companies, a member of the third session of the Mergers and Acquisitions Financing Committee of the China Association for Public Companies, a doctoral supervisor of Hunan University, a distinguished professor of the Chinese Academy of Social Sciences and the PBC School of Finance, an independent director of Sinochem International Corporation (中化國際(控股)股份有限公司, a company listed on the SSE, stock code: 600500), an independent director of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 2328) and an independent director of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司, a company listed on the SSE (stock code: 600016) and the Hong Kong Stock Exchange (stock code: 1988)). He served as a director of the Industrial and Commercial Bank of China and a director of the Agricultural Bank of China assigned by Central Huijin Investment Ltd., and a supervisor of China Everbright Group, an external supervisor of China Huarong Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 2799), and an independent director of Beijing GeoEnviron Engineering &amp; Technology, Inc. (a company listed on the SSE, stock code: 603588).</p>
Huang Qin (黃琴)	<p>Ms. Huang is currently an employee Supervisor, the general manager of internal control department of the Company and the chairman of the supervisory committee of Everbright Pramerica Fund Management Co., Ltd. She previously served as assistant to the general manager, deputy general manager and general manager of the Company's audit department, the general manager of the Company's risk management and internal control department and the general manager of the Company's Zhejiang branch.</p>



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Name	Principal work experience
Li Xianzhi (李顯志)	Mr. Li is currently an employee Supervisor of the Company. He served as deputy general manager and general manager of Information Technology Department of Xiangcai Securities Company (now known as Xiangcai Securities Co., Ltd.), and the general manager of Corporate Information Technology Department, director of innovation office and general manager of the audit department of the Company.
Lin Jingmin (林靜敏)	Ms. Lin is currently an employee Supervisor and an assistant to the general manager of the risk management and internal control department of the Company. Ms. Lin was an investment banking assistant at Shanghai investment bank department No. 2 of the Company and was the person in charge of net capital and liquidity risk monitoring group at risk management department of the Company.
Fu Jianping (付建平)	Mr. Fu is currently the vice president of the Company. He previously served at China Everbright Bank Company Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818) as business line manager of the development research department and senior deputy manager of the strategic management department, as deputy director and director of the equity management department of China Everbright (Group) Corporation, as vice general manager of the equity management department, vice general manager of the investment and restructuring department and a senior expert of China Everbright Group Ltd., as executive vice president of Everbright Yunfu Internet Co., Ltd., and professional director of Everbright Securities Company Limited.
Wang Zhong (王忠)	Mr. Wang is currently a vice president of the Company. He served as an assistant to general manager of the Company's bonds division, deputy general manager (in charge of operations) of the Company's fixed income division. Mr. Wang served as assistant president and vice president of Everbright Financial Holding Asset Management. He previously worked as a business director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601211, Hong Kong Stock Exchange stock code: 2611) and the head of investment manager division of securities investment department in Haitong Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 600837, Hong Kong Stock Exchange stock code: 6837).
Mei Jian (梅鍵)	Mr. Mei is currently a vice president of the Company, chairman of Everbright Futures Co., Ltd. (光大期貨有限公司), chairman and a director of Everbright Securities International Holdings Limited (光大證券國際控股有限公司) and China Everbright Securities International Company Limited and a director of Everbright Financial Investment Limited (光大金融投資有限公司). He previously held various positions, including director of the office of the Board, director of the Company's general office, general manager of brokerage business division, secretary to the Board and assistant president.

## SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Zhu Qin (朱勤)	Ms. Zhu is currently the vice president, chief compliance officer, chief risk officer, the secretary to the Board, and securities affairs representative. She previously worked as a project manager, senior manager and executive director of the fourth division of the Company's investment banking division, assistant to the director, deputy director and director of the Board office.
Xiong Guobing (熊國兵)	Mr. Xiong is currently a senior expert of the Company and chairman of Shanghai Everbright Securities Asset Management Co., Ltd (上海光大證券資產管理有限公司). Mr. Xiong has served in various positions, including general manager of the Company's audit department, general manager of the Company's risk management department, secretary of the commission for discipline inspection and vice president.
Wang Cuiting (王翠婷)	Ms. Wang currently served as chairman of the labor union and a senior expert of the Company, and chairman of Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司). She previously served in various positions, such as secretary to the Board, director of the Board office, general manager of the Company's human resources department and vice president.
Fang Ye (房曄)	Mr. Fang is currently the chief information officer of the Company. He once served as IT manager in China of OSRAM (Foshan) Lighting Co., Ltd., IT manager in China of Donnelly (Shenzhen) Printing Co., Ltd., IT director in Asia of Donnelly (China) Investment Co., Ltd., IT director, general manager of the Shanghai Internet Securities Branch, director of the Internet financing business (financial technology) and member of the brokerage business executive committee of Sinolink Securities Co., Ltd. (a company listed on the SSE, stock code: 600109), etc.
Wang Pei (汪沛)	Mr. Wang is currently a business director of the Company. He previously served as the general manager of the Financial Market Headquarters (formerly known as the Securities Investment Headquarters) of the Company, a dealer at the capital operation center of the general planning department of the headquarters of Agricultural Bank of China Limited (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601288, Hong Kong Stock Exchange stock code: 1288), a researcher and a fund manager of Fullgoal Fund Management Company Limited (富國基金管理有限公司), a fund manager and the director of CCB Principal Asset Management Co., Ltd. (建信基金管理有限公司), and the general manager of Shanghai Everbright Securities Assets Management Co., Ltd. (上海光大證券資產管理有限公司).

## SECTION IV CORPORATE GOVERNANCE

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

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

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

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

## (II) Employment of the current and resigned Directors, Supervisors and senior management during the Reporting Period

### 1. *Positions held in the shareholding companies*

<b>Name of employee</b>	<b>Name of shareholding companies</b>	<b>Positions held in shareholding companies</b>	<b>Start of the term of office</b>	<b>Expiration of the term of office</b>
Song Bingfang	China Everbright Group Ltd.	Director of inspection office	May 2022	-
Yin Yanwu	China Everbright Limited	Executive director, vice president, a member of the Management Decision Committee	March 2022	-
Chan Ming Kin	China Everbright Limited	General legal counsel	December 2007	-
Xie Song	CSCEC Capital (Hong Kong) Limited	Director	February 2021	-

## SECTION IV CORPORATE GOVERNANCE

### 2. Positions held in other companies

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Song Bingfang	China Youth Travel Group Limited (中國青旅集團有限公司)	Equity director (non-executive director)	April 2019	-
Yin Yanwu	Shanghai Everbright Investment Management Co., Ltd.	Chairman and legal representative	August 2021	-
Yin Yanwu	China Everbright Asset Management (Shanghai) Co. Ltd.	Chairman, manager and legal representative	August 2021	-
Yin Yanwu	China Everbright Assets Management Limited	Director	June 2021	-
Xie Song	China State Construction Engineering Corporation Limited	General manager of the finance department and the financial and special assets management department	May 2021	-
Xie Song	China Construction Capital Holdings Limited	Secretary of the Party Committee and the chairman	November 2022	-
Xie Song	Central SOEs Industrial Investment Fund for Rural Industries Co., Ltd.	Vice chairman and director	February 2023	-
Wang Yong	Rici Healthcare Holdings Limited	Independent director	June 2016	-
Wang Yong	Yunnan Copper Co., Ltd.	Independent director	April 2020	June 2025
Po Wai Kwong	China Securities Co., Ltd.	Independent director	May 2021	-
Po Wai Kwong	Citibank (Hong Kong) Limited	Independent director	July 2021	-
Ren Yongping	Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司)	Independent director	September 2021	August 2024
Ren Yongping	Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd.	Independent director	December 2020	-
Ren Yongping	Chuangzhi Technology (Jiangsu) Co., Ltd.	Independent director	June 2021	May 2024
Yin Junming	Shuangdeng Group Co., Ltd.	Independent director	October 2020	-
Yin Junming	Anhui Shenjian New Materials Co., Ltd.	Independent director	January 2020	-

## SECTION IV CORPORATE GOVERNANCE

<b>Name of employee</b>	<b>Name of other companies</b>	<b>Positions held in other companies</b>	<b>Start of the term of office</b>	<b>Expiration of the term of office</b>
Liu Yunhong	Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute	Head of the Institute	May 2019	-
Liu Yunhong	Shanghai Rural Commercial Bank Co., Ltd.	Independent director	January 2024	-
Liu Yunhong	Shanghai Electric Group Company Limited	Independent director	November 2020	-
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	September 2020	-
Liu Yunhong	BOCOM International Trust Co., Ltd.	Independent director	November 2022	-
Liang Yi	Everbright Jin'ou Asset Management Co., Ltd.	Director	December 2015	-
Huang Xiaoguang	Guangdong Hengtaian Investment Co., Ltd.	Designated external director	July 2023	-
Huang Xiaoguang	Guangdong Hengxin Fund Management Co., Ltd.	Designated external director	July 2023	-
Huang Xiaoguang	Guangdong Seed Industry Group Co., Ltd.	Designated external director	July 2023	-
Zhu Wuxiang	Asia-Potash International Co., Ltd.	Independent director	June 2022	-
Zhu Wuxiang	Unisplendour Corporation Limited	Supervisor	April 2005	-
Cheng Fengchao	Sinochem International Corporation	Independent director	November 2021	-
Cheng Fengchao	PICC Property and Casualty Company Limited	Independent director	November 2022	-
Cheng Fengchao	China Minsheng Banking Corp., Ltd.	Independent director	February 2024	-

## SECTION IV CORPORATE GOVERNANCE

### (III) Remuneration of Directors, Supervisors and senior management

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The remuneration of the Company's independent Directors and external Supervisors shall be decided by the general meeting, and the remuneration of the senior management of the Company shall be considered and approved by the Board of Directors. According to the relevant requirements of the Rules for Governance of Securities Companies, payment of more than 40% of annual performance-based remuneration for the senior management of the securities companies shall be deferred for a period of at least three years.
Whether a Director recused himself from discussing his remuneration matters in the Board	Yes
Recommendations on the remuneration of the Directors, Supervisors and senior management by the Remuneration and Assessment Committee or the special meeting of independent Directors	Remuneration of the independent Directors and external Supervisors of the Company is determined with reference to that of similar listed companies in the same industry and based on actual situation of the Company. Remuneration of executive Directors, Supervisors holding a position in the Company and senior management is determined in accordance with the remuneration system of the Company and is also linked to position and performance. The Resolution on the Evaluation and Remuneration Plan for Directors and Senior Management of the Company for the Year 2022 was considered and approved at the nineteenth meeting of the Remuneration, Nomination and Credentials Committee of the sixth session of the Board of the Company. The remuneration plan for the senior management of the Company complies with the Administrative Measures for the Remuneration of Senior Management of Everbright Securities Company Limited (Trial) and the Evaluation Plan on the Senior Management of the Company in 2022.
The basis for determining the remuneration of the Directors, Supervisors and senior management	Remuneration of the independent Directors and external Supervisors of the Company is determined with reference to that of similar listed companies in the same industry and based on actual situation of the Company. Remuneration of executive Directors, Supervisors holding a position in the Company and senior management is determined in accordance with the remuneration system of the Company and is also linked to position and performance.
Actual payment of remuneration of the Directors, Supervisors and senior management	Please refer to "(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of "III. Directors, Supervisors and Senior Management" in this section for details.
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Please refer to "(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" of "III. Directors, Supervisors and Senior Management" in this section for details.

## SECTION IV CORPORATE GOVERNANCE

### (IV) Changes of Directors, Supervisors and senior management of the Company

Name	Position	Change	Reasons for change
Xie Song	Non-executive Director	Elected	On June 29, 2023, the 2022 annual general meeting of the Company elected Mr. Xie Song as a non-executive Director of the sixth session of the Board.
Fu Jianping	Non-executive Director	Resigned	The Board of the Company received a letter of resignation from Mr. Fu Jianping, a Director, on June 30, 2023. Mr. Fu Jianping resigned as a non-executive Director of the Company.
Tian Wei	Non-executive Director	Resigned	The Board of the Company received a letter of resignation from Mr. Tian Wei, a Director, on April 20, 2023. Mr. Tian Wei resigned as a non-executive Director of the Company.
Yu Mingxiong	Non-executive Director	Resigned	The Board of the Company received a letter of resignation from Mr. Yu Mingxiong, a Director, on April 7, 2023. Mr. Yu Mingxiong resigned as a non-executive Director of the Company.
Wu Chunsheng	Supervisor	Resigned	The Supervisory Committee of the Company received a letter of resignation from Mr. Wu Chunsheng, a Supervisor of the Company, on January 18, 2024. Mr. Wu Chunsheng resigned as a Supervisor of the Company.
Wang Hongyang	Supervisor	Resigned	The Supervisory Committee of the Company received a letter of resignation from Mr. Wang Hongyang, a Supervisor of the Company, on May 12, 2023. Mr. Wang Hongyang resigned as a Supervisor of the Company.
Fu Jianping	Vice president	Appointed	On June 30, 2023, the 26th meeting of the sixth session of the Board appointed Mr. Fu Jianping as the vice president of the Company.
Li Bingtao	Business director	Resigned	The Board of the Company received a letter of resignation from Mr. Li Bingtao, a business director of the Company, on March 12, 2024. Mr. Li Bingtao resigned as a business director of the Company.
Liang Chunliang	Business director	Resigned	The Board of the Company received a letter of resignation from Mr. Liang Chunliang, a business director of the Company, on January 2, 2024. Mr. Liang Chunliang resigned as a business director of the Company.

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

## SECTION IV CORPORATE GOVERNANCE

### IV. Board of Directors and the Management

#### (I) Board of Directors

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

#### *Composition of the Board*

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

According to Article 121 of the Articles of Association, except for the first session of the Board of Directors of the Company, the candidates for the Directors of any successive Board of Directors shall be nominated by the shareholders individually or jointly holding more than 3% (inclusive) of the shares or by three directors of the previous Board of Directors of the Company. The previous Board of Directors shall be responsible to prepare and submit a proposal to the general meeting for voting. Any shareholder holding more than 1% (inclusive) of the shares may nominate any candidates for independent Directors.

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

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



## SECTION IV CORPORATE GOVERNANCE

### *Duties and responsibilities of the Board of Directors*

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

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

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

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

## SECTION IV CORPORATE GOVERNANCE

### *Duties and responsibilities of the management*

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

### *Chairman and president*

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

## V. Board Meetings during the Reporting Period

Meeting	Date of meeting	Resolutions at the meeting
The twentieth meeting of the sixth session of the Board	January 6, 2023	To consider the Resolution on the Appointment of a Business Director of the Company
The twenty-first meeting of the sixth session of the Board	January 19, 2023	To consider the Resolution on the Lease of Office Premises by Hong Kong Subsidiary
The twenty-second meeting of the sixth session of the Board	February 28, 2023	To consider the Resolution on Capital Increase to the Wholly-owned Subsidiary, EBSI
The twenty-third meeting of the sixth session of the Board	March 30, 2023	To listen to the report on the 2022 annual operation of the Company To consider the Resolution on the 2022 Annual Report of the Company and its Summary To consider the Resolution on the Annual Profit Distribution Plan of the Company for the Year 2022 To consider the Resolution on the Work Report of the Board of Directors of the Company for the Year 2022

## SECTION IV CORPORATE GOVERNANCE

Meeting	Date of meeting	Resolutions at the meeting
		To consider the Resolution on the Independent Directors' Annual Work Report for 2022
		To listen to the report of performance of the Audit and Related Party Transaction Control Committee of the Board in 2022
		To listen to the report on performance appraisal and remuneration of Directors of the Company for 2022
		To listen to the report on execution of duty, performance appraisal and remuneration of the senior management of the Company for 2022
		To consider the Resolution on the Social Responsibility/ ESG Report of the Company for the Year 2022
		To consider the Resolution on the Evaluation Report of Internal Control of the Company for the Year 2022
		To review the Resolution on the Audit Report of Internal Control of the Company for 2022
		To consider the Resolution on the Compliance Work Report of the Company for the Year 2022
		To consider the Resolution on the Integrity Management Report of the Company for the Year 2022
		To listen to the report on the anti-money laundering of the Company in 2022
		To consider the Resolution on the Risk Assessment Report of the Company for the Year 2022
		To consider the Resolution on the Annual Special Report of the Information and Technology Management for the Year 2022
		To consider the Resolution of Expected Ordinary Related Party (Connected) Transactions of the Company in 2023
		To consider the Resolution of Amendments to the External Guarantee System of the Company
		To consider the Resolution of Amendments to the Working Rules for Independent Directors of the Company
		To consider the Resolution of Amendments to the Working Rules for the Secretary to the Board of the Company
		To consider the Resolution of Amendments to the Measures of Managing Information Disclosure of the Company
		To consider the Resolution of Amendments to the Disclosure Deferral and Exemption Management System of the Company
		To consider the Resolution of Amendments to the Insider Registration System of the Company
		To consider the Resolution of Amendments to the Management System for Investor Relations of the Company
		To listen to the report on provision of guarantees for subsidiaries
		To consider the Resolution to Convene the 2022 Annual General Meeting of the Company
		To listen to the report on the execution of historical resolutions of the Board in 2022

## SECTION IV CORPORATE GOVERNANCE

Meeting	Date of meeting	Resolutions at the meeting
The twenty-fourth meeting of the sixth session of the Board	April 27, 2023	<p>To listen to the report on the operation of the Company for the first quarter of 2023</p> <p>To consider the report of the Company for the first quarter of 2023</p> <p>To listen to the report on the annual operation plan and financial budget of the Company for 2023</p> <p>To consider the Resolution in Respect of the Company's Risk Preference for 2023</p> <p>To consider the Resolution on the Lease of Office Premises in Shanghai</p>
The twenty-fifth meeting of the sixth session of the Board	May 31, 2023	<p>To consider the Resolution on the Annual Authorization Plan for the Management by the Board of Directors</p> <p>To consider the Resolution of Cap of Proprietary Trading Businesses Scale of the Company in 2023</p> <p>To consider the Resolution on the Nomination of Mr. Xie Song as a Non-executive Director Candidate of the Company</p> <p>To consider the Resolution on the Change to Resolutions of the 2022 Annual General Meeting</p>
The twenty-sixth meeting of the sixth session of the Board	June 30, 2023	To consider the Resolution on the Appointment of the Vice President of the Company
The twenty-seventh meeting of the sixth session of the Board	July 19, 2023	<p>To consider the Resolution on the Evaluation Plan on the Senior Management of the Company in 2022</p> <p>To consider the Resolution on the Re-appointment of External Auditors for the Year of 2023</p> <p>To consider the Resolution of the Amendments to the Management Measures on Reputational Risk and Public Opinion Work of Everbright Securities Company Limited</p> <p>To consider the Resolution to Convene the 2023 First Extraordinary General Meeting</p>
The twenty-eighth meeting of the sixth session of the Board	August 24, 2023	<p>To listen to the report on the operation of the Company for the first half of 2023</p> <p>To consider the Resolution on the Company's 2023 Interim Report and its Summary</p> <p>To consider the Resolution on the Risk Assessment Report of the Company for the First Half of 2023</p> <p>To consider the Resolution on the Risk Control Indicators of the Company for the First Half of 2023</p> <p>To listen to the report on the execution of historical resolutions of the Board in 2023</p>
The twenty-ninth meeting of the sixth session of the Board	September 20, 2023	To consider the Resolution on Implementation of Settlement Plan for Priority Investors of MPS Project
The thirtieth meeting of the sixth session of the Board	October 26, 2023	<p>To listen to the report on the operation of the Company for the first three quarters of 2023</p> <p>To consider the Report of the Company for the Third Quarter of 2023</p> <p>To consider the Resolution of the Amendments to the Administrative Measures for Remuneration and Welfare of the Company</p> <p>To listen to the Audit Report on the Company's Anti-money Laundering Work for 2022-2023</p>

## SECTION IV CORPORATE GOVERNANCE

Meeting	Date of meeting	Resolutions at the meeting
The thirty-first meeting of the sixth session of the Board	December 6, 2023	<p>To consider the Resolution on the Amendments to the Articles of Association of Everbright Securities Company Limited</p> <p>To consider the Resolution of Amendments to the Working Rules for Independent Directors of the Company</p> <p>To consider the Resolution on the Amendments to the Integrity Management Measures of the Company and its Staff</p> <p>To consider the Resolution on Applying for Qualification for Listed Securities Market Making Trading Business</p> <p>To consider the Resolution to Convene the 2023 Second Extraordinary General Meeting</p>
The thirty-second meeting of the sixth session of the Board	December 27, 2023	To consider the Resolution on the Evaluation and Remuneration Plan for Directors and Senior Management of the Company for the Year 2022

### VI. Performance of Duties of Directors

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

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

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

## SECTION IV CORPORATE GOVERNANCE

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

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

Name of Director	Whether or not he/she is an independent non-executive Director	Number of board meetings requiring attendance during the year	Attendance at board meetings				Whether or not he/she failed to attend the meeting in person for two consecutive times	Attendance at general meetings
			Attendance in person	Attendance through correspondence	Attendance by proxy	Absence		
Zhao Ling	No	13	13	3	0	0	No	3
Liu Qiuming	No	13	13	4	0	0	No	3
Song Bingfang	No	13	13	10	0	0	No	3
Yin Yanwu	No	13	13	6	0	0	No	3
Chan Ming Kin	No	13	13	4	0	0	No	3
Xie Song	No	7	7	7	0	0	No	2
Wang Yong	Yes	13	13	5	0	0	No	3
Po Wai Kwong	Yes	13	13	4	0	0	No	3
Ren Yongping	Yes	13	13	3	0	0	No	3
Yin Junming	Yes	13	13	4	0	0	No	3
Liu Yunhong	Yes	13	13	5	0	0	No	3

Note 1: The appointment of Mr. Xie Song as a non-executive Director became effective from June 29, 2023. During the Reporting Period, Mr. Xie Song was required to attend 7 board meetings and actually attended 7 board meetings.

Note 2: Mr. Fu Jianping resigned on June 30, 2023. During the Reporting Period, Mr. Fu Jianping was required to attend 6 board meetings and actually attended 6 board meetings.

Note 3: Mr. Tian Wei resigned on April 20, 2023. During the Reporting Period, Mr. Tian Wei was required to attend 4 board meetings and actually attended 4 board meetings.

Note 4: Mr. Yu Mingxiong resigned on April 7, 2023. During the Reporting Period, Mr. Yu Mingxiong was required to attend 4 board meetings and actually attended 4 board meetings.

## SECTION IV CORPORATE GOVERNANCE

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

Number of board meetings held during the year	13
Of which: number of on-site meetings	0
Number of meetings held through correspondence	3
Number of meetings held both on-site and through correspondence	10

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

### (III) Objections raised by independent non-executive Directors

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

### (IV) Training of Directors

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

During the Reporting Period, the Directors of the Company participated in various trainings, including the 2023 training session for directors, supervisors and senior executives of listed companies under the jurisdiction of Shanghai and the special training on the reform of the independent director system organized by the Listed Companies Association of Shanghai, the analysis on the reform of the independent director system for the listed companies organized by the China Association for Public Companies, the special training on the "Analysis of the Policy of the IPO Registration-based Reform of Listed Companies" jointly organized by the CSRC Shanghai Office and the China Association for Public Companies, the series of courses on the "Performance Learning Platform for Independent Director" provided by the SSE, the special series training on corporate governance provided by the China Association for Public Companies, the follow-up training for independent directors of listed companies organized by the SSE, the special series training on investor relations management provided by the China Association for Public Companies, the special training on the analysis of registration reform policy of proposed listed companies provided by the China Association for Public Companies, the relevant trainings on anti-money laundering and financial treatment organized by Deloitte and Ernst & Young, and the special training on investment information declaration of directors and supervisors of the Company, the contents of which covered listing regulatory compliance, legal regulatory compliance, responsibilities of Directors, anti-corruption and anti-money laundering, etc.

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

## SECTION IV CORPORATE GOVERNANCE

### VII. Special Committees under the Board of Directors

To strengthen the decision-making function of the Board of Directors, and to ensure that the Board of Directors effectively monitors the management and optimizes the corporate governance structure of the Company, the Board of Directors of the Company has established the Risk Management Committee, the Audit and Related Party Transaction Control Committee, the Remuneration, Nomination and Credentials Committee and the Strategy and Sustainable Development Committee according to the Company Law, the Hong Kong Listing Rules and the relevant requirements of the regulatory authorities. The members of a special committee shall consist of Directors, of which independent non-executive Directors shall represent more than half of the Audit and Related Party Transaction Control Committee and the Remuneration, Nomination and Credentials Committee and an independent non-executive Director shall act as the chairman. At least one independent non-executive Director with more than 5 years' professional experience in accounting shall serve as a member of the Audit and Related Party Transaction Control Committee. The establishment of any special committees under the Board of Directors shall be approved at a general meeting. During the Reporting Period, the special committee under the Board did not raise any objection toward the related matters of the Company. In 2023, the special committees under the Board of Directors held a total of 23 meetings, of which the Audit and Related Party Transaction Control Committee held 10 meetings, the Remuneration, Nomination and Credentials Committee held 8 meetings, the Risk Management Committee held 4 meetings, the Strategy and Sustainable Development Committee held 1 meeting. In compliance with the relevant requirements of the Articles of Association and the rules of procedures of each committee, every special committee under the Board of Directors earnestly performed its duties, made use of the professional experience of its members, thus providing a strong support for decision-making of the Board of Directors. The composition of the special committees under the sixth session of the Board of Directors is set out as follows:

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

Note: On June 30, 2023, Mr. Fu Jianping resigned as a non-executive Director of the Company and ceased to be a member of the Audit and Related Party Transaction Control Committee, the Risk Management Committee and the Strategy and Sustainable Development Committee under the Board of Directors of the Company. On April 20, 2023, Mr. Tian Wei resigned as a non-executive Director of the Company and ceased to be a member of the Strategy and Sustainable Development Committee under the Board of Directors of the Company. On April 7, 2023, Mr. Yu Mingxiong resigned as a non-executive Director of the Company and ceased to be a member of the Strategy and Sustainable Development Committee under the Board of Directors of the Company. On June 29, 2023, Mr. Xie Song was elected as a non-executive Director of the sixth session of the Board of Directors at the 2022 annual general meeting. Mr. Xie Song has been serving as a non-executive Director of the Company since the date of approval at the 2022 annual general meeting, and concurrently serving as a member of the Strategy and Sustainable Development Committee under the Board of Directors of the Company.



## SECTION IV CORPORATE GOVERNANCE

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

### **Audit and Related Party Transaction Control Committee**

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

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

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The Rules of Procedure of Audit and Related Party Transaction Control Committee has been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Audit and Related Party Transaction Control Committee held 10 meetings:

<b>Date of meeting</b>	<b>Contents of meeting</b>	<b>Important comments and suggestions</b>	<b>Performance of other duties</b>
January 19, 2023	The thirteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of the Lease of Office Premises by Hong Kong Subsidiary	To listen to the audit plan and key concerns in audit of external auditors for 2022
February 13, 2023	The fourteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	–	To consider the Unaudited Financial Statements of the Company for the Year 2022
March 17, 2023	The fifteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	–	Discussing key matters such as financial statements and internal control for 2022 with accountants responsible for annual examination
March 29, 2023	The sixteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of the Financial Report of the Company for 2022 To consider the Resolution in Respect of the 2022 Annual Internal Control Evaluation Report of the Company To consider the Resolution in Respect of Expected Ordinary Related Party (Connected) Transactions of the Company in 2023	To listen to the report of performance of the Audit and Related Party Transaction Control Committee of the Board for 2022 To consider the Resolution in Respect of the 2022 Annual Internal Control Evaluation Report of the Company To listen to the audit and audit rectification report of the Company for 2022
April 26, 2023	The seventeenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of the Report of the Company for the First Quarter of 2023	To listen to internal audit report of the Company for the first quarter of 2023
June 21, 2023	The eighteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	–	To listen to the report on re-appointment of external auditors for 2023

## SECTION IV CORPORATE GOVERNANCE

<b>Date of meeting</b>	<b>Contents of meeting</b>	<b>Important comments and suggestions</b>	<b>Performance of other duties</b>
July 18, 2023	The nineteenth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of Re-appointment of External Auditors for 2023	–
August 23, 2023	The twentieth meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of the Financial Report of the Company for the First Half of 2023	To listen to the internal audit and audit rectification report of the Company for the first half of 2023
October 25, 2023	The twenty-first meeting of the sixth session of the Audit and Related Party Transaction Control Committee	To consider the Resolution in respect of the Report of the Company for the Third Quarter of 2023	To listen to internal audit report of the Company for the first three quarters of 2023 To listen to the report on the appointment of accounting firms for 2024
December 8, 2023	The twenty-second meeting of the sixth session of the Audit and Related Party Transaction Control Committee	–	To listen to the report on the progress of the appointment of accounting firms for 2024

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

<b>Name</b>	<b>Position</b>	<b>Number of actual attendances/Number of meetings required attendance</b>
Yin Junming (chairman)	Independent non-executive Director	10/10
Fu Jianping (resigned on June 30, 2023)	Non-executive Director	6/6
Chan Ming Kin	Non-executive Director	10/10
Po Wai Kwong	Independent non-executive Director	10/10
Ren Yongping	Independent non-executive Director	10/10

## SECTION IV CORPORATE GOVERNANCE

### *Overview of the audit work of the Company*

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young ("EY") carried out the 2023 audit on the Company by two stages, the preliminary audit and year-end audit. In the preliminary audit stage, EY conducted the audit on internal control as required, carried out internal control test at the Company's level and business process level (including the business processes of the headquarters and securities brokerage branches), and evaluated the effectiveness of the internal control design and whether it has been effectively implemented during the audit. Through interviews, EY understood the Company's control environment, the main operation conditions, business innovation, system updates and fraud risk. EY conducted a preliminary audit and test on major subjects of financial statements, such as financial instruments, operating income, investment income and other subjects. EY also made a testing and evaluation on the main information system used by the Company and discussed timely the finding of preliminary audit with the Company's management. At the end of year-end audit, EY followed up the finding on the preliminary audit stage and conducted detailed audit procedures for all major subjects, and communicated the finding of year-end audit with the Company's management.

In order to successfully complete the audit in 2023 and issue relevant audit reports, the Audit and Related Party Transaction Control Committee of the Board of Directors authorized the Finance Management Department of the Company to discuss with EY about the planning of audit work, audit progress, valuation of financial instruments, scope of consolidation, timing of initial draft and final draft of the audit report, etc. During the auditing, the Audit Committee made multiple rounds of supervision. On March 27, 2024, EY issued the standard unqualified audit reports to the Company within the scheduled time.

## SECTION IV CORPORATE GOVERNANCE

### Remuneration, Nomination and Credentials Committee

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

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

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

## SECTION IV CORPORATE GOVERNANCE

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

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

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

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

## SECTION IV CORPORATE GOVERNANCE

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

<b>Project</b>	<b>Type</b>	<b>Number</b>	<b>As a percentage of Board members</b>
Gender	Male	11	100%
	Female	0	0%
Age	40-50	3	27%
	51-60	6	55%
	61-70	2	18%
Title	Executive Director	2	18%
	Non-executive Director	4	36%
	Independent non-executive Director	5	45%
Length of term served as the Board members of the Company	Within 5 years (inclusive)	8	73%
	5-10 years (not including 5 years, including 10 years)	3	27%
	Over 10 years (exclusive)	0	0%
Length of term served in securities and finance	Within 20 years	4	36%
	20-30 years (not including 20 years, including 30 years)	5	46%
	Over 30 years (exclusive)	2	18%
Expertise or strength in economy/finance/accounting	N/A	10	91%

## SECTION IV CORPORATE GOVERNANCE

The Rules of Procedure of the Remuneration, Nomination and Credentials Committee has been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Remuneration, Nomination and Credentials Committee convened 8 meetings as follows:

<b>Date of meeting</b>	<b>Contents of meeting</b>	<b>Important comments and suggestions</b>	<b>Performance of other duties</b>
January 6, 2023	The twelfth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Appointment of Business Director of the Company	–
March 29, 2023	The thirteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	–	To listen to the report on the suggestions on the structure, number and composition of the Board of Directors To listen to the report on performance appraisal and remuneration of Directors of the Company for 2022 To listen to the report on execution of duty, performance appraisal and remuneration of the senior management of the Company for 2022
May 30, 2023	The fourteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Nomination of Mr. Xie Song as the Non-executive Director Candidate of the Company	–
June 30, 2023	The fifteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Appointment of Vice President of the Company	–
July 18, 2023	The sixteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider on the Resolution on the Evaluation Plan on the Senior Management of the Company in 2022	–
August 23, 2023	The seventeenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider on the Resolution on Assessment of the Chief Compliance Officer of the Company for 2022	–
October 25, 2023	The eighteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Remuneration and Benefits Management Measures of the Company	–
December 27, 2023	The nineteenth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Evaluation and Remuneration Plan for Directors and Senior Management of the Company for the Year 2022	To listen to the opinion on the compliance assessment of the senior management of the Company for 2022



## SECTION IV CORPORATE GOVERNANCE

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

<b>Name</b>	<b>Position</b>	<b>Number of actual attendance/number of required attendance</b>
Ren Yongping (chairman)	Independent non-executive Director	8/8
Song Bingfang	Non-executive Director	8/8
Chan Ming Kin	Non-executive Director	8/8
Yin Junming	Independent non-executive Director	8/8
Liu Yunhong	Independent non-executive Director	8/8

### Risk Management Committee

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

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

## SECTION IV CORPORATE GOVERNANCE

The Rules of Procedure of the Risk Management Committee has been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Risk Management Committee convened 4 meetings as follows:

<b>Date of meeting</b>	<b>Contents of meeting</b>	<b>Important comments and suggestions</b>	<b>Performance of other duties</b>
March 30, 2023	The seventh meeting of the sixth session of the Risk Management Committee	To consider the Resolution in Respect of the Compliance Work Report of the Company for 2022 To consider the Resolution in Respect of the Risk Evaluation Report of the Company for 2022 To consider the Resolution on the Risk Control Indicators of the Company for 2022	–
April 26, 2023	The eighth meeting of the sixth session of the Risk Management Committee	To consider the Resolution in Respect of the Company's Risk Preference for 2023	–
August 23, 2023	The ninth meeting of the sixth session of the Risk Management Committee	To consider the Resolution on the Risk Assessment Report of the Company for the First Half of 2023 To consider the Resolution on the Risk Control Indicators of the Company for the First Half of 2023	–
September 12, 2023	The tenth meeting of the sixth session of the Risk Management Committee	To Consider the Resolution on the Implementation of Settlement Proposal for MPS Project Senior Investors	–

## SECTION IV CORPORATE GOVERNANCE

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

<b>Name</b>	<b>Position</b>	<b>Number of actual attendance/number of required attendance</b>
Wang Yong (chairman)	Independent non-executive Director	4/4
Song Bingfang	Non-executive Director	4/4
Fu Jianping (resigned on June 30, 2023)	Non-executive Director	2/2
Yin Yanwu	Non-executive Director	4/4
Po Wai Kwong	Independent non-executive Director	4/4
Liu Yunhong	Independent non-executive Director	4/4

### Strategy and Sustainable Development Committee

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

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

## SECTION IV CORPORATE GOVERNANCE

The Rules of Procedure of the Strategy and Sustainable Development Committee has been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Strategy and Sustainable Development Committee convened 1 meeting as follows:

<b>Date of meeting</b>	<b>Contents of meeting</b>	<b>Important comments and suggestions</b>	<b>Performance of other duties</b>
March 29, 2023	The second meeting of the sixth session of the Strategy and Sustainable Development Committee	To consider the Resolution in Respect of the Social Responsibility/ESG Report of the Company in 2022	–

During the Reporting Period, the attendance of the members of the Strategy and Sustainable Development Committee at meetings is as follows:

<b>Name</b>	<b>Position</b>	<b>Number of actual attendance/number of required attendance</b>
Zhao Ling (chairman)	Chairman of the Board, Executive Director	1/1
Liu Qiuming	Executive Director, President	1/1
Fu Jianping (resigned on June 30, 2023)	Non-executive Director	1/1
Yin Yanwu	Non-executive Director	1/1
Tian Wei (resigned on April 20, 2023)	Non-executive Director	1/1
Yu Mingxiong (resigned on April 7, 2023)	Non-executive Director	1/1
Xie Song (appointed as a Non-executive Director of the Company on June 29, 2023)	Non-executive Director	0/0
Wang Yong	Independent Non-executive Director	1/1

During the Reporting Period, the independent non-executive Directors convened the first special meeting of the six session of the independent Directors on December 29, 2023, at which the Work Plan on Implementation of System Reform of Independent Directors of the Listed Companies and the Resolution on Formulation of Working Rules of the Special Meeting of Independent Directors of the Company were considered.

## SECTION IV CORPORATE GOVERNANCE

### VIII. Supervisory Committee

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

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

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

For the year of 2023, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee, the Supervisory Committee of the Company performed its duties earnestly and diligently, and supervised the Company's legal compliance operation, financial status, and the duty performance by the Board of Directors and the Company's management. During the Reporting Period, the Supervisory Committee of the Company held a total of six meetings, including three on-site meetings, one correspondence meeting and two meetings held on-site and through correspondence.

Session of meeting	Date of meeting	Meeting resolutions
Seventeenth meeting of the sixth session of the Supervisory Committee	March 29, 2023	<p>To listen to the report on the operations of the Company for 2022</p> <p>To consider the Resolution in respect of the Annual Report and Its Summary of the Company for 2022</p> <p>To consider the Resolution in respect of the 2022 Profit Distribution Plan of the Company</p> <p>To consider the Resolution in respect of the Work Report of the Supervisory Committee of the Company in 2022</p> <p>To consider the Resolution in respect of the Work Plan of the Supervisory Committee of the Company in 2023</p> <p>To consider the Resolution in respect of the Social Responsibility/ESG Report of the Company in 2022</p> <p>To consider the Resolution in Respect of the Risk Assessment Report of the Company in 2022</p> <p>To consider the Resolution in Respect of the Evaluation Report of Internal Control of the Company in 2022</p> <p>To review the Resolution in Respect of the Audit Report of Internal Control of the Company in 2022</p> <p>To consider the Resolution in Respect of the Compliance Work Report of the Company in 2022</p> <p>To listen to the report on anti-money laundering work of the Company for 2022</p> <p>To listen to the report on integrity management of the Company for 2022</p> <p>To consider the Resolution in Respect of the Performance Evaluation Results of the Directors of the Company in 2022</p>

## SECTION IV CORPORATE GOVERNANCE

Session of meeting	Date of meeting	Meeting resolutions
Eighteenth meeting of the sixth session of the Supervisory Committee	April 26, 2023	To listen to the report on performance evaluation and remuneration of the Supervisors of the Company for 2022
		To listen to the report on audit work and audit rectification of the Company in 2022
		To listen to the report on the operations of the Company for the first quarter of 2023
		To consider the Resolution in Respect of First Quarterly Report of the Company for 2023
		To listen to the internal audit report of the Company for the first quarter of 2023
Nineteenth meeting of the sixth session of the Supervisory Committee	July 18, 2023	To consider the Resolution in Respect of Amendment to the Management Measures on Reputational Risk and Public Opinion Work of Everbright Securities Company Limited
		To listen to the report on the operations of the Company for the first half of 2023
Twentieth meeting of the sixth session of the Supervisory Committee	August 23, 2023	To consider the Resolution in Respect of the Interim Report and Its Summary of the Company for the First half of 2023
		To consider the Resolution in Respect of the Risk Assessment Report of the Company in the First Half of 2023
		To consider the Resolution on the Risk Control Indicators of the Company for the First Half of 2023
		To listen to the report on internal audit work and audit rectification of the Company in the first half of 2023
		To listen to the report from the auditor
Twenty-first meeting of the sixth session of the Supervisory Committee	October 25, 2023	To listen to the report on the operations of the Company for the first three quarters of 2023
		To consider the Resolution in Respect of Third Quarterly Report of the Company for 2023
		To listen to the internal audit report of the Company for the first three quarters of 2023
Twenty-second meeting of the sixth session of the Supervisory Committee	December 27, 2023	To consider the Resolution in Respect of the Appraisal Results of and Remuneration Proposal for the Chairman of the Supervisory Committee of the Company in 2022

## SECTION IV CORPORATE GOVERNANCE

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

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

Note 1: Mr. Wu Chunsheng resigned on January 18, 2024. During the Reporting Period, Mr. Wu Chunsheng was required to attend six meetings of the Supervisory Committee and actually attended six meetings of the Supervisory Committee.

Note 2: Mr. Wang Hongyang resigned on May 12, 2023. During the Reporting Period, Mr. Wang Hongyang was required to attend two meetings of the Supervisory Committee and actually attended two meetings of the Supervisory Committee.

### (II) Trainings of Supervisors

The Company attaches great importance to the continuous trainings of Supervisors to ensure they have proper understanding of the Company's operation, business and the latest regulatory requirements. During the Reporting Period, the Supervisors of the Company participated in the 2023 training session for directors, supervisors and senior executives of listed companies under the jurisdiction of Shanghai and the special training on the reform of the independent director system organized by the Listed Companies Association of Shanghai, the training session for the chairman of the supervisory committee organized by the China Association for Public Companies, the special training on the analysis of the policy of the IPO registration-based reform of listed companies jointly organized by the CSRC Shanghai Office and the China Association for Public Companies, the special training on investment information declaration of directors and supervisors of the Company, and the relevant training on anti-money laundering and financial treatment organized by Deloitte and Ernst & Young.

## SECTION IV CORPORATE GOVERNANCE

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

#### (I) Information about the staff

##### 1. Information about the staff

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

Number of staff employed by the parent company	6,149
Number of staff employed by the major subsidiaries	1,915
The total number of staff employed	8,064
Number of paid retired staff of the parent company and its subsidiaries	0

#### Profession Composition

Profession	Number
Brokerage business personnel	5,198
Investment banking personnel	616
Research personnel	146
Assets management personnel	274
Investment business personnel	117
Information technology personnel	463
Financial personnel	144
Compliance/Risk control/Internal audit personnel	246
Other business and administration personnel	860
Total	8,064

#### Education

Levels of education	Number
Doctoral degree and above	60
Master's degree	2,614
Bachelor's degree	4,451
Others	939
Total	8,064

#### Gender

Gender	Number
Male	4,214
Female	3,850
Total	8,064



## SECTION IV CORPORATE GOVERNANCE

2. In 2023, the Company strictly complied with the relevant provisions of the Interim Provisions on the Administration of Securities Brokers 《證券經紀人管理暫行規定》, the Opinions on On-site Verification of Securities Brokers System 《證券經紀人制度現場核查意見書》 and its internal system. The Company centralized management of securities brokers to further regulate the practice of securities brokers to safeguard the legitimate rights and interests of clients through improving rules and regulations, the internal control mechanism, the support system and internal training. As of the end of the Reporting Period, the Company had 204 securities brokerage branches to carry out securities brokerage business, and 1,011 domestic securities brokers in China, all of which have registered with the Securities Association of China.

As of December 31, 2023, the Company's male employees accounted for 52.26% and female employees accounted for 47.74%. Among the senior management, two were female, and the Company will continue to strive to achieve a balance of gender diversity.

### (II) Remuneration Policy

The Company continues to establish and improve its remuneration management mechanism. The Company integrates the culture concept of "compliance, integrity, professionalism and prudence" into its remuneration management, and combines remuneration management into reputational risk management system. The Company links remuneration management closely to performance appraisal, fully takes into account factors such as professional conduct, business integrity, compliance and risk control, performance of social responsibility and customer service level, adheres to the basic principles of combining incentives and constraints, balancing fairness and efficiency, reconciling efficiency and risks, and aligning both remuneration and performance. The Company has also established incentive and restraint mechanisms that match the business characteristics and risk level, including but not limited to mechanisms for deferred payment, withholding payment of compensation, recourse and recovery, to enhance the binding effect of remuneration management.

The Company implements a salary system based on post and performance. Wages are linked to job type, level, value contributions; the bonus is linked to performance contribution, risk of compliance, continued service and other factors.

The Company offers a comprehensive welfare plan, and pay legal benefits according to the contents and standards required by the state; the Company's benefits include paid leave, supplementary commercial insurance, annual physical examination, enterprise annuity, etc.

According to relevant regulations, the Company shall pay social security and benefit contributions which are determined at a certain percentage of relevant salaries of the employees to the labor and social welfare authorities, on a regular basis. Such social benefit schemes are defined contribution schemes. For details, please refer to Note 50 to the consolidated financial statements.

### (III) Training plan

In 2023, the Company pursued the Party's organizational line in the new era for its education and training. By combining the requirements of thematic education and inspection and rectification, and emphasizing on education and training, the Company created a talent team consisting of cadres who are politically solid, and professionally competent with a fine style of work, so as to pool efforts to advance its high-quality development.

First, the Company gave prominence to political guidance and strengthen theoretical innovation about Party. The Company always gave priority to learning and implementing the spirit of the 20th CPC National Congress, Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the Central Financial Work Conference. Through centralized training and online learning platform, the Company guided cadres and staff to strengthen political learning, to arm their minds, guide their practice and implement their work with the Party's innovative theory.

Second, the Company firmly took the grass roots as orientation and strengthened the construction of front-line cadres and talents. Combining with the research results, the Company carried out targeted training for reserve talents, new cadres and award-winning cadres in the wealth management line to achieve precise empowerment.

Third, the Company improved the mechanism of endogenous talent cultivation and created good atmosphere for talent development. The Company carried out the "100-day growth plan" for new employees recruited from schools to promote the culture of "the seniors leading the newcomers" and "mentorship"; and organized professional talent training to realize the sharing and inheritance of excellent experience. The Company held thematic seminars on the career development and emotional needs of employees to create a profession-pursuing and positive atmosphere.

### (IV) Labor outsourcing

The Company has not utilized any material outsourced labor services. In the year of 2023, the average number of outsourced dispatch employees of the Company was 81 and the total amount of remuneration cost paid for outsourced dispatch was RMB17.7809 million.

## SECTION IV CORPORATE GOVERNANCE

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

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

##### 1. *The profit distribution policy of the Company*

The Company emphasizes the return for shareholders. The Articles of Association explicitly provides for the Company's profit distribution policy and the Company has formulated the Management Measures for Profit Distribution of Everbright Securities Company Limited 《光大證券股份有限公司分紅管理制度》. The relevant profit distribution provisions of the Articles of Association clearly stipulate the specific conditions for the adjustment of the established policy, especially the cash dividend distribution policy, the decision-making procedures and mechanism, and the priority of the cash dividends in comparison to bonus shares in the profit distribution, the interval time and the specific conditions of cash dividends distribution, the conditions of the issuance of bonus shares, etc.

As at the date of this report, the Company is not aware of any Shareholder who has waived or agreed to waive any arrangement related to dividends.

##### 2. *The implementation of the Company's 2022 profit distribution during the Reporting Period*

During the Reporting Period, the 2022 annual general meeting of the Company considered and approved the Resolution in relation to the Company's 2022 Profit Distribution Proposal. On August 22, 2023, the Company's 2022 profit distribution was completed.

##### 3. *The 2023 profit distribution plan*

The 35th meeting of the sixth session of the Board considered and approved the Company's profit distribution proposal for 2023: on the basis of a total share capital of 4,610,787,639 shares (comprising A Shares and H Shares) in issue as of December 31, 2023, a cash dividend of RMB2.803 (tax inclusive) per 10 shares is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB1,292,403,775.21. The above distribution proposal will be submitted to the Company's general meeting for review, and will be implemented after the proposal is approved by the general meeting.

Cash dividend is denominated and declared in RMB, and paid to holders of A Shares in RMB and to holders of H Shares in HKD. The actual distribution amount in HKD would be calculated at the average benchmark exchange rate of RMB against HKD published by the PBOC for one week (including the date of the annual general meeting) prior to the 2023 annual general meeting of the Company.

The Company will announce in due course the date of the 2023 annual general meeting, and for the purpose of ascertaining the eligibility of the shareholders to attend and vote at the forthcoming annual general meeting, the timing for which the register of members of the Company will be closed. The Company will publish separate announcements on the record date and book closure period for the payment of the dividends to the holders of H Shares, as well as the record date and the date for the payment of the dividends to holders of A Shares.

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

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

## **SECTION IV CORPORATE GOVERNANCE**

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

The twenty-seventh meeting of the sixth session of the Board of Directors of the Company considered and approved the Evaluation Plan on the Senior Management of the Company in 2022. The thirty-second meeting of the sixth session of the Board of Directors of the Company carried out an evaluation on the senior management of the Company in accordance with the Articles of Association of Everbright Securities Company Limited, the Evaluation Plan on Senior Management of the Company in 2022 and other requirements. The remuneration of the senior management of the Company shall be considered and approved by the Board of Directors. The Company has not yet developed any equity incentive system.

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

As of the end of the Reporting Period, the Company has established an internal control system comprehensively covering all departments, branches and subsidiaries of the Company. The Company fully implemented the spirit of the 20th CPC National Congress, consolidated and deepened the results of inspection and rectification, and carried out the work of "System Implementation Year" during the Reporting Period. With the goal of implementing internal and external regulations, strengthening internal control construction, and enhancing the execution of the system, the Company comprehensively sorted through the existing rules and regulations, adhered to checking the system defects and omissions, refining and implementing the system so as to drive the high-quality development of the Company.

During the Reporting Period, on the basis of routine supervision and professional inspections on internal control, the Company has organized and implemented the evaluation and procedures on internal control to evaluate and improve the effectiveness of the Company's risk management and internal control measures. Through benchmarking existing policies, systems and business procedures, the Company has identified defects in internal control, formulated rectification plans on defects in internal control and urged all entities to analyze defects in internal control and implement rectifications. The evaluation results of internal control can truthfully and accurately reflect the operation of the Company's internal control.

### **XIII. Management and Control of Subsidiaries during the Reporting Period**

The Company has formulated the Management Measures for Subsidiaries of Everbright Securities Company Limited 《光大證券股份有限公司子公司管理辦法》, established a management model on subsidiary lines with the coordination of leading departments and centralized management of professional functional departments. It fully performs supervision, management, guidance and service functions on all lines of majority-owned subsidiaries, strengthens vertical management and control and penetration management over subsidiaries, further clarifies the scope of authorities and enhances process management and control. It has adopted various management and control measures on corporate governance, compliance and risk control, finance and personnel, evaluation and supervision.

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

In accordance with relevant provisions of the Corporate Internal Control Audit Guidelines, Ernst & Young Hua Ming LLP (Special General Partnership) issued a standard unqualified internal control audit report. For details, please refer to the 2023 Annual Internal Control Audit Report of Everbright Securities Company Limited disclosed by the Company on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

## SECTION IV CORPORATE GOVERNANCE

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

During the Reporting Period, the Company continued to improve its corporate governance structure towards independent functioning and checks and balances among general meeting, the Board, the Supervisory Committee and the management, so that each level played its part within their respective scope of duties and authorizations to ensure standardized operation of the Company. The Company will improve the corporate governance according to laws and regulations, further expand the depth and width of the participation of Directors and Supervisors in corporate governance through various means so as to enhance the quality of the listing company.

### XVI. Investor Relations

#### (I) Overview of investor relations

The Company attaches great importance to the management of investor relations, and has developed sound policies and systems such as the Investor Relations Management System, practices the principle of popular nature in financial work in an all-round manner to earnestly strengthen investor protection 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, email 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 obtained the information of the Company in a timely, accurate and comprehensive manner through proactively participating in "SSE E-Interaction" and investor collective reception day activities, attending investment strategy conferences held by securities firms or investment forums and other means. Shareholders may send any inquiries to the office address of the Company by mail, hotline or letter to the office address of the Company and the Company will properly deal with such inquiries in a timely manner. The Company has always categorized and analyzed the questions raised by investors and analysts to continuously improve the professionalism, standardization, personalization and thus the quality of investor relations management work, maintain a good relationship with the capital market and effectively exert the transmission function of the capital market.

In 2023, adhering to the principles of compliance, equality, proactivity and integrity, the Company successfully held the 2022 annual results briefing and the 2023 interim results briefing for all investors through live streaming on the platforms such as SSE Roadshow Center, Roadshow China and eastmoney.com, and communicated with all investors in real time in respect of the Company's operations. The total number of viewers on all platforms exceeded 47,000. The Company won the "Best Practice Award for the 2022 Annual Report Results Briefings" by China Association of Public Companies. During the Reporting Period, the Company responded to the inquiries of approximately 30 persons in total from various institutions including securities firms and fund companies on-site and online in 10 events; the Company attended 11 investment strategy conferences held by securities firms where the Company communicated sufficiently with investors and analysts on matters including the industry development trend, and the results of operations and business development strategies of the Company. The Company optimized the work mechanism on responding to investors' inquiries, effectively enhanced the protection of investors' interests, listened to over 200 phone calls from investors, and answered questions raised through "SSE E-Interaction" for 49 times. Based on efficient and good shareholder relations, the Company won the "Best Shareholder Relations Award" at "The 7th China IR Excellence Awards" in the roadshow.

## SECTION IV CORPORATE GOVERNANCE

To further implement the relevant requirements of the Measures for the Administration of Independent Directors of Listed Companies, effectively improve the performance capability of the independent Directors of the Company and establish a sound communication mechanism between independent Directors and the minority shareholders, the Company has established an independent Director mailbox at [independentdirector@ebscn.com](mailto:independentdirector@ebscn.com), to build a platform for large, medium and small investors to communicate and exchange views with independent Directors.

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

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

Facsimile: +86-21-22169964

Email: [ebc@ebscn.com](mailto:ebc@ebscn.com)

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

Postal code: 200040

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

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

The resolution on the amendments to the Articles of Association was considered and approved at the 2023 second extraordinary general meeting. The descriptions of the Party building in the Articles of Association were improved pursuant to the Constitution of the Communist Party of China 《中國共產黨章程》 (the "Constitution") and the Regulations on the Work of Grassroots Organizations of State-owned Enterprises of the Chinese Communist Party (for trial implementation) 《中國共產黨國有企業基層組織工作條例(試行)》 (the "Grassroots Organizations Work Regulations"). For details of the above amendments, please refer to the announcement dated December 6, 2023, the circular dated December 7, 2023 and the Articles of Association dated December 29, 2023 published on the website of the Hong Kong Stock Exchange.

## SECTION IV CORPORATE GOVERNANCE

### XVII. Insider Registration Management

During the Reporting Period, the Company amended the Insider Registration System of Everbright Securities Company Limited (《光大證券股份有限公司內幕信息知情人登記制度》), and further strengthened the insider registration and management, according to the requirements under the Guidelines for the Supervision and Administration of Listed Companies No. 5 – Measures on Registration of Insiders of Listed Companies' Inside Information (《上市公司監管指引第 5 號 – 上市公司內幕信息知情人登記管理制度》) issued by the CSRC and the Guidelines of Shanghai Stock Exchange No. 2 for the Application of Self-Regulation Rules for Listed Companies – Information Disclosure Management (《上海證券交易所上市公司自律監管指引第 2 號 – 信息披露事務管理》) and other relevant laws and regulations. The Company strictly complied with the system requirements to register and manage insiders, keep inside information confidential, prevent insider dealing and protect the principle of fairness in information disclosure.

### XVIII. Changes on Information Disclosure Management System

During the Reporting Period, in accordance with the requirements under the Shanghai Stock Exchange Listing Rules and the Guidelines of Shanghai Stock Exchange No. 2 for the Application of Self-Regulation Rules for Listed Companies – Information Disclosure Management (《上海證券交易所上市公司自律監管指引第 2 號 – 信息披露事務管理》) and other relevant laws and regulations, the Company amended the Measures of Managing Information Disclosure of Everbright Securities Company Limited (《光大證券股份有限公司信息披露事務管理制度》) and the Disclosure Deferral and Exemption Management System of Everbright Securities Company Limited (《光大證券股份有限公司信息披露暫緩與豁免管理制度》) to incorporate the amendments to the relevant regulatory provisions into the internal systems of the Company. The relevant systems of information disclosure of the Company covered basic principles, content, process of information disclosure, as well as suspension and exemption thereof, etc. Such changes on the information disclosure management system will not adversely affect the investor's interests.

### XIX. Other Matters on Corporate Governance

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

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the auditor's responsibilities for the audit of the consolidated financial statements included in the financial report of this report. Each statement shall be understood separately.

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

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

## SECTION IV CORPORATE GOVERNANCE

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

#### 1. *Current external auditors*

According to the Articles of Association, appointment of external auditors of the Company shall be decided by the general meeting, and the auditors shall serve a term of one year and may be reengaged. In view of the fact that Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are able to complete the work entrusted by the Company, adhere to the principles of independence, objectivity and impartiality, comply with the relevant accounting standards and professional ethics of accountants and perform audit duties diligently, the twenty-seventh meeting of the sixth session of the Board and the first extraordinary general meeting in 2023 considered and approved the Resolution Regarding the Re-appointment of External Auditors for 2023 and agreed to (1) reappoint Ernst & Young Hua Ming LLP (Special General Partnership) as the PRC external auditor of the Company for the year 2023 to be responsible for providing relevant domestic audit services in accordance with the PRC GAAP and other requirements; (2) reappoint Ernst & Young as the overseas external auditor of the Company for the year 2023 to be responsible for providing relevant overseas audit and review services in accordance with the IFRSs; (3) authorize the management of the Company to enter into contracts related to the re-appointment of accounting firms.

In 2023, the Company's audit fees for domestic audit services and internal control amounted to RMB4.58 million; the audit fees paid to the overseas accounting firm for its provision of audit advice for EBSI and its subsidiaries amounted to HK\$4.82 million (equivalent to approximately RMB4.34 million).

In 2023, the Company paid the non-audit service fee of approximately RMB0.46 million to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young, among which, related service fees for its provision of review services on investment indicators of information technology development and audit services on anti-money laundering to the parent company amounted to RMB92,000 and RMB330,000, respectively, and the service fee for its provision of consulting services for the application of enterprise talents incentive payment to Everbright Pramerica Fund Management Co., Ltd., a subsidiary of the Company, amounted to RMB38,000, totaling RMB0.46 million.

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

#### 2. *Changes of external auditors in the past three years*

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

### (III) Compliance with Model Code for Securities Transactions

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

### (IV) Company secretary

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

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

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. Particulars of Environmental Information

#### (I) Environmental information on the Company

The Company is not a major pollutant-discharging unit announced by the environmental protection authorities. During the Reporting Period, the Company has not been subject to any administrative punishment for environmental issue. Under the guidance of the sustainable development strategy, the Company attaches great importance to ecological and environmental protection, strictly performs the responsibilities for ecological and environmental protection, actively identifies the demand for green financing, advocates green operation, reduces resource consumption, and reduces carbon emissions. The Company has established a mechanism related to environmental protection, and made investment of RMB275,500 in environmental protection during the Reporting Period.

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

The Company actively performs its responsibility for an environmentally friendly society and implements the green development concept throughout the development process. In terms of green finance, the Company assisted Everbright Environment in issuing green medium-term notes which are panda perpetual medium-term notes with the largest scale in a single tranche in the market. The Company facilitated the issuance of the first "carbon neutral bond/rural revitalization" dual-label green medium-term note in Zhejiang Province and the proceeds will be fully utilized for the new energy bus business. In terms of green operation, the Company focuses on paperless transformation, upgrades the electronic office system, increases the number of cases handled by online approval process and its efficiency, and reduces paper use. The Company actively implements wastes classification, classifies wastes according to Shanghai's relevant household wastes classification standards, and collects and recycles wastes based on category. The Company comprehensively promotes the "Clear Your Plate (光盤行動) Campaign", calls on employees to take what is needed when having meals, reduces the amount of kitchen wastes generated and advocates a green lifestyle.



## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Whether measures are adopted for reducing carbon emission	Yes
Reduction of carbon dioxide emissions equivalent (unit: ton)	7,433.05
Type of measures for reducing carbon emission (such as using clean energy to generate electricity, adopting carbon emission reduction technology in the production, developing and producing new products for carbon emission reduction, etc.)	<ol style="list-style-type: none"> <li>1. Reasonably utilized natural light by using energy-saving bulbs to get into the habit of turning off lights in unoccupied areas, and reduced the power consumption of bulb lighting to extend the service life of bulbs.</li> <li>2. Took full advantage of natural ventilation by minimizing use of air conditioners. Turned off the air conditioner 30 minutes before leaving work, and set the temperature of the air conditioning to no lower than 26 degrees celsius in summer and no higher than 24 degrees celsius in winter.</li> <li>3. Set the water outlet temperature of the central air conditioning unit not lower than 9 degrees celsius in summer and not higher than 43 degrees celsius in winter, and reasonably adjusted the number of units for use.</li> <li>4. Set the brightness of the computer screen to a moderate level. Kept the standby mode when the computer is not in use.</li> <li>5. Disconnected the printer power for no printing to get into the habit of unplugging the computer, and completely disconnected the connection between the computer and the power supply.</li> <li>6. Promoted paperless office by sending work related materials through online communication methods such as email, WeChat and WeCom, to reduce the production and consumption of paper documents.</li> <li>7. Used double-sided printing when copying or printing documents to make full use of the two sides of a paper. Copy papers, one side of which has been used, can be turned onto the blank side for photocopying or cut out for making post-it notes or draft paper.</li> <li>8. Saved water resources by giving priority to water-saving appliances and facilities, such as water-saving faucets, water-saving toilets and flushing valves, and implemented water-saving measures from daily practice.</li> <li>9. Implemented the "Clean Your Plate Campaign" by calling on employees to order foods in an amount appropriate to their actual needs and take what is needed when having meals while reminding the kitchen to control the amount of foods cooked and reduce food wastes at the source.</li> </ol>

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. Work on Social Responsibilities

External donation, public welfare programs	Quantity/ content	Description
Total investment (RMB0'000)	773	The Company donated RMB7 million to the targeted assistance project in Xintian County, Hunan Province; The Company donated RMB0.5 million to the Everbright Sunshine Public Welfare Fund; The Company donated RMB50,000 to Miaoping Village, Xiji County, Ningxia; The Company donated RMB50,000 to Chengtang Village, Lianjiang Town, Xingguo County, Jiangxi Province; The Company donated RMB80,000 to Danxi Village, Xunwu County, Jiangxi Province; The Company donated RMB50,000 to Shaping Town, Wan'an County, Jiangxi Province.
Including: Funds (RMB'0,000)	773	-
Materials equivalent to cash (RMB'0,000)	0	-
Number of beneficiaries (person)	8,000	The number of beneficiaries is incomplete.

The Company has prepared the 2023 Environmental, Social and Governance Report of Everbright Securities Company Limited pursuant to the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Hong Kong Listing Rules. For details, please refer to the 2023 Environmental, Social and Governance Report of Everbright Securities Company Limited published by the Company on the HKEx website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). During the Reporting Period, the Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Poverty Alleviation and Rural Revitalization Project	Quantity/content	Description
Total investment (RMB0'000)	743.63	In 2023, the Company donated RMB7 million to the targeted assistance project in Xintian County, Hunan Province and continuously intensified fund support to targeted assistance counties; The Company donated RMB50,000 to Miaoping Village, Xiji County, Ningxia; The Company donated RMB50,000 to Chengtang Village, Lianjiang Town, Xingguo County, Jiangxi Province; The Company donated RMB80,000 to Danxi Village, Xunwu County, Jiangxi Province; The Company donated RMB50,000 to Shaping Town, Wan'an County, Jiangxi Province; The Company carried out consumption assistance in various forms to support the development of green food, organic agricultural products and agricultural products with geographical indications in counties, with a cumulative annual procurement amount of specialty products of RMB206,300.
Including: Funds (RMB'0,000)	743.63	-
Materials equivalent to cash (RMB'0,000)	0	-
Number of beneficiaries (person)	7,200	The number of beneficiaries is incomplete.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Poverty Alleviation and Rural Revitalization Project

Project	Quantity/ content	Description
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, educational poverty alleviation, etc.)	Financial assistance, industrial assistance, consumption assistance, intellectual assistance, public welfare assistance, talent assistance, organizational assistance, educational poverty alleviation and ecological poverty alleviation	<p><b>Consumption assistance:</b> In 2023, the Company carried out consumption assistance in various forms by supporting the development of green food, organic agricultural products and agricultural products with geographical indications in counties.</p> <p><b>Talent assistance:</b> The Company successively assigned outstanding cadres to hold temporary posts in Xintian County, Hunan Province, a county receiving targeted assistance, to put into practice targeted assistance. The Company organized financial knowledge training, skill training, technical support, entrepreneurial guidance and other services to grassroots cadres, professional technical personnel and rural revitalization leaders in four targeted assistance areas through online, offline and other methods.</p> <p><b>Organizational assistance:</b> Taking theme education as the carrier, the Company supported and encouraged excellent Party branches for joint learning and building with rural Party branches at the county level. In September 2023, the Company's Party members and the Party members and cadres in local poverty-stricken counties were selected to conduct Party development exchanges in four targeted assistance areas of the Company.</p> <p><b>Industrial assistance:</b> Everbright Futures has partnered with China Life Property &amp; Casualty Insurance Company Limited to launch the "insurance + futures" rubber project in Jinggu County, Yunnan Province which provided effective support for stable growth of income for local rubber farmers. Afterwards, this business model has been successfully applied to 106 counties and townships, including Xintian County, Hunan Province, Yanchang County, Yan'an City and Menglian County, Yunnan Province.</p>

The Company promotes the work of rural revitalization and targeted assistance in an all-round way according to the Opinions of the State Council on Comprehensively Promoting the Key Work of Rural Revitalization in 2023 (《國務院關於做好2023年全面推進鄉村振興重點工作的意見》).

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (I) Major work

#### 1. *Strengthening effective organization and leadership*

The Company established a rural revitalization leading group with the secretary to the Party Committee of the Company as the head and the deputy secretary to the Party Committee of the Company as the deputy head, and the rural revitalization office was set up under the leading group. Members of the leading group included more than 10 relevant functional departments of the Company, its subsidiaries, and the heads of its branches and securities brokerage branches of the places where pairing assistance projects are located. According to the annual work plan and division of responsibilities, the above-mentioned units continued to fulfil the main responsibilities of each unit and gave full play to the role of stronghold under the Party building guidance to enhance cohesion and effectiveness, effectively creating a work pattern of clear division of responsibilities and joint management.

#### 2. *Increasing financial support*

The Company constantly increased financial support for targeted assistance counties through external donations after taking into account targeted assistance, charitable donation and other actual conditions. In 2023, the Company donated RMB7 million to Xintian County, Hunan Province, the county receiving targeted assistance, for the continuous increase in financial support to targeted assistance counties; donated RMB80,000 to Danxi Village, Danxi Township, Xunwu County, Jiangxi Province for targeted assistance, RMB50,000 to Chengtang Village, Lianjiang Town, Xingguo County, Jiangxi Province, RMB50,000 to Shaping Town, Wan'an County, Jiangxi Province and RMB50,000 to Miaoping Village, Xiji County, Ningxia Hui Autonomous Region for the construction of beautiful countryside.

#### 3. *Continuing to assign cadres for temporary posts*

The Company continued to assign outstanding cadres to hold temporary posts in Xintian County, Hunan Province, a county receiving targeted assistance. Such cadres carried out targeted assistance under the leadership of county committees and country governments and consciously treated the "temporary position" as the "formal position". With the improvement of people's wellbeing as the first priority for assistance, the cadres earnestly fulfilled assistance responsibilities, formulated assistance measures in a scientific manner, fully devoted themselves to assistance work by securing funds from the higher level and approaching the grassroots frontline. Since 2016, the Company has been donating, without consideration, the funds for targeted assistance of over RMB24 million in total to Xintian County with over 60 targeted assistance projects completed.

#### 4. *Conducting in-depth investigation and research*

The leading party of the Company carried out on-site investigation and research on targeted assistance projects in Xintian County, Hunan Province and prepared research reports themed at the "Emphasis on Entrenching Achievements and Taking Advantages of Industry and Finance to Fully Promote Rural Revitalization to a New Level" (《聚焦成果鞏固，發揮產融優勢全力推動鄉村振興工作再上新台階》) and "Continuous In-depth Investigation and Research with a Focus on Solving Issues related to People's Livelihoods to Boost Rural Revitalization in Xintian County" (《持續深化調查研究聚焦解決民生實事助推新田鄉村振興》) by setting the topic of investigation and research as "persisting on the requirements of high-quality development, focusing on key issues in consolidating the results of poverty alleviation and accelerating economic development and revitalization in counties", as a result of which, difficulties have been identified and overcome, and the transformation of investigation and research results was properly done.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### 5. *Making innovation in poverty alleviation through consumption*

The Company carried out consumption assistance in various forms, continuously promoted consumption assistance, supported the development of green food, organic agricultural products and agricultural products with geographical indications in counties, and assisted in solving the issue on the “last kilometer” in rural industrial development. The Company purchased specialty products for a total of RMB206,300 to contribute to the development of distinctive industries in poverty-stricken areas with practical actions.

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

The Company will implement precise policies and made precise efforts by strictly following the working requirements on rural revitalization and targeted assistance and after taking into account its own characteristics and the industrial structure of targeted assistance areas.

Firstly, the Company will continue to implement the requirements of industrial associations, strengthen its efforts to follow up, promote and implement the work guidance and key projects of Xintian County, a county receiving targeted assistance, and pay attention to, follow up and promote the implementation of key projects. It will strengthen the coordination and management of work on rural revitalization in all targeted assistance counties.

Secondly, the Company will give guidance on the implementation of the “insurance + futures” program, including guiding and promoting the “insurance + futures” program and other protective and development projects benefiting a wider group of market entities and farmers to be implemented in all targeted assistance counties. Meanwhile, the Company will introduce securities and bank participation, continuously carry out model innovation to serve the real economy, and facilitate the development of “agriculture, rural areas and farmers”.

Thirdly, the Company will leverage the advantages of its investment banking business by speeding up the process of project reserves and transformation through issuance and listing, refinancing, issuance of bonds and asset-backed securities, M&As and reorganization, issuance of mutual REITs on infrastructure and share issuance on the NEEQ to raise funds for county enterprises, contributing to the enrichment of people and the development of industries in counties.

Fourthly, the Company will carry out consumption assistance in various forms by fully utilizing the customer resources of the Company, its branches, securities brokerage branches and financial enterprises of Everbright Group. Through the “Shopping Wonderful (購精彩)” platform of Everbright and other channels, the Company will implement the requirements on the procurement of agricultural products from targeted assistance regions for use in internal canteens, the “love purchase” by labor unions at all levels and internal welfare activities.

Fifthly, the Company will follow the Party building guidance in rural revitalization, deeply carry out the publicity and education on core socialist values, continue to organize publicity and education activities in counties. It will advance joint building in targeted assistance areas to achieve new results, promote work in all areas by drawing upon experience gained on targeted assistance areas to assist the localities in establishing a sound rural governance system under the leadership of the Party branch and facilitate the modernization of rural governance capability in the localities.

Sixthly, the Company will continue to support the greening agriculture and rural development in targeted assistance regions, carry out ecological protection and environmental governance activities in rural areas, improve rural production and living service facilities and consolidate the achievements made in rural water security, thus serving the construction of beautiful countryside.

## **SECTION VI SIGNIFICANT MATTERS**

### **I. Performance of Undertakings**

In preparation of the listing of the Company's H Shares on the Hong Kong Stock Exchange, Everbright Group made relevant non-competition undertakings which were disclosed in the Company's prospectus. The independent non-executive Directors of the Company have reviewed the reply letters from subsidiaries of Everbright Group regarding their continuous compliance with the non-competition undertakings, and after taking into account the material and information obtained, believe that Everbright Group has complied with such non-competition undertakings during the financial year from January 1, 2023 to December 31, 2023.

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

On November 30, 2022, the MOF issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Kuai [2022] No. 31, the "Interpretation 16"), which stipulated that the "accounting treatment for deferred income tax related to assets and liabilities arising from individual transaction not subject to initial recognition exemption" would come into effect from January 1, 2023. The Company implemented the provision of Interpretation 16 on January 1, 2023, which applies to the recognition of deferred tax assets and liabilities for lease liabilities and right-of-use assets involved in individual transaction at the beginning of the earliest period in which the financial statements were first presented under Interpretation 16. The net amount of deferred tax assets and liabilities after offsetting is equal to the amount originally recognized on a net basis, and has no impact on items under the combined balance sheet presented on a net basis after offsetting.

## SECTION VI SIGNIFICANT MATTERS

### V. Appointment and Dismissal of Accounting Firms

Unit: Ten Thousand Yuan Currency: RMB

	<b>Current engagement</b>
Name of domestic accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Remuneration of domestic accounting firm	458
Years of audit service of domestic accounting firm	7
Name of certified public accounts of domestic accounting firm	Chen Qi (陳奇) and Wei Huanhuan (魏歡歡)
Cumulative years of audit service of certified public accounts of domestic accounting firm	4 years for Chen Qi and 3 years for Wei Huanhuan
Name of overseas accounting firm	Ernst & Young
Remuneration of overseas accounting firm	Note
Years of audit service of overseas accounting firm	7

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

Note: In 2023, the Company's audit fees for domestic audit services and internal control amounted to RMB4.58 million; the audit fees paid to the overseas accounting firm for its provision of audit advice for EBSI and its subsidiaries amounted to HK\$4.82 million (equivalent to approximately RMB4.34 million).

In 2023, the Company paid the non-audit service remuneration of approximately RMB0.46 million to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young.

The 27th meeting of the sixth session of the Board of the Company and the 2023 first extraordinary general meeting have considered and approved the Resolution on the Re-appointment of External Auditors for the Year 2023, to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the domestic external auditor of the Company for the year 2023; and re-appoint Ernst & Young as the overseas external auditor of the Company for the year 2023.

### VI. 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 Events and Subsequent Events" in this section.



## SECTION VI SIGNIFICANT MATTERS

### VII. 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, disciplinary punishment and self-disciplinary punishment imposed on the Company are as follows:

On February 20, 2023, the Shanghai Office of China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities 《關於對光大證券採取出具警示函措施的決定》(Hu Zheng Jian Jue [2023] No. 37) to the Company. The Company has improved the quality of the NEEQ projects and further improved the quality of supervision by studying and formulating the selection criteria and negative list of the NEEQ listed projects, and comprehensively sorting out the key points of the NEEQ business rule system and the Company's existing NEEQ projects.

On May 30, 2023, the Jiangsu Office of China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities Company Limited by the Jiangsu Office 《江蘇證監局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》([2023] No. 71) to the Company. The Company has submitted a written explanation to the Jiangsu Office. The Company further strengthened the on-site inspection on the continuous supervision on listed companies, strictly implemented the corresponding verification procedures, conducted comprehensive verification and demonstration of matters related to continuous supervision from multiple dimensions and perspectives, discovered non-compliance during the operation course of listed companies in a timely manner, supervised and organized listed companies to rectify in a timely manner, and communicated with and reported to the regulatory authorities in a timely manner.

## SECTION VI SIGNIFICANT MATTERS

On June 1, 2023, the National Association of Financial Market Institutional Investors issued the Decision on Self-disciplinary Punishment in the Inter-bank Bond Market 《銀行間債券市場自律處分決定書》 ([2023] No. 32), pursuant to which the Company was imposed self-disciplinary punishment of serious warning. The Company has carried out a comprehensive business self-examination and drew inferences about other cases from one instance, strictly implemented the requirements of internal and external rules and regulations before the issuance, and entered into confirmation letters with the issuers for the book-building interest rate range. In addition, all documents to be disclosed publicly should be carefully and cross checked to ensure that the disclosure content is accurate, complete and consistent.

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

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

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

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

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

Everbright Group is a controlling shareholder of the Company and hence a connected person of the Company.

##### *Exempt continuing connected transactions*

In the Group's daily operation, the Company and certain of its subsidiaries in China have entered into certain trademark license agreements with Everbright Group. Everbright Group has granted non-exclusive, non-transferable and royalty-free licenses to the Company and its subsidiaries, pursuant to which the Company and its subsidiaries are permitted to use certain trademarks owned by Everbright Group in China.

The transactions provided under abovementioned 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 has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with the maximum daily balance requirements set out in Rule 14A.53 of the Hong Kong Listing Rules. The waiver is valid until December 31, 2024.

## SECTION VI SIGNIFICANT MATTERS

### ***Non-exempt connected transactions***

#### *Lease Agreement*

References are made to the announcements of the Company dated January 19, 2023 and November 30, 2023. The leases of the offices of the Company's Hong Kong subsidiary expired in 2023 successively. In order to ensure the normal operation of ordinary work and business, on November 29, 2023, China Everbright Securities International Company Limited (as lessee), a wholly-owned subsidiary of the Company, and Everbright Centre Company (as lessor), a non-wholly owned subsidiary of Everbright Group, entered into the lease agreement in respect of the leased properties located in Wanchai, Hong Kong for an initial lease term of three years from May 1, 2023 to April 30, 2026, subject to the renewal options exercisable by China Everbright Securities International Company Limited for an extended lease term of up to seven years in total. The rent shall be approximately HK\$3.2 million per month (excluding rent-free period benefits), other fees include service charges of approximately HK\$0.5 million per month (subject to re-determination during the lease term) and licence fee of car parking space of HK\$6,000 per month.

Everbright Centre Company is a non-wholly owned subsidiary of Everbright Group. Accordingly, Everbright Centre Company, being an associate of Everbright Group, is a connected person of the Company.

In accordance with HKFRS 16 "Leases", the Group will recognise the value of right-of-use assets in its consolidated statement of financial position for leased properties under the lease agreement. The lease will be recognised as an acquisition of right-of-use assets which will constitute a transaction under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The value of the right-of-use asset to be recognized by the Group in respect of the lease is approximately HK\$278.4 million, calculated with reference to the present value of the aggregated lease payments to be made under the lease agreement in accordance with HKFRS 16. As the highest applicable percentage ratio of the lease (in aggregation with the transactions under the 2021 Everbright Group Property Leasing Framework Agreement (as defined below)) is more than 0.1% but less than 5%, the lease is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules, but is exempted from the requirement of approval from independent shareholders.

### ***Non-exempt continuing connected transactions***

#### *Property Leasing Framework Agreement*

In the Group's daily operation, 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 entered into the property leasing framework agreement with Everbright Group on December 6, 2021 (the "2021 Everbright Group Property Leasing Framework Agreement") for a renewal 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 relevant associates shall enter into specific transaction agreements to set out the specific terms and conditions in respect of the relevant leased property according to the principles, and within the parameters, which are determined under the 2021 Everbright Group Property Leasing Framework Agreement; (3) the Company or its subsidiaries and Everbright Group and its associates are entitled to lease additional floor area from and among the available properties owned by the other party during the term of the 2021 Everbright Group Property Leasing Framework Agreement and adjust rent accordingly; and (4) based on the relevant provisions of the transaction agreement, either party thereto may terminate any transaction by giving prior notice within a reasonable time to the other party (the market practice shall prevail if the relevant market practice for such transaction adopts shorter notice period).

## SECTION VI SIGNIFICANT MATTERS

In accordance with the 2021 Everbright Group Property Leasing Framework Agreement, the annual caps for the rental income from Everbright Group and its associates for leased properties were expected to be RMB8.0 million, RMB8.0 million and RMB9.2 million in 2022, 2023 and 2024, respectively; the annual caps for the rental expenses to be paid/the total value of right-of-use assets in respect of the properties rented from Everbright Group and its associates were expected to be RMB118.0 million, RMB184.0 million and RMB207.0 million in 2022, 2023 and 2024, respectively. In 2023, the actual amount of rental income from Everbright Group and its associates for leased properties was RMB3.65 million, and the rental expenses to be paid/the total value of right-of-use assets in respect of the properties rented from Everbright Group and its associates were RMB117.92 million.

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

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

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

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

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

In accordance with the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from Everbright Group and its associates for providing non-financial miscellaneous services is expected to be RMB5.0 million, RMB5.0 million and RMB5.0 million in 2022, 2023 and 2024, respectively; and the annual cap for the expenses to be paid by the Group for non-financial miscellaneous services provided by Everbright Group and its associates is expected to be RMB89.0 million, RMB104.0 million and RMB119.0 million in 2022, 2023 and 2024, respectively. In 2023, the actual amount of income from provision of non-financial miscellaneous services to Everbright Group and its associates by the Group was RMB0.02 million, and the expenses paid for the non-financial miscellaneous services provided by Everbright Group and its associates were RMB24.00 million.

## SECTION VI SIGNIFICANT MATTERS

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

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

### *Financial Products and Services Framework Agreement*

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

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

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

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

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

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

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively; and the annual cap for cash outflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively. In 2023, the actual cash inflow from the transactions of securities and financial products was RMB82,708 million; and the actual cash outflow from the transactions of securities and financial products was RMB109,376 million.

## SECTION VI SIGNIFICANT MATTERS

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

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

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for the revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates shall be RMB1,145 million, RMB1,374 million and RMB1,718 million in 2022, 2023 and 2024 respectively; and the annual cap for the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates shall be RMB849 million, RMB1,019 million and RMB1,274 million in 2022, 2023 and 2024, respectively. In 2023, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates was RMB342.51 million, and the expenses paid for the securities and financial services provided by Everbright Group and its associates was RMB137.59 million.

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

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

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

Save as disclosed above, neither the Company nor its subsidiaries has entered into any significant transactions, arrangements or contracts in which the controlling shareholders or their connected entities have, directly or indirectly, a material interest during the Reporting Period.

## SECTION VI SIGNIFICANT MATTERS

### (II) Confirmation of the auditors

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

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

### (III) Independent non-executive Directors' confirmation

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

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

## X. Material Contracts and Their Performance

### (I) Guarantee

*Unit: 100 million Currency: RMB*

#### **Guarantees provided by the Company (excluding guarantees for subsidiaries)**

Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)	–
Balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–

## SECTION VI SIGNIFICANT MATTERS

### Guarantees for subsidiaries by the Company and its subsidiaries

Total guarantees for subsidiaries during the Reporting Period	16.50
Balance of guarantees for subsidiaries as at the end of the Reporting Period (B)	46.13

### Total guarantees provided by the Company (including guarantees for subsidiaries)

Total guarantees (A+B)	46.13
Ratio of total guarantee to net assets of the Company (%)	6.79
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)	–
Amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	–
Outstanding guarantees subject to joint and several liabilities	–
Details of guarantees	

1. During the Reporting Period, the Company has provided the following guarantees: net capital guarantee for the wholly-owned subsidiary Everbright Asset Management, and guarantee for the offshore borrowings of the wholly-owned subsidiary EBSI. As of December 31, 2023, the balance of such guarantees was approximately RMB4.304 billion. The guarantees of the Company's holding subsidiaries mainly include: the wholly-owned subsidiary EBSI and its subsidiaries provided loan guarantees, financing guarantees and business guarantees for their subsidiaries, to facilitate their subsidiaries' business operation. As of December 31, 2023, the balance of such guarantees was approximately RMB0.309 billion.
2. The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.

The independent Directors of the Company conducted investigation and have an understand of the Company's external guarantee as of December 31, 2023, and expressed independent opinions and made special explanations as follows: the above guarantees are in compliance with the requirements of relevant laws and regulations and the relevant requirements of Chapter III of the Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Capital Transactions and External Guarantees of Listed Companies 《上市公司監管指引第8號－上市公司資金往來、對外擔保的監管要求》, and without prejudice to the legal rights of the Company and other Shareholders.



## SECTION VI SIGNIFICANT MATTERS

### XI. Other Events and Subsequent Events

#### 1. Relevant information on branches

In order to further optimize the Company's branch network, the Company has closed down the securities brokerage branches at Daxing, Beijing, Haibin North Road, Weihai, Construction North Road, Yunfu and Fushan Road, Pudong New Area, Shanghai (for details, please refer to the Company's announcements No. Lin 2023-006, No. Lin 2023-018, No. Lin 2023-023 and No. Lin 2023-044 published on the website of the SSE, and the Company's announcements dated February 25, 2023, May 20, 2023, June 17, 2023 and September 9, 2023 published on the website of the Hong Kong Stock Exchange), and newly set up the securities brokerage branch at Hubin East Road, Xiamen. The Company has performed procedures under the regulatory requirements. As of the disclosure date of this report, the Company had 242 securities brokerage branches.

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

On May 24, 2019, the Company filed a lawsuit against a person surnamed Shi due to a dispute over pledged securities repurchase, and the amount involved was approximately RMB45.99 million. For details, please refer to the Company's announcement No. Lin 2019-037 published on the website of the SSE and announcement dated May 31, 2019 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2020 annual report and 2021 interim report. At present, the execution of the case is completed.

On October 28, 2019, Xinjiang Tianshan Animal Husbandry Bio-engineering Co., Ltd. (新疆天山畜牧生物工程股份有限公司) filed a lawsuit against Everbright Capital due to a dispute over an equity transfer agreement, and the amount involved was approximately RMB35.1189 million. For details, please refer to the Company's 2022 annual report. At present, Everbright Capital has received the judgment of the second instance which rejected the request of Everbright Capital, and the original verdict was upheld.

On May 11, 2021, the Company filed a lawsuit against a person surnamed Yu due to the equity transfer dispute, and the amount involved was approximately RMB25.2549 million. For details, please refer to the Company's 2021 interim report, 2021 annual report and 2022 interim report. The Company has received the first instance judgment which ruled that the person surnamed Yu, the defendant, shall pay the equity repurchase consideration of RMB24.92 million and interest on overdue payments to the Company. At present, the case is in the process of compulsory enforcement.

On May 25, 2021, the Company filed a lawsuit against Shenzhen Qianhai Zhengfan Investment Management Co., Ltd. (深圳前海正帆投资管理有限公司) due to a dispute over a margin financing and securities lending transaction, and the amount involved was approximately RMB15.4648 million. For details, please refer to the Company's 2021 interim report. The Company has received the first instance judgment which ruled that Shenzhen Qianhai Zhengfan Investment Management Co., Ltd., the defendant, shall return the financing principal of approximately RMB14.2517 million to the Company, together with financing interest and fines. At present, the case is in the process of compulsory enforcement.

On January 14, 2022, Everbright Leasing filed a lawsuit against Shanghai Jinhui General Aviation Co., Ltd. (上海金匯通用航空股份有限公司) due to the disputes over the confirmation of bankruptcy claims, and the amount involved was approximately RMB200 million. For details, please refer to the Company's 2021 annual report. At present, Everbright Leasing has received the first instance judgment which basically supported claim of Everbright Leasing, the plaintiff, and ruled that the defendant shall compensate for losses totaling approximately RMB178 million.

## SECTION VI SIGNIFICANT MATTERS

On May 10, 2022, Daxinganling Rural Commercial Bank Co., Ltd. (大興安嶺農村商業銀行股份有限公司) filed a lawsuit against the Company (as a joint lead underwriter) due to the disputes over relevant responsibilities for securities of China Huayang Economic and Trading Group Co. Ltd. (中國華陽經貿集團有限公司), and the amount involved was approximately RMB65.479 million. For details, please refer to the Company's 2022 interim report and 2023 interim report. The court of first instance dismissed the claim and the plaintiff has filed appeal to the Beijing Higher People's Court. At present, the Company has received the second instance judgment which revoked the first instance judgment and instructed the court of first instance to hear the case.

On June 7, 2022, Everbright Photon Investment Management Co., Ltd. filed a lawsuit against Ningbo Gangjiu Longcang Storage Co., Ltd. (寧波港九龍倉儲有限公司) due to the disputes over a storage contract, and the amount involved was approximately RMB75.6644 million. For details, please refer to the Company's 2022 interim report and 2023 interim report. The case has been transferred from the Zhenhai Procuratorate to the Ningbo Procuratorate, and has now been transferred to the Ningbo Intermediate People's Court.

On August 9, 2022, China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司) (the manager of the China Resources Trust • Ruizhi No. 84 Collective Fund Trust Plan) filed a lawsuit against the Company (as a joint lead underwriter) due to a dispute over relevant responsibilities for securities of the CR Trust Bonds (華信債), and the amount involved was approximately RMB36.6962 million. The case has been accepted by the Shanghai Financial Court.

On October 10, 2022, Everbright Leasing filed a lawsuit against Wuxi Sunac City Investment Co., Ltd. (無錫融創城投資有限公司) due to a financial leasing contract dispute, and the amount involved was approximately RMB32.3498 million. For details, please refer to the Company's 2022 annual report. At present, Everbright Leasing has received the first instance judgment which ruled that Wuxi Sunac City Investment Co., Ltd., the defendant, shall pay the rental of approximately RMB28.3969 million, nominal payment of RMB1 million and overdue penalty interest to Everbright Leasing, the plaintiff, and the defendant has appealed.

On November 7, 2022, Chongqing Tongliang District Jinlong Urban Construction and Development (Group) Company Limited (重慶市銅梁區金龍城市建設發展(集團)有限公司) submitted a dispute over a bond underwriting agreement to China International Economic and Trade Arbitration Commission for arbitration against the Company as the respondent, and the amount involved was approximately RMB14.2968 million. For details, please refer to the Company's 2022 annual report. At present, the Company has received the award dismissing all claims of the claimant.

On November 24, 2022, the Company filed a lawsuit against Henan Huangchuan Huaying Poultry Group General Company (河南省潢川華英禽業集團總公司) due to a dispute over a margin financing and securities lending transaction, and the amount involved was approximately RMB216 million. For details, please refer to the Company's 2022 annual report and 2023 interim report. At present, the case is in the process of compulsory enforcement.

On March 13, 2023, a person surnamed Tan filed a lawsuit against five parties, including the Company's securities brokerage branch at Liyuan Road, Xinxing, Yunfu and a person surnamed Zhang, due to a dispute over a wealth management entrustment contract, and the amount involved was approximately RMB10.00 million. For details, please refer to the Company's 2023 interim report. At present, the first instance judgment has been received which rejected all the litigation claims of the plaintiff against the Company. The plaintiff has appealed.

## SECTION VI SIGNIFICANT MATTERS

On August 7, 2023, Guanghang No. 2 (Tianjin) Leasing Co., Ltd. (光航二號(天津)租賃有限公司) filed a lawsuit against Shaanxi Jinggong General Aviation Co., Ltd. (陝西精功通用航空有限公司) due to a dispute over a financial leasing contract, and the amount involved was approximately RMB12.8935 million. For details, please refer to the Company's 2023 interim report. The first instance judgment has been received which ruled that Shaanxi Jinggong General Aviation Co., Ltd., the defendant, shall pay the rental of approximately RMB12.1781 million, retention purchase price and liquidated damages to Guanghang No. 2 (Tianjin) Leasing Co., Ltd., the plaintiff. At present, the case is in the process of compulsory enforcement.

The Company filed fourteen lawsuits with the People's Court of Jing'an District of Shanghai and the Shanghai Financial Court due to the disputes over margin financing and securities lending transactions, and the total amount involved in the above fourteen cases was approximately RMB435 million in total. For details, please refer to the Company's 2020 annual report, 2021 interim report, 2022 interim report, 2022 annual report and 2023 interim report. However, the Company resumed enforcement after receiving the final award for the case against the persons surnamed Xu, Shi and Jing. The People's Court of Jing'an District of Shanghai dismissed the other thirteen of the claims as a defendant surnamed Jing was involved in a criminal proceeding. After the Company has filed appeals, the Shanghai Financial Court revoked the original rulings and instructed the People's Court of Jing'an District of Shanghai to retry all thirteen cases.

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

On June 5, 2023, Yihe Yinfeng Tianyuan (Tianjin) Group Co., Ltd. (頤和銀豐天元(天津)集團有限公司) filed a lawsuit against the Company (as an independent financial adviser) due to a dispute over relevant responsibilities for securities of Tianyu Digital Technology (Dalian) Group Co., Ltd. (天娛數字科技(大連)集團股份有限公司), and the amount involved was RMB10,000. The case has been accepted by the Intermediate People's Court of Dalian, Liaoning Province. On October 13, 2023, the Company has received an application for claim change served by the court, under which the plaintiff changed the claim amount, and the amount involved was changed to approximately RMB260 million.

On August 15, 2023, a person surnamed Wu filed a lawsuit against the Company due to a labor dispute, and the amount involved was approximately RMB17.7734 million. The case has been accepted by the Jing'an District Labor and Personnel Dispute Arbitration Commission of Shanghai. At present, the judgment has been issued which ruled that the Company shall pay economic compensation of RMB182,745 for the termination of the labor contract to the person surnamed Wu, and other claims of the person surnamed Wu were not supported. The person surnamed Wu has filed a lawsuit with the People's Court of Jing'an District of Shanghai, and the amount involved has been changed to RMB17.5374 million.

On December 1, 2023, Everbright Securities Investment Services (HK) Limited filed a lawsuit against Yongxi Greater China Fund Independent Portfolio Company (雍熙大中華基金獨立投資組合公司) and a person surnamed Yan due to a margin financing dispute, and the amount involved was approximately US\$4,781,100 plus interest. The case has been accepted by the People's Court of Dehua County, Fujian Province.

On January 26, 2024, JX Asset Management Co., Ltd. (金信基金管理有限公司) filed two lawsuits against the Company (as a lead underwriter) due to the disputes over relevant responsibilities for securities of Reward Scientific and Technological Industry Group Co., Ltd. (洛娃科技實業集團有限公司), and the amount involved was approximately RMB74.576 million and RMB23.1433 million, respectively. Both cases have been accepted by the Beijing Financial Court.

## SECTION VI SIGNIFICANT MATTERS

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

Everbright Jinhui Asset Management Co., Ltd. (Shanghai) Co., Ltd. (光大浸輝投資管理(上海)有限公司), a subsidiary of the Everbright Capital, serves as the executive partner of Shanghai 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 signed enforcement settlement agreements with China Merchants Bank and Huarui Bank, respectively, pursuant to which all the payment obligations as determined in the final adjudication of the two cases were fulfilled with RMB2.64 billion in total. Among which, the enforcement settlement between Everbright Capital and Huarui Bank has been fully paid. At present, the execution of the enforcement settlement has been completed. Huarui Bank filed an arbitration against Everbright Jinhui on the same matter. Jiaxing Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) (嘉興招源涌津股權投資基金合夥企業(有限合夥)) ("Zhaoyuanyongjin") applied for arbitration against Everbright Jinhui due to the dispute over private equity investment contract. Shenzhen Hengxiang Equity Investment Fund LLP (Limited Partnership) applied for arbitration against Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. (暴風(天津)投資管理有限公司) and Shanghai Qunchang Financial Service Company Limited (上海群暢金融服務有限公司) due to the dispute over private equity investment contract. The above-mentioned arbitrations have received the arbitral awards, which were final. Among others, Huarui Bank and Everbright Jinhui have reached an enforcement settlement and the settlement has been fully paid, which have been completed. At present, the execution of the enforcement settlement has been completed.

Zhaoyuanyongjin filed a lawsuit on the grounds of a tort liability dispute and demanded that Everbright Capital compensate for the loss of investment principal of RMB600 million, the corresponding interest and other expenses. The Shanghai Financial Court ruled in the first instance that Everbright Capital shall compensate the investment principal of RMB180 million to Zhaoyuanyongjin, and Zhaoyuanyongjin's remaining litigation claims were not supported. Following Everbright Capital filed an appeal, the Shanghai High People's Court ruled in the second instance to revoke the judgement in the first instance, order Everbright Capital to compensate the investment principal of approximately RMB135 million to Zhaoyuanyongjin, and reject the remaining litigation claims of Zhaoyuan Yongjin. Currently, Everbright Capital has filed a retrial application with the Supreme People's Court of the People's Republic of China and the Supreme People's Court has conducted filing and examination on the re-trial application of Everbright Capital, but there is uncertainty concerning the results of the examination. Zhaoyuanyongjin has applied for enforcement in respect of the case, currently, Everbright Capital has received ruling for enforcement from Shanghai Financial Court, which ruled that termination of such enforcement. Guizhou Guian Capital Operation Co., Ltd. (貴州貴安資本運營有限公司) (formerly known as Guizhou Guian Financial Investment Co., Ltd. (貴州貴安金融投資有限公司)) filed a lawsuit on the grounds of tort liability and demanded that Everbright Capital compensate for the loss of investment principal of RMB95 million, the corresponding interest and other expenses, and the first instance from the Shanghai Financial Court ruled that Everbright Capital shall compensate the investment principal of approximately RMB24.8 million to Guizhou Guian Capital Operation Co., Ltd. and Guizhou Guian Capital Operation Co., Ltd.'s remaining claims were not supported. Everbright Capital filed an appeal, while the Shanghai High People's Court rejected the request, and the original verdict was upheld in the second instance civil judgement. The case is currently under enforcement stage. Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司) demanded that Everbright Capital and Everbright Jinhui compensate for the loss of investment principal of RMB170 million, the corresponding interest and other expenses on the basis of other contractual disputes. Everbright Capital has received the Paper of Civil Judgment of the first instance from the Shanghai Financial Court, ruling to reject all the litigation claims of Shanghai Dongxing Investment Holdings Co., Ltd., the plaintiff, and the first instance judgment has come into effect.

## SECTION VI SIGNIFICANT MATTERS

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

Due to the litigations in relation to MPS, the bank accounts and assets of Everbright Capital and its subsidiaries have been frozen by the court, of which a share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) beneficially held by Everbright Development have been frozen. Everbright Development has raised objection to enforcement as a non-party to the case at Shanghai Financial Court, and after the first instance and the second instance were rejected, Everbright Development filed an application for retrial with the Supreme People's Court of the People's Republic of China. At present, Everbright Development has received the Paper of Civil Judgment of the application for retrial, and the Supreme People's Court has ruled against the re-trial application. 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 shares of Tansun Technology Co., Ltd. held by Everbright Capital, the person subject to enforcement, shall be sold at current price.

Based on the latest development in related litigation and arbitration, the Company has made corresponding provisions for estimated liabilities and asset impairment for the above matters. The Company will continue to pay attention to the progress and results of this matter, and perform related information disclosure obligations. (For details, please refer to the Company's announcements No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009, No. Lin 2022-032, No. Lin 2022-052, No. Lin 2022-054, No. Lin 2023-019, No. Lin 2023-034, No. Lin 2023-036, No. Lin 2023-043, No. Lin 2023-046, No. Lin 2023-048, No. Lin 2024-007 and No. Lin 2024-009 published on the website of the SSE and the announcements of the Company dated February 1, 2019, March 2, 2019, March 20, 2019, May 31, 2019, August 27, 2019, January 22, 2020, May 3, 2020, May 11, 2020, August 9, 2020, September 18, 2020, January 26, 2021, June 12, 2021, July 8, 2021, August 21, 2021, October 30, 2021, January 19, 2022, January 20, 2022, March 9, 2022, March 16, 2022, June 24, 2022, December 2, 2022, December 20, 2022, 31 May 2023, 25 July 2023, 29 July 2023, 30 August 2023, 20 September 2023, 29 September 2023, 6 February 2024 and 12 March 2024 published on the website of the Hong Kong Stock Exchange)

## SECTION VI SIGNIFICANT MATTERS

### XII. Tax Relief

#### (I) A Share shareholders

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

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

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

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

## SECTION VI SIGNIFICANT MATTERS

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

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

## SECTION VI SIGNIFICANT MATTERS

### (II) H Share shareholders

In accordance with the provisions of the Notification of the State Administration of Taxation on the Issues Concerning the Levying and Management of Personal Income Tax after Cancellation of Guo Shui Fa [1993] No. 045 Archives (Guo Shui Han [2011] No. 348), for the dividend income obtained by foreign resident individual shareholders from holding the shares issued by domestic non-foreign-invested enterprises in Hong Kong, the withholding obligators shall withhold personal income tax according to law by the items "interest, dividend and bonus income". As for the shares issued in Hong Kong by domestic non-foreign-invested enterprises, their foreign resident individual shareholders may enjoy relevant tax preference according to the tax treaty signed by the country to which their resident identities belong and China, and the tax arrangements between Chinese Mainland and Hong Kong (Macao). The interest rate on relevant dividends regulated in relevant tax treaty and tax arrangement is generally 10%. In order to simplify tax levying and management, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends and bonuses, withhold personal income tax according to the tax rate of 10%, instead of filing an application for the withholding. Under the circumstances where the tax rate on dividends is not 10%, the following regulations shall be followed: (1) where the individuals obtaining dividends and bonuses are residents of the agreement countries executing a tax rate of lower than 10%, the withholding obligator may apply for the treatment of relevant agreement for such dividends according to regulations, and refund the over-withheld tax after obtaining the approval of competent tax authorities; (2) where the individuals obtaining dividends and bonuses are residents of the agreement countries executing a tax rate of higher than 10% but less than 20%, the withholding obligator shall withhold personal income tax as per actual tax rate without filing an application when distributing dividends and bonuses; and (3) where the individuals obtaining dividends and bonuses are residents of countries having not concluded tax treaty with China or belong to other circumstances, the withholding obligator shall withhold personal income tax as per the tax rate of 20% when distributing dividends and bonuses.

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



## SECTION VI SIGNIFICANT MATTERS

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

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

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

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. Changes in Ordinary Share Capital

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

As of December 31, 2023, the number of the Company's shares in issue amounted to 4,610,787,639, including 3,906,698,839 A Shares and 704,088,800 H Shares.

### II. Issuance and Listing of Securities

#### (I) Issuance of securities during the Reporting Period

*Unit: 100 million shares Currency: RMB*

Types of shares and their derivative securities	Issuance date	Issue price (or interest rate)	Number of securities issued	Date of listing	Number of securities permitted to be listed for trading	Date of termination of transaction
Bonds (including enterprise bonds, corporate bonds and non-financial enterprise debt financing instruments)						
Corporate Bonds	2023/2/21	2.80%	20	2023/2/28	20	2024/2/28
Corporate Bonds	2023/3/21	2.75%	30	2023/3/28	30	2024/3/26
Corporate Bonds	2023/6/6	2.40%	15	2023/6/13	15	2024/6/6
Corporate Bonds	2023/8/8	2.77%	30	2023/8/15	30	2026/8/9
Corporate Bonds	2023/9/12	2.98%	28	2023/9/20	28	2026/9/13
Corporate Bonds	2023/9/19	2.90%	18	2023/9/26	18	2026/9/20
Corporate Bonds	2023/10/17	2.58%	30	2023/10/24	30	2024/4/16
Corporate Bonds	2023/11/7	2.63%	30	2023/11/14	30	2024/5/7

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

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### III. Information of Shareholders and De Facto Controller

#### (I) Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the Reporting Period	182,143
Total number of shareholders of ordinary shares at the end of last month preceding the date of disclosure of the annual report	183,454

#### (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 (excluding shares lent through refinancing)		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 Reporting 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	0	956,017,000	20.73	-	Nil	-	Foreign legal person
HKSCC Nominees Limited	1,490	703,690,990	15.26	-	Unknown	-	Unknown
China Securities Finance Corporation Limited	0	130,090,372	2.82	-	Nil	-	Others
Hong Kong Securities Clearing Company Limited	2,210,148	55,270,398	1.20	-	Nil	-	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	6,120,553	42,106,183	0.91	-	Nil	-	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	671,522	28,113,060	0.61	-	Nil	-	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	-	Nil	-	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	0	23,174,586	0.50	-	Nil	-	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders (excluding shares lent through refinancing)

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

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders without selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
China Everbright Group Ltd.	1,159,456,183	RMB ordinary shares	1,159,456,183
China Everbright Limited	956,017,000	RMB ordinary shares Overseas listed	956,017,000
HKSCC Nominees Limited	703,690,990	foreign shares	703,690,990
China Securities Finance Corporation Limited	130,090,372	RMB ordinary shares	130,090,372
Hong Kong Securities Clearing Company Limited	55,270,398	RMB ordinary shares	55,270,398
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	42,106,183	RMB ordinary shares	42,106,183
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	28,113,060	RMB ordinary shares	28,113,060
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	24,431,977	RMB ordinary shares	24,431,977
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	23,174,586	RMB ordinary shares	23,174,586
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders without selling restrictions

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

Note 1: As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 182,143, of which 181,983 were holders of A Shares and 160 were registered holders of H Shares. As at the end of last month preceding the date of disclosure of the annual report, the total number of shareholders of ordinary shares was 183,454, of which 183,295 were holders of A Shares and 159 were registered holders of H Shares.

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

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

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

Participation of the top 10 shareholders in shares lent under the margin refinancing business

Unit: Shares

### Participation of the top 10 shareholders in shares lent under the margin refinancing

Name of Shareholder (full name)	Shares held in the general account and credit account as at the beginning of the period		Shares lent under the margin refinancing as at the beginning of the period and not yet returned		Shares held in the general account and credit account as at the end of the period		Shares lent under the margin refinancing as at the end of the period and not yet returned	
	Total Number	Percentage (%)	Total Number	Percentage (%)	Total Number	Percentage (%)	Total Number	Percentage (%)
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	35,985,630	0.78	5,030,800	0.11	42,106,183	0.91	314,700	0.01
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	27,441,538	0.60	2,674,100	0.06	28,113,060	0.61	414,300	0.01

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### IV. Controlling Shareholder and De Facto Controller

#### (I) Controlling shareholder

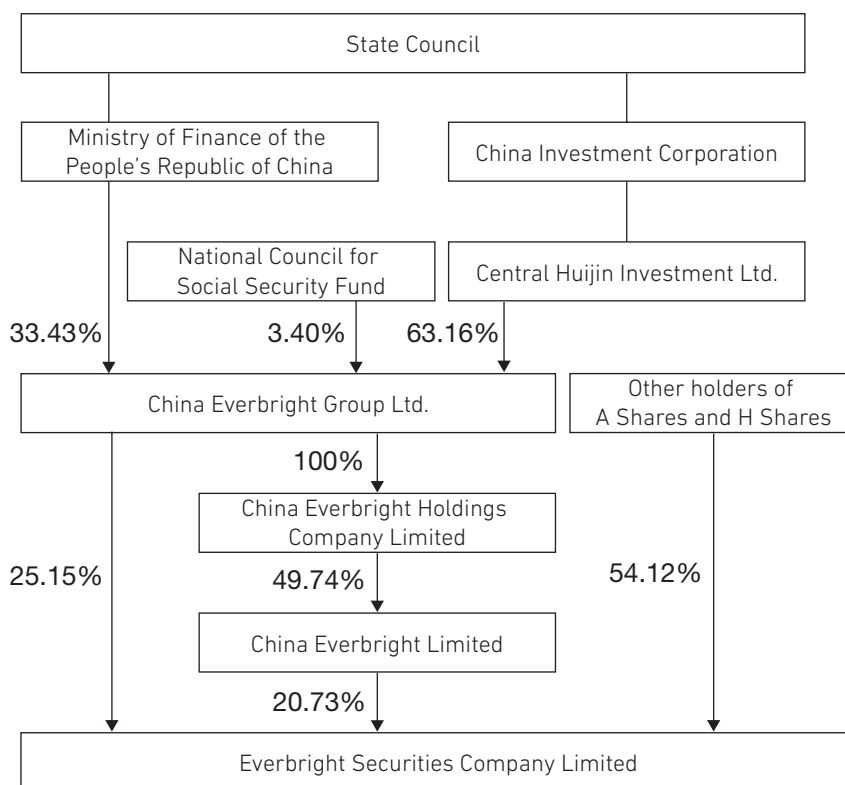
##### 1 Legal person

Name	China Everbright Group Ltd.
Person in charge of the unit or legal representative	Wu Lijun
Date of establishment	November 12, 1990
Principal business	Investment and management of the financial business, including banking, securities, insurance, funds, trust, futures, leasing, gold and silver transactions; asset management; investment and management of non-financial business. (A market entity can independently select business projects and carry out operating activities in accordance with laws. The business activities required to obtain approval by law may only be carried out after such approvals are obtained. Business activities prohibited and restricted by the state and local industrial policies shall not be engaged in.)
Shareholding in other domestic and overseas listed subsidiaries and investees during the Reporting Period	directly and indirectly holding 47.192% of Everbright Bank (601818.SH, 6818.HK) directly and indirectly holding 49.74% of Everbright Limited (0165.HK) directly and indirectly holding 43.08% of Everbright Environment (0257.HK) directly and indirectly holding 22.99% of China CYTS Tours (600138.SH) directly and indirectly holding 28.47% of Cachet (002462.SZ) directly and indirectly holding 74.99% of Everbright Grand China Assets (3699.HK) directly and indirectly holding 3.99% of Shenwan Hongyuan (000166.SZ)

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

Shareholding structure chart as of December 31, 2023



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

## (II) De facto controller

### 1 Legal person

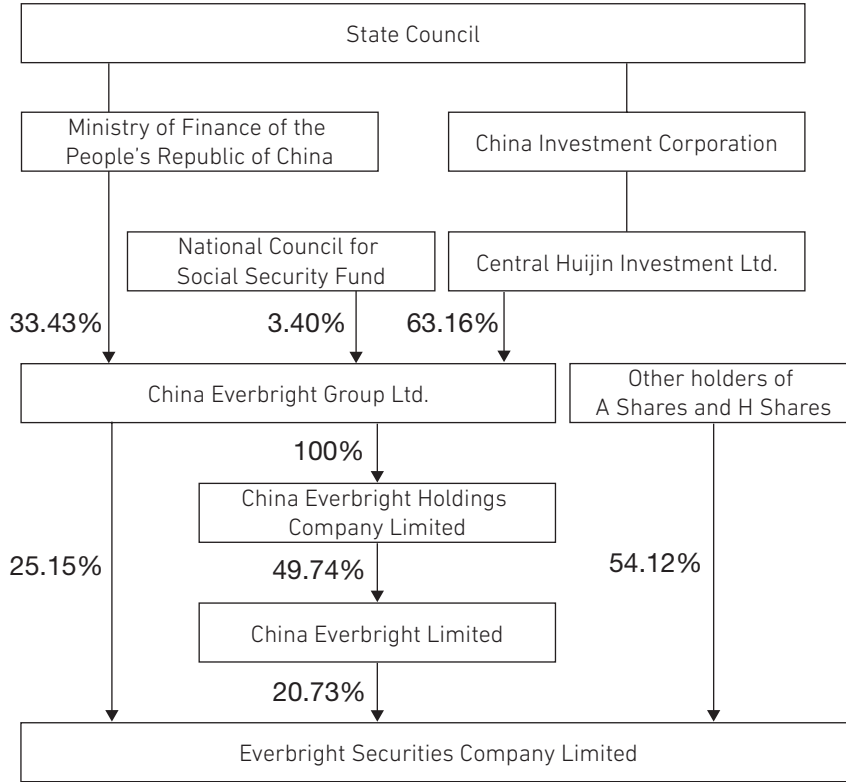
Name	State Council
Other matters	The de facto controller shall be disclosed to the level of state-owned assets management authority in accordance with the Standard No. 2 of Contents and Format of the Information Disclosure for Companies Offering Securities Publicly – the Contents and Format of Annual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



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

**Shareholding structure chart as of December 31, 2023**



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

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

As of December 31, 2023, so far as the Directors, having made reasonable enquiries, are aware, the following parties (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to section 336 of the SFO:

No.	Name of substantial shareholders <sup>7</sup>	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company <sup>6</sup> (%)	Percentage of total issued A Shares/ H Shares of the Company <sup>6</sup> (%)	Long position/ short position
1.	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	A Share	Interests in controlled corporation <sup>1</sup>	2,115,473,183	45.88	54.15	Long Position
2.	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owner	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation <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 owner	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 owner	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 owner	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 owner	131,344,200	2.85	18.65	Long Position
14.	Guangdong Hengjian Investment Holding Co., Ltd (廣東恒健投資控股有限公司)	H Share	Interests in controlled corporation <sup>5</sup>	131,344,200	2.85	18.65	Long Position

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Notes:

1. Central Huijin Investment Ltd. held a 63.16% interest in China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Company under the SFO.
2. Honorich Holdings Limited and Everbright Investment and Management Limited (光大投資管理有限公司) held 49.386% and 0.358% of the total issued share capital in China Everbright Limited, respectively; Datten Investments Limited held 100% of the total issued share capital in Honorich Holdings Limited; China Everbright Holdings Company Limited held 100% of the total issued share capital in Datten Investments Limited and Everbright Investment and Management Limited; China Everbright Group Ltd. held 100% of the total issued share capital in China Everbright Holdings Company Limited. Accordingly, each of China Everbright Group Ltd., China Everbright Holdings Company Limited, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interests in the Company under the SFO.
3. China State Construction Engineering Corporation Limited held 100% of the total issued share capital in CSCEC Capital (Hong Kong) Limited; China State Construction Engineering Corporation held 56.26% of the total issued share capital in China State Construction Engineering Corporation Limited. Accordingly, China State Construction Engineering Corporation Limited and China State Construction Engineering Corporation are deemed to be interested in CSCEC Capital (Hong Kong) Limited's interests in the Company under the SFO.
4. China State Shipbuilding Corporation Limited held 100% of the total issued share capital in China Shipbuilding Industry Corporation; China Shipbuilding Industry Corporation held 100% of the total issued share capital in China Shipbuilding Capital Limited. Accordingly, China State Shipbuilding Corporation Limited and China Shipbuilding Industry Corporation are deemed to be interested in China Shipbuilding Capital Limited's interests in the Company under the SFO.
5. Guangdong Hengjian Investment Holding Co., Ltd held 100% of the total issued share capital in Hengjian International Investment Holding (Hong Kong) Limited. Accordingly, Guangdong Hengjian Investment Holding Co., Ltd. is deemed to be interested in Hengjian International Investment Holding (Hong Kong) Limited's interest in the Company under the SFO.
6. As of December 31, 2023, the total issued shares of the Company were 4,610,787,639, of which 3,906,698,839 were A Shares and 704,088,800 were H Shares.
7. Under Part XV of the SFO, disclosure of interest forms shall be submitted by shareholders of the Company upon satisfaction of certain conditions. If there are changes in the shareholders' shareholdings in the Company, shareholders are not required to inform the Company and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be a difference between the substantial shareholders' latest shareholdings in the Company and the information on their shareholdings submitted to the Hong Kong Stock Exchange. Information set out in the above table is based on the disclosure of interest forms submitted by the relevant shareholders.

Save as disclosed above, as of December 31, 2023, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

Unit: Yuan Currency: RMB

Name of legal-person shareholder	Person in charge of the unit or legal representative	Date of establishment	Code of the organization	Registered capital	Main business or managed activities
China Everbright Limited	Yu Fachang, the chairman of the board of directors	August 25, 1972 (China Everbright Limited was previously known as Intercontinental Housing Development Ltd. (明輝發展有限公司), and its name was changed to China Everbright Limited in 1997.)	N/A	The number of issued shares is 1,685,253,712, and the total paid-up amount is HK\$9,618,096,709 (as of December 31, 2023)	China Everbright Limited is a Hong Kong listed company with private equity fund management and investment as its core business, with fund management and its own capital investment as its main business operations. China Everbright Group Ltd. is the company's largest shareholder, indirectly holding 49.74% of its shares.

### VI. Sufficient Public Float

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

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

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

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

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

## SECTION IX RELEVANT INFORMATION ON BONDS

### I. Overview of Enterprise Bonds

*Unit: 100 million Yuan Currency: RMB*

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
23S2 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES S2	240101	October 17, 2023	October 19, 2023	April 17, 2024	30	2.58%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
23S3 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES S3	240220	November 7, 2023	November 9, 2023	May 8, 2024	30	2.63%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
23S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES S1	115473	June 6, 2023	June 8, 2023	June 7, 2024	15	2.40%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, No 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	3.30%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, No 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 SSE	Targeted at professional investors	Trading by bidding, No 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 SSE	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
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	3.10%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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 SSE	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	2.90%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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	4.40%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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 SSE	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 SSE	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 SSE	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 SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES G3	115774	August 8, 2023	August 10, 2023	August 10, 2026	30	2.77%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
23G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche)	23 EVERBRIGHT SECURITIES G4	115976	September 12, 2023	September 14, 2023	September 14, 2026	28	2.98%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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	3.50%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche)	23 EVERBRIGHT SECURITIES G5	240017	September 19, 2023	September 21, 2023	September 21, 2026	18	2.90%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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 SSE	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 SSE	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 SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	March 22, 2022	March 24, 2022	March 24, 2027	15	4.03%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	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 SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
24G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	24 EVERBRIGHT SECURITIES G1	240670	March 5, 2024	March 7, 2024	March 7, 2026	15	2.42%	Payment of interest on a yearly basis	Fixed-income products platform of the SSE	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No



## SECTION IX RELEVANT INFORMATION ON BONDS

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

Bond name	Description for settlement of interests and principals of the bonds
22S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	The principal and interest on the Bonds were paid on May 16, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
22S2 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Second Tranche)	The principal and interest on the Bonds were paid on June 14, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	The principal and interest on the Bonds were paid on June 22, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	The principal and interest on the Bonds were paid on July 14, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	The principal and interest on the Bonds were paid on August 28, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	The principal and interest on the Bonds were paid on December 25, 2023 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	The principal and interest on the Bonds were paid on January 14, 2024 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
23G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	The principal and interest on the Bonds were paid on February 28, 2024 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
23G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	The principal and interest on the Bonds were paid on March 27, 2024 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities

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

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

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

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Name of intermediary institution	Office address	Name of the signing accountant	Contact person(s)	Telephone
Ernst & Young Hua Ming LLP (Special General Partnership)	Room 01-12, 17/F, EYHM Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing	Wang Ziqing (王自清), Chen Qi (陳奇) and Wei Huanhuan (魏歡歡)	Tao Lin (陶林)	021-22289234
AllBright Law Offices	11F & 12F, Shanghai Tower No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	N/A	Pei Zhenyu (裴振宇)	021-20511217
China Galaxy Securities Co., Ltd.	Qinghai Finance Building, Building No. 1, No. 8 Xiyong Street, Fengtai District, Beijing	N/A	Deng Xiaoxia (鄧小霞)	010-80927231
Essence Securities Co., Ltd (安信證券股份有限公司)	35/F & Unit A02, 28/F, Anlian Building, No. 4018, Jintian Road, Futian District, Shenzhen	N/A	Liu Jian (劉健)	010-83321331
CITIC Securities Co., Ltd.	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong province	N/A	Zhang Baole (張寶樂)	010-60837524
China Merchants Securities Co., Ltd.	No. 111, Fuhua Yi Road, Futian Subdistrict, Futian District, Shenzhen	N/A	Liu Huachao (劉華超)	010-60840902
CSC Financial Co., Ltd.	Kaiheng Tower, 2 Chaoyangmen Inner Street, Dongcheng District, Beijing	N/A	Zhang Haihong (張海虹)	010-85130421
Industrial Securities Co., Ltd.	No. 36 Changliu Road, Pudong New Area, Shanghai	N/A	Yang Lingshan (楊鈴珊)	021-20370733
Orient Securities Investment Banking Co., Ltd.	24/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai	N/A	Wang Yibin (王怡斌)	021-23153888
China Chengxin International Credit Rating Co., LTD	No. 60101, Building 1, No. 2 Nanzhugan hutong, Dongcheng District, Beijing	N/A	Zhao Tingting (趙婷婷) and Wang Rui (王瑞)	010-66428877
China Lianhe Credit Rating Co., Ltd.	17th Floor, PICC building, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing	N/A	Liang Lanqiong (梁蘭琼)	010-85679696

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Unit: 100 million Yuan Currency: RMB

Bond code	240101	240220	115473	115774	115976	240017	240670
Bond abbreviation	23 EVERBRIGHT SECURITIES S2	23 EVERBRIGHT SECURITIES S3	23 EVERBRIGHT SECURITIES S1	23 EVERBRIGHT SECURITIES G3	23 EVERBRIGHT SECURITIES G4	23 EVERBRIGHT SECURITIES G5	24 EVERBRIGHT SECURITIES G1
Total amounts of proceeds	30	30	15	30	28	18	15
Utilized Amounts	30	30	15	30	28	18	15
Unutilized Amounts	0	0	0	0	0	0	0
The operating condition of the special account for the proceeds during the reporting period	As at the date of this report, the special proceeds account of the Company was under normal operation and the drawdown and utilization of the proceeds were in line with the purposes of the proceeds as stated in the prospectuses.						
Specified use of proceeds (please present in the full text)	After deducting issuance expenses, it is intended to be used for replenishing the liquidity required in the ordinary production and operation of the Company.						
Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus	Yes						
Procedures performed and information disclosure of adjustment to or modification of the use of proceeds (if any adjustment or modification occurred)	Nil						
Whether there was non-compliance utilization of proceeds during the Reporting Period	No						
Non-compliance utilization of proceeds during the Reporting Period (if any)	Nil						
Whether the rectification has been completed if the use of proceeds was not in compliance with the requirements and the status of rectification (if any)	N/A						
Whether the use of proceeds was in line with the debt administrative provisions of the local government during the Reporting Period	N/A						
The circumstances of the use of proceeds not compliant with the debt administrative provisions of the local government during the Reporting Period and the rectification (if any)	N/A						
The actual use of proceeds as of the end of the Reporting Period	Payment of inter-bank borrowings						
Whether the use of proceeds is in compliance with that specified in the prospectus during the Reporting Period	Yes						
Whether the use of proceeds covers the funds used for project construction, status of the project process and operating efficiency (if any)	N/A						

## SECTION IX RELEVANT INFORMATION ON BONDS

### V. Other information on corporate bonds

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

In 2023, the operating revenue of the investment trading business amounted to RMB746.41 million, representing a year-on-year increase of 687%, mainly attributable to the increase in revenue from diversified asset investment and fixed income investment over the same period of last year as a result of our adherence to the absolute return strategy and optimized investment structure.

In 2023, the operating revenue of the equity investment business amounted to RMB114.50 million, representing a year-on-year increase of 33%, mainly attributable to fluctuations in the valuation of projects invested by subsidiaries due to market changes for the year; the operating expenses of the equity investment business amounted to RMB305.17 million, representing a year-on-year increase of 266%, mainly due to the subsidiaries' provision for credit impairment losses on other assets based on the recent performance of existing investment projects.

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

The total interest-bearing debts of the Company within the scope of consolidated statement at the beginning of the Reporting Period were RMB100.385 billion, and the total interest-bearing debts of the Company within the scope of consolidated statement at the end of the Reporting Period were RMB111.387 billion, representing a year-on-year increase of 10.96%.

For the interest-bearing debts of the Company within the scope of consolidated statement at the end of the Reporting Period, the balance of corporate credit bonds was RMB47.044 billion, representing 42% of the balance of interest-bearing debts, among which, the corporate credit bonds expired or sold back within one year was RMB29.578 billion; the balance of bank loans was RMB2.120 billion, representing 2% of the balance of interest-bearing debts; the balance of loans from non-banking financial institutions was RMB0.555 billion, representing 1% of the balance of interest-bearing debts; the balance of other interest-bearing debts was RMB61.668 billion, representing 55% 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.

The total interest-bearing debts of the parent company at the beginning of the Reporting Period was RMB94.372 billion, and the total interest-bearing debts of the parent company at the end of the Reporting Period was RMB106.518 billion, representing a period-on-period increase of 12.87%.

For the interest-bearing debts of the parent company at the end of the Reporting Period, the balance of corporate credit bonds was RMB47.044 billion, representing 44% of the balance of interest-bearing debts, among which, the corporate credit bonds expired or sold back within one year was RMB29.578 billion; the balance of loans from non-bank financial institutions was RMB555 million, representing 1% of the balance of interest-bearing debts; the balance of other interest-bearing debts was RMB58.919 billion, representing 55% of the balance of interest-bearing liabilities.

## SECTION IX RELEVANT INFORMATION ON BONDS

As of the end of the Reporting Period, the balance of overseas bonds issued by the parent company was RMB0.

As of the end of the Reporting Period, the breakdown of maturity of the interest-bearing debts of the Company within the scope of consolidation is as follows:

Unit: 100 million

Type of interest-bearing debts	Overdue	Maturity date			Total	Percentage to the interest-bearing debts
		6 months		Over 1 year		
		Within 6 months (inclusive)	(exclusive) to 1 year (inclusive)			
Credit bonds	–	201.71	94.07	174.65	470.44	42%
Bank loans	–	5.99	3.49	11.71	21.20	2%
Loans from non-bank financial institutions	–	5.55	–	–	5.55	1%
Other interest-bearing debts	–	604.03	12.66	–	616.68	55%
Total	–	817.28	110.22	186.37	1,113.87	100%

As of the end of the Reporting Period, the breakdown of maturity of the interest-bearing debts of the parent company is as follows:

Unit: 100 million

Type of interest-bearing debts	Overdue	Maturity date			Total	Percentage to the interest-bearing debts
		6 months		Over 1 year		
		Within 6 months (inclusive)	(exclusive) to 1 year (inclusive)			
Credit bonds	–	201.71	94.07	174.65	470.44	44%
Bank loans	–	–	–	–	–	–
Loans from non-bank financial institutions	–	5.55	–	–	5.55	1%
Other interest-bearing debts	–	576.54	12.66	–	589.19	55%
Total	–	783.80	106.73	174.65	1,065.18	100%

## 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 April 30, 2024	Lead underwriter	Trust manager
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000.SH	–	CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104.SH	–	CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762.SH	–	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after April 30, 2024	Lead underwriter	Trust manager
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES 11	188886.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES 10	188884.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600.SH	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd (安信證券股份有限公司)	CITIC Securities Co., Ltd.
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693.SH	-	China Merchants Securities Co., Ltd., China Galaxy Securities Co., Ltd. and CSC Financial Co., Ltd.	China Merchants Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after April 30, 2024	Lead underwriter	Trust manager
23S2 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES S2	240101.SH	–	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
23S3 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES S3	240220.SH	–	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
23S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES S1	115473.SH	–	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
23G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES G3	115774.SH	–	Industrial Securities Co., Ltd., China Merchants Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd.	Industrial Securities Co., Ltd.
23G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche)	23 EVERBRIGHT SECURITIES G4	115976.SH	–	Industrial Securities Co., Ltd., China Merchants Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd.	Industrial Securities Co., Ltd.
23G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche)	23 EVERBRIGHT SECURITIES G5	240017.SH	–	Industrial Securities Co., Ltd., China Merchants Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd.	Industrial Securities Co., Ltd.
24G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	24 EVERBRIGHT SECURITIES G1	240670.SH	–	Industrial Securities Co., Ltd., China Merchants Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd.	Industrial Securities Co., Ltd.



## SECTION IX RELEVANT INFORMATION ON BONDS

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

*Unit: 100 million Currency: RMB*

Bond code	175000	188104	185407	185445	185600
Bond abbreviation	20	21	22	22	22
	EVERBRIGHT	EVERBRIGHT	EVERBRIGHT	EVERBRIGHT	EVERBRIGHT
	SECURITIES	SECURITIES	SECURITIES	SECURITIES	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 (the announcement No. 2023-025 of the Company published on the website of the SSE and the announcement dated June 29, 2023 published on the website of the Hong Kong Stock Exchange) considered and approved at the 2022 annual general meeting by the Company triggered the enforcement of interest payment events, the Company has recognized abovementioned interest payables of perpetual bonds in the dividend payable as at December 31, 2023.				
Whether they are still included in equity and corresponding accounting treatment or not	Yes				

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Unit: Ten Thousand Yuan Currency: RMB

Major indicator	2023	2022	Increase/ decrease for the period over the same period of last year (%)	Reason for the change
EBITDA	467,424.80	603,242.65	(22.51)	Decrease in operating revenue and increase in operating expenses for the year
Net profit EBITDA attributable to shareholders of the listed company after deducting non-recurring gains or losses	187,229.87	291,358.72	(35.74)	
Balance of cash and cash equivalents	6,288,295.94	6,621,507.65	(5.03)	
Current ratio	1.85	2.36	(21.61)	Increase in current liabilities at end of period
Quick ratio	1.25	1.72	(27.33)	
Gearing ratio (%)	66.73	65.80	Increased by 0.93 percentage point	
EBITDA to total debts ratio	0.04	0.07	(42.86)	Change in EBITDA
Interest coverage ratio	2.91	3.46	(15.90)	
Cash interest coverage ratio	17.00	10.53	61.44	Increase in net cash flow from operating activities and decrease in cash interest expenses
EBITDA interest coverage ratio	3.40	3.85	(11.69)	
Loan payment ratio (%)	N/A	N/A	N/A	
Interest payment ratio (%)	100.00	100.00	–	

Notes:

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

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

Audited Consolidated Financial Statements

31 December 2023



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## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of Everbright Securities Company Limited

*(Established in the People's Republic of China with limited liability)*

#### Opinion

We have audited the consolidated financial statements of Everbright Securities Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 141 which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### Basis for opinion

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

#### Key audit matters

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

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

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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for a contingent liability</i>	
<p>Everbright Capital Investment Co., Ltd. (hereinafter referred to as "Everbright Capital"), a wholly-owned subsidiary of the Group, is principally engaged in the private equity investment fund business. Everbright Jinhui Investment Management (Shanghai) Co., Ltd. (hereinafter referred to as "Everbright Jinhui") is a wholly-owned subsidiary of Everbright Capital.</p> <p>In April 2016, Everbright Jinhui together with Baofeng (Tianjin) Investment Management Co., Ltd. (hereinafter referred to as "Baofeng Investment"), a wholly-owned subsidiary of Baofeng Group Co., Ltd., and Shanghai Qunchang Financial Services Co., Ltd. signed a partnership agreement with the limited partners of Shanghai Jinxin Investment Consultancy Partnership Enterprise (Limited Partnership) (hereinafter referred to as "Jinxin Fund") as general partners. Jinxin Fund acquired a 65% stake in overseas MP &amp; Silva Holding S.A. (hereinafter referred to as "MPS") through incorporation of a special purpose vehicle. Everbright Jinhui is the managing partner of Jinxin Fund. Jinxin Fund's senior-tranche limited partners contributed RMB3,200,000 thousand, the mid-tranche limited partners contributed RMB1,000,000 thousand, and the junior-tranche limited partners contributed RMB1,000,000 thousand.</p> <p>In September 2023, Everbright Capital signed relevant settlement agreements with all senior-tranche limited partners.</p> <p>In addition, one of the mid-tranche limited partners presented the "Supplementary Agreement" signed by all general partners, which agreed that general partners need to compensate the capital contribution and prospective return to the mid-tranche limited partners. Some mid-tranche limited partners of Jinxin Fund had tort liability disputes with Everbright Capital. As of the date of approval of the financial statements, the above-mentioned related cases are still in progress.</p>	<p>Our audit procedures related to the recognition of provision mainly included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the relevant contracts, agreements, internal approval documentation and legal correspondence in respect of the investment and the related litigation and dispute;</li> <li>• We obtained an understanding of management and reviewed management's perspective about the litigation, arbitration, and asset preservation related to the project investment of MPS and other cases, and reviewed the relevant legal documents and other information;</li> <li>• We obtained an understanding of management and reviewed management's assessment of the outcome of the above litigation and dispute;</li> <li>• We obtained the relevant settlement agreements between the Group and all senior-tranche limited partners of Jinxin Fund and reviewed the execution status; and</li> <li>• We assessed the relevant disclosures of the incident with reference to the requirements of the prevailing accounting standards.</li> </ul>



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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for a contingent liability (continued)</i>	
<p>Based on the prevailing available information, the civil judgements, the results of the arbitration award and the progress of litigation, the Group made a provision in the consolidated financial statements as at 31 December 2023 amounting to RMB546,886 thousand for contingent losses that may result from the above-mentioned MPS related and other cases.</p> <p>As the relevant litigation is still in progress, the measurement of the provision involves significant management judgment and estimates and the related balance is material to the financial position and operating performance of the Group's consolidated financial statements, we identified the recognition of provision as a key audit matter.</p> <p>Refer to note 14 to the consolidated financial statements, the material accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	

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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provisions for expected credit losses</i>	
<p>The Group performs impairment assessment and recognises credit loss expense for margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income on the basis of expected credit losses ("ECLs") at the reporting date.</p> <p>If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECLs. If the credit risk has increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to the lifetime ECLs ("LTECLs"). If the financial asset is credit-impaired, the Group measures the loss allowance at an amount equal to LTECLs. The Group considers all reasonable and supportable information in the ECL assessment, including forward-looking information.</p> <p>As at 31 December 2023, the carrying amount of the Group's margin accounts receivable was RMB36,783,275 thousand with a cumulative allowance for ECLs of RMB629,659 thousand and financial assets held under resale agreements amounted to RMB7,871,606 thousand with a cumulative allowance for ECLs of RMB1,028,489 thousand.</p> <p>As at 31 December 2023, the carrying amount of the Group's financial assets measured at amortised cost was RMB3,647,750 thousand with a cumulative allowance for ECLs of RMB218,842 thousand and the carrying amount of the Group's debt investments at fair value through other comprehensive income was RMB42,110,634 thousand with a cumulative allowance for ECLs of RMB69,555 thousand.</p> <p>We identified the provisions for expected credit losses as a key audit matter because of the significance of the balances and the significant management judgement involved, including the classification of stages for measurement of ECLs and the estimation of future cash flows.</p> <p>Refer to note 28, note 29, note 31, note 40 and note 64(c) to the consolidated financial statements, the material accounting policies in note 2.4, the significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures related to the recognition of provisions mainly included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income;</li> <li>• We assessed the Group's criteria for classification of stages and the models for measurement of ECL;</li> <li>• We evaluated the results of ECL stages on a sampling basis and checked whether they were consistent with the criteria in the ECL measurement model;</li> <li>• We evaluated the key inputs related to the measurement of ECL used by management on a sampling basis, including the probability of default, loss given default, exposure at default, discount rate and forward-looking information;</li> <li>• We assessed management's ECL results and checked whether they were consistent with market practice and historical loss experience; and</li> <li>• We assessed the relevant disclosures of the impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income with reference to the requirements of the prevailing accounting standards.</li> </ul>

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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Assessing fair value of financial instruments</i>	
<p>As at 31 December 2023, the fair values of the Group's financial assets that were measured at fair value totalled RMB120,161,408 thousand, of which financial assets of RMB67,164,335 thousand, RMB47,698,548 thousand and RMB5,298,525 thousand were classified under the fair value hierarchy as Level 1, Level 2 and Level 3 financial instruments, respectively.</p> <p>As at 31 December 2023, the fair values of the Group's financial liabilities that were measured at fair value totalled RMB1,329,727 thousand, of which financial liabilities of RMB149,884 thousand, RMB776,369 thousand and RMB403,474 thousand were classified under the fair value hierarchy as Level 1, Level 2 and Level 3 financial instruments, respectively.</p> <p>The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data are not readily available, as in the case of Level 3 financial instruments, significant management judgements and estimates can be involved.</p> <p>The Group has developed its models to value certain financial instruments which also involves significant management judgement and estimate. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement and estimate exercised by management in determining the inputs used in the valuation models.</p> <p>Refer to note 65 to the consolidated financial statements, the material accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the fair values of financial instruments included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of fair value of financial instruments;</li> <li>• We assessed the fair values of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data;</li> <li>• We read investment agreements entered into during the current year, on a sample basis, to obtain an understanding of the relevant investment terms and identified any conditions that were relevant to the valuation of financial instruments;</li> <li>• We involved our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain financial instruments and to perform, on a sample basis, independent valuations of financial instruments and compared these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and</li> <li>• We assessed the relevant disclosures of the fair value information of financial instruments with reference to the requirements of the prevailing accounting standards.</li> </ul>



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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill</u>	
<p>As at 31 December 2023, the carrying amount of goodwill, which mainly arose from the acquisition of Everbright Securities Global Limited ("ESGL") and Everbright Securities International Company Limited ("EBSIL") in 2011 and 2015, respectively, was RMB529,506 thousand.</p> <p>There is a risk that the carrying value of goodwill may not be recoverable in full through the future cash flows to be generated from the relevant cash-generating units (the "CGUs") to which the goodwill has been allocated. In order to assess the recoverable amount of goodwill during the year, management engaged an external appraiser to calculate the value in use of the relevant CGUs using the discounted cash flow model with a cash flow forecast compiled by management.</p> <p>We identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and because determining whether any impairment is required involved a significant degree of management judgement and estimation, particularly in forecasting future cash flows, including budgeted income, the long-term growth rate and profit margins and in determining appropriate discount rates, all of which can be inherently uncertain.</p> <p>Refer to note 23 to the consolidated financial statements, the material accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the potential impairment of goodwill included the following:</p> <ul style="list-style-type: none"> <li>• We assessed management's identification of the CGUs and the allocation of goodwill and other assets to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;</li> <li>• We evaluated the competence, capabilities and objectivity of the external appraiser appointed by management;</li> <li>• We involved our internal valuation specialists to evaluate the methodology and assumptions adopted in the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards;</li> <li>• We tested the assumptions and critical judgements adopted in the discounted cash flow forecasts by comparing key inputs, including budgeted income, the long-term growth rate and profit margins with the historical performance of the relevant subsidiaries, details in the financial budgets approved by the board of directors, recent business pipe line reports, industry research reports and industry statistics;</li> <li>• We assessed the discount rates applied in the discounted cash flow forecasts by recalculating the discount rates based on market data for similar companies in the same industry and compared our calculations with the discount rates adopted in the discounted cash flow forecasts;</li> <li>• We performed sensitivity analyses for the key assumptions, including budgeted income and the discount rates applied to assess the impact of changes in these key assumptions on the results of impairment assessments and considered whether there were any indicators of management bias in the selection of key assumptions;</li> <li>• We assessed the results of the value-in-use calculations by comparing them with valuations derived from price/book multiples of comparable companies in the market; and</li> <li>• We assessed the relevant disclosures of the impairment of goodwill with reference to the requirements of the prevailing accounting standards.</li> </ul>

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

**Key audit matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Consolidation of structured entities</u>	
<p>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management product, a trust product or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to collectively consider whether the Group is able to exercise the power over the activities of the entity and its exposures to and ability to influence the Group's returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>As at 31 December 2023, the carrying amount of the Group's investments in structured entities sponsored by third party institutions and not consolidated by the Group was RMB26,780,843 thousand. The carrying amount of the Group's investments in structured entities sponsored by the Group and not consolidated by the Group was RMB863,693 thousand.</p> <p>We identified the consolidation of structured entities as a key audit matter because significant management judgement was involved in determining whether a structured entity is required to be consolidated by the Group and because the impact of consolidating a structured entity to the consolidated statement of financial position could be significant.</p> <p>Refer to note 26 to the consolidated financial statements and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> <li>• We assessed and evaluated the design and operating effectiveness of the controls over the process for consolidation of structured entities;</li> <li>• We selected significant structured entities for each key product type and performed the following procedures: <ul style="list-style-type: none"> <li>- We inspected the related contracts, internal establishment documents and information disclosed to the investors to obtain an understanding of the purpose of the establishment of the structured entity and the involvement the Group had with the structured entity and to assess management's judgement over whether the Group had the ability to exercise its power over the structured entity;</li> <li>- We evaluated the risk and reward structure of the structured entity including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns to assess management's judgement as to variable returns from the Group's involvement in such an entity;</li> <li>- We evaluated management's analysis of the structured entity including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic investments in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; and</li> <li>- We evaluated management's judgement in determining whether the structured entity should be consolidated or not; and</li> </ul> </li> <li>• We assessed the relevant disclosures of the consolidation of structured entities with reference to the requirements of the prevailing accounting standards.</li> </ul>



## **INDEPENDENT AUDITOR'S REPORT** (continued)

### **To the shareholders of Everbright Securities Company Limited**

*(Established in the People's Republic of China with limited liability)*

#### **Other information included in the Annual Report**

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

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

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

#### **Responsibilities of the directors for the consolidated financial statements**

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT** (continued)

**To the shareholders of Everbright Securities Company Limited**

*(Established in the People's Republic of China with limited liability)*

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

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

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

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

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

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

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

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

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



Certified Public Accountants  
Hong Kong  
27 March 2024

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Fee and commission income	5	6,458,483	7,271,598
Interest income	6	5,067,384	5,340,691
Net investment gains	7	2,515,046	1,096,821
<b>Total revenue</b>		14,040,913	13,709,110
Other income and gains	8	735,181	1,312,035
<b>Total revenue and other income</b>		14,776,094	15,021,145
Fee and commission expenses	9	(1,572,333)	(1,091,866)
Interest expenses	10	(3,268,003)	(3,248,434)
Staff costs	11	(4,243,576)	(4,034,078)
Depreciation and amortisation expenses	12	(675,105)	(613,088)
Tax and surcharges		(55,149)	(64,867)
Other operating expenses	13	(1,766,917)	(2,256,212)
Provision for contingent liabilities	14	2,132,573	-
Impairment losses	15	(340,062)	(201,853)
Credit loss expense	16	(328,503)	237,998
<b>Total expenses</b>		(10,117,075)	(11,272,400)
<b>Operating profit</b>		4,659,019	3,748,745
Share of profits of associates and joint ventures		98,278	105,160
<b>Profit before income tax</b>		4,757,297	3,853,905
Income tax expense	17	(456,692)	(613,280)
<b>Profit for the year</b>		4,300,605	3,240,625
Attributable to:			
Shareholders of the Company		4,271,152	3,189,073
Non-controlling interests		29,453	51,552
<b>Total</b>		4,300,605	3,240,625
Basic and diluted earnings per share (in Renminbi per share)	20	0.84	0.61

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2023</u>	<u>2022</u>
<b>Profit for the year</b>	4,300,605	3,240,625
<b>Other comprehensive income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Debt investments at fair value through other comprehensive income		
- Net changes in fair value	168,943	(99,735)
- Provision for ECL allowance	16,621	5,174
- Reclassified to profit or loss	(39,238)	(11,815)
Share of other comprehensive income of associates	467	142
Exchange differences on translation of financial statements in foreign currencies	(60,578)	38,738
Income tax impact	(35,894)	26,594
Total items that may be reclassified subsequently to profit or loss	<u>50,321</u>	<u>(40,902)</u>
Items that will not be reclassified subsequently to profit or loss:		
Equity investments designated at fair value through other comprehensive income		
- Nets change in fair value	167,181	(92,830)
- Income tax impact	(41,795)	23,207
Total items that will not be reclassified subsequently to profit or loss	<u>125,386</u>	<u>(69,623)</u>
<b>Total comprehensive income for the year</b>	<u>4,476,312</u>	<u>3,130,100</u>
Attributable to:		
Shareholders of the Company	4,449,137	3,080,162
Non-controlling interests	27,175	49,938
<b>Total</b>	<u>4,476,312</u>	<u>3,130,100</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Non-current assets</b>			
Property and equipment	21	890,080	823,147
Right-of-use assets	22	804,799	542,666
Investment properties		11,432	12,151
Goodwill	23	529,506	834,718
Other intangible assets	24	262,918	215,492
Investments in associates and joint ventures	27	1,001,201	1,062,535
Financial assets measured at amortised cost	28	3,498,381	3,485,729
Debt investments at fair value through other comprehensive income	29	22,129,376	14,310,552
Equity investments designated at fair value through other comprehensive income	30	875,215	2,485,330
Financial assets held under resale agreements	31	-	37,314
Refundable deposits	33	8,959,802	9,701,252
Deferred tax assets	34	2,408,529	2,480,145
Finance lease receivables	35	3,988	8,269
Receivables arising from sale-and-leaseback arrangements	36	427,716	674,741
Other non-current assets	37	287,426	389,274
<b>Total non-current assets</b>		<u>42,090,369</u>	<u>37,063,315</u>
<b>Current assets</b>			
Accounts receivable	38	1,204,768	1,450,422
Finance lease receivables	35	42,829	218,689
Receivables arising from sale-and-leaseback arrangements	36	650,947	981,066
Other receivables and prepayments	39	2,842,513	2,660,847
Margin accounts receivable	40	36,783,275	36,814,356
Financial assets measured at amortised cost	28	149,369	103,643
Debt investments at fair value through other comprehensive income	29	19,981,258	7,439,924
Financial assets held under resale agreements	31	7,871,606	1,366,820
Financial assets at fair value through profit or loss	32	75,337,162	92,067,675
Derivative financial assets	41	1,838,397	1,107,395
Clearing settlement funds	42	1,237,540	1,188,681
Cash held on behalf of brokerage clients	43	47,875,463	61,922,141
Cash and bank balances	44	21,698,531	13,969,508
<b>Total current assets</b>		<u>217,513,658</u>	<u>221,291,167</u>
<b>Total assets</b>		<u>259,604,027</u>	<u>258,354,482</u>

continued/...

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



EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)


	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Current liabilities</b>			
Loans and borrowings	45	956,260	3,273,317
Short-term debt instruments	46	13,083,268	8,575,315
Placements from other financial institutions	47	12,821,203	13,704,055
Financial liabilities at fair value through profit or loss	48	296,017	97,458
Accounts payable to brokerage clients	49	55,957,676	69,297,987
Employee benefits payable	50	2,236,335	1,818,516
Other payables and accruals	51	18,269,205	15,166,850
Current tax liabilities	34	67,738	115,397
Financial assets sold under repurchase agreements	52	43,862,830	31,249,189
Derivative financial liabilities	41	1,033,710	703,189
Lease liabilities due within one year	22	224,558	283,243
Contract liabilities		32,469	44,636
Long-term bonds due within one year	53	22,232,836	15,349,694
<b>Total current liabilities</b>		<u>171,074,105</u>	<u>159,678,846</u>
<b>Net current assets</b>		<u>46,439,553</u>	<u>61,612,321</u>
<b>Total assets less current liabilities</b>		<u>88,529,922</u>	<u>98,675,636</u>
<b>Non-current liabilities</b>			
Loans and borrowings	45	1,163,962	1,966,887
Long-term bonds	53	17,266,636	26,266,790
Provision	14	546,886	5,284,293
Lease liabilities	22	591,315	278,157
Deferred tax liabilities	34	20,576	22,873
Other non-current liabilities	54	1,045,158	72,197
<b>Total non-current liabilities</b>		<u>20,634,533</u>	<u>33,891,197</u>
<b>Net assets</b>		<u>67,895,389</u>	<u>64,784,439</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
 31 December 2023


(All amounts expressed in RMB thousand unless otherwise specified)



	Notes	31 December 2023	31 December 2022
<b>Equity</b>			
Share capital	55	4,610,788	4,610,788
Other equity instruments	56	9,498,943	9,498,943
Reserves	57	38,217,581	37,608,439
Retained profits	57	14,761,297	12,286,664
<b>Total equity attributable to shareholders of the Company</b>		<b>67,088,609</b>	<b>64,004,834</b>
Non-controlling interests		806,780	779,605
<b>Total equity</b>		<b>67,895,389</b>	<b>64,784,439</b>

Approved and authorised for issue by the Board of Directors on 27 March 2024.

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	Attributable to shareholders of the Company								Total	Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Translation reserve	Retained profits			
As at 1 January 2023	4,610,788	9,498,943	24,198,686	4,042,363	9,780,181	(78,737)	(334,054)	12,286,664	64,004,834	779,605	64,784,439
Profit for the year	-	-	-	-	-	-	-	4,271,152	4,271,152	29,453	4,300,605
Other comprehensive income	-	-	-	-	-	238,563	(60,578)	-	177,985	(2,278)	175,707
Total comprehensive income	-	-	-	-	-	238,563	(60,578)	4,271,152	4,449,137	27,175	4,476,312
Appropriation to general reserve	-	-	-	-	542,455	-	-	(542,455)	-	-	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(968,265)	(968,265)	-	(968,265)
Perpetual bond interest	-	-	-	-	-	-	-	(389,550)	(389,550)	-	(389,550)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(103,751)	-	103,751	-	-	-
Others	-	-	(7,547)	-	-	-	-	-	(7,547)	-	(7,547)
As at 31 December 2023	<u>4,610,788</u>	<u>9,498,943</u>	<u>24,191,139</u>	<u>4,042,363</u>	<u>10,322,636</u>	<u>56,075</u>	<u>(394,632)</u>	<u>14,761,297</u>	<u>67,088,609</u>	<u>806,780</u>	<u>67,895,389</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

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

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Profit before income tax	4,757,297	3,853,905
Adjustments for:		
Interest expenses	1,792,141	1,955,599
Share of profit of associates and joint ventures	(98,278)	(105,160)
Depreciation and amortisation expenses	679,208	616,831
Impairment losses	340,062	201,853
Credit loss expense	328,503	(237,998)
Gains on disposal of property and equipment and other intangible assets	(1,039)	(351)
Foreign exchange losses/(gains)	2,052	(713)
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	(928,840)	(658,929)
(Gain)/loss on disposal of associates and joint ventures	(571)	178
Dividend income from equity investments designated at fair value through other comprehensive income	(143,803)	(144,865)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(162,663)	1,583,744
Unrealised fair value changes of derivative financial instruments	(429,523)	(393,255)
Operating cash flows before movements in working capital	<u>6,134,546</u>	<u>6,670,839</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
(continued)		
<i>Changes in operating assets</i>		
Decrease in refundable deposits	741,450	544,210
Decrease in margin accounts receivable	7,707	11,639,010
Decrease in finance lease receivables	116,543	428,178
Decrease in receivable arising from sale-and-leaseback arrangements	591,864	93,517
Decrease/(increase) in accounts receivable, other receivables and prepayments	1,843,933	(329,755)
(Increase)/decrease in financial assets held under resale agreements	(6,453,159)	5,735,913
Decrease/(increase) in financial instruments at fair value through profit or loss	17,091,735	(25,146,189)
Decrease in derivative financial instruments	29,041	24,341
Increase in restricted bank deposits	(19,930)	(51,069)
Decrease/(increase) in cash held on behalf of brokerage clients	11,092,242	(419,412)
<i>Changes in operating liabilities</i>		
Decrease in accounts payable to brokerage clients	(13,784,867)	(520,337)
Increase in other payables and accruals	3,948,650	10,675,727
Decrease in contingent liabilities	(4,737,407)	-
Increase/(decrease) in employee benefits payable	417,819	(4,241)
Increase in financial assets sold under repurchase agreements	12,613,641	11,385,277
(Decrease)/increase in placements from other financial institutions	(882,852)	11,640
Cash from operations	28,750,956	20,737,649
Income taxes paid	(512,721)	(1,531,709)
Interest paid for operating activities	(1,564,706)	(1,295,853)
Net cash flows from operating activities	<u>26,673,529</u>	<u>17,910,087</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		19,528,267	5,630,059
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		909,053	789,476
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		1,375	15,778
Proceeds from disposal of subsidiaries, associates and joint ventures		119,451	17,931
Dividends received from subsidiaries, associates and joint ventures		33,790	28,206
Purchases of financial assets at fair value through other comprehensive income and other investments		(34,896,378)	(15,223,944)
Purchases of property and equipment, other intangible assets and other non-current assets		(506,041)	(286,484)
Net cash flows used in investing activities		<u>(14,810,483)</u>	<u>(9,028,978)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of perpetual bonds		-	4,499,886
Proceeds from issuance of long-term bonds		12,640,000	5,000,000
Proceeds from issuance of short-term debt instruments		16,659,475	31,110,113
Proceeds from loans and borrowings		1,919,980	7,608,193
Long-term bonds repaid		(14,700,000)	(11,101,300)
Short-term debt instruments repaid		(12,197,360)	(29,776,090)
Loans and borrowings repaid		(5,017,021)	(10,121,994)
Lease payments paid		(354,825)	(326,290)
Interest paid		(1,699,052)	(2,040,848)
Dividends paid		(1,358,521)	(1,318,836)
Payment of other cash related to financing activities		(7,547)	-
Net cash flows used in financing activities		<u>(4,114,871)</u>	<u>(6,467,166)</u>
Net increase in cash and cash equivalents		7,748,175	2,413,943
Cash and cash equivalents at the beginning of the year		14,807,334	12,302,952
Effect of foreign exchange rate changes		11,951	90,439
Cash and cash equivalents at the end of the year	58	<u>22,567,460</u>	<u>14,807,334</u>

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

(All amounts expressed in RMB thousand unless otherwise specified)

1. GENERAL INFORMATION

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

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

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

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

As at 31 December 2023, the Company’s registered capital was RMB4,610,787,639 and the Company had a total of 4,610,787,639 issued shares of RMB1.00 each.

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



(All amounts expressed in RMB thousand unless otherwise specified)

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

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

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

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of determining net deferred tax aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>2</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2,4</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants<sup>2,4</sup></i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements<sup>2</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>3</sup></i>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>4</sup> As a consequence of the amendments to IAS 1 issued in January 2020 and October 2022 - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES

### Investments in associates and joint ventures

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Business combinations and goodwill

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

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

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

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Fair value measurement

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment and depreciation

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

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

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

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

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

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

<u>Type of assets</u>	<u>Estimated useful lives</u>	<u>Estimated residual value</u>	<u>Depreciation rate</u>
Buildings	40 years	0.00%	2.50%

Intangible assets (other than goodwill)

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

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

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

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

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



(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases

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

#### *Group as a lessee*

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

#### (a) Right-of-use assets

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

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

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

#### (b) Lease liabilities

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Leases (continued)

#### *Group as a lessee(continued)*

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

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

#### *Group as a lessor*

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

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

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

#### *Sale-and-leaseback transactions*

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets

#### *Initial recognition and measurement*

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and credit losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

#### *Financial assets designated at fair value through other comprehensive income (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as net investment gains in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as net investment gains in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4. MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets (continued)

#### *General approach* (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due or an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets measured at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

#### *Simplified approach*

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4. MATERIAL ACCOUNTING POLICIES (continued)

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage clients, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

#### *Subsequent measurement*

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

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

#### *Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments

#### *Initial recognition and subsequent measurement*

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

### Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin financing receivables as loans and receivables, and recognises interest income using effective interest rate method. Securities lent are not derecognised when the risk and rewards are not transferred, and interest income is recognised using effective interest rate method.

The collateral is not recognised on the statement of financial position, and the transfer of the collateral from counterparties is only reflected on the statement of financial position if the risk and rewards of ownership are also transferred.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.



(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expenses respectively.

### Accounts payable to brokerage clients

Accounts payable to brokerage clients are all deposited in the bank accounts designated by the Group. The Group recognises the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage clients would decrease by the difference, in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage clients would increase by the difference after deducting withholding stamp duty and commission.

### Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months, which are readily convertible into known amounts of cash, subject to insignificant risk of change in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Provision and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

#### (b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

#### (c) Asset management business

Income from regular management is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

#### (d) Other business

Income from other business is recognised when control of goods or services is transferred to the customers.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

### Expenses recognition

#### *Commission expenses*

Commission expenses relate mainly to transactions, which are recognised as expenses when the services are received.

#### *Interest expenses*

Interest expenses are recognised based on the principal outstanding and at the effective interest rate applicable.

#### *Lease payments*

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### *Other expenses*

Other expenses are recognised on an accrual basis.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

- property and equipment
- investment property
- right-of-use assets
- other intangible assets
- equity investments in subsidiaries
- equity investments in associates and joint ventures
- goodwill
- leasehold improvements and long-term deferred expenses

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Employee benefits

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, which have a credit rating of at least AA from a rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

#### *Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### Dividends

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(All amounts expressed in RMB thousand unless otherwise specified)

## 2.4 MATERIAL ACCOUNTING POLICIES (continued)

### Foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administration of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rates at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of debt investments at fair value through other comprehensive income or equity investments designated at fair value through other comprehensive income, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of the reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operations are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

### Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

### Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and the internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each product and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.



(All amounts expressed in RMB thousand unless otherwise specified)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Business model*

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. Management needs to make significant judgement when assessing its business model, including but, not limited to, (a) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b) the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods.

##### *Contractual cash flow characteristics*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. Management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. For instance, determining whether contractual cash flows could be significantly different from the benchmark cash flows involves judgment when assessing a modified time value of money element, whether the fair value of prepayment features is insignificant also needs judgment when assessing and determining the financial assets with prepayment features.

##### *Determination of the consolidation scope*

All facts and circumstances must be taken into consideration in the assessment of whether the Group controls an entity. The principle of control includes three elements: (i) power over the entity; (ii) exposure, or rights, to variable returns from involvement with the entity; and (iii) the ability to use power over the entity to affect the amount of entity's returns. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management products where the Group is involved as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management products that is of such significance indicating that the Group is a principal. The asset management products shall be consolidated if the Group acts in the role of principal.

##### *Significant judgement in determining the lease term of contracts with renewal options*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Fair value of financial instruments*

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using market valuation approach analysis, discounted cash flow analysis and option pricing models. The Group has established a work flow to ensure that the valuation techniques are constructed by qualified personnel and are validated and reviewed by independent personnel. Valuation techniques are certified and calibrated before implementation to ensure the valuation result reflects the actual market conditions. Valuation models established by the Group make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations, require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustments if necessary.

*Deferred income tax assets*

According to the provisions of the tax law, deferred income tax assets are measured at the applicable tax rates that are expected to apply to the period when the assets are realised. Deferred income tax assets are recognised for all unused tax losses, to the extent that it is likely that taxable profit will be available to offset these unused tax losses. Many judgements are needed from management to estimate the amount, timing and applicable tax rate of future taxable profit, together with the tax planning strategies, to determine the amount of deferred income tax assets to be recognised.

*Impairment of financial instruments*

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgment and estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such judgement and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economy indicators, and industry risk. Different estimates may affect the provision for impairment, and the provision may not be equal to the actual amount of impairment losses in the future.

*Impairment of investments in subsidiaries, associates and joint ventures*

Investments in subsidiaries, associates and joint ventures are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

*Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

*Provision*

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past events at each financial reporting date, and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the consolidated financial statements.

*Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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4. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5%, 25%
Value added tax ("VAT")	Taxable revenue	1%-13%
City maintenance and construction tax	Value added tax paid	1%, 7%
Education surcharge	Value added tax paid	3%

The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%.

5. FEE AND COMMISSION INCOME

	2023	2022
Income arising from		
- Securities brokerage and investment advisory business	3,209,139	3,890,789
- Underwriting and sponsorship business	1,051,482	1,277,473
- Asset management business	1,010,295	1,506,824
- Futures brokerage business	1,098,745	493,426
- Financial advisory business	32,306	45,839
- Others	56,516	57,247
Total	6,458,483	7,271,598

6. INTEREST INCOME

	2023	2022
Income arising from		
- Margin financing and securities lending	2,244,041	2,511,925
- Deposits in financial institutions	1,776,198	1,933,576
- Debt investments at fair value through other comprehensive income	771,627	467,000
- Financial assets measured at amortised cost	107,182	177,569
- Receivable arising from sale-and-leaseback arrangements	68,981	71,607
- Financial assets held under resale agreements	43,450	18,136
- Securities-backed lending and stock repurchases	43,053	142,517
- Finance leases	749	10,006
- Others	12,103	8,355
Total	5,067,384	5,340,691

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

7. NET INVESTMENT GAINS

	<u>2023</u>	<u>2022</u>
Net realised gains from		
- Financial instruments at fair value through profit or loss	1,902,625	289,573
- Debt investments at fair value through other comprehensive income	39,238	11,815
- Financial assets measured at amortised cost	10,793	2,545
- Derivative financial instruments	(2,016,074)	(493,082)
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	2,018,018	1,991,624
- Equity investments designated at fair value through other comprehensive income	143,803	144,865
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	162,663	(1,583,744)
- Derivative financial instruments	253,980	733,225
Total	<u>2,515,046</u>	<u>1,096,821</u>

8. OTHER INCOME AND GAINS

	<u>2023</u>	<u>2022</u>
Income from bulk commodity trading	250,241	818,561
Government grants	394,439	384,696
Commodity options market making business	28,923	39,748
Income from agent business	16,135	17,137
Rental income	14,062	14,927
Exchange (losses)/gains	(2,052)	713
Others	33,433	36,253
Total	<u>735,181</u>	<u>1,312,035</u>

9. FEE AND COMMISSION EXPENSES

	<u>2023</u>	<u>2022</u>
Expenses arising from		
- Securities brokerage and investment advisory business	831,980	1,036,199
- Futures brokerage business	687,233	14,010
- Underwriting and sponsorship business	52,308	40,944
- Asset management business	812	713
Total	<u>1,572,333</u>	<u>1,091,866</u>

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

10. INTEREST EXPENSES

	2023	2022
Interest expenses for		
- Long-term bonds	1,374,418	1,565,433
- Financial assets sold under repurchase agreements	806,944	451,798
- Placements from other financial institutions	330,560	416,758
- Loans and borrowings	254,771	215,188
- Short-term debt instruments	134,313	147,854
- Accounts payable to brokerage clients	98,202	134,452
- Gold borrowing	30,614	9,597
- Lease liabilities	28,639	27,335
- Deposits of return swaps	-	45,084
- Others	209,542	234,935
Total	3,268,003	3,248,434

11. STAFF COSTS

	2023	2022
Salaries, bonuses and allowances	3,291,610	3,163,490
Contributions to pension schemes	436,745	407,278
Other social welfare	515,221	463,310
Total	4,243,576	4,034,078

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

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

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(All amounts expressed in RMB thousand unless otherwise specified)

12. DEPRECIATION AND AMORTISATION EXPENSES

	2023	2022
Amortisation of right-of-use assets	318,773	308,696
Depreciation of property and equipment	177,501	148,109
Amortisation of other intangible assets	147,138	127,629
Amortisation of leasehold improvements and long-term deferred expenses	31,693	28,654
<b>Total</b>	<b>675,105</b>	<b>613,088</b>

13. OTHER OPERATING EXPENSES

	2023	2022
IT expenses	477,088	392,704
Cost of bulk commodity trading	249,257	813,242
Fund and asset management plan distribution and custodian expenses	166,499	199,528
Stock exchange management fees	137,710	129,728
Promotion and entertainment expenses	107,837	134,981
Rental expenses and utilities	98,932	100,085
Consulting and professional services	94,548	62,802
Business travel expenses	61,223	37,129
Postal and communication expenses	57,726	61,757
Labour outsourcing expenses	53,967	55,901
Securities/futures investor protection funds	40,133	43,379
Auditors' remuneration	10,421	10,601
Others	211,576	214,375
<b>Total</b>	<b>1,766,917</b>	<b>2,256,212</b>

14. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	31 December 2023	31 December 2022
Litigation and arbitration	546,886	5,284,293

(b) Provision for contingent liabilities

	2023	2022
At the beginning of the year	5,284,293	5,284,293
Reversal	(2,132,573)	-
Transfer-out	(2,516,887)	-
Amounts paid during the year	(87,947)	-
<b>At the end of the year</b>	<b>546,886</b>	<b>5,284,293</b>

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

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

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



(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In September 2020, Jiaying Zhaoyuan Yongjin Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhaoyuan Yongjin"), one of the mid-tranche limited partners of Jinxin Fund, initiated a civil lawsuit as plaintiff against Everbright Capital, regarding tort liability dispute, to request Everbright Capital to compensate for the loss of investment principal of RMB600 million and the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgement ((2020) Hu 74 Min Chu No. 2467) from the Shanghai Financial Court that Everbright Capital shall compensate Zhaoyuan Yongjin with 30% of the investment principal, which was RMB180 million; Zhaoyuan Yongjin's remaining claims were not supported. Everbright Capital has appealed the verdict of the case. In July 2023, Everbright Capital received the final judgement of the second instance ([2021] Hu Min Zhong No. 1254) from the Shanghai Higher People's Court that the first instance civil judgement was revoked. Everbright Capital was ruled to compensate Zhaoyuan Yongjin with 30% of the investment principal, of RMB600 million less the expected income already paid of RMB148 million. The total amount of compensation was approximately RMB135 million. The remaining litigation requests of Zhaoyuan Yongjin have been dismissed. On 30 August 2023, Zhaoyuan Yongjin applied for compulsory execution of the case, and Everbright Capital has received the Notice of Implementation issued by the Shanghai Financial Court. As of the date of approval of the financial statements, Everbright Capital has received the execution ruling of Shanghai Financial Court, which terminated the execution process. In addition, Everbright Capital has submitted a retrial application to the Supreme People's Court, and has received a notice of acceptance. The Supreme People's Court has filed and reviewed the application for retrial, and the final result is still uncertain.

In May 2021, Guizhou Guian Financial Investment Co., Ltd. (hereinafter referred to as "Guian Financial"), the stakeholder of another mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital, regarding tort liability disputes, to request Everbright Capital to compensate for the loss of their investment principal of RMB95 million, together with the corresponding expected income. In July 2023, Everbright Capital received the first instance civil judgement ([2021] Hu 74 Min Chu No. 1374) from the Shanghai Financial Court that Everbright Capital shall compensate Guian Financial with 30% of the investment principal, which was approximately RMB24.80 million; Guian Financial's remaining claims were not supported. Everbright Capital is dissatisfied with the first instance civil judgement and has filed an appeal to the Shanghai Higher People's Court. In December 2023, Everbright Capital received the second instance civil judgement that upheld the original verdict. As of the date of approval of the financial statements, the case has entered the stage of compulsory implementation.

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 disputes, to request Everbright Capital and Everbright Jinhui to compensate for the loss of their investment principal of RMB246.5 million, together with the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgement ([2021] Hu 74 Min Chu No. 283) from the Shanghai Financial Court that rejected the request of the plaintiff, and the verdict of the first instance has taken effect.

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 ruled as price. As of 31 December 2022, the number of shares of Tianyang Hongye Technology Co., Ltd. after distribution was 6,858,868. In May 2023, 6,858,868 shares of Tianyang Hongye Technology Co., Ltd. have been compulsorily executed, and all proceeds from the auction were used to repay the debts of Merchants Bank.

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In September 2023, the two cases between Everbright Capital and Merchants Bank and Hua Rui Bank have been finally ruled and entered into the execution stage. After negotiation, a settlement plan has been formulated and approved at the 29th meeting of the 6th Board of Directors of the Company. Everbright Capital has signed settlement agreements with Merchants Bank and Hua Rui Bank respectively to fulfil all payment obligations determined by the final judgement with RMB2.64 billion. The payment to Merchants Bank will be made in four years, while the payment to Hua Rui Bank will be settled in one lump sum. As of 31 December 2023, the payment of RMB400 million has been fully settled to Hua Rui Bank, and RMB734 million has been paid to Merchants Bank in accordance with the settlement agreement with an outstanding amount of RMB1.506 billion.

Based on the assessment of the latest developments in relevant litigation and arbitration and 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 RMB528 million as of 31 December 2023 (31 December 2022: RMB5.28 billion).

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, on 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 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 the case back to Beijing Higher People's Court for retrial. The court has accepted the case in June 2023 and held a trial on 13 October 2023. As of the date of approval of the financial statements, the case has not been ruled yet.

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, with the higher court of England and Wales, amounted to USD661 million. Everbright Capital has submitted a lawsuit to the defendant's lawyer, and the case is currently being discussed between the lawyers of both parties. On 19 October 2021, the defendant submitted a defence to the court regarding the case, and the court hearing was held in September 2022. As of the date of approval of the financial statements, the trial has not been held yet.

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

Please refer to the Group's announcements of No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009, No. Lin 2022-032, No. Lin 2022-052, No. Lin 2022-054, No. Lin 2023-019, No. Lin 2023-034, No. Lin 2023-036, No. Lin 2023-043, No. Lin 2023-046, No. Lin 2023-048, No. Lin 2024-007 and No. Lin 2024-009 for more details.

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15. IMPAIRMENT LOSSES

	<u>2023</u>	<u>2022</u>
Provision for impairment losses against		
Goodwill	315,171	171,862
Inventories	<u>24,891</u>	<u>29,991</u>
Total	<u><u>340,062</u></u>	<u><u>201,853</u></u>

16. CREDIT LOSS EXPENSE

	<u>2023</u>	<u>2022</u>
Provision for/(reversal of) credit losses against		
- Other receivables and prepayments	127,539	40,028
- Other non-current assets	97,414	23,864
- Finance lease receivables	87,005	(6,776)
- Margin accounts receivable	17,667	(6,934)
- Debt investments at fair value through other comprehensive income	16,622	5,174
- Accounts receivable	237	3,422
- Financial assets measured at amortised cost	(671)	(6,353)
- Receivable arising from sale-and-leaseback arrangements	(2,997)	3,922
- Financial assets held under resale agreements	<u>(14,313)</u>	<u>(294,345)</u>
Total	<u><u>328,503</u></u>	<u><u>(237,998)</u></u>

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17. INCOME TAX EXPENSE

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

	<u>2023</u>	<u>2022</u>
Current tax		
Mainland China income tax	422,328	844,442
Hong Kong profits tax	<u>9,875</u>	<u>8,444</u>
Subtotal	<u>432,203</u>	<u>852,886</u>
Adjustment in respect of prior years		
Mainland China income tax	(1,537)	30,000
Hong Kong profits tax	<u>(187)</u>	<u>(101)</u>
Subtotal	<u>(1,724)</u>	<u>29,899</u>
Deferred tax		
Origination and reversal of temporary differences	<u>26,213</u>	<u>(269,505)</u>
Total	<u>456,692</u>	<u>613,280</u>

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rate:

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u>4,757,297</u>	<u>3,853,905</u>
Tax at Mainland China statutory tax rate of 25%	1,189,324	963,476
Effect of different tax rates of subsidiaries	40,007	26,216
Adjustment for prior years	(1,724)	29,899
Profits and losses attributable to joint ventures and associates	(24,390)	(26,264)
Income not subject to tax	(434,111)	(334,542)
Expenses not deductible for tax	70,057	69,327
Recognition of deductible temporary differences and tax losses previously not recognised	(547,624)	(45,909)
Tax effect of unrecognised temporary differences and unused tax losses	262,625	65,409
Others	<u>(97,472)</u>	<u>(134,332)</u>
Total	<u>456,692</u>	<u>613,280</u>

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18. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office during the reporting period is as follows:

Name	2023				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
Directors:					
Zhao Ling	-	1,681	127	1,170	2,978
Liu Qiuming	-	1,542	186	2,104	3,832
Song Bingfang <sup>(1)</sup>	-	-	-	-	-
Yin Yanwu <sup>(1)</sup>	-	-	-	-	-
Chan Ming Kin <sup>(1)</sup>	-	-	-	-	-
Xie Song <sup>(1)(2)</sup>	-	-	-	-	-
Independent directors:					
Wang Yong	240	-	-	-	240
Po Wai Kwong	240	-	-	-	240
Ren Yongping	240	-	-	-	240
Yin Junming	240	-	-	-	240
Liu Yunhong	240	-	-	-	240
Supervisors:					
Liang Yi	-	1,405	115	813	2,333
Wu Chunsheng <sup>(1)</sup>	-	-	-	-	-
Huang Xiaoguang <sup>(1)</sup>	-	-	-	-	-
Zhu Wuxiang	200	-	-	-	200
Cheng Fengchao	200	-	-	-	200
Huang Qin	-	1,115	186	1,254	2,555
Li Xianzhi	-	1,093	116	568	1,777
Lin Jingmin	-	539	101	741	1,381
<b>Total</b>	<b>1,600</b>	<b>7,375</b>	<b>831</b>	<b>6,650</b>	<b>16,456</b>

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18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Name	2022				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
<b>Directors:</b>					
Zhao Ling	-	1,492	131	236	1,859
Liu Qiuming	-	2,121	192	1,338	3,651
Song Bingfang <sup>(1)</sup>	-	-	-	-	-
Fu Jianping <sup>(1)(3)</sup>	-	-	-	-	-
Yin Yanwu <sup>(1)</sup>	-	-	-	-	-
Chan Ming Kin <sup>(1)</sup>	-	-	-	-	-
Tian Wei <sup>(1)(4)</sup>	-	-	-	-	-
Yu Mingxiong <sup>(1)(5)</sup>	-	-	-	-	-
<b>Independent directors:</b>					
Wang Yong	240	-	-	-	240
Po Wai Kwong	240	-	-	-	240
Ren Yongping	240	-	-	-	240
Yin Junming	240	-	-	-	240
Liu Yunhong	240	-	-	-	240
<b>Supervisors:</b>					
Liang Yi	-	1,324	120	209	1,653
Wu Chunsheng <sup>(1)</sup>	-	-	-	-	-
Wang Hongyang <sup>(1)(6)</sup>	-	-	-	-	-
Huang Xiaoguang <sup>(1)</sup>	-	-	-	-	-
Zhu Wuxiang	200	-	-	-	200
Cheng Fengchao	200	-	-	-	200
Huang Qin	-	1,229	194	2,006	3,429
Li Xianzhi	-	1,159	145	580	1,884
Lin Jingmin	-	706	103	816	1,625
<b>Total</b>	<b>1,600</b>	<b>8,031</b>	<b>885</b>	<b>5,185</b>	<b>15,701</b>

(1) The remuneration of these directors and supervisors of the Company was borne by its shareholders and other related parties including China Everbright Group Ltd. and China Everbright Limited. No allocation of the remuneration between these related parties and the Group has been made during the reporting period.

(2) Appointed as director on 29 June 2023.

(3) Resigned as director on 30 June 2023.

(4) Resigned as director on 20 April 2023.

(5) Resigned as director on 7 April 2023.

(6) Resigned as supervisor on 12 May 2023.

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or as an inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the reporting period.

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19. INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments are directors or supervisors whose emoluments are disclosed in note 18. The aggregate of the emoluments is as follows:

	2023	2022
Salaries and allowances	5,525	5,753
Discretionary bonuses	25,104	42,482
Employer's contributions to pension schemes	901	961
Total	<u>31,530</u>	<u>49,196</u>

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

	2023	2022
	Number of individuals	Number of individuals
HKD6,500,001 to HKD7,000,000	4	-
HKD7,500,001 to HKD8,000,000	1	-
HKD8,000,001 to HKD8,500,000	-	2
HKD9,500,001 to HKD10,000,000	-	1
HKD12,000,001 to HKD12,500,000	-	1
HKD15,500,001 to HKD16,000,000	-	1
Total	<u>5</u>	<u>5</u>

No emoluments are paid or payable to these individuals as benefits for retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the reporting period.



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20. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue. There has been no change in the number of ordinary shares during the reporting period.

	<u>2023</u>	<u>2022</u>
Earnings		
Profit attributable to equity holders of the Company	4,271,152	3,189,073
Less: Profit attributable to other equity instruments holders of the Company (1)	<u>389,550</u>	<u>357,498</u>
Profit attributable to ordinary equity holders of the Company	<u>3,881,602</u>	<u>2,831,575</u>
Shares (in thousand)		
Weighted average number of ordinary shares in issue	<u>4,610,788</u>	<u>4,610,788</u>
Earnings per share attributable to ordinary equity holders of the Company (RMB yuan per share)		
— Basic	<u>0.84</u>	<u>0.61</u>

- (1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2023, RMB389,550 thousand (2022: RMB357,498 thousand) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

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21. PROPERTY AND EQUIPMENT

	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
<b>Cost</b>						
As at 1 January 2022	914,993	706,742	299,257	109,557	859	2,031,408
Additions	-	131,320	19,157	-	473	150,950
Transfers out during the year	(28,782)	-	-	-	(1,174)	(29,956)
Disposals and others	-	(68,750)	14,727	(3,385)	-	(57,408)
As at 31 December 2022	886,211	769,312	333,141	106,172	158	2,094,994
Additions	-	177,159	70,611	370	-	248,140
Transfers out during the year	-	-	-	-	(158)	(158)
Disposals and others	(35)	(44,398)	(1,667)	(3,766)	-	(49,866)
As at 31 December 2023	<u>886,176</u>	<u>902,073</u>	<u>402,085</u>	<u>102,776</u>	<u>-</u>	<u>2,293,110</u>
<b>Accumulated depreciation</b>						
As at 1 January 2022	(365,021)	(563,235)	(237,452)	(28,806)	-	(1,194,514)
Charge for the year	(22,507)	(94,382)	(30,503)	(4,100)	-	(151,492)
Transfers out during the year	16,271	-	-	-	-	16,271
Disposals and others	-	69,177	(14,614)	3,325	-	57,888
As at 31 December 2022	(371,257)	(588,440)	(282,569)	(29,581)	-	(1,271,847)
Charge for the year	(22,142)	(129,393)	(25,508)	(3,841)	-	(180,884)
Disposals and others	7	44,396	1,532	3,766	-	49,701
As at 31 December 2023	<u>(393,392)</u>	<u>(673,437)</u>	<u>(306,545)</u>	<u>(29,656)</u>	<u>-</u>	<u>(1,403,030)</u>
<b>Carrying amount</b>						
As at 31 December 2023	<u>492,784</u>	<u>228,636</u>	<u>95,540</u>	<u>73,120</u>	<u>-</u>	<u>890,080</u>
As at 31 December 2022	<u>514,954</u>	<u>180,872</u>	<u>50,572</u>	<u>76,591</u>	<u>158</u>	<u>823,147</u>

Note: Others include the effect of foreign exchange rate changes.

As at 31 December 2023 and 2022, for buildings of carrying amounts of RMB985 thousand and RMB1,055 thousand, respectively, the Group has yet to obtain the relevant land or building certificate.

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22. LEASES

(i) Right-of-use assets

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

	Buildings	Others	Total
Cost			
As at 1 January 2022	1,389,979	8,431	1,398,410
Additions	155,902	267	156,169
Disposals and others	(193,047)	(1,338)	(194,385)
As at 31 December 2022	1,352,834	7,360	1,360,194
Additions	594,009	325	594,334
Disposals and others	(179,397)	(1,946)	(181,343)
As at 31 December 2023	1,767,446	5,739	1,773,185
Accumulated depreciation			
As at 1 January 2022	(698,521)	(2,988)	(701,509)
Charge for the year	(307,202)	(1,494)	(308,696)
Disposals and others	191,713	964	192,677
As at 31 December 2022	(814,010)	(3,518)	(817,528)
Charge for the year	(317,414)	(1,359)	(318,773)
Disposals and others	165,969	1,946	167,915
As at 31 December 2023	(965,455)	(2,931)	(968,386)
Net carrying amount			
As at 31 December 2023	801,991	2,808	804,799
As at 31 December 2022	538,824	3,842	542,666

Note: Others include the effect of foreign exchange rate changes.

(ii) Lease liabilities

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

	2023	2022
Carrying amount at 1 January	561,400	710,892
New leases	594,580	161,166
Accretion of interest recognised during the year	28,639	27,335
Payments	(354,825)	(326,290)
Others	(13,921)	(11,703)
Carrying amount at 31 December	815,873	561,400
Analysed into:		
Current portion	224,558	283,243
Non-current portion	591,315	278,157

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

	2023	2022
Amortisation of right-of-use assets	318,773	308,696
Interest on lease liabilities	28,639	27,335
Expense relating to short-term leases	10,513	9,391
Expense relating to leases of low-value assets	53	61
Total	357,978	345,483

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23. GOODWILL

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	212,453	188,056
Less: Provision for impairment losses	(1,134,164)	(818,993)
Effect of exchange rate changes for impairment provision	<u>(52,984)</u>	<u>(38,546)</u>
Carrying amount	<u>529,506</u>	<u>834,718</u>

Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segments as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Hong Kong Wealth Management CGU	1,707,274	1,682,877
Everbright Futures CGU	<u>9,380</u>	<u>9,380</u>
Total	<u>1,716,654</u>	<u>1,692,257</u>

As at 31 December 2023, the Group's goodwill was divided into two CGUs, consistent with the previous years. The goodwill of RMB9,380 thousand generated from the acquisition of Everbright Futures Co., Ltd. (hereinafter referred to as "Everbright Futures") by the Group in 2007 belongs to the Everbright Futures CGU. The goodwill of HKD275,853 thousand generated from the acquisition of ESGL in 2011 and HKD1,608,098 thousand generated from the acquisition of EBSIL in 2015 belongs to the Hong Kong Wealth Management CGU. Due to business restructuring, ESGL and EBSIL have been liquidated and deregistered in 2022, and the relevant business has been transferred to Everbright Securities International (HK) Limited and China Everbright Securities International Company Limited.

The recoverable amount of the Hong Kong Wealth Management CGU is determined using the present value of expected future cash flows. Based on the financial budget or forecast approved by management for a five-year period, the Group's revenue growth rate ranges from 7.00% to 16.00% and net margin rate ranges from 33.57% to 35.19% for the budget or forecast period. The basis for determining these growth rates is on the revenue achieved in the first three years of the budget or forecast period, adjusted appropriately according to the expected market development situation. The revenue growth rate and net margin rate during the stable period are 2.50% and 35.27% respectively (2022: 2.50% and 39.42%), which are determined based on inflation during the budget or forecast period and adjusted appropriately according to the expected industry development situation, and do not exceed the long-term average growth rate of the business involved in the Hong Kong Wealth Management CGU. The discount rate used is a pre tax discount rate that reflects the specific risk of the relevant CGU. The applicable pre tax discount rate is 16.54% (2022: 17.06%), which already reflects the specific risk of the relevant CGU. As at 31 December 2023, the cumulative recognised impairment for goodwill in this CGU was RMB1,187,148 thousand.

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24. OTHER INTANGIBLE ASSETS

	Customer relationship	Software and others	Total
Cost			
As at 1 January 2022	863,362	1,086,463	1,949,825
Additions	-	96,036	96,036
Disposals and others	-	9,145	9,145
As at 31 December 2022	863,362	1,191,644	2,055,006
Additions	-	195,557	195,557
Disposals and others	-	3,074	3,074
As at 31 December 2023	<u>863,362</u>	<u>1,390,275</u>	<u>2,253,637</u>
Accumulated amortisation			
As at 1 January 2022	(863,362)	(829,050)	(1,692,412)
Charge for the year	-	(127,629)	(127,629)
Disposals and others	-	(19,473)	(19,473)
As at 31 December 2022	(863,362)	(976,152)	(1,839,514)
Charge for the year	-	(147,138)	(147,138)
Disposals and others	-	(4,067)	(4,067)
As at 31 December 2023	<u>(863,362)</u>	<u>(1,127,357)</u>	<u>(1,990,719)</u>
Carrying amount			
As at 31 December 2023	<u>-</u>	<u>262,918</u>	<u>262,918</u>
As at 31 December 2022	<u>-</u>	<u>215,492</u>	<u>215,492</u>

Note: Others include the effect of foreign exchange rate changes.

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25. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. All shares held are ordinary shares unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
				2023	2022		2023	2022
Everbright Futures Co., Ltd.* <sup>(2)</sup> 光大期貨有限公司	Mainland China 8 April 1993	Mainland China	RMB 1,500,000,000	100%	100%	Futures brokerage	EY PRC PRC GAAP	EY PRC PRC GAAP
Shanghai Everbright Securities Assets Management Co., Ltd.* <sup>(2)</sup> 上海光大證券資產管理有限公司	Mainland China 21 February 2012	Mainland China	RMB 200,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Investment Co., Ltd.* <sup>(2)</sup> 光大富尊投資有限公司	Mainland China 26 September 2012	Mainland China	RMB 2,000,000,000	100%	100%	Alternative investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Securities International Holdings Limited ("EBSI") <sup>(2)</sup> Everbright Development Investment Co., Ltd.* <sup>(2)</sup> 光大發展投資有限公司	Hong Kong 19 November 2010	Hong Kong	HKD 7,400,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Everbright Pramerica Fund Management Co., Ltd.* <sup>(2)</sup> 光大保德信基金管理有限公司	Mainland China 12 June 2017	Mainland China	RMB 500,000,000	100%	100%	Direct investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Capital Investment Co., Ltd.* <sup>(2)</sup> 光大資本投資有限公司	Mainland China 7 November 2008	Mainland China	RMB 4,000,000,000	100%	100%	Direct investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Financial Leasing Co., Ltd.* <sup>(7)</sup> 光大幸福融資租賃有限公司	Mainland China 29 September 2014	Mainland China	RMB 1,000,000,000	85%	85%	Finance leasing OTC Derivatives business basis trading and market making	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Photon Investment Management Co., Ltd.* 光大光子投資管理有限公司	Mainland China 26 June 2014	Mainland China	RMB 300,000,000	100%	100%	Investment management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Evertop Investment Management (Shanghai) Co., Ltd.* 光大富尊泰鋒投資管理(上海)有限公司	Mainland China 19 November 2015	Mainland China	RMB 10,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Pramerica Assets Management Co., Ltd.* 光大保德信資產管理有限公司	Mainland China 27 August 2015	Mainland China	RMB 250,000,000	100%	100%	Investment management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Jinhui Investment Management (Shanghai) Co., Ltd.* 光大浸輝投資管理(上海)有限公司	Mainland China 4 May 2015	Mainland China	RMB 100,000,000	100%	100%	Investment management	N/A	N/A
Everbright Fortune International Commercial Factoring Co., Ltd.* 光大幸福國際商業保理有限公司	Mainland China 3 May 2017	Mainland China	RMB 200,000,000	100%	100%	Factoring	EY PRC PRC GAAP	EY PRC PRC GAAP
Guanghang No. 1 (Tianjin) Leasing Co., Ltd.* 光航一號(天津)租賃有限公司	Mainland China 22 January 2018	Mainland China	RMB 100,000	100%	100%	Finance leasing	N/A	N/A
Guanghang No. 2 (Tianjin) Leasing Co., Ltd.* 光航二號(天津)租賃有限公司	Mainland China 25 January 2018	Mainland China	RMB 100,000	100%	100%	Finance leasing	N/A	N/A

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
				2023	2022		2023	2022
Everbright Financial Investment Limited	Hong Kong 14 August 2014	Hong Kong	HKD 650,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
China Everbright Fortune Immigration Services Limited <sup>(3) (6)</sup>	Hong Kong 9 December 2011	Hong Kong	HKD 1,000	N/A	100%	Immigration services	EY HKFRS	EY HKFRS
China Everbright Fortune Investment Limited <sup>(3)</sup>	Hong Kong 4 July 2013	Hong Kong	HKD 1,000	100%	100%	Investment	EY HKFRS	EY HKFRS
Everbright Fortune (Shenzhen) Information Technology Co., Ltd.* <sup>(3)</sup>	Mainland China 23 September 2011	Mainland China	HKD 30,000,000	100%	100%	IT support management	Bo Zhong PRC GAAP	Bo Zhong PRC GAAP
China Everbright Securities Asset Management Limited <sup>(3)</sup>	Hong Kong 23 September 2011	Hong Kong	HKD 10,000,000	100%	100%	Investment management	EY HKFRS	EY HKFRS
Majestic Luck Limited <sup>(3) (6)</sup>	British Virgin Islands 6 September 2011	Hong Kong	USD1	N/A	100%	Investment holding	N/A	N/A
China Everbright Securities International Structured Finance Company Limited <sup>(3)</sup>	Hong Kong 11 April 2016	Hong Kong	HKD 10,000,000	100%	100%	Investment	EY HKFRS	EY HKFRS
Everbright Capital Return Company Limited <sup>(3)</sup>	Cayman Islands 20 October 2016	Hong Kong	USD1	100%	100%	Fund management	N/A	N/A
Everbright Capital Investment Management (Cayman) Limited <sup>(3)</sup>	Cayman Islands 20 October 2016	Hong Kong	USD1	100%	100%	Fund management	N/A	N/A
China Everbright Securities International Fixed Income Investment Company Limited* <sup>(3)</sup>	Hong Kong 13 December 2017	Hong Kong	HKD 10,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
中國光證國際固定收益投資有限公司	Hong Kong 4 January 1994	Hong Kong	HKD 5,000,000	100%	100%	Investment holding and provision of management services	EY HKFRS	EY HKFRS
Everbright Securities International (HK) Limited <sup>(5)</sup>	British Virgin Islands 8 April 1997	Hong Kong	USD1	N/A	100%	Investment holding	N/A	N/A
Timbo Investment Limited <sup>(3) (6)</sup>	British Virgin Islands 7 March 1997	Hong Kong	USD1	N/A	100%	Investment holding	N/A	N/A
Luxfull Limited <sup>(3) (6)</sup>	Hong Kong 4 January 1994	Hong Kong	HKD 50,000,000	100%	100%	Corporate finance advisory	EY HKFRS	EY HKFRS
China Everbright Capital Limited <sup>(3)</sup>	Hong Kong 30 July 1992	Hong Kong	HKD 5,500,000	100%	100%	Investment research	EY HKFRS	EY HKFRS
China Everbright Research Limited <sup>(3)</sup>	Hong Kong 4 January 1991	Hong Kong	HKD 1,000,000,000	100%	100%	Securities brokerage and margin financing	EY HKFRS	EY HKFRS
China Everbright Securities (HK) Limited <sup>(3)</sup>	Hong Kong 19 August 1993	Hong Kong	HKD 200,000,000	100%	100%	Futures brokerage and leveraged foreign exchange	EY HKFRS	EY HKFRS
China Everbright Forex & Futures (HK) Limited <sup>(3)</sup>	Hong Kong 6 December 2002	Hong Kong	HKD 500,000	100%	100%	Insurance broking services	EY HKFRS	EY HKFRS
China Everbright Wealth Management Limited <sup>(3)</sup>								

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
				2023	2022		2023	2022
Bolson Limited <sup>(3)</sup>	Hong Kong 2 November 2007	Hong Kong	HKD 10,000	100%	100%	Holding of motor vehicles and licences	EY HKFRS	EY HKFRS
Shenzhen Baoyoudi Archives Co., Ltd* <sup>(3)</sup> 深圳寶又迪檔案整理有限公司	Mainland China 18 January 2008	Mainland China	HKD 8,000,000	100%	100%	Inactive	Peng Sheng PRC GAAP	Peng Sheng PRC GAAP
EBS Investment Limited <sup>(4)</sup>	Hong Kong 6 November 2017	Hong Kong	HKD1	100%	100%	Investment	EY HKFRS	EY HKFRS
Advance I (BVI) Limited <sup>(4)</sup>	British Virgin Islands 23 May 2018	Hong Kong	USD1	100%	100%	Financing	N/A	N/A
China Everbright Securities International Company Limited <sup>(5)</sup>	Hong Kong 27 February 1973	Hong Kong	HKD 157,748,221	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Bright Fund Management Limited <sup>(4)</sup>	Hong Kong 20 January 1989	Hong Kong	HKD 106,000,000	100%	100%	investment advising and fund management	EY HKFRS	EY HKFRS
Everbright Securities Digital Finance (HK) Limited <sup>(4)</sup>	Hong Kong 23 December 1975	Hong Kong	HKD 40,000,000	100%	100%	Online securities broking and margin financing	EY HKFRS	EY HKFRS
CES Private (HK) Limited <sup>(4)</sup>	Hong Kong 11 July 1975	Hong Kong	HKD 100,000	100%	100%	Business marketing and promotion	EY HKFRS	EY HKFRS
Shun Loong Holdings Limited <sup>(4)</sup>	Hong Kong 1 August 1980	Hong Kong	HKD 200,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Sun Hing Bullion Company Limited <sup>(4)</sup>	Hong Kong 24 November 1992	Hong Kong	HKD 5,500,000	100%	100%	Bullion trading	EY HKFRS	EY HKFRS
CES Nominees (HK) Limited <sup>(4)</sup>	Hong Kong 18 April 1972	Hong Kong	HKD 200	100%	100%	Nominee services	EY HKFRS	EY HKFRS
Everbright Securities (UK) Company Limited <sup>(4)</sup>	UK 16 December 2009	UK	GBP 1,852,282	100%	100%	Brokerage and research services	Moore Kingston Smith LLP UK GAAP	Moore Kingston Smith LLP UK GAAP
Bright Bullion Company Limited <sup>(4)</sup>	Hong Kong 12 September 1972	Hong Kong	HKD 210,000,000	100%	100%	Bullion trading and investment holding	EY HKFRS	EY HKFRS
CES Commodities (HK) Limited <sup>(4)</sup>	Hong Kong 4 August 1976	Hong Kong	HKD 133,300,000	100%	100%	Commodities broking	EY HKFRS	EY HKFRS
CES Insurance Consultants (HK) Limited <sup>(4)</sup>	Hong Kong 5 July 1988	Hong Kong	HKD 21,000,000	100%	100%	Insurance broking consultancy services	EY HKFRS	EY HKFRS
CES International Commodities (HK) Limited <sup>(4)</sup>	Hong Kong 24 March 1972	Hong Kong	HKD 25,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Everbright Securities Global (HK) Limited <sup>(4)</sup>	Hong Kong 3 May 1974	Hong Kong	HKD 22,000,000	100%	100%	Corporate finance services	EY HKFRS	EY HKFRS



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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP <sup>(1)</sup>	
				2023	2022		2023	2022
CES Investment Services (Macau) Limited <sup>(4)</sup>	Macau 5 February 1991	Macau	MOP 48,900,000	100%	100%	Inactive	Macau FRS	Macau FRS
Everbright Securities Investment Services (HK) Limited <sup>(4)</sup>	Hong Kong 4 August 1972	Hong Kong	HKD 2,430,000,000	100%	100%	Investment holding securities broking and margin financing	EY HKFRS	EY HKFRS
Structured Solutions Limited <sup>(4) (6)</sup>	Hong Kong 21 March 1980	Hong Kong	HKD2	N/A	100%	Inactive	N/A	HKFRS
CES Wealth Management (HK) Limited <sup>(4)</sup>	Hong Kong 21 December 1990	Hong Kong	HKD 5,000,000	100%	100%	Investment advisory financial planning wealth management	EY HKFRS	EY HKFRS
Sun Yi Company Limited <sup>(4)</sup>	Hong Kong 19 November 1982	Hong Kong	HKD 15,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
CES Insurance Agency (HK) Limited <sup>(4)</sup>	Hong Kong 30 October 2014	Hong Kong	HKD 2,000,001	100%	100%	Insurance agency	EY HKFRS	EY HKFRS
Shun Loong Bullion Limited <sup>(4)</sup>	Hong Kong 7 September 1995	Hong Kong	HKD 6,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
OP EBS Fintech Investment Limited <sup>(3)</sup>	British Virgin Islands 13 January 2021	Hong Kong	-	100%	100%	Inactive	N/A	N/A

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

The Group acted as a principal of several structured entities during the reporting period according to the relevant accounting policies of the Group, and details of these structured entities are included in the financial statements. More detailed information of consolidated structured entities is disclosed in note 26.

(1) Auditors and GAAPs of the respective subsidiaries of the Group are as follows:

- EY PRC represents Ernst & Young Hua Ming LLP, a firm of certified public accountants registered in Mainland China;
- EY represents Ernst & Young, Hong Kong, a firm of certified public accountants registered in Hong Kong;
- Bo Zhong represents Shenzhen Bo Zhong Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- Peng Sheng represents Shenzhen Peng Sheng Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- PRC GAAP represents the China Accounting Standards;
- HKFRS represents Hong Kong Financial Reporting Standards;
- UK GAAP represents the Financial Reporting Standards;
- Macau FRS represents Macau Financial Reporting Standards;

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25. INVESTMENTS IN SUBSIDIARIES (continued)

- (2) These subsidiaries are directly held by the Company.
- (3) The equity interest in the subsidiary represents the equity interest held directly or indirectly by Everbright Securities International (HK) Limited.
- (4) The equity interest in the subsidiary represents the equity interest held directly or indirectly by China Everbright Securities International Company Limited.
- (5) The equity interest in the subsidiary represents the equity interest held directly by Everbright Securities International Holdings Limited.
- (6) The subsidiaries were dissolved in 2023.
- (7) A 35% equity interest in the subsidiary has been frozen. Please refer to note 14(b) for details.

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

The following table lists out the information related to a major subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

Everbright Pramerica Fund Management Co., Ltd.

	<u>31 December 2023</u>	<u>31 December 2022</u>
NCI percentage	45%	45%
Assets	1,602,036	1,507,440
Liabilities	(202,422)	(196,397)
Net assets	1,399,614	1,311,043
Carrying amount of NCI	629,826	589,969
	<u>2023</u>	<u>2022</u>
Revenue <sup>(1)</sup>	484,619	518,986
Profit for the year	88,570	105,308
Total comprehensive income	88,570	105,308
Total comprehensive income attributable to NCI	39,857	47,389
Cash flows from operating activities	137,462	124,197
Cash flows from investing activities	91,951	135,012
Cash flows used in financing activities	(239,871)	(261,646)

(1) The revenue is calculated in accordance with PRC GAAP.

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26. INVESTMENTS IN STRUCTURED ENTITIES

(a) Investments in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly investments in funds and asset management products. For those structured entities where the Group is involved as manager or as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that it indicates that the Group is a principal.

As at 31 December 2023 and 2022, the net assets of the consolidated structured entities were RMB12,669,298 thousand and RMB10,533,584 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB12,696,658 thousand and RMB10,310,791 thousand respectively.

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

At the end of the reporting period, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

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

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

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

Financial assets at fair value through profit or loss	<u>31 December 2023</u>	<u>31 December 2022</u>
Funds	22,594,601	29,741,703
Asset management products	421,425	370,457
Wealth management products	3,505,048	6,211,633
Others	<u>259,769</u>	<u>191,873</u>
Total	<u>26,780,843</u>	<u>36,515,666</u>

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26. INVESTMENTS IN STRUCTURED ENTITIES (continued)

(c) Structured entities sponsored by the Group and not consolidated by the Group

The types of structured entities sponsored by the Group and not consolidated by the Group but in which it holds an interest include funds and asset management products.

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

Financial assets at fair value through profit or loss	<u>31 December 2023</u>	<u>31 December 2022</u>
Funds	378,211	417,563
Asset management products	485,482	1,603,916
Others	-	289,267
Total	<u>863,693</u>	<u>2,310,746</u>

As at 31 December 2023 and 31 December 2022, 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 RMB312,268,475 thousand and RMB347,171,401 thousand, respectively.

During the years ended 31 December 2023 and 2022, the Group recognised the income amounted to RMB669,114 thousand and RMB1,166,481 thousand, respectively, from these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests. As at 31 December 2023 and 31 December 2022, the corresponding remuneration receivables totalled RMB80,629 thousand and RMB107,593 thousand, respectively.

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Share of net assets		
- Associates	865,126	812,135
- Joint ventures	136,075	250,400
Total	<u>1,001,201</u>	<u>1,062,535</u>

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains the particulars of associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available:

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2023	As at 31 December 2022	
<u>Associates</u>					
Dacheng Fund Management Co., Ltd.* 大成基金管理有限公司	Shenzhen	RMB 200,000,000	25.00%	25.00%	Fund management
Everbright Yunfu Internet Co., Ltd.* 光大雲付互聯網股份有限公司	Shanghai	RMB 200,000,000	40.00%	40.00%	Financial data processing
Everbright Eascreate Internet Co., Ltd.* 光大易創網路科技股份有限公司	Shanghai	RMB 100,000,000	40.00%	40.00%	Financial data processing
CRECG & EB Private Equity Fund Management (Shanghai) Co., Limited* 中鐵光大股權投資基金管理(上海)有限公司	Shanghai	RMB 50,000,000	30.00%	30.00%	Investment management
Tianjin Zhongchen Zhongli Investment Management Co., Ltd.* 天津中城光麗投資管理有限公司	Tianjin	RMB 20,000,000	30.00%	30.00%	Investment management
Zhongnengjian Fund Management Co., Ltd.* 中能建基金管理有限公司	Beijing	RMB 50,000,000	30.00%	30.00%	Investment management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2023	As at 31 December 2022	
<u>Joint ventures</u>					
Hangzhou Everbright Tunlan Investment LLP <sup>*(3)</sup> 杭州光大瞰瀾投資合夥企業(有限合夥)	Hangzhou	RMB 106,000,000	47.17%	47.17%	Investment management
Everbright Ivy (Shanghai) Investment Center (Limited Partnership) <sup>*(3)</sup> 光大常春藤(上海)投資中心(有限合夥)	Shanghai	RMB 185,000,000	27.03%	27.03%	Fund management
Shanghai Everbright Sports & Culture Equity Fund (Limited Partnership)* 上海光大體育文化投資合夥企業(有限合夥)	Shanghai	RMB 163,944,800	24.76%	24.76%	Fund management
Everbright securities Forex (HK) Limited <sup>(1)</sup> 光證外匯(香港)有限公司	Hong Kong	HKD 75,166,707	51.00%	51.00%	Foreign exchange dealing
Jiaxing Everbright Meiyin No. 1 Investment LLP <sup>*(3)</sup> 嘉興光大美銀壹號投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	25.00%	25.00%	Investment management
Jiaxing Everbright BoPu Investment LLP (Limited Partnership) <sup>*(3)</sup> 嘉興光大礪璞投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	24.90%	24.90%	Investment management
EBS Fund Management Co., Ltd. <sup>*(1)</sup> 上海光大光證股權投資基金管理有限公司	Shanghai	RMB 20,000,000	75.50%	75.50%	Investment management
Everbright Ivy Investment Management (Shanghai) Co., Ltd. <sup>*(1)</sup> 光大常春藤投資管理(上海)有限公司	Shanghai	RMB 10,000,000	51.00%	51.00%	Investment management
Everbright LeadBank Assets Management (Shanghai) Co., Ltd. <sup>*(1)</sup> 光大利得資產管理(上海)有限公司	Shanghai	RMB 10,000,000	95.00%	95.00%	Investment management
Jiaxing Everbright Meiyin Investment Management Co., Ltd. <sup>*(1)</sup> 嘉興光大美銀投資管理有限公司	Jiaxing	RMB 2,000,000	51.00%	51.00%	Investment management
Beijing BCID-EBS Cultural & Innovation No.2 Investment Fund (Limited Partnership) <sup>*(1)(3)</sup> 北京文資光大文創貳號投資基金管理中心(有限合夥)	Beijing	RMB 97,550,000	99.90%	99.90%	Fund management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2023	As at 31 December 2022	
<u>Joint ventures (continued)</u>					
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
Shanghai Everbright Fortune Jingtian Investment Center (Limited Partnership) <sup>*(2)</sup> 上海光大富尊環閣投資中心(有限合夥)	Shanghai	RMB 52,350,000	0.20%	0.20%	Investment management
Gansu Duzhe Everbright Private Equity Fund Management Co., Ltd. <sup>*(1)(4)</sup> 甘肅讀者光大私募基金管理有限公司	Lanzhou	RMB 5,000,000	-	51.00%	Fund management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2023	As at 31 December 2022	
<u>Joint ventures (continued)</u>					
Shanghai Jingjun Enterprise Management L.P.* 上海璟隽企業管理合夥企業 (有限合夥)	Hangzhou	RMB 10,000,000	40.00%	40.00%	Investment management
Beijing Everbright 360 Investment Management Center*(2) 北京光大三六零投資管理中心 (有限合夥)	Beijing	RMB 680,800,000	0.07%	0.07%	Investment management
Hohhot Haotian Construction Co., Ltd.*(2) 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

All of the above associates and joint ventures are accounted for using equity method in the financial statements.

- (1) The Group's shareholding of these investees is higher than 50%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.
- (2) The Group's shareholding of these investees is lower than 20%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.
- (3) As at 31 December 2023, the Group's shareholding of these investees has been restricted by the judicial department. Please refer to note 14(b) for details.
- (4) As at 31 December 2023, the Group's shareholding in this investee has been disposed, and has lost joint control.

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



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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Summarised financial information of the Group's material associate reconciled to the carrying amounts in the financial statement is disclosed below:

Dacheng Fund Management Co., Ltd.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Gross amounts of the associate:		
Assets	5,715,106	5,313,359
Liabilities	<u>(2,327,452)</u>	<u>(2,159,225)</u>
Net assets	<u>3,387,654</u>	<u>3,154,134</u>
	<u>2023</u>	<u>2022</u>
Revenue <sup>(1)</sup>	<u>2,006,352</u>	<u>1,893,809</u>
Profit for the year	405,270	417,295
Other comprehensive income	<u>1,871</u>	<u>567</u>
Total comprehensive income	<u>407,141</u>	<u>417,862</u>
Dividend declared this year from the associate	<u>40,000</u>	<u>32,000</u>
Dividend received this year from the associate	<u>32,000</u>	<u>27,750</u>
	<u>31 December 2023</u>	<u>31 December 2022</u>
Reconciled to the Group's interest in the associate:		
Net assets	3,387,654	3,154,134
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	<u>846,914</u>	<u>788,534</u>
Carrying amount in the consolidated financial statements	<u>846,914</u>	<u>788,534</u>

(1) The revenue is calculated in accordance with PRC GAAP.

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

	<u>2023</u>	<u>2022</u>
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	<u>366</u>	<u>1,952</u>
Total comprehensive income	<u>366</u>	<u>1,952</u>
	<u>31 December 2023</u>	<u>31 December 2022</u>
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	<u>154,287</u>	<u>274,001</u>

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28. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Non-current	31 December 2023	31 December 2022
Debt securities	3,549,957	3,537,929
Others	167,213	167,951
Less: Allowance for ECLs	(218,789)	(220,151)
<b>Total</b>	<b>3,498,381</b>	<b>3,485,729</b>
Analysed as:		
Listed outside Hong Kong	220,365	19,981
Unlisted	3,278,016	3,465,748
<b>Total</b>	<b>3,498,381</b>	<b>3,485,729</b>
Current	31 December 2023	31 December 2022
Debt securities	149,422	103,673
Less: Allowance for ECLs	(53)	(30)
<b>Total</b>	<b>149,369</b>	<b>103,643</b>
Analysed as:		
Listed outside Hong Kong	1,639	387
Unlisted	147,730	103,256
<b>Total</b>	<b>149,369</b>	<b>103,643</b>

As at 31 December 2023, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB1,862,659 thousand (as at 31 December 2022: RMB1,810,627 thousand).

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

	2023	2022
At the beginning of the year	220,181	228,585
Charge for the year	514	1,628
Reversal for the year	(1,185)	(7,981)
Amounts written off	(668)	(2,403)
Others	-	352
<b>At the end of the year</b>	<b>218,842</b>	<b>220,181</b>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	1,785	-	217,057	218,842
31 December 2022	2,387	-	217,794	220,181

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29. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	31 December 2023	31 December 2022
Debt securities	22,129,376	14,310,552
<b>Total</b>	<b>22,129,376</b>	<b>14,310,552</b>
Analysed as:		
Listed outside Hong Kong	3,226,323	843,747
Unlisted	18,903,053	13,466,805
<b>Total</b>	<b>22,129,376</b>	<b>14,310,552</b>
Current	31 December 2023	31 December 2022
Debt securities	19,981,258	7,439,924
<b>Total</b>	<b>19,981,258</b>	<b>7,439,924</b>
Analysed as:		
Listed outside Hong Kong	148,591	195,805
Unlisted	19,832,667	7,244,119
<b>Total</b>	<b>19,981,258</b>	<b>7,439,924</b>

As at 31 December 2023, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB37,133,205 thousand (as at 31 December 2022: RMB15,050,127 thousand).

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

	2023	2022
At the beginning of this year	59,708	56,042
Charge for the year	20,122	5,638
Reversal for the year	(3,500)	(464)
Amounts written off	(6,775)	(1,508)
<b>At the end of the year</b>	<b>69,555</b>	<b>59,708</b>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	19,555	–	50,000	69,555
31 December 2022	9,204	504	50,000	59,708

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

Non-current	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity securities	528,846	2,148,586
Others	<u>346,369</u>	<u>336,744</u>
<b>Total</b>	<b><u>875,215</u></b>	<b><u>2,485,330</u></b>
Analysed as:		
Listed outside Hong Kong	514,114	2,102,785
Unlisted	<u>361,101</u>	<u>382,545</u>
<b>Total</b>	<b><u>875,215</u></b>	<b><u>2,485,330</u></b>

For the year ended 31 December 2023, the Group disposed of some of the equity investments designated at fair value through other comprehensive income as a result of an adjustment in its investment strategy. The accumulated net realised gains on the equity instruments disposed of was RMB138,334 thousand. During the year ended 31 December 2023, the Group received dividends in the amounts of RMB131,495 thousand and RMB12,308 thousand from equity securities and others, respectively.

For the year ended 31 December 2022, the Group did not dispose of any equity investments designated at fair value through other comprehensive income.

As at 31 December 2023 and 31 December 2022, there were no equity investments designated at fair value through other comprehensive income of the Group having lock-up periods or commitment conditions.

31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Non-Current	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity securities	838,274	894,973
Debt securities	184,227	184,300
Less: Allowance for ECLs	<u>(1,022,501)</u>	<u>(1,041,959)</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>37,314</u></b>
Current	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity securities	129,671	171,368
Debt securities	7,747,923	1,196,295
Less: Allowance for ECLs	<u>(5,988)</u>	<u>(843)</u>
<b>Total</b>	<b><u>7,871,606</u></b>	<b><u>1,366,820</u></b>

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31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

(b) Analysed by market:

Non-Current	31 December 2023	31 December 2022
Stock Exchange	1,022,501	1,079,273
Less: Allowance for ECLs	(1,022,501)	(1,041,959)
Total	-	37,314
Current	31 December 2023	31 December 2022
Stock Exchange	195,416	209,265
Inter-bank market	7,682,178	1,158,398
Less: Allowance for ECLs	(5,988)	(843)
Total	7,871,606	1,366,820

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

	2023	2022
At the beginning of the year	1,042,802	1,390,462
Charge for the year	5,977	2,482
Reversal for the year	(20,290)	(296,827)
Amounts written off	-	(53,315)
At the end of the year	1,028,489	1,042,802

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	5,988	-	1,022,501	1,028,489
31 December 2022	829	14	1,041,959	1,042,802

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32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity shares	28,209,476	23,319,852
Funds	22,972,812	30,159,266
Debt securities	11,876,227	21,973,581
Perpetual bonds and preferred shares	7,408,870	7,814,428
Wealth management products	3,505,048	6,211,633
Asset management products	906,907	1,974,372
Asset backed security	259,692	398,360
Others	198,130	216,183
Total	<u>75,337,162</u>	<u>92,067,675</u>
Analysed as:		
- Listed outside Hong Kong	35,347,190	30,662,663
- Listed inside Hong Kong	689,031	30,203
- Unlisted	<u>39,300,941</u>	<u>61,374,809</u>
Total	<u>75,337,162</u>	<u>92,067,675</u>

As at 31 December 2023 and 31 December 2022, financial assets at fair value through profit or loss of the Group included financial assets of RMB10,997,598 thousand and RMB22,386,822 thousand, respectively, which are pledged, restricted, lent or frozen, of which the equity shares in the financial assets at fair value through profit or loss with lock-up periods held by the Group amounted to RMB650,144 thousand and RMB1,866,133 thousand, respectively.

As at 31 December 2023 and 31 December 2022, the Group has entered into securities lending arrangements with clients that resulted in the transfers of financial assets at fair value through profit or loss with total fair values of RMB6,887 thousand and RMB112,314 thousand to external clients, respectively. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy. The fair value of collateral for the securities lending business is analysed in note 40(c) together with the fair value of collateral of margin financing business.

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33. REFUNDABLE DEPOSITS

	31 December 2023	31 December 2022
Deposits with stock exchanges and clearing houses		
- China Securities Depository and Clearing Corporation Limited	663,614	1,217,791
- Shanghai Clearing House	20,038	46,020
- Hong Kong Securities Clearing Company Limited	17,261	20,447
- The Stock Exchange of Hong Kong Limited	15,019	12,940
Subtotal	715,932	1,297,198
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	2,359,772	2,295,304
- Shanghai Futures Exchange	2,018,812	2,217,004
- Dalian Commodity Exchange	1,822,044	2,007,481
- Zhengzhou Commodity Exchange	1,530,120	1,603,915
- Shanghai International Energy Exchange	209,726	163,238
- Shanghai Gold Exchange	183,204	55,284
- Hong Kong Futures Exchange	8,156	8,039
Subtotal	8,131,834	8,350,265
Deposits with other institutions		
- China Securities Finance Corporation Limited ("CSFC")	63,184	50,886
- Other institutions	48,852	2,903
Subtotal	112,036	53,789
Total	8,959,802	9,701,252

34. INCOME TAX

(a) Current taxation

	31 December 2023	31 December 2022
Current tax liabilities	67,738	115,397
	2023	2022
At the beginning of the year	115,397	764,321
Provision for the year	430,479	882,785
Increase through the disposal of equity investments designated at fair value through other comprehensive income	34,583	-
Tax paid	(512,721)	(1,531,709)
At the end of the year	67,738	115,397

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34. INCOME TAX (continued)

(b) Deferred tax assets/liabilities recognised

The components of deferred tax assets/liabilities recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

Deferred tax arising from:	Allowance for ECLs/ Impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Others	Total
As at 1 January 2022	1,805,763	427,053	(99,507)	4,657	2,137,966
Recognised in profit or loss	(67,012)	16,401	187,050	133,066	269,505
Recognised in reserves	-	-	49,801	-	49,801
As at 31 December 2022	1,738,751	443,454	137,344	137,723	2,457,272
Recognised in profit or loss	18,903	105,178	(123,685)	(26,609)	(26,213)
Recognised in reserves	-	-	(77,689)	-	(77,689)
Transferred out	-	-	34,583	-	34,583
As at 31 December 2023	1,757,654	548,632	(29,447)	111,114	2,387,953



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34. INCOME TAX (continued)

(c) Reconciliation to the statement of financial position

	31 December 2023	31 December 2022
Net deferred tax assets recognised in the consolidated statement of financial position	2,408,529	2,480,145
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(20,576)</u>	<u>(22,873)</u>
Total	<u>2,387,953</u>	<u>2,457,272</u>

(d) Recognised in other comprehensive income

	2023		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	168,943	(42,236)	126,707
- Provision for ECL allowance	16,621	(3,468)	13,153
- Reclassified to profit or loss	(39,238)	9,810	(29,428)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	167,181	(41,795)	125,386
Share of other comprehensive income of associates	467	-	467
Exchange differences on translation of financial statements in foreign currencies	<u>(60,578)</u>	<u>-</u>	<u>(60,578)</u>
Total	<u>253,396</u>	<u>(77,689)</u>	<u>175,707</u>
	2022		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	(99,735)	24,934	(74,801)
- Provision for ECL allowance	5,174	(1,294)	3,880
- Reclassified to profit or loss	(11,815)	2,954	(8,861)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	(92,830)	23,207	(69,623)
Share of other comprehensive income of associates	142	-	142
Exchange differences on translation of financial statements in foreign currencies	<u>38,738</u>	<u>-</u>	<u>38,738</u>
Total	<u>(160,326)</u>	<u>49,801</u>	<u>(110,525)</u>

(e) Deferred tax assets not recognised

As at 31 December 2023 and 2022, the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences amounting to RMB3,714,839 thousand and RMB4,680,139 thousand respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity, including a deductible temporary differences of RMB1,763,516 thousand and a deductible losses of RMB1,951,323 thousand.

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35. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	31 December 2023	31 December 2022
Minimum lease payments to be received	206,978	343,789
Less: Unrealised finance income	(19,083)	(39,351)
Balance of finance lease receivables	187,895	304,438
Less: Allowance for ECLs	(141,078)	(77,480)
Finance lease receivables, net	<u>46,817</u>	<u>226,958</u>
Analysis for presentation purposes:		
Non-current assets	3,988	8,269
Current assets	<u>42,829</u>	<u>218,689</u>

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

	As at 31 December 2023		As at 31 December 2022	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	201,505	183,282	333,452	296,018
1 to 2 years	4,865	4,084	4,865	3,807
2 to 3 years	608	529	4,865	4,084
Over 3 years	-	-	607	529
Total	<u>206,978</u>	<u>187,895</u>	<u>343,789</u>	<u>304,438</u>
Unrealised finance income	(19,083)	-	(39,351)	-
Balance of finance lease receivables	187,895	187,895	304,438	304,438
Allowance for ECLs	(141,078)	(141,078)	(77,480)	(77,480)
Finance lease receivables, net	<u>46,817</u>	<u>46,817</u>	<u>226,958</u>	<u>226,958</u>

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

	2023	2022
At the beginning of the year	77,480	84,256
Charge for the year	102,360	10,952
Reversal of impairment	(15,355)	(17,728)
Amounts written off	(23,407)	-
At the end of the year	<u>141,078</u>	<u>77,480</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	<u>1,152</u>	<u>-</u>	<u>139,926</u>	<u>141,078</u>
31 December 2022	<u>218</u>	<u>2,552</u>	<u>74,710</u>	<u>77,480</u>

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36. RECEIVABLES ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	31 December 2023	31 December 2022
Minimum lease payments to be received	1,166,260	1,805,585
Less: Unrealised finance income	<u>(64,255)</u>	<u>(111,716)</u>
Balance of receivables arising from sale-and-leaseback arrangements	1,102,005	1,693,869
Less: Allowance for ECLs	<u>(23,342)</u>	<u>(38,062)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,078,663</u>	<u>1,655,807</u>
Analysis for presentation purposes:		
Non-current assets	427,716	674,741
Current assets	<u>650,947</u>	<u>981,066</u>

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

	31 December 2023		31 December 2022	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	719,569	672,418	1,094,062	1,014,953
1 to 2 years	370,355	354,839	499,553	473,946
2 to 3 years	76,336	74,748	211,970	204,970
Total	<u>1,166,260</u>	<u>1,102,005</u>	<u>1,805,585</u>	<u>1,693,869</u>
Unrealised finance income	<u>(64,255)</u>	-	<u>(111,716)</u>	-
Balance of receivables arising from sale-and-leaseback arrangements	1,102,005	1,102,005	1,693,869	1,693,869
Allowance for ECLs	<u>(23,342)</u>	<u>(23,342)</u>	<u>(38,062)</u>	<u>(38,062)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,078,663</u>	<u>1,078,663</u>	<u>1,655,807</u>	<u>1,655,807</u>

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

	2023	2022
At the beginning of the year	38,062	34,140
Charge for the year	12,929	7,417
Reversal of impairment	(15,926)	(3,495)
Amounts written off	<u>(11,723)</u>	-
At the end of the year	<u>23,342</u>	<u>38,062</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	<u>2,415</u>	<u>-</u>	<u>20,927</u>	<u>23,342</u>
31 December 2022	<u>4,247</u>	<u>2,606</u>	<u>31,209</u>	<u>38,062</u>

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37. OTHER NON-CURRENT ASSETS

Analysed by nature:

	31 December 2023	31 December 2022
Other receivables	501,801	399,219
Bulk commodity trading inventories	86,214	86,214
Deposits	60,592	55,559
Long-term deferred expenses (a)	52,284	53,710
Less: Allowance for ECLs (b)	(358,583)	(175,442)
Provision for impairment losses	(54,882)	(29,986)
	<u>287,426</u>	<u>389,274</u>
Total	<u>287,426</u>	<u>389,274</u>

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

	2023	2022
Balance at the beginning of the year	53,710	62,058
Additions	30,267	20,306
Amortisation	(31,693)	(28,654)
	<u>52,284</u>	<u>53,710</u>
Balance at the end of the year	<u>52,284</u>	<u>53,710</u>

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

	2023	2022
At the beginning of the year	175,442	151,578
Charge for the year	97,414	28,676
Reversal of impairment	-	(4,812)
Transfer in from other receivables and prepayments	24,157	-
Others	61,570	-
	<u>358,583</u>	<u>175,442</u>
At the end of the year	<u>358,583</u>	<u>175,442</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	<u>-</u>	<u>-</u>	<u>358,583</u>	<u>358,583</u>
31 December 2022	<u>-</u>	<u>-</u>	<u>175,442</u>	<u>175,442</u>

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38. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	31 December 2023	31 December 2022
Accounts receivable of		
- Brokers and dealers	743,425	458,316
- Settlement	267,970	733,417
- Fees and commissions	237,162	304,500
- Others	41,447	39,132
Less: Allowance for ECLs	<u>(85,236)</u>	<u>(84,943)</u>
Total	<u>1,204,768</u>	<u>1,450,422</u>

(b) Analysed by ageing:

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

	31 December 2023	31 December 2022
Within 1 year	1,192,405	1,432,989
1 to 2 years	6,199	11,028
2 to 3 years	1,411	2,155
Over 3 years	<u>4,753</u>	<u>4,250</u>
Total	<u>1,204,768</u>	<u>1,450,422</u>

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

	2023	2022
At the beginning of the year	84,943	83,592
Charge for the year	1,650	3,422
Reversal of impairment	(1,413)	-
Amounts written-off	-	(2,500)
Others	<u>56</u>	<u>429</u>
At the end of the year	<u>85,236</u>	<u>84,943</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2023	<u>1,233</u>	<u>-</u>	<u>-</u>	<u>84,003</u>	<u>85,236</u>
31 December 2022	<u>161</u>	<u>-</u>	<u>-</u>	<u>84,782</u>	<u>84,943</u>

(e) Accounts receivable that were not impaired

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

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39. OTHER RECEIVABLES AND PREPAYMENTS

(a) Analysed by nature:

	31 December 2023	31 December 2022
Other receivables <sup>(1)</sup>	3,152,006	2,887,071
Dividend receivables <sup>(2)</sup>	310,182	280,518
Debt-expiated assets	101,721	-
Interest receivable	43,587	45,991
Deferred expenses	22,282	20,112
Prepaid tax	17,583	127,727
Bulk commodity trading inventories	-	637
Others	7,277	7,146
Less: Allowance for ECLs	(812,125)	(708,350)
Provision for impairment losses	-	(5)
Total	<u>2,842,513</u>	<u>2,660,847</u>

<sup>(1)</sup> The balance of other receivables and prepayments mainly represents receivables from the securities and futures investor protection fund, rental deposits and sundry receivables and prepayments arising from the normal course of business.

<sup>(2)</sup> As at 31 December 2023, due to the release of the judicial freezing of the limited partner's share of the Kunming Purchase on behalf of Construction Investment Partnership (Limited Partnership) held by the Group, the income distribution receivables (dividend receivables) that have been frozen were nil (31 December 2022: RMB237,592 thousand).

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

	2023	2022
At the beginning of the year	708,350	668,089
Charge for the year	127,933	40,034
Reversal of impairment	(394)	(6)
Amounts written off	(48)	-
Transfer out to other non-current assets	(24,157)	-
Others	441	233
At the end of the year	<u>812,125</u>	<u>708,350</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	<u>1,583</u>	<u>113,982</u>	<u>696,560</u>	<u>812,125</u>
31 December 2022	<u>351</u>	<u>-</u>	<u>707,999</u>	<u>708,350</u>

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40. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Individuals	34,306,228	34,112,582
Institutions	3,106,706	3,308,059
Less: Allowance for ECLs	<u>(629,659)</u>	<u>(606,285)</u>
Total	<u><u>36,783,275</u></u>	<u><u>36,814,356</u></u>

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

	<u>2023</u>	<u>2022</u>
At the beginning of the year	606,285	613,883
Charge for the year	35,798	34,501
Reversal of impairment	(18,131)	(41,435)
Amounts written off	-	(7,639)
Others	<u>5,707</u>	<u>6,975</u>
At the end of the year	<u><u>629,659</u></u>	<u><u>606,285</u></u>

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Fair value of collateral:		
- Equity securities	101,589,582	101,634,035
- Cash	3,324,909	4,079,342
- Funds	2,024,545	1,779,125
- Debt securities	664,509	751,487
- Others	<u>370,918</u>	<u>482,439</u>
Total	<u><u>107,974,463</u></u>	<u><u>108,726,428</u></u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	<u>23,536</u>	<u>473</u>	<u>605,650</u>	<u>629,659</u>
31 December 2022	<u>27,398</u>	<u>1,257</u>	<u>577,630</u>	<u>606,285</u>

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41. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	2,610,000	-	(9,116)
Equity derivatives			
- Stock index futures	10,310,844	30,133	(12,654)
- OTC stock index options	18,161,225	1,080,660	(332,668)
- Stock index options	4,619,660	34,145	(106,025)
- Total return swaps	40,871,325	545,725	(579,836)
- Structured notes	5,565,740	168,560	(1,497)
Others			
- Commodity futures	2,200,549	47,452	(45,176)
- Commodity options	1,580,799	9,307	(13,436)
- Gold options	104,792	-	(248)
- Gold futures	4,334	2	(6)
- Silver futures	271	2	-
<b>Total</b>	<b>86,029,539</b>	<b>1,915,986</b>	<b>(1,100,662)</b>
Less: Cash (received)/paid as settlement		(77,589)	66,952
<b>Net position</b>		<b>1,838,397</b>	<b>(1,033,710)</b>
	31 December 2022		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
- Interest rate swaps	5,880,000	38	(2,370)
- Treasury bond futures	50,120	25	-
Equity derivatives			
- Stock index futures	11,992,329	207,354	(29,013)
- OTC stock index options	9,160,670	237,226	(151,925)
- Stock index options	3,873,287	19,489	(72,518)
- Total return swaps	31,782,294	731,986	(461,774)
- Structured notes	2,123,625	106,757	(10,189)
Others			
- Commodity futures	1,368,148	43,307	(33,122)
- Commodity options	2,498,078	11,899	(6,680)
- Gold options	47,008	-	(103)
<b>Total</b>	<b>68,775,559</b>	<b>1,358,081</b>	<b>(767,694)</b>
Less: Cash (received)/paid as settlement		(250,686)	64,505
<b>Net position</b>		<b>1,107,395</b>	<b>(703,189)</b>



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42. CLEARING SETTLEMENT FUNDS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits with		
- China Securities Depository and Clearing Corporation Limited	798,201	865,324
- Others	<u>439,339</u>	<u>323,357</u>
Total	<u>1,237,540</u>	<u>1,188,681</u>

43. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of brokerage business. The Group has classified its brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies.

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

44. CASH AND BANK BALANCES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash on hand	88	99
Bank balances	<u>21,698,443</u>	<u>13,969,409</u>
Total	<u>21,698,531</u>	<u>13,969,508</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 31 December 2023 and 31 December 2022, the Group's bank balances of RMB358,780 thousand and RMB338,850 thousand, respectively, were restricted.

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45. LOANS AND BORROWINGS

31 December 2023

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.00% - Hibor+1.85%	2024	721,494
- Non-current	HKD	Hibor+1.20% -Hibor+1.80%	2025-2026	1,042,153
Secured bank loans				
- Current	RMB	4.00%-4.85%	2024	234,766
- Non-current	RMB	2.85%-4.80%	2025-2026	121,809
Total				<u>2,120,222</u>

31 December 2022

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.10% - Hibor+1.90%	2023	2,825,064
- Non-current	HKD	Hibor+1.50% - Hibor+1.85%	2024	1,668,359
Secured bank loans				
- Current	RMB	3.20%-5.40%	2023	448,253
- Non-current	RMB	3.20%-5.20%	2024-2025	298,528
Total				<u>5,240,204</u>

46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	Book value as at 1 January 2023	Increase	Decrease	Book value as at 31 December 2023
Short-term financing bills payable and corporate bonds, structured notes	0.00% -6.00%	8,575,315	16,784,766	(12,276,813)	13,083,268
	Nominal interest rate	Book value as at 1 January 2022	Increase	Decrease	Book value as at 31 December 2022
Short-term financing bills payable and corporate bonds, structured notes	0.00% -6.00%	7,244,956	31,202,814	(29,872,455)	8,575,315

In 2023, the Group issued 191 tranches of structured notes, and repaid 146 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.00% per annum, and was repayable within 1 year.

In 2022, the Group issued 166 tranches of structured notes, and repaid 179 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.00% per annum, and was repayable within 1 year.

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47. PLACEMENT FROM OTHER FINANCIAL INSTITUTIONS

		<u>31 December 2023</u>	<u>31 December 2022</u>
Interbank lending	(1)	12,266,232	13,704,055
Placements from CSFC	(2)	554,971	-
Total		<u>12,821,203</u>	<u>13,704,055</u>

(1) As at 31 December 2023, the interbank lending was unsecured and bore interest at rates ranging from 0.80% to 2.91% per annum, with maturity ranging from 1 days to 136 days. As at 31 December 2022, the interbank lending was unsecured and bore interest at rates ranging from 1.00% to 3.70% per annum, with maturity ranging from 2 days to 319 days.

(2) As at 31 December 2023, placements from CSFC were repayable within one year, and bore interest at rates ranging from 2.13% to 2.30% per annum. As at 31 December 2022, there were no placement from CSFC.

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		<u>31 December 2023</u>	<u>31 December 2022</u>
At fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	296,017	97,458
Total		<u>296,017</u>	<u>97,458</u>
Analysis for presentation purposes:			
- Current		296,017	97,458
Total		<u>296,017</u>	<u>97,458</u>

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

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49. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Clients' deposits for other brokerage business	51,003,242	62,928,604
Clients' deposits for margin financing and securities lending	<u>4,954,434</u>	<u>6,369,383</u>
Total	<u>55,957,676</u>	<u>69,297,987</u>

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

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities in the normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

50. EMPLOYEE BENEFITS PAYABLE

	2023			
	<u>As at 1 January</u>	<u>Accrued for the year</u>	<u>Payments made</u>	<u>As at 31 December</u>
Current				
Salaries, bonuses and allowances	1,794,792	3,291,610	(2,859,655)	2,226,747
Contributions to pension schemes	4,537	436,745	(438,022)	3,260
Other social welfare	<u>19,187</u>	<u>515,221</u>	<u>(528,080)</u>	<u>6,328</u>
Total	<u>1,818,516</u>	<u>4,243,576</u>	<u>(3,825,757)</u>	<u>2,236,335</u>
	2022			
	<u>As at 1 January</u>	<u>Accrued for the year</u>	<u>Payments made</u>	<u>As at 31 December</u>
Current				
Salaries, bonuses and allowances	1,812,762	3,163,490	(3,181,460)	1,794,792
Contributions to pension schemes	4,014	407,278	(406,755)	4,537
Other social welfare	<u>4,738</u>	<u>463,310</u>	<u>(448,861)</u>	<u>19,187</u>
Sub-total	<u>1,821,514</u>	<u>4,034,078</u>	<u>(4,037,076)</u>	<u>1,818,516</u>
Non-current				
Salaries, bonuses and allowances	<u>1,244</u>	-	(1,244)	-
Sub-total	<u>1,244</u>	-	(1,244)	-
Total	<u>1,822,758</u>	<u>4,034,078</u>	<u>(4,038,320)</u>	<u>1,818,516</u>

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51. OTHER PAYABLES AND ACCURUALS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits of derivative business	16,084,954	13,134,127
Litigation settlement payables	431,721	-
Dividends payable	301,550	302,255
Securities settlement payables	176,104	620,703
Risk reserve for futures brokerage business	162,430	141,755
Distribution expenses payable	152,861	164,679
Accrued expenses	140,008	58,672
Other tax payable	126,280	138,803
Bond underwriting fees	76,908	25,103
Funds for party organisation work	65,448	65,130
Advance receipts	48,434	3,287
Payables to custodians	46,132	41,342
Commission payable	42,304	44,487
Deposits of bulk commodity trading	30,786	30,929
Professional service fees payable	23,435	370
Payables to the securities and futures investor protection fund	21,065	24,310
Project operation deposits	21,000	21,668
Deposits of financial leasing business	17,255	1,500
Interest payable	16,576	49,343
Construction cost payable	13,389	20,424
Temporary receipt	10,945	13,422
Payables on behalf of staff	9,814	8,864
Subscription amount payable	-	42,000
Others <sup>(1)</sup>	249,806	213,677
	<u>18,269,205</u>	<u>15,166,850</u>

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

52. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by collateral type:

Current	<u>31 December 2023</u>	<u>31 December 2022</u>
Debt securities	43,862,830	31,249,189
Total	<u>43,862,830</u>	<u>31,249,189</u>

(b) Analysed by market:

Current	<u>31 December 2023</u>	<u>31 December 2022</u>
Inter-bank market	41,612,380	28,208,980
Stock exchanges	2,250,450	3,040,209
Total	<u>43,862,830</u>	<u>31,249,189</u>

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53. LONG-TERM BONDS

Name	Par value in original currency	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at 31 December 2022	Increase/ Interest accrual	Decrease	Book value as at 31 December 2023
20 EVERBRIGHTF1 <sup>(1)</sup>	3,000,000	09/03/2020	09/03/2023	3,000,000	3.19%	3,077,159	18,541	(3,095,700)	-
20 EVERBRIGHTG1 <sup>(2)</sup>	1,500,000	22/06/2020	22/06/2023	1,498,585	3.10%	1,523,442	23,058	(1,546,500)	-
20 EVERBRIGHTG3 <sup>(3)</sup>	3,700,000	14/07/2020	14/07/2023	3,692,075	3.60%	3,760,247	72,953	(3,833,200)	-
20 EVERBRIGHTG5 <sup>(4)</sup>	4,800,000	28/08/2020	28/08/2023	4,789,528	3.70%	4,857,891	119,709	(4,977,600)	-
20 EVERBRIGHTG7 <sup>(5)</sup>	1,700,000	25/12/2020	25/12/2023	1,696,792	3.60%	1,700,125	61,075	(1,761,200)	-
21 EVERBRIGHTG1 <sup>(6)</sup>	5,300,000	14/01/2021	14/01/2024	5,296,792	3.57%	5,475,567	195,877	(189,210)	5,482,234
21 EVERBRIGHTG2 <sup>(7)</sup>	2,000,000	07/06/2021	07/06/2024	1,992,925	3.30%	2,034,228	68,363	(66,000)	2,036,591
21 EVERBRIGHTG3 <sup>(8)</sup>	1,000,000	07/06/2021	07/06/2026	995,283	3.67%	1,017,677	37,643	(36,700)	1,018,620
21 EVERBRIGHTG4 <sup>(9)</sup>	1,300,000	16/07/2021	16/07/2024	1,295,755	3.12%	1,316,603	41,974	(40,560)	1,318,017
21 EVERBRIGHTG5 <sup>(10)</sup>	1,700,000	16/07/2021	16/07/2026	1,691,981	3.45%	1,721,482	60,253	(58,650)	1,723,085
21 EVERBRIGHTG6 <sup>(11)</sup>	3,000,000	11/08/2021	11/08/2024	2,987,264	3.12%	3,029,838	97,841	(93,600)	3,034,079
21 EVERBRIGHTG8 <sup>(12)</sup>	3,000,000	16/09/2021	16/09/2024	3,000,000	3.10%	3,025,652	93,943	(93,000)	3,026,595
21 EVERBRIGHTG9 <sup>(13)</sup>	1,000,000	16/09/2021	16/09/2026	1,000,000	3.50%	1,008,649	35,943	(35,000)	1,009,592
21 EVERBRIGHT10 <sup>(14)</sup>	2,000,000	23/12/2021	23/12/2024	2,000,000	3.02%	2,000,557	60,871	(60,400)	2,001,028
21 EVERBRIGHT11 <sup>(15)</sup>	1,000,000	23/12/2021	23/12/2026	1,000,000	3.35%	999,701	33,783	(33,500)	999,984
22 EVERBRIGHTG1 <sup>(16)</sup>	2,500,000	14/06/2022	14/06/2025	2,500,000	2.90%	2,540,201	71,311	(72,500)	2,539,012
22 EVERBRIGHTG2 <sup>(17)</sup>	500,000	14/06/2022	14/06/2027	500,000	3.25%	508,949	14,948	(16,250)	507,647
22 EVERBRIGHTG3 <sup>(18)</sup>	2,000,000	22/08/2022	22/08/2025	2,000,000	2.56%	2,018,516	47,075	(51,200)	2,014,391
23 EVERBRIGHTG1 <sup>(19)</sup>	2,000,000	23/02/2023	28/02/2024	1,992,415	2.80%	-	2,046,665	-	2,046,665
23 EVERBRIGHTG2 <sup>(20)</sup>	3,000,000	23/03/2023	27/03/2024	2,988,623	2.75%	-	3,061,530	-	3,061,530
23 EVERBRIGHTG3 <sup>(21)</sup>	3,000,000	10/08/2023	10/08/2026	2,985,789	2.77%	-	3,020,493	-	3,020,493
23 EVERBRIGHTG4 <sup>(22)</sup>	2,800,000	14/09/2023	14/09/2026	2,786,736	2.98%	-	2,813,024	-	2,813,024
23 EVERBRIGHTG5 <sup>(23)</sup>	1,800,000	21/09/2023	21/09/2026	1,791,473	2.90%	-	1,806,885	-	1,806,885
Structured Notes	40,000	02/08/2023	08/08/2024	40,000	0.00%	-	40,000	-	40,000
<b>Total</b>						<b>41,616,484</b>	<b>13,943,758</b>	<b>(16,060,770)</b>	<b>39,499,472</b>

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53. LONG-TERM BONDS (continued)

	<u>31 December 2023</u>	<u>31 December 2022</u>
Long-term bonds due within one year	22,232,836	15,349,694
Long-term bonds due after one year	<u>17,266,636</u>	<u>26,266,790</u>
Total	<u>39,499,472</u>	<u>41,616,484</u>

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

- (1) 3-year corporate bond amounting to RMB3 billion on 9 March 2020, which was redeemed on 9 March 2023
- (2) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020, which was redeemed on 22 June 2023
- (3) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020, which was redeemed on 14 July 2023
- (4) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020, which was redeemed on 28 August 2023
- (5) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020, which was redeemed on 25 December 2023
- (6) 3-year corporate bond amounting to RMB5.3 billion on 14 January 2021, which was redeemed on 14 January 2024
- (7) 3-year corporate bond amounting to RMB2 billion on 7 June 2021
- (8) 5-year corporate bond amounting to RMB1 billion on 7 June 2021
- (9) 3-year corporate bond amounting to RMB1.3 billion on 16 July 2021
- (10) 5-year corporate bond amounting to RMB1.7 billion on 16 July 2021
- (11) 3-year corporate bond amounting to RMB3 billion on 11 August 2021
- (12) 3-year corporate bond amounting to RMB3 billion on 16 September 2021
- (13) 5-year corporate bond amounting to RMB1 billion on 16 September 2021
- (14) 3-year corporate bond amounting to RMB2 billion on 23 December 2021
- (15) 5-year corporate bond amounting to RMB1 billion on 23 December 2021
- (16) 3-year corporate bond amounting to RMB2.5 billion on 14 June 2022
- (17) 5-year corporate bond amounting to RMB0.5 billion on 14 June 2022
- (18) 3-year corporate bond amounting to RMB2 billion on 22 August 2022
- (19) 370-day corporate bond amounting to RMB2 billion on 23 February 2023, which was redeemed on 28 February 2024
- (20) 370-day corporate bond amounting to RMB3 billion on 23 March 2023, which was redeemed on 27 March 2024
- (21) 3-year corporate bond amounting to RMB3 billion on 10 August 2023
- (22) 3-year corporate bond amounting to RMB2.8 billion on 14 September 2023
- (23) 3-year corporate bond amounting to RMB1.8 billion on 21 September 2023

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54. OTHER NON-CURRENT LIABILITIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Litigation settlement payables	995,050	-
Deposits of financial leasing business	-	49,371
Others	50,108	22,826
	<hr/>	<hr/>
Total	1,045,158	72,197

55. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Registered, issued and fully paid (at RMB1 per share)	4,610,788	4,610,788

56. OTHER EQUITY INSTRUMENTS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Perpetual subordinated bonds	9,498,943	9,498,943

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

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

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

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



(All amounts expressed in RMB thousand unless otherwise specified)

57. RESERVES AND RETAINED PROFITS

(a) Capital reserve

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

(b) Surplus reserve

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

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

As at 31 December 2023, the cumulative amount of the Company's statutory surplus reserve exceeded 50% of the registered capital, therefore no surplus reserve has been provisioned for this year.

(c) General reserve

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

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

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

(d) Fair value reserve

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

(e) Translation reserve

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

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57. RESERVES AND RETAINED PROFITS (continued)

(f) Retained profits

The movements in retained profits are set out below:

	2023	2022
At beginning of the year	12,286,664	11,637,280
Profit for the year	4,271,152	3,189,073
Appropriation to surplus reserve	-	(293,798)
Appropriation to general reserve	(542,455)	(805,082)
Dividends approved in respect of the previous year	(968,265)	(1,051,259)
Perpetual bond interest	(389,550)	(389,550)
Other comprehensive income that have been reclassified to retained profits	103,751	-
At end of the year	<u>14,761,297</u>	<u>12,286,664</u>

58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	88	99
Bank balances	21,698,443	13,969,409
Clearing settlement funds	1,237,540	1,188,681
Less: Restricted bank deposits	(358,780)	(338,850)
Less: Interest receivable	(9,831)	(12,005)
Total	<u>22,567,460</u>	<u>14,807,334</u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Long-term bonds	Lease liabilities
At 1 January 2022	7,754,006	7,244,956	47,826,703	710,892
Changes from financing cash flows	(2,728,990)	1,186,043	(7,808,168)	(326,290)
Interest expense	215,188	147,854	1,565,221	27,335
New leases	-	-	-	161,166
Other non-cash adjustment	-	(3,538)	32,728	(11,703)
At 31 December 2022	<u>5,240,204</u>	<u>8,575,315</u>	<u>41,616,484</u>	<u>561,400</u>
Changes from financing cash flows	(3,370,095)	4,396,888	(3,420,770)	(354,825)
Interest expense	254,771	134,313	1,374,418	28,639
New leases	-	-	-	594,580
Other non-cash adjustment	(4,658)	(23,248)	(70,660)	(13,921)
At 31 December 2023	<u>2,120,222</u>	<u>13,083,268</u>	<u>39,499,472</u>	<u>815,873</u>

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58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

	2023	2022
Within operating activities	10,566	9,452
Within financing activities	354,825	326,290

59. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, they are recognised as financial assets sold under repurchase agreements.

(b) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised such assets.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

31 December 2023	Repurchase agreements	Securities lending
Carrying amount of transferred assets	-	6,887
Carrying amount of related liabilities	-	N/A
31 December 2022	Repurchase agreements	Securities lending
Carrying amount of transferred assets	803,578	112,314
Carrying amount of related liabilities	769,846	N/A

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(All amounts expressed in RMB thousand unless otherwise specified)

60. COMMITMENTS

Capital commitments

	<u>31 December 2023</u>	<u>31 December 2022</u>
Contracted, but not provided for	566,480	300,429

61. CONTINGENCIES

As of the approval date of the financial statements of 2023 and 2022, the Company's contingent liabilities due to pending litigation amounted to RMB582,375 thousand and RMB241,781 thousand, respectively.

Refer to note 14(b) for details of the Group's pending litigations as at 31 December 2023.

62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.73%	20.73%

(ii) Associates and joint ventures of the Company

The detailed information of the Company's associates and joint ventures is set out in note 27.

(iii) Other related parties

Other related parties include subsidiaries of major shareholders, non-controlling shareholders of major subsidiaries of the Company and individuals which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals.

(b) Related party transactions and balances

(i) Transactions between the Group and major shareholders:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balances at the end of the year:		
Other payables and accruals	106	92
	<u>2023</u>	<u>2022</u>
Transactions during the year:		
Fee and commission income	35,704	34,682

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

62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Related party transactions and balances (continued)

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balances at the end of the year:		
Right-of-use assets	269,002	35,788
Financial assets at fair value through profit or loss	1,519,727	2,463,238
Accounts receivable	9,927	13,203
Other receivables and prepayments	153,033	202,042
Cash and bank balances	7,733,909	11,750,659
Loans and borrowings	47,143	1,124,141
Placements from other financial institutions	1,000,358	1,500,925
Other payables and accruals	57,715	61,936
Financial assets sold under repurchase agreements	-	200,956
Lease liabilities	270,815	30,229
	<u>2023</u>	<u>2022</u>
Transactions during the year:		
Transaction amounts for financial assets sold under repurchase agreements	4,041,267	20,420,628
Transaction amounts for placements from other financial institutions, loans and borrowings	32,288,234	188,316,385
Fee and commission income	89,848	118,208
Fee and commission expenses	46,640	48,907
Interest income	248,803	211,002
Interest expenses	70,149	58,446
Investment income	66,702	25,727
Other income and gains	4,169	4,068
Other operating expenses	97,154	69,437

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 18, is as follows:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits and post-employment benefits	44,463	42,038

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

(d) Government related entities

Other than those disclosed above, the Group has entered into transactions with other government related entities. These transactions are entered into under normal commercial terms and conditions. None of them were individually significant. Management considers that transactions with government related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related.

(All amounts expressed in RMB thousand unless otherwise specified)

62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(e) Others

The following related parties listed in this note are also connected persons of the Group under the Hong Kong Listing Rules: (1) China Everbright Group Ltd. and China Everbright Limited, and their subsidiaries; (2) non-controlling shareholders of the major subsidiaries of the Company; and (3) directors, supervisors and senior managers and their close family members. The transactions between the Group and the above-mentioned related parties during the Reporting Period constituted "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Hong Kong Listing Rules, and the Group had complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

63. SEGMENT REPORTING

Management allocated resources and assessed the segment performance based on the grouping of operating segments. Accordingly, the segment reporting presentation for the reporting period has been presented in accordance with the approach adopted by management in the financial statements.

- Wealth management business segment: mainly including retail business, margin trading business, stock pledge business, futures brokerage business and overseas wealth management and brokerage business;
- Corporate financing business segment: mainly including equity financing business, debt financing business, overseas investment banking business and financial leasing business;
- Institutional customer business segment: mainly including institutional trading business, prime brokerage business, asset custody and outsourcing business, investment research business, financial innovation business and overseas institutional trading business;
- Investment trading business segment: mainly including equity proprietary investment business and fixed income proprietary investment business;
- Asset management business segment: mainly including asset management business, fund management business and overseas asset management business;
- Equity investment business segment: mainly including private equity fund investment and financing business, and alternative investment business;
- Others: mainly including other businesses and such as the operation of headquarters and investment holding platforms, and the management of general working capital.

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63. SEGMENT REPORTING (continued)

(a) Business segments

For the year ended 31 December 2023

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	3,843,125	1,066,006	545,315	-	1,002,482	1,585	(30)	6,458,483
- Inter-segment	88,628	-	-	-	-	-	-	88,628
Interest income								
- External	3,633,047	72,834	61,207	533,420	56,947	5,548	704,381	5,067,384
- Inter-segment	8,844	-	-	-	-	40	30,637	39,521
Net investment gains								
- External	78,840	53,473	871,595	825,459	(7,245)	(2,703)	695,627	2,515,046
- Inter-segment	-	-	-	-	-	(38,583)	384,000	345,417
Total revenue								
- External	7,555,012	1,192,313	1,478,117	1,358,879	1,052,184	4,430	1,399,978	14,040,913
- Inter-segment	97,472	-	-	-	-	40	414,637	512,149
Other income and gains								
- External	352,377	4,603	1,643	-	130,362	3,530	242,666	735,181
- Inter-segment	1,750	-	-	-	-	-	1,897	3,647
Segment revenue and other income								
- External	7,907,389	1,196,916	1,479,760	1,358,879	1,182,546	7,960	1,642,644	14,776,094
- Inter-segment	99,222	-	-	-	-	40	416,534	515,796
Segment expenses								
- External	(5,822,865)	(729,629)	(501,460)	(667,379)	(710,454)	1,778,084	(3,463,372)	(10,117,075)
- Inter-segment	(16,852)	(4,255)	-	-	(80,676)	(27,986)	(519,975)	(649,744)
Segment operating profit/(loss)								
- External	2,084,524	467,287	978,300	691,500	472,092	1,786,044	(1,820,728)	4,659,019
- Inter-segment	82,370	(4,255)	-	-	(80,676)	(27,946)	(84,249)	(114,756)
Share of profits of associates and joint ventures								
- External	2,080	34,386	37	-	97,912	(1,751)	(34,386)	98,278
- Inter-segment	-	(34,386)	-	-	-	(24,276)	-	(58,662)
Profit/(loss) before income tax								
- External	2,086,604	501,673	978,337	691,500	570,004	1,784,293	(1,855,114)	4,757,297
- Inter-segment	82,370	(38,641)	-	-	(80,676)	(52,222)	(84,249)	(173,418)
Interest expenses	(1,658,775)	(35,397)	(77,481)	(612,471)	(8,081)	(68,784)	(807,014)	(3,268,003)
Impairment losses	(340,062)	-	-	-	-	-	-	(340,062)
Credit loss expense	171	(120,567)	-	(13,598)	1,413	(180,543)	(15,379)	(328,503)
Depreciation and amortisation expenses	(234,669)	(40,426)	(27,892)	(2,562)	(61,834)	(5,596)	(302,126)	(675,105)

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

63. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the year ended 31 December 2022

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	3,681,118	1,346,124	730,287	-	1,513,592	1,214	(737)	7,271,598
- Inter-segment	81,730	-	-	-	-	-	(325)	81,405
Interest income								
- External	3,825,388	88,090	90,088	384,559	54,206	370,021	528,339	5,340,691
- Inter-segment	9,295	-	-	-	9	14	386,362	395,680
Net investment gains								
- External	42,089	182,541	582,452	(214,946)	(20,386)	(146,884)	671,955	1,096,821
- Inter-segment	-	-	-	-	-	-	629,000	629,000
Total revenue								
- External	7,548,595	1,616,755	1,402,827	169,613	1,547,412	224,351	1,199,557	13,709,110
- Inter-segment	91,025	-	-	-	9	14	1,015,037	1,106,085
Other income and gains								
- External	930,165	5,047	102	-	33,075	1,070	342,576	1,312,035
- Inter-segment	1,409	-	-	-	-	-	3,325	4,734
Segment revenue and other income								
- External	8,478,760	1,621,802	1,402,929	169,613	1,580,487	225,421	1,542,133	15,021,145
- Inter-segment	92,434	-	-	-	9	14	1,018,362	1,110,819
Segment expenses								
- External	(5,781,118)	(634,398)	(551,438)	(343,090)	(827,870)	(108,256)	(3,026,230)	(11,272,400)
- Inter-segment	(19,372)	(5,956)	-	-	(71,388)	(381,946)	(500,916)	(979,578)
Segment operating profit/(loss)								
- External	2,697,642	987,404	851,491	(173,477)	752,617	117,165	(1,484,097)	3,748,745
- Inter-segment	73,062	(5,956)	-	-	(71,379)	(381,932)	517,446	131,241
Share of profits of associates and joint ventures								
- External	2,958	(13,323)	124	-	99,741	1,647	14,013	105,160
- Inter-segment	-	13,339	-	-	-	9,715	-	23,054
Profit/(loss) before income tax								
- External	2,700,600	974,081	851,615	(173,477)	852,358	118,812	(1,470,084)	3,853,905
- Inter-segment	73,062	7,383	-	-	(71,379)	(372,217)	517,446	154,295
Interest expenses	(1,891,185)	(47,373)	(187,874)	(296,676)	(29,623)	(25,318)	(770,385)	(3,248,434)
Impairment losses	(201,853)	-	-	-	-	-	-	(201,853)
Credit loss expense	304,721	1,253	(2,793)	(4,831)	-	6,325	(66,677)	237,998
Depreciation and amortisation expenses	(237,022)	(44,414)	(26,188)	(2,393)	(56,940)	(6,060)	(240,071)	(613,088)



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(All amounts expressed in RMB thousand unless otherwise specified)

63. SEGMENT REPORTING (continued)

(b) Geographical segments

The following table sets out (i) information about the geographical locations of the Group's revenue from external customers and (ii) the Group's property and equipment, right-of-use assets, goodwill, other intangible assets, investments in associates and joint ventures and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location in which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property and equipment and other non-current assets, the location of the operation to which they are allocated in the case of goodwill and other intangible assets, and the location of the operations in the case of investments in associates and joint ventures.

Segment revenue:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Total revenue	13,084,444	956,469	14,040,913	12,891,381	817,729	13,709,110
Other income and gains	709,568	25,613	735,181	1,299,404	12,631	1,312,035
Total revenue and other income	13,794,012	982,082	14,776,094	14,190,785	830,360	15,021,145

Specified non-current assets:

	31 December 2023			31 December 2022		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	828,111	61,969	890,080	803,394	19,753	823,147
Right-of-use assets	505,890	298,909	804,799	492,690	49,976	542,666
Investment properties	11,432	-	11,432	12,151	-	12,151
Goodwill	9,380	520,126	529,506	9,380	825,338	834,718
Other intangible assets	222,181	40,737	262,918	169,518	45,974	215,492
Investments in associates and joint ventures	964,298	36,903	1,001,201	1,018,329	44,206	1,062,535
Other non- current assets	52,284	-	52,284	53,710	-	53,710

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, liquidity risk and market risk from its use of financial instruments.

(a) Policies for risk management

The Company has established a comprehensive risk management and internal control process to supervise, evaluate and manage risk exposures related to various businesses. The Company formulated the *Basic Risk Management System of Everbright Securities Co., Ltd.* in accordance with the requirements of the *Regulations for Comprehensive Risk Management of Securities Companies*, which clarified the Company's risk management objectives, principles, management structure, risk management procedures, systems, and assessments, and has formed the institutional basis for the Company's risk management work. Meanwhile, to strengthen the Company's market and credit classification risk management, and to clarify the Company's valuation process for non-exchange traded derivatives, the Company has formulated the *Market Risk Management Measures of Everbright Securities Co., Ltd.*, *Credit Risk Management Measures of Everbright Securities Co., Ltd.* and *Management Measures for Valuation of Non-Exchange Traded Derivatives of Everbright Securities Co., Ltd.*

In accordance with the requirements of the *Guidelines for Liquidity Risk Management of Securities Companies*, the Company has issued the *Measures for the Liquidity Risk Management of Everbright Securities Co., Ltd.*, *Measures for the Liquidity Risk Management Control Indicators of Everbright Securities Co., Ltd.* and the *Liquidity Risk Contingency Plan of Everbright Securities Co., Ltd.* to clarify the objectives, basic principles, governance structure, reserve account management, indicator monitoring and limit management, stress testing and emergency response mechanism, etc.. The Company has formed the institutional basis for the Company's liquidity risk management. In order to strengthen the Company's risk control index management and stress testing, the Company has compared the requirements of the *Measures for the Administration of Risk Control Indicators of Securities Companies* and formulated the *Measures for the Risk Control Indicators Management with Net Capital as the Core of Everbright Securities Co., Ltd.* and *Stress Test Measures of Everbright Securities Co., Ltd.*

(b) Structure of risk management

In strict accordance with the *Company Law*, *Securities Law* and the requirements of the relevant rules and regulations of CSRC, the Company has established a corporate governance structure composed of shareholders' meetings, the board of directors, the board of supervisors and the Company's management, forming a mechanism of mutual coordination and mutual checks and balances with clear powers and responsibilities among the power organs, decision-making organs, supervisory organs and the management organs to ensure the Company's standardized operation.

The Company's risk management organisation consists of four levels, including the board of directors and its risk management committee; the board of supervisors, management and its subordinate professional committees; the risk management functional departments; and various departments, branches and subsidiaries.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Structure of risk management (continued)

The board of directors is responsible for supervising, reviewing and evaluating the Company's risk management work and shall undertake ultimate responsibility for the Company's risk management. The board of directors sets up a risk management committee to carry out its work within the scope of the board's authorisation. The board of supervisors assumes the supervisory responsibility of comprehensive risk management, and is responsible for supervising and inspecting the performance of duties and responsibilities of the board of directors and the management in terms of risk management. The Company's operating management is responsible for the implementation of the Company's risk management work, formulating risk management systems and specific implementation plans for risk management policies within the scope of authorisation of the board of directors; to establish effective risks for the Company management and; to assess risk management status and to assume primary responsibilities for overall risk management. The Company appointed a chief risk officer who is responsible for promoting the Company's comprehensive risk management work. The operation management sets up professional committees to be responsible for part of the risk management functions within their respective responsibilities; each risk function department identifies, monitors, evaluates and reports on the Company's different risks in accordance with the Company's authorisation. The risk function department includes the risk management department and legal compliance department, audit department, information technology department, financial technology development, financial management department, fund management department, operation management headquarters office (the board of supervisors office), investment banking quality control headquarters and investment banking internal affairs office, etc. The Company's departments, branches and subsidiaries conduct businesses within the scope of the granted authority in accordance with the Company's authorised management system, conduct timely risk self-control in the process of business decision-making and development, and assume direct responsibility for the effectiveness of risk management.

(c) Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing the other party to suffer financial losses. The credit risk of the Group mainly comes from cash and cash equivalents, debt investments, margin financing and securities lending, agreed repurchase business, stock pledged repurchase business, securities brokerage business and futures business. Management will continue to monitor these credit risk exposures.

The Group's cash and cash equivalents other than cash are mainly deposited in financial institutions with good credibility. Management believes that there is no significant credit risk, and it is expected that there will be no losses to the Group caused by the counterparty's default.

In order to control the credit risk arising from debt securities trading, Transactions are completed with securities settlement institutions with corresponding qualifications to complete securities settlement and payment clearing, and the possibility of default risk is relatively small; When conducting inter-bank market transactions, the Group mostly chooses counterparties with good credit, and chooses the payment method with debt securities in terms of transaction methods. The Company's overall risk of default by counterparties is relatively small.

In order to control the credit risk of margin financing and securities lending, the Group has formulated the margin ratio, interest rate, margin ratio of margin financing and securities lending, margin ratio of floating securities lending, credit factor, and maintenance guarantee ratio (warning line, replenishment line, liquidation line). The range of securities that can be used to offset the margin and the conversion rate are more stringent than those stipulated in the CSRC's guidelines. The Group adopts a graded authorization approval method to strictly approve the credit lines of margin trading and securities lending customers. The Group prevents credit risks at different stages before, during and after the event through customer risk education, day-to-day mark-to-market, customer risk warning, forced liquidation, and judicial recourse.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

For the agreed repurchase business and the stock pledged repurchase business, the credit risk faced by the Group is mainly due to insufficient performance of customers or malicious non-performance of the contract, resulting in the inability to recover the full amount of loaned funds and interest. In this regard, the Group has established a strict, scientific and effective system for the evaluation of customer transaction qualifications, based on which the Group has established a customer's maximum transaction quota management mechanism, an alternative database of underlying securities, and reasonably calculated discount rates, and controlled the overall scale of the business to prevent credit risks.

The Group acts as an agent for customers to buy and sell securities and conduct futures transactions. If the customer's funds are insufficient to pay for the transaction on the day of settlement, or the customer's funds are in shortfall due to other reasons, the Group is responsible for the settlement on behalf of the customer, which may cause the losses of the Group. In this regard, the Group's securities transactions on behalf of customers are all risk-avoided by means of full margin settlement; in futures transactions on behalf of customers, credit risks are controlled by strict screening of customers, day-to-day mark-to-market, and strong equalisation measures.

ECLs

For businesses such as margin financing and securities lending, stock pledged repurchase, the Group established a migration model to estimate the probability of default based on practical experience and business historical default data, and set the default loss rate based on industry information and market data, combined with forward-looking adjustment factors to estimate ECLs.

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

For accounts receivable, based on historical credit loss experience, the Group considers forward-looking information related to the debtor and the economic environment, and adopts the loss rate method to measure the impairment provision.

For financial instruments measured by the loss rate method, the Group initially measures its loss reserves at an amount equivalent to the expected credit losses of the financial instrument in the next 12 months. ECLs in the next 12 months refers to the event of a financial instrument default that may occur within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, then the expected duration), which are part of the entire duration of ECLs. If the credit risk of the financial instrument has increased significantly since its initial recognition, the Group will measure its loss provision at an amount equivalent to the ECLs during the entire lifetime of the financial instrument.

The ECLs for the entire duration or within the next 12 months is based on the nature of the financial instrument itself, and is calculated as a single financial instrument or a combination of financial instruments.

The Group has formulated corresponding expected credit loss policies. On the balance sheet date, the Group evaluates whether the credit risk of financial instruments has increased significantly since the initial confirmation by considering the changes in the default risk of financial instruments during the remaining period. Based on the above procedures, the Group divides debt instrument investments into the following stages.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

ECLs (continued)

Stage 1: When debt financial assets are first recognised, the Group recognises an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collateral caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collateral.

For stock-pledged repurchase business, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information. The Group sets differentiated collateral to loan ratios (generally the early warning line of the collateral to loan ratios is no less than 150%) as force liquidation thresholds, which is normally no less than 130%, against different exposures related to these transactions.

- Stock-pledged financing with the maintenance margin ratio above the warning line of the collateral to loan ratios, the risk level is designated as a safety level. Stock-pledged financing with the maintenance margin ratio above the force liquidation but lower than the warning line of the collateral to loan ratios, the risk level is designated as an attention level. The safety level and attention level are classified under Stage 1;
- Stock-pledged repurchase business with the maintenance margin ratio above 100% while falling below the force liquidation thresholds, the risk level is designated as a risk level, or stock-pledged repurchase business which is past due for more than 30 days but less than 90 days, or the stock-pledged repurchase business with a right defect (stock pledged frozen) are classified under Stage 2;
- Stock-pledged repurchase business with the maintenance margin ratio falling below 100%, the risk level is designated as a loss level, or the stock-pledged repurchase business which is past due for more than 90 days are classified under Stage 3.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

When one or more of the following quantitative and qualitative standards are triggered, the Group believes that the credit risk of financial instruments has increased significantly:

- The quantitative criteria are mainly as follows: the remaining lifetime default probability on the reporting date has increased by more than a certain percentage from the initial recognition, the maintenance margin ratio is below the liquidation thresholds, and the latest rating is below investment grade;
- Qualitative criteria: Major adverse changes in the business or financial situation of major debtors, the list of customers with early warning signs.

Regardless of the method used to assess whether the credit risk has increased significantly, if the contract payment is overdue for more than (including) 30 days, it can usually be presumed that the credit risk of the financial asset has increased significantly, unless reasonable and well-founded information can be obtained at a reasonable cost. Even if the payment is overdue for more than 30 days, the credit risk would not increase significantly.

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following quantitative and qualitative indicators:

- The contractual payments of the borrower are more than 90 days past due;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a steep discount, which reflects the fact that a credit loss has occurred;
- Other circumstances showing that financial assets are credit-impaired.

The credit impairment of financial assets may be caused by a combination of multiple events, and may not be caused by a separately identifiable event.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment) and forward-looking information, to establish a model of PD, LGD, and EAD.

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower default. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs, which is calculated based on the next 12 months or the entire lifetime;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;
- Forward-looking information which is included in both the assessment of a significant increase in credit risk and calculation of expected credit losses. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD.

For stock-pledged financing, the Group periodically makes assessment on the borrowers' credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity. Loss ratios (considering PD& LGD) applied by the Group under the 3 stages as at 31 December 2023 were as follows:

- Stage 1: 0.04% to 0.21% according to different maintenance margin ratios;
- Stage 2: 0.04% to 2.51% according to different maintenance margin ratios, overdue days, whether there is a right defect;
- Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collateral, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collateral conditions, and the credit enhancement measures of the third party.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(i) Maximum exposure to credit risk

Maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Financial assets measured at amortised cost	3,647,750	3,589,372
Debt investments at fair value through other comprehensive income	42,110,634	21,750,476
Financial assets held under resale agreements	7,871,606	1,404,134
Financial assets at fair value through profit or loss	12,135,919	22,371,941
Refundable deposits	8,959,802	9,701,252
Finance lease receivables	46,817	226,958
Receivable arising from sale-and-leaseback arrangements	1,078,663	1,655,807
Other non-current assets	200,554	279,170
Accounts receivable	1,204,768	1,450,422
Other receivables and prepayments	2,667,389	2,421,198
Margin accounts receivable	36,783,275	36,814,356
Derivative financial assets	1,838,397	1,107,395
Clearing settlement funds	1,237,540	1,188,681
Cash held on behalf of brokerage clients	47,875,463	61,922,141
Bank balances	21,698,443	13,969,409
	<u>189,357,020</u>	<u>179,852,712</u>
Total maximum credit risk exposure		



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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area is as follows:

31 December 2023	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	3,647,750	-	3,647,750
Debt investments at fair value through other comprehensive income	42,110,634	-	42,110,634
Financial assets held under resale agreements	7,871,606	-	7,871,606
Financial assets at fair value through profit or loss	12,099,151	36,768	12,135,919
Refundable deposits	8,916,195	43,607	8,959,802
Finance lease receivables	46,817	-	46,817
Receivable arising from sale-and-leaseback arrangements	1,078,663	-	1,078,663
Other non-current assets	200,554	-	200,554
Accounts receivable	160,093	1,044,675	1,204,768
Other receivables and prepayments	2,531,153	136,236	2,667,389
Margin accounts receivable	34,369,068	2,414,207	36,783,275
Derivative financial assets	1,838,397	-	1,838,397
Clearing settlement funds	1,237,540	-	1,237,540
Cash held on behalf of brokerage clients	41,184,550	6,690,913	47,875,463
Bank balances	20,980,600	717,843	21,698,443
<b>Total maximum credit risk exposure</b>	<b>178,272,771</b>	<b>11,084,249</b>	<b>189,357,020</b>
31 December 2022	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	3,589,372	-	3,589,372
Debt investments at fair value through other comprehensive income	21,750,476	-	21,750,476
Financial assets held under resale agreements	1,404,134	-	1,404,134
Financial assets at fair value through profit or loss	22,350,605	21,336	22,371,941
Refundable deposits	9,656,348	44,904	9,701,252
Finance lease receivables	226,958	-	226,958
Receivable arising from sale-and-leaseback arrangements	1,655,807	-	1,655,807
Other non-current assets	279,170	-	279,170
Accounts receivable	212,997	1,237,425	1,450,422
Other receivables and prepayments	2,292,220	128,978	2,421,198
Margin accounts receivable	33,951,179	2,863,177	36,814,356
Derivative financial assets	1,107,395	-	1,107,395
Clearing settlement funds	1,188,681	-	1,188,681
Cash held on behalf of brokerage clients	53,120,702	8,801,439	61,922,141
Bank balances	13,009,882	959,527	13,969,409
<b>Total maximum credit risk exposure</b>	<b>165,795,926</b>	<b>14,056,786</b>	<b>179,852,712</b>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(iii) Credit rating analysis of financial assets

The Group adopts a credit rating method to monitor the credit risk of the debt securities portfolio. The rating of debt securities is determined with the reference to credit ratings from major credit rating institutions in which the debt issuers are located. The carrying amounts of debt securities at the end of the reporting period are categorised by rating as follows:

Rating	31 December 2023	31 December 2022
- AAA- to AAA	50,682,632	36,476,559
- A- to AA+	4,343,979	7,729,931
- B- to BBB+	79,416	-
- Non-rated	2,788,276	3,505,299
Total	<u>57,894,303</u>	<u>47,711,789</u>

Non-rated financial assets mainly represent debt instruments issued by the MOF, the PBOC, policy banks, private placed bonds, etc.

(d) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfils its obligation to deliver cash or other financial assets for settlement, and liquidity refers to whether the asset has the ability to quickly realise without losing value. The liquidity of funds affects the ability of the Group to repay the maturing debt.

Each subsidiary within the Group is responsible for its own cash flow forecast. By summarising the cash flow forecasts of various subsidiaries, the financial department of the headquarters continuously monitors the short-term and long-term funding needs on the group level to ensure that sufficient cash reserves and securities that can be realised at any time are maintained to meet daily operations and reimbursement funding requirements related to maturing debts.

At the end of the reporting period, the remaining contract periods of the Group's various financial liabilities and lease liabilities based on undiscounted contractual cash flows (including interest calculated at the contract rate (if it is a floating rate, the current rate on 31 December) and the earliest date to be required to pay are as follows:

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	31 December 2023							Total
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	
Financial liabilities								
Loans and borrowings	2,120,222	-	280,235	130,077	576,621	1,367,420	-	2,354,353
Short-term debt instruments issued	13,083,268	-	172,731	2,157,826	10,909,837	-	-	13,240,394
Placements from other financial institutions	12,821,203	-	10,513,516	675,822	1,642,099	-	-	12,831,437
Financial liabilities at fair value through profit or loss	296,017	296,017	-	-	-	-	-	296,017
Accounts payable to brokerage clients	55,957,676	55,957,676	-	-	-	-	-	55,957,676
Other payables and accruals	17,734,168	16,910,724	162,738	237,192	396,112	27,402	-	17,734,168
Financial assets sold under repurchase agreements	43,862,830	-	43,866,060	3,874	615	-	-	43,870,549
Derivative financial liabilities	1,033,710	58,485	47,453	76,153	655,007	196,612	-	1,033,710
Lease liabilities	815,873	-	28,066	45,331	163,913	453,543	153,657	844,510
Long-term bonds	39,499,472	-	5,489,210	5,138,500	12,216,100	18,237,630	-	41,081,440
Other non-current liabilities	1,030,906	42	-	-	-	1,030,864	-	1,030,906
<b>Total</b>	<b>188,255,345</b>	<b>73,222,944</b>	<b>60,560,009</b>	<b>8,464,775</b>	<b>26,560,304</b>	<b>21,313,471</b>	<b>153,657</b>	<b>190,275,160</b>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	31 December 2022							Total
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	
Financial liabilities								
Loans and borrowings	5,240,204	-	802,810	281,574	2,350,380	2,251,343	-	5,686,107
Short-term debt instruments issued	8,575,315	-	490,894	4,321,460	3,810,807	-	-	8,623,161
Placements from other financial institutions	13,704,055	-	12,307,041	1,200,555	202,873	-	-	13,710,469
Financial liabilities at fair value through profit or loss	97,458	97,458	-	-	-	-	-	97,458
Accounts payable to brokerage clients	69,297,987	69,297,987	-	-	-	-	-	69,297,987
Other payables and accruals	14,757,190	13,959,623	523,024	94,123	180,420	-	-	14,757,190
Financial assets sold under repurchase agreements	31,249,189	-	31,251,767	-	4,020	-	-	31,255,787
Derivative financial liabilities	703,189	80,372	16,556	52,699	506,261	47,301	-	703,189
Lease liabilities	561,400	-	24,443	38,627	234,420	276,864	17,213	591,567
Long-term bonds	41,616,484	-	189,210	3,095,700	12,777,110	27,651,720	-	43,713,740
Other non-current liabilities	58,744	42	-	-	21	57,969	712	58,744
<b>Total</b>	<b>185,861,215</b>	<b>83,435,482</b>	<b>45,605,745</b>	<b>9,084,738</b>	<b>20,066,312</b>	<b>30,285,197</b>	<b>17,925</b>	<b>188,495,399</b>

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk

Market risk is the risk of loss, in respect of the Group's income and value of financial instruments held, arising from the adverse market movements such as changes in interest rates, stock prices, and foreign exchange rates. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to unfavourable changes in market interest rates. The Group's interest-earning assets mainly include financial assets measured at amortised cost, debt instruments at fair value through other comprehensive income, financial assets held under resale agreements, margin accounts receivable, refundable deposits, clearing settlement funds, and bank balances. The interest-bearing liabilities mainly include loans and borrowings, short-term debt instruments, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, and long-term bonds.

The Group uses sensitivity analysis as the main tool to monitor interest rate risk. Sensitivity analysis is used to measure the impact on net profit and equity when a reasonable and possible change in interest rates occurs under the assumption that other variables remain unchanged.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

The following table lists the Group's interest rate risk at the end of the reporting period. The financial assets, financial liabilities and lease liabilities in the table are classified according to the earlier of the contract next repricing dates and maturity dates, and are presented at their book value:

	31 December 2023						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial assets							
Financial assets measured at amortised cost	-	-	99,943	3,419,329	79,052	49,426	3,647,750
Debt investments at fair value through other comprehensive income	100,060	4,431,900	14,914,616	20,727,095	1,372,178	564,785	42,110,634
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	875,215	875,215
Financial assets held under resale agreements	7,731,766	19,993	109,454	-	-	10,393	7,871,606
Financial assets at fair value through profit or loss	213,835	482,210	3,691,062	6,824,079	700,309	63,425,667	75,337,162
Refundable deposits	785,895	-	-	-	-	8,173,907	8,959,802
Finance lease receivables	459	467	2,354	3,988	-	39,549	46,817
Receivable arising from sale-and-leaseback arrangements	40,010	137,737	436,177	427,716	-	37,023	1,078,663
Other non-current assets	-	-	-	-	-	200,554	200,554
Accounts receivable	-	-	-	-	-	1,204,768	1,204,768
Other receivables and prepayments	-	-	-	-	-	2,667,389	2,667,389
Margin accounts receivable	3,719,379	8,805,972	23,581,883	-	-	676,041	36,783,275
Derivative financial assets	-	-	-	-	-	1,838,397	1,838,397
Clearing settlement funds	1,237,540	-	-	-	-	-	1,237,540
Cash held on behalf of brokerage clients	37,098,079	2,750,000	7,951,850	-	-	75,534	47,875,463
Cash and bank balances	21,687,983	-	-	-	-	10,548	21,698,531
<b>Total</b>	<b>72,615,006</b>	<b>16,628,279</b>	<b>50,787,339</b>	<b>31,402,207</b>	<b>2,151,539</b>	<b>79,849,196</b>	<b>253,433,566</b>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2023						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial liabilities							
Loans and borrowings	278,075	126,294	541,243	1,163,962	-	10,648	2,120,222
Short-term debt instruments issued	171,880	2,105,717	10,745,061	-	-	60,610	13,083,268
Placements from other financial institutions	10,500,960	671,450	1,629,035	-	-	19,758	12,821,203
Financial liabilities at fair value through profit or loss	-	-	-	-	-	296,017	296,017
Accounts payable to brokerage clients	37,518,160	-	-	-	-	18,439,516	55,957,676
Other payables and accruals	-	-	-	-	-	17,734,168	17,734,168
Financial assets sold under repurchase agreements	43,826,050	3,852	609	-	-	32,319	43,862,830
Derivative financial liabilities	-	-	-	-	-	1,033,710	1,033,710
Lease liabilities	26,739	43,114	154,705	438,149	153,166	-	815,873
Long-term bonds	5,299,762	4,996,135	11,321,759	17,266,636	-	615,180	39,499,472
Other non-current liabilities	-	-	-	-	-	1,030,906	1,030,906
Total	<u>97,621,626</u>	<u>7,946,562</u>	<u>24,392,412</u>	<u>18,868,747</u>	<u>153,166</u>	<u>39,272,832</u>	<u>188,255,345</u>
Net interest rate risk exposure	<u>(25,006,620)</u>	<u>8,681,717</u>	<u>26,394,927</u>	<u>12,533,460</u>	<u>1,998,373</u>	<u>40,576,364</u>	<u>65,178,221</u>

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2022						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial assets							
Financial assets measured at amortised cost	-	-	50,688	3,406,700	79,029	52,955	3,589,372
Debt investments at fair value through other comprehensive income	-	521,892	6,953,900	12,473,736	1,475,626	325,322	21,750,476
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	2,485,330	2,485,330
Financial assets held under resale agreements	1,224,022	44,979	96,327	-	-	38,806	1,404,134
Financial assets at fair value through profit or loss	314,913	1,971,348	11,314,044	7,565,577	922,694	69,979,099	92,067,675
Refundable deposits	606,281	-	-	-	-	9,094,971	9,701,252
Finance lease receivables	52,922	7,958	26,344	8,269	-	131,465	226,958
Receivable arising from sale-and-leaseback arrangements	69,503	179,109	554,189	674,741	-	178,265	1,655,807
Other non-current assets	-	-	-	-	-	279,170	279,170
Accounts receivable	-	-	-	-	-	1,450,422	1,450,422
Other receivables and prepayments	-	-	1,379	-	-	2,419,819	2,421,198
Margin accounts receivable	4,481,695	9,106,501	22,566,740	-	-	659,420	36,814,356
Derivative financial assets	-	-	-	-	-	1,107,395	1,107,395
Clearing settlement funds	1,188,681	-	-	-	-	-	1,188,681
Cash held on behalf of brokerage clients	47,358,069	4,140,000	10,350,000	-	-	74,072	61,922,141
Cash and bank balances	13,961,596	-	-	-	-	7,912	13,969,508
<b>Total</b>	<b>69,257,682</b>	<b>15,971,787</b>	<b>51,913,611</b>	<b>24,129,023</b>	<b>2,477,349</b>	<b>88,284,423</b>	<b>252,033,875</b>



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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2022						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial liabilities							
Loans and borrowings	795,102	270,716	2,173,910	1,966,887	-	33,589	5,240,204
Short-term debt instruments issued	490,000	4,299,343	3,770,744	-	-	15,228	8,575,315
Placements from other financial institutions	12,300,000	1,188,720	200,313	-	-	15,022	13,704,055
Financial liabilities at fair value through profit or loss	-	-	-	-	-	97,458	97,458
Accounts payable to brokerage clients	47,636,989	-	-	-	-	21,660,998	69,297,987
Other payables and accruals	-	-	-	-	-	14,757,190	14,757,190
Financial assets sold under repurchase agreements	31,225,360	-	3,991	-	-	19,838	31,249,189
Derivative financial liabilities	-	-	-	-	-	703,189	703,189
Lease liabilities	23,046	35,969	224,227	261,836	16,322	-	561,400
Long-term bonds	-	2,999,467	11,692,406	26,266,790	-	657,821	41,616,484
Other non-current liabilities	-	-	-	-	-	58,744	58,744
<b>Total</b>	<b>92,470,497</b>	<b>8,794,215</b>	<b>18,065,591</b>	<b>28,495,513</b>	<b>16,322</b>	<b>38,019,077</b>	<b>185,861,215</b>
Net interest rate risk exposure	(23,212,815)	7,177,572	33,848,020	(4,366,490)	2,461,027	50,265,346	66,172,660

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The Group uses sensitivity analysis to measure the possible impact of changes in interest rates on the Group's equity and net profit. The following table shows the sensitivity of the Group's equity and net profit to possible reasonable changes in interest rates when other variables are fixed. The impacts on the shareholders' equity and net profit of the Group include: (1) The impact of fair value changes on shareholders' equity and net profit resulting from the revaluation of fixed-rate financial assets held at the end of the reporting period by a certain interest rate change; and (2) The impact of a certain interest rate change on the equity and net profit of the annualised cash flow changes generated by the floating interest rate non-derivative instruments held at the end of the reporting period .

Assuming that the yield curve moves in parallel by 25 basis points, the analysis of the potential impact on the Group's equity and net profit on each of the balance sheet dates is as follows:

	Sensitivity of profit after tax	
	2023	2022
Move in yield curve		
- Up 25 basis points	(96,153)	(111,542)
- Down 25 basis points	96,941	112,683
	Sensitivity of equity	
	2023	2022
Move in yield curve		
- Up 25 basis points	(242,260)	(202,762)
- Down 25 basis points	244,645	205,042

The above forecast assumes that the rate of return moves up or down in parallel, so it does not reflect the possible impact of only certain changes in interest rates while the remaining interest rates remain unchanged. This forecast is also based on other simplified assumptions, including all positions will be held to maturity.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(ii) Currency risk

Foreign exchange risk refers to the risk of foreign currency business conducted by the Group due to changes in foreign exchange rates. Except for the assets and liabilities held in HKD by overseas subsidiaries of the Group, other foreign currency assets and liabilities are insignificant to the overall assets and liabilities. For foreign currency assets and liabilities that are not denominated in the functional currency, such as refundable deposits, accounts receivable, clearing settlement funds, and cash and bank balances., if there is a short-term imbalance, the Group will exchange foreign currencies at market exchange rates to ensure that the net risk exposure remains acceptable.

Sensitivity analysis

Assuming that all other risk variables except the exchange rate remain unchanged, the exchange rate of RMB against the USD, HKD and other currencies on December 31 will cause the RMB to appreciate by 10%, which will result in an increase/(decrease) in the equity and net profit of the Group details as following. This effect is converted into RMB and presented at the spot exchange rate at the end of the reporting date.

	Sensitivity of profit after tax	
	2023	2022
USD	(43,335)	(40,965)
HKD	(32,985)	131,591
Other currency	(26,774)	357
	Sensitivity of equity	
	2023	2022
USD	(43,335)	(40,965)
HKD	(32,985)	131,591
Other currency	(26,774)	357

On 31 December, assuming that other variables remain unchanged and changes in the exchange rates of RMB against the USD, HKD and other currencies depreciate the RMB by 10%, which will result in changes in the equity and net profit of the Group as shown in the above table. The amount is the same but in the opposite direction.

The above sensitivity analysis is based on the assumption that the exchange rate changes at the end of the reporting date, and the financial instruments held by the Group at the end of the reporting date that are exposed to exchange rate risks are remeasured at the exchange rate.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(iii) Price risk

Price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, regardless of whether these changes are caused by factors related to a single financial instrument or its issuer, or by all similarities with transactions in the market. Price risks can stem from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

The price risk faced by the Group mainly comes from the price fluctuation of financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Relevant financial assets mainly include equity, stock (including stock indices), funds and commodities, as well as financial derivatives such as swaps, futures and options linked to them. In addition to monitoring positions, transactions and profit and loss indicators, the Group conducts daily monitoring of price risk mainly through value-at-risk, sensitivity indicators, and stress testing indicators.

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

	Sensitivity of profit after tax	
	2023	2022
Increase by 10%	4,550,158	5,250,781
Decrease by 10%	(4,550,158)	(5,250,781)
	Sensitivity of equity	
	2023	2022
Increase by 10%	4,630,368	5,437,180
Decrease by 10%	(4,630,368)	(5,437,180)

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(f) Capital management

The main goal of the Group's capital management is to ensure the Group to continue as a going concern, and to be able to continue to provide shareholders with returns by setting product and service prices commensurate with the risk level and ensuring financing at reasonable financing costs.

On 8 May 2018, the CSRC issued the revised *Securities Company Risk Control Index Management Measures* (CSRC Order No. 125). On 23 January 2020, the CSRC revised the *Regulations on the Calculation Standards for Risk Control Indexes of Securities Companies*, which has revised the risk control index system and standards that securities companies must continuously to meet and to implement on 1 June 2020. The Company must continuously meet the following standards for risk control indexes:

- (i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- (ii) The ratio of core net capital without deduction of contingent liability risk adjustments such as guarantees divided by on balance sheet assets and off balance sheet assets shall be no less than 8%;
- (iii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100%;
- (iv) The ratio of available stable funds divided by required stable funds shall be no less than 100%;
- (v) The ratio of net capital divided by net assets shall be no less than 20%;
- (vi) The ratio of net capital divided by liabilities shall be no less than 8%;
- (vii) The ratio of net assets divided by liabilities shall be no less than 10%;
- (viii) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;
- (ix) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500%; and
- (x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400%.

Certain subsidiaries of the Group also are also subject to capital requirements under the regulatory requirements imposed by the CSRC.

The Group strictly implements the relevant requirements of regulatory agencies and has established a dynamic monitoring and supplementary mechanism for net capital and other risk control indicators: First, the Group has established a monitoring system for net capital and other risk control indicators, and continuously updates and upgrades it in accordance with the regulatory guidelines of the regulatory agencies. Second, the Group has formulated and implemented net capital monitoring and stress testing related systems, clearly standardised net capital dynamic monitoring, stress testing, emergency response and net capital replenishment procedures and mechanisms. Third, the Group has designated the risk management department as the functional department for risk control index management, and carrying out pressure tests on net capital and other risk control indexes on a regular or irregular basis as needed.

The Group regularly reviews and manages its own capital structure, and strives to achieve the most ideal capital structure and shareholder returns. The factors considered by the Group include: the Group's future funding needs, capital efficiency, actual and expected profitability, expected cash flows, expected capital expenditures, etc. If economic conditions change and affect the Group, the Group will adjust the capital structure.

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65. FAIR VALUE INFORMATION

(a) Fair value of financial instruments

The following table lists the fair value information of the Group's assets and liabilities that are continuously and non-continuously measured at fair value and their fair value measurement levels at the end of the reporting period. The level of fair value measurement results depends on the lowest level of input value that is significant to the fair value measurement as a whole. The three levels of input values are defined as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

(b) Fair value hierarchy

	31 December 2023			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	3,894,664	7,981,562	-	11,876,226
– Equity shares	27,501,184	31,626	676,666	28,209,476
– Funds	18,036,984	3,000,473	1,935,355	22,972,812
– Others	3,434,066	7,867,027	977,555	12,278,648
Debt investments at fair value through other comprehensive income				
– Debt securities	13,816,970	28,293,664	-	42,110,634
Equity investments designated at fair value through other comprehensive income				
– Equity securities	443,224	-	85,622	528,846
– Others	-	-	346,369	346,369
Derivative financial assets	37,243	524,196	1,276,958	1,838,397
<b>Total</b>	<b>67,164,335</b>	<b>47,698,548</b>	<b>5,298,525</b>	<b>120,161,408</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	41,036	254,981	-	296,017
Derivative financial liabilities	108,848	521,388	403,474	1,033,710
<b>Total</b>	<b>149,884</b>	<b>776,369</b>	<b>403,474</b>	<b>1,329,727</b>

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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

	31 December 2022			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Debt securities	6,790,405	15,581,536	-	22,371,941
– Equity shares	21,305,017	33,626	1,981,209	23,319,852
– Funds	25,477,298	2,389,826	2,292,142	30,159,266
– Others	4,071,810	9,786,175	2,358,631	16,216,616
Debt investments at fair value through other comprehensive income				
– Debt securities	6,843,644	14,906,832	-	21,750,476
Equity investments designated at fair value through other comprehensive income				
– Equity securities	2,017,517	-	131,069	2,148,586
– Others	-	-	336,744	336,744
Derivative financial assets	19,989	731,913	355,493	1,107,395
<b>Total</b>	<b>66,525,680</b>	<b>43,429,908</b>	<b>7,455,288</b>	<b>117,410,876</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	10	97,448	-	97,458
Derivative financial liabilities	75,977	459,524	167,688	703,189
<b>Total</b>	<b>75,987</b>	<b>556,972</b>	<b>167,688</b>	<b>800,647</b>

For the year ended 31 December 2023, financial assets of Level 3 of RMB97,114 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB25,338 thousand were transferred from Level 3. There were no significant transfers between other Levels.

For the year ended 31 December 2022, financial assets of Level 3 of RMB8,868 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB165,688 thousand were transferred from Level 3. There were no significant transfers between other Levels.

(i) Financial instruments in Level 1

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 financial assets/liabilities) traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(ii) Financial instruments in Level 2

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 Derivative financial assets/liabilities) are quoted by the valuation system of the third-party valuation service providers. Third-party valuation service providers use valuation techniques such as discounted cash flow methods to determine the fair values by using observable market parameters or recent transaction prices of the same or similar assets.

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss and debt investments at fair value through other comprehensive income) that do not have the quotation provided by the valuation system of the third-party valuation service providers, the fair value of those instruments are determined by valuation techniques. Observable inputs required by valuation techniques include, but are not limited to, valuation parameters such as the yield curve and net asset value.

In 2023, the valuation technique used in the above-mentioned continuous Level 2 fair value measurement of the Group has not changed.

(iii) Valuation methods for specific investments

The Group has developed relevant procedures to determine appropriate valuation techniques and input values in the continuous Level 3 fair value measurement. The Group regularly reviews the relevant procedures and the suitability of fair value determination.

Financial assets/ liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investments with disposal restrictions within a specific period	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Equity securities and unlisted equity investment	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
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 liabilities	Option pricing model	Volatility	The higher the volatility, the higher the fair value

In 2023, the valuation technique used in the above-mentioned continuous Level 3 fair value measurement of the Group has not changed.



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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 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	Derivative financial liabilities
As at 31 December 2022	6,631,982	467,813	355,493	(167,688)
Gains/(losses) for the year	(370,390)	-	1,038,097	(356,967)
Changes in fair value recognised in other comprehensive income	-	(101,100)	-	-
Purchases or issues	2,231,441	-	122,394	(385,043)
Transfer in	31,836	65,278	-	-
Transfer out	(25,338)	-	-	-
Sales and settlements	(4,909,955)	-	(239,026)	506,224
As at 31 December 2023	<u>3,589,576</u>	<u>431,991</u>	<u>1,276,958</u>	<u>(403,474)</u>
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	<u>(254,198)</u>	<u>-</u>	<u>938,662</u>	<u>(228,905)</u>

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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy (continued):

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Derivative financial liabilities
As at 31 December 2021	6,542,488	477,163	138,159	(269,458)
Gains/(losses) for the year	206,580	-	155,325	82,748
Changes in fair value recognised in other comprehensive income	-	5,340	-	-
Purchases or issues	6,527,898	-	342,061	(432,472)
Transfer in	548	8,320	-	-
Transfer out	(142,678)	(23,010)	-	-
Sales and settlements	(6,502,854)	-	(280,052)	451,494
As at 31 December 2022	6,631,982	467,813	355,493	(167,688)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	478,847	-	(1,015)	(10,177)

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65. FAIR VALUE INFORMATION (continued)

(c) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

Carrying amount:

	31 December 2023	31 December 2022
Financial assets		
- Financial assets measured at amortised cost	3,647,750	3,589,372
Financial liabilities		
- Long-term bonds	39,499,472	41,616,484

Fair value:

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Financial assets measured at amortised cost	-	3,692,637	-	3,692,637
Financial liabilities				
- Long-term bonds	-	39,663,113	-	39,663,113
	31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Financial assets measured at amortised cost	-	3,607,739	-	3,607,739
Financial liabilities				
- Long-term bonds	-	41,702,984	-	41,702,984

66. GUARANTEES

During the reporting period, guarantees provided by the Company mainly included the net capital guarantee for Shanghai Everbright Securities Assets Management Co., Ltd. and the counter-guarantee to the guarantor for borrowing loans from overseas commercial bank for Everbright Securities International Holdings Limited, wholly-owned subsidiaries of the Company. As at 31 December 2023, the balance of the above guarantees amounted to RMB4.304 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees, financing guarantees and business guarantees provided by Everbright Securities International Holdings Limited, and its subsidiaries to their subsidiaries for the business development of such companies. As at 31 December 2023, the balance of the above guarantees amounted to RMB0.309 billion.

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Non-current assets</b>		
Property and equipment	720,383	695,678
Right-of-use assets	450,439	429,916
Investment properties	11,432	12,151
Other intangible assets	184,357	129,174
Investments in subsidiaries	8,608,690	8,608,690
Investments in associates and joint ventures	2,520,158	788,534
Financial assets measured at amortised cost	3,498,381	3,485,729
Debt investments at fair value through other comprehensive income	22,129,376	14,310,552
Equity investments designated at fair value through other comprehensive income	821,516	2,412,787
Financial assets held under resale agreements	-	37,314
Refundable deposits	381,276	951,630
Deferred tax assets	1,927,515	1,973,043
Other non-current assets	692,640	418,029
<b>Total non-current assets</b>	<u>41,946,163</u>	<u>34,253,227</u>
<b>Current assets</b>		
Accounts receivable	175,711	205,634
Other receivables and prepayments	2,713,670	2,674,326
Margin accounts receivable	34,369,068	33,951,179
Financial assets measured at amortised cost	149,369	103,643
Debt investments at fair value through other comprehensive income	19,981,258	7,439,924
Financial assets held under resale agreements	7,801,860	1,328,923
Financial assets at fair value through profit or loss	65,781,752	84,292,937
Derivative financial assets	1,822,207	1,095,496
Clearing settlement funds	6,074,410	5,650,328
Cash held on behalf of brokerage clients	30,860,750	39,124,679
Cash and bank balances	12,753,815	5,315,651
<b>Total current assets</b>	<u>182,483,870</u>	<u>181,182,720</u>
<b>Total assets</b>	<u>224,430,033</u>	<u>215,435,947</u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Current liabilities</b>		
Short-term debt instruments	13,083,268	8,575,315
Placements from other financial institutions	12,821,203	13,704,055
Accounts payable to brokerage clients	30,272,957	38,535,502
Employee benefits payable	1,864,598	1,326,883
Other payables and accruals	17,705,828	14,429,764
Financial assets sold under repurchase agreements	41,113,696	30,475,739
Derivative financial liabilities	1,040,246	687,838
Lease liabilities due within one year	152,670	181,940
Contract liabilities	16,872	31,671
Long-term bonds due within one year	22,232,836	15,349,694
<b>Total current liabilities</b>	<u>140,304,174</u>	<u>123,298,401</u>
<b>Net current assets</b>	<u>42,179,696</u>	<u>57,884,319</u>
<b>Total assets less current liabilities</b>	<u>84,125,859</u>	<u>92,137,546</u>
<b>Non-current liabilities</b>		
Long-term bonds	17,266,636	26,266,790
Lease liabilities	295,909	252,831
Other non-current liabilities	42	42
<b>Total non-current liabilities</b>	<u>17,562,587</u>	<u>26,519,663</u>
<b>Net assets</b>	<u>66,563,272</u>	<u>65,617,883</u>
<b>Equity</b>		
Share capital	4,610,788	4,610,788
Other equity instruments	9,498,943	9,498,943
Reserves	37,641,169	37,089,021
Retained profits	14,812,372	14,419,131
<b>Total equity</b>	<u>66,563,272</u>	<u>65,617,883</u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

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

	Share capital	Other equity instruments	Reserves				Retained profits	Total
			Capital reserve	Surplus reserve	General reserve	Fair value reserve		
As at 1 January 2023	4,610,788	9,498,943	25,138,971	4,042,363	7,963,846	(56,159)	14,419,131	65,617,883
Profit for the year	-	-	-	-	-	-	2,059,282	2,059,282
Other comprehensive income	-	-	-	-	-	251,469	-	251,469
Total comprehensive income	-	-	-	-	-	251,469	2,059,282	2,310,751
Appropriation to general reserve	-	-	-	-	411,977	-	(411,977)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(968,265)	(968,265)
Perpetual bond interest	-	-	-	-	-	-	(389,550)	(389,550)
Other comprehensive income that have been reclassified to retained profits	-	-	-	-	-	(103,751)	103,751	-
Others	-	-	(7,547)	-	-	-	-	(7,547)
As at 31 December 2023	4,610,788	9,498,943	25,131,424	4,042,363	8,375,823	91,559	14,812,372	66,563,272

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023

(All amounts expressed in RMB thousand unless otherwise specified)

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

	Share capital	Other equity instruments	Reserves			Fair value reserve	Retained profits	Total
			Capital reserve	Surplus reserve	General reserve			
As at 1 January 2022	4,610,788	4,999,057	25,138,971	3,748,565	7,376,191	82,340	13,803,421	59,759,333
Profit for the year	-	-	-	-	-	-	2,937,972	2,937,972
Other comprehensive income	-	-	-	-	-	(138,499)	-	(138,499)
Total comprehensive income	-	-	-	-	-	(138,499)	2,937,972	2,799,473
Issuance of the perpetual bonds	-	4,499,886	-	-	-	-	-	4,499,886
Appropriation to surplus reserve	-	-	-	293,798	-	-	(293,798)	-
Appropriation to general reserve	-	-	-	-	587,655	-	(587,655)	-
Dividends approved in respect of the previous year	-	-	-	-	-	-	(1,051,259)	(1,051,259)
Perpetual bond interest	-	-	-	-	-	-	(389,550)	(389,550)
As at 31 December 2022	4,610,788	9,498,943	25,138,971	4,042,363	7,963,846	(56,159)	14,419,131	65,617,883

(All amounts expressed in RMB thousand unless otherwise specified)

68. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of corporate bonds after the reporting period

On 5 March 2024, the Company publicly issued the first batch of corporate bonds of Year 2024 amounting to RMB1.5 billion to the professional investors, which has a term of 2 years and bears a coupon interest rate of 2.42%. And the value date was 7 March 2024.

(b) Redemption of corporate bonds after the reporting period

On 14 January 2021, the Company publicly issued the first batch of corporate bonds of Year 2021 amounting to RMB5.3 billion to the professional investors, which has a term of 3 years and bears a coupon interest rate of 3.57%. The redemption of these bonds was completed on 14 January 2024 and the total principal and interest paid by the Company were RMB5.3 billion and RMB189 million, respectively.

On 23 February 2023, the Company publicly issued the first batch of corporate bonds of Year 2023 amounting to RMB2 billion to the professional investors, which has a term of 1 years and bears a coupon interest rate of 2.80%. The redemption of these bonds was completed on 28 February 2024 and the total principal and interest paid by the Company were RMB2 billion and RMB57 million, respectively.

On 23 March 2023, the Company publicly issued the second batch of corporate bonds of Year 2023 amounting to RMB3 billion to the professional investors, which has a term of 1 years and bears a coupon interest rate of 2.75%. The redemption of these bonds was completed on 27 March 2024 and the total principal and interest paid by the Company were RMB3 billion and RMB84 million, respectively.

(c) Dissolution of a subsidiary after the reporting period

Sun Yi Company Limited, a subsidiary of EBSI, was dissolved on 25 March 2024.

(d) Profit distribution plan after the accounting period

On 27 March 2024, based on the total number of 4,610,787,639 ordinary shares of the Company, the board proposed to distribute a cash dividend of RMB2.803 (tax inclusive) per 10 ordinary shares to all the shareholders, with a total amount of RMB1,292,404 thousand (2022: RMB968,265 thousand).

The proposal is subject to the approval by the shareholders at the next general meeting. The cash dividend was not recognised as a liability as at 31 December 2023.

69. COMPARATIVE FIGURES

Certain comparative figures in the audited consolidated financial statements have been reclassified to conform with the current year's presentation.

70. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024.



## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

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

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

Date	Issuing Authority	Document Number	Title
June 2, 2023	SSE	Shang Zheng Han [2023] No. 1580	Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of E Fund STAR 50ETF Options
June 2, 2023	SSE	Shang Zheng Han [2023] No. 1563	Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of China AMC STAR 50ETF Options
June 21, 2023	Department of Fund and Intermediary Supervision of the CSRC	Ji Gou Bu Han [2023] No. 802	Letter on Matters related to the Proposed Capital Increase in its Hong Kong Subsidiary by Everbright Securities Company Limited
July 13, 2023	CSRC	Zheng Jian Xu Ke [2023] No. 1538	Reply on Approving the Registration of Corporate Bonds Publicly Offered by Everbright Securities Company Limited to Professional Investors
October 16, 2023	CSRC	Zheng Jian Xu Ke [2023] No. 2336	Reply on Approving the Registration of Subordinated Corporate Bonds Publicly Offered by Everbright Securities Company Limited to Professional Investors

#### (II) Other regulatory letters received during and subsequent to the Reporting Period

Date	Issuing Authority	Document Number	Title or Matter
May 19, 2023	National Association of Financial Market Institutional Investors	[2023] No. 6	As the Company underwrote the debt financing instruments issued by Guangxi Liuzhou Investment Holding Group Co., Ltd. (廣西柳州市投資控股集團有限公司) as a lead underwriter and served as the convener of the meeting of holders of the relevant debts. During the term of the debt financing instrument, the issuer wrote off a large number of land assets, which triggered the convening of a meeting of holders. The Company, as the convener of the meeting of holders, failed to convene the meeting of holders in a timely manner. The National Association of Financial Market Institutional Investors decided to issue written warning to the Company.
July 12, 2023	CSRC Guangdong Office	[2023] No. 78, [2023] No. 79	Decision on Issuing Warning Letter to Everbright Securities Company Limited Guangdong Branch, and Decision on Ordering the Securities Brokerage Branch at Liyuan Road, Xinxing, Yunfu of Everbright Securities Company Limited to Increase the frequency of Internal Compliance Review
October 30, 2023	Heilongjiang Provincial Branch of the SAFE	Hei Hui Jian Fa [2023] No. 13	Written decision of administrative penalty. As the foreign currency margin account opened by the Securities Brokerage Branch at Jingwei'erdao Street, Harbin of the Company at the Harbin Jihong Sub-branch of Bank of China (now the Harbin Bank of China Building Sub-branch of Bank of China) on April 21, 2009 and the foreign currency margin account opened at the Harbin Xinyang Sub-branch of China Everbright Bank on March 21, 2011 failed to file with the local foreign exchange bureau as required, the Heilongjiang Provincial Branch of the SAFE ordered the brokerage branches to take rectifications on relevant non-compliances and gave a warning and imposed a fine of RMB50,000.

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

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

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

Approving Authority	Business Qualification
People's Bank of China	<p>Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>Underwriting of commercial papers (Notice of the People's Bank of China on Engaging in Underwriting of Commercial Papers by Everbright Securities Limited and Haitong Securities Co., Ltd., Yin Fa [2005] No. 173)</p> <p>Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31)</p> <p>Member of the national inter-bank market (inter-bank lending and trading of bonds, spot bonds transactions and bond repurchase businesses) (Notice on Approving the Admission of Some Securities Companies into the National Inter-bank Market, Yin Ban Fa [1999] No. 147)</p>
CSRC and its branch offices	<p>Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)</p> <p>Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)</p> <p>Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121) and Qualification for intermediary introduction for futures (Zheng Jian Xu Ke [2008] No. 482)</p> <p>Sponsor underwriting and merger and acquisition businesses</p> <p>Agency for spot precious metal (including gold) contracts and proprietary trading of spot gold contracts (Letter of No Objection on Carrying out the Businesses of Agency for Precious Metals (including Gold) Spot Contract and Proprietary Trading of Spot Gold Contract by Everbright Securities Company Limited, Ji Gou Bu Han [2015] No. 280)</p> <p>Qualification for equity securities returns swap business (Letter of No Objection on Engaging in Equity Securities Returns Swap Business by Everbright Securities Company Limited, Ji Gou Bu Han [2013] No. 30)</p> <p>Market making for stock index options (Reply on Opinions of Everbright Securities Company Limited in Market Making for Stock Index Options, Ji Gou Bu Han [2019] No. 3065)</p> <p>Market making for stock options (Reply on Approving the Qualification of Everbright Securities Company Limited in Market Making for Stock Options, Zheng Jian Xu Ke [2015] No. 164)</p> <p>Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)</p> <p>Securities transactions under repurchase agreements (pilot) (Ji Gou Bu Han [2012] No. 459)</p> <p>Qualification for entrusted investment management (Reply on Approving the Qualification of Everbright Securities Limited in Entrusted Investment Management, Zheng Jian Ji Gou Zi [2002] No. 127)</p> <p>Carrying out of direct investment business (pilot) (Letter of No Objection on Carrying out Direct Investment Business by Everbright Securities Company Limited, Ji Gou Bu Han [2008] No. 446)</p> <p>Notice on Supporting the Carrying out of Credit Derivatives by Securities Companies and Serving Private Enterprises in Bond Financing (Hu Zheng Jian Ji Gou Zi [2019] No. 41)</p> <p>Letter of No Objection on Carrying out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited (CSRC Ji Gou Bu Han [2012] No. 560)</p> <p>Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)</p> <p>Fund investment consultancy business qualification (Zheng Jian Ji Gou Bu Han [2021] No. 1683)</p>

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Securities Association of China	<p>Qualification for nominated advisers and brokers engaged in agency share transfer business (Notice on Granting Qualification for Nominated Advisers and Brokers Engaged in Agency Share Transfer Business, Zhong Zheng Xie Fa [2003] No. 94)</p> <p>Qualification for stock quotation and transfer business (Letter on Granting Qualification for Quotation and Transfer Business to Everbright Securities Company Limited, Zhong Zheng Xie Han [2006] No. 3)</p> <p>Become a secondary dealer for OTC options business to carry out related OTC options business (Letter on Unifying the Filing of Secondary Dealers for OTC Options Businesses, Zhong Zheng Xie Han [2018] No. 657)</p>
SSE	<p>Lead market maker of CSI 300ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 300ETF Options, Shang Zheng Han [2019] No. 2301)</p> <p>Lead market maker for SSE 50ETF options (Qualification for Lead Market Maker of SSE 50ETF Options, Shang Zheng Han [2016] No. 152)</p> <p>Qualification for participant of stock options transactions of the SSE (stock options brokerage, authority for proprietary trading business) (Notice on Everbright Securities Company Limited Becoming a Participant of Stock Options Transactions of the Shanghai Stock Exchange, Shang Zheng Han [2015] No. 63)</p> <p>Qualifications for A-share trading unit transactions under Southbound Trading (Shang Zheng Han [2014] No. 650)</p> <p>Authority for securities transactions under repurchase agreements (Shang Zheng Hui Zi [2012] No. 176)</p> <p>Authority for collateralized stock repurchase transactions (Shang Zheng Hui Zi [2013] No. 67)</p> <p>Lead market maker of SSE CSI 500ETF options (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 500ETF Options, Shang Zheng [2022] No. 1623)</p> <p>Lead market maker of SSE STAR 50ETF options (Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of E Fund STAR 50ETF Options, Shang Zheng Han [2023] No. 1580)</p> <p>Lead market maker of SSE STAR 50ETF options (Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of China AMC STAR 50ETF Options, Shang Zheng Han [2023] No. 1563)</p>
SZSE	<p>Lead market maker of SZSE CSI 300ETF options (Notice on Approving CITIC Securities and other Option Agencies to Become Market Maker of CSI 300ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2019] No. 483)</p> <p>Authority for securities transactions under repurchase agreements (Shen Zheng Hui [2013] No. 15)</p> <p>Authority for collateralized stock repurchase transactions (Shen Zheng Hui [2013] No. 58)</p> <p>Financing for exercise of options under share options incentive schemes of listed companies (pilot) (Shen Zheng Han [2014] No. 320)</p> <p>Authority for transactions under Southbound Trading of Shenzhen – Hong Kong Stock Connect (Shen Zheng Hui [2016] No. 330)</p> <p>Dealer authority for stock option transactions on the SZSE (Shen Zheng Hui [2019] No. 470)</p> <p>Lead market maker of SZSE CSI 500ETF options (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of ChiNext ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)</p> <p>Lead market maker of SZSE ChiNext ETF options (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of ChiNext ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)</p> <p>Lead market maker of SZSE 100ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of SZSE 100ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 421)</p> <p>SZSE ETF liquidity service provider (SZSE)</p>

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Other Institutions	<p>Market maker of CSI 300ETF stock index options of China Financial Futures Exchange (Notice on Announcing the List of Market Maker of CSI 300ETF Stock Index Options)</p> <p>Market making for National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 772)</p> <p>Filing as outsourcing services institution for private funds (Asset Management Association of China, [Filing Number: A00037])</p> <p>Qualification for commercial paper transactions of Shanghai Commercial Paper Exchange (Piao Jiao Suo [2017] No. 9)</p> <p>Qualification for interbank gold bilateral transactions (Reply on Approving the Carrying out of Interbank Gold Bilateral Transactions by Everbright Securities Company Limited, Shang Jin Jiao Fa [2017] No. 68)</p> <p>Interest rate swaps</p> <p>Pooled settlement of and quotation for credit default swaps (Notice on Approval of Becoming a Member of the Group for Pooled Settlement of and Quotation for Credit Default Swaps)</p> <p>Margin refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 124)</p> <p>Refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 115)</p> <p>Securities lending refinancing (pilot) (Zhong Zheng Jin Han [2013] No. 45)</p> <p>Securities lending refinancing on the Sci-Tech Innovation Board (Zhong Zheng Jin Han [2019] No. 203)</p> <p>Securities lending refinancing on the ChiNext Board (Zhong Zheng Jin Han [2020] No. 145)</p> <p>Securities business foreign exchange operation license (foreign currency securities underwriting, foreign currency securities brokerage and foreign currency lending) (Notice of Approving Everbright Securities Company Limited Changing the Company Name Set out in Securities Business Foreign Exchange Operation License, Shanghai Hui Fu [2005] No. 72)</p> <p>Lead Underwriter for Debt Financing Instruments of Non-financial Enterprises (Announcement of National Association of Financial Market Institutional Investors, [2012] No. 19)</p> <p>Qualifications for Independently Conducting Lead Underwriting Business for Debt Financing Instruments of Non-financial Enterprises (Zhong Shi Xie Fa [2020] No. 170)</p> <p>Special membership qualification of Shanghai Gold Exchange: No. T009 (April 3, 2015)</p> <p>Lead market maker of CSI 1000ETF options of China Financial Futures Exchange (Notice on Announcing the Name List of Lead Market Maker of CSI 1000ETF Options)</p> <p>Lead market maker of SSE 50ETF options of China Financial Futures Exchange (Notice on Announcing the Name List of Lead Market Maker of SSE 50ETF Options)</p>
China Securities Depository and Clearing Co., Ltd.	<p>Qualification for account opening agency</p> <p>Qualification for class A clearing participant (Zhong Guo Jie Suan Han Zi [2008] No. 12)</p> <p>Qualification for participation in multilateral net amount guarantee settlement (Zhong Guo Jie Suan Fa Zi [2014] No. 28)</p> <p>Qualification for digital certificate service agency</p> <p>Qualification for securities pledge registration agency</p> <p>Qualification for settlement of options (Zhong Guo Jie Suan Han Zi [2015] No. 28)</p> <p>Qualification for remote account opening for special institutions and products</p>

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Interbank Market Clearing House Co., Ltd.	<p>Qualification for clearing of bond netting transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 049)</p> <p>Qualification for the central clearing business of standard bond forward transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 115)</p> <p>Notice on Matters regarding Participation in the Centralized Clearing Business of Credit Default Swap (2018 Bian Han No. 355)</p> <p>Key dealer of credit risk mitigation tool, December 21, 2018  <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/hxjymd/202112/t20211207_93313.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/hxjymd/202112/t20211207_93313.html</a></p> <p>Creator of credit risk mitigation warrant, December 21, 2018  <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/zcmt/202112/t20211207_93315.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/zcmt/202112/t20211207_93315.html</a></p> <p>Creator of credit-linked notes, December 21, 2018  <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/csjgmd/202112/t20211207_93316.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/csjgmd/202112/t20211207_93316.html</a></p>
Beijing Stock Exchange	<p>Notice on Matters in Relation to Application for Membership of the Beijing Stock Exchange (Bei Zheng Ban Fa [2021] No. 7)</p>

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

Name of Majority-owned Subsidiary	Business Qualification
Everbright Asset Management	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000047217)</p> <p>License for qualified domestic institutional investor to carry out overseas securities investment and management business (Reply on Approving the Establishment of a Securities Management Subsidiary of Everbright Securities Company Limited) (Zheng Jian Xu Ke [2011] No. 1886)</p> <p>Entrusted insurance fund management <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> <p>Stock options (Shang Zheng Han [2015] No. 168 and Shen Zheng Han [2019] No. 721)</p> <p>Business qualifications of Everbright Photon: warehouse receipt service, basis trade, OTC derivatives business and third-party risk management services (China Futures Association Han Zi [2014] No. 364) and market making (China Futures Association Bei Zi [2018] No. 56)</p>
Everbright Capital	<p>Private equity funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))</p>
Everbright Development	<p>Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))</p>
Everbright Fortune	<p>Member as alternative investment subsidiary (Public Notice of the Securities Association of China on Members of Private Investment Fund Subsidiaries and Alternative Investment Subsidiaries (4th Batch))</p>

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification
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
EBSI	License for Carrying out Securities and Futures Business in the People's Republic of China – investment in domestic securities (serial number: 000000029442)

Name of Majority-owned Subsidiary	Business Qualification
EBSI	<p>Everbright Securities Investment Services (HK) Limited</p> <p>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 License for Carrying out Securities and Futures Business in the People's Republic of China – Foreign Share Brokerage and Foreign Share Lead Underwriting (serial number: 000000054654) (CSRC)</p> <p>CES Nominees (HK) Limited</p> <p>Associated entity (SFC AAS942) Trust and corporate service provider (The Hong Kong Companies Registry License Number TC002563)</p> <p>CES Commodities (HK) Limited</p> <p>Type 2 regulated activity – Dealing in futures contracts (SFC AAF237) General Clearing Participant HKCC DCASS Code CSHK Futures dealer HKFE HKATS Code SHK</p> <p>CES Forex (HK) Limited</p> <p>Type 3 regulated activity – Leveraged foreign exchange trading (SFC ACI995)</p> <p>Everbright Securities Digital Finance (HK) Limited</p> <p>Type 1 regulated activity – Dealing in securities (SFC AAC483)</p> <p>Everbright Securities Global (HK) Limited</p> <p>Type 1 regulated activity – Dealing in securities (SFC AAI430) Type 6 regulated activity – Advising on corporate finance</p>

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
China Everbright Securities (HK) Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance Type 9 regulated activity – Asset management	(SFC AAW536)
China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts Type 3 regulated activity – Leveraged foreign exchange trading Clearing participant Futures dealer	(SFC AEX690) HKCC DCASS Code CCEV HKFE HKATS Code CEV
China Everbright Research Limited	Type 4 regulated activity – Advising on securities	(SFC AEH589)
China Everbright Capital Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance	(SFC ACE409)
China Everbright Securities Asset Management Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management License for Carrying out Securities and Futures Business in the People’s Republic of China – investment in domestic securities (serial number: 000000051832)	(SFC AYE648) (CSRC)
CES Wealth Management (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1134) (Hong Kong Mandatory Provident Fund Schemes Authority IC000854)
CES Insurance Consultants (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Insurance brokerage business under the regulation of the Monetary Authority of Macao Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1019) (Monetary Authority of Macao 02/CRE) (Hong Kong Mandatory Provident Fund Schemes Authority IC000203)

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
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	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 044)
Sun Hing Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 040)
Shun Loong Bullion Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 068)
Everbright Securities (UK) Company Limited	Dealing in securities; advising on securities; studying China's macro policies, industry policies and A shares (through Everbright Securities, its subsidiary in Shanghai) and global depository receipt cross-border conversion institution in UK for the Shanghai-London Stock Connect program	Registration Number of English corporate: 07106467, a member of London Stock Exchange and registered in UK Financial Conduct Authority – Ref. NO.: 524544 Depository Receipts under the Stock Connect Scheme between SSE and London Stock Exchange – Shang Zheng Han [2019] No. 2141)



## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

### III. The Geographical Locations of the Branch Companies and Securities Brokerage Branches of the Company

#### (I) The geographical locations of the branch companies

Name of branch	Business address and postcode	Time of establishment	Person in charge	Customer service or complaint hotline
Everbright Securities Co., Ltd. Shenzhen Branch	17A, 17B, New Enterprise Office Building A, No. 6011 Shennan Avenue, Tian'an Community, Shatou Subdistrict, Futian District, Shenzhen, 518030	July 21, 2010	Wu Wenqu	0755-82960906
Everbright Securities Co., Ltd. Guangdong Branch	Room 4501 (Unit 01B-07), Yuexiu Financial Building, No. 28, Zhujiang East Road, Tianhe District, Guangzhou, 510623	July 21, 2010	Su Mantin	020-38036232
Everbright Securities Co., Ltd. Zhejiang Branch	11-2, 11-3, Building No. 1, Greenland Center, No. 9 Shijun Road, Jiangbei District, Ningbo, Zhejiang, 315020	July 1, 2010	Zhang Jihong	0574-83852203
Everbright Securities Co., Ltd. Shanghai Branch	10F, No. 1128 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	July 25, 2011	Wang Hanqing	021-58313335
Everbright Securities Co., Ltd. Beijing Branch	Beijing Branch 2nd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	August 5, 2011	Jiang Xun	010-68081186
Everbright Securities Co., Ltd. Nanjing Branch	Room 1101-1104, Building No. 4, Financial City, No. 248 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	August 3, 2011	Ni Tielian	025-52852258
Everbright Securities Co., Ltd. Shenyang Branch	No. 169 (301), Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110000	July 21, 2011	Zhai Lei	024-22856015
Everbright Securities Co., Ltd. Chongqing Branch	No. 108, Dapingzheng Street, Yuzhong District, Chongqing, 400042	August 23, 2011	Song Lin	023-68890806
Everbright Securities Co., Ltd. Dongguan Branch	No. 1701A, Yuefeng Building, No.2 Sanyuan Road, Nancheng Subdistrict, Dongguan, 523000	June 27, 2016	Lin Yan'e	0769-22220682
Everbright Securities Co., Ltd. Chengdu Branch	Unit 6-8, 10/F, Western Cultural and Industrial Center, No. 16, Huaxing East Street, Jinjiang District, Chengdu, 610021	July 29, 2016	Wan Jiazhu	028-80582967
Everbright Securities Co., Ltd. Xi'an Branch	12F, Building B, Wanzhong International, No. 1 Qujiangchi East Road, Xi'an, 710061	September 9, 2016	Dong Xiaofeng	029-89833670
Everbright Securities Co., Ltd. Wuhan Branch	20F, T2 Office Building, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, 430071	July 14, 2016	Zhang Youfu	027-87832666

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of branch	Business address and postcode	Time of establishment	Person in charge	Customer service or complaint hotline
Everbright Securities Co., Ltd. Shandong Branch	Floor A2, Everbright International Financial Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, 266000	July 19, 2016	Ma Yan	0532-82020180
Everbright Securities Co., Ltd. Fujian Branch	Unit 03B & 04A, 34F, No. 82 Zhanhong Road, Siming District, Xiamen, 361000	May 16, 2018	Wang Fei	0592-5021663

### (II) The geographical locations of the securities brokerage branches

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
1	Shenzhen Branch	Securities brokerage branch at Jintian Road, Shenzhen	Unit 08, 09b and Unit 2503, A02 Floor, Rongchao Economic and Trade Center, No. 4028 Jintian Road, Lianhua Subdistrict, Futian District, Shenzhen, 518035	Guangdong Province	0755-83007118
2	Shenzhen Branch	Securities brokerage branch at Xinyuan Road, Shenzhen	5/F, Zhonghai Marketplace, No. 3 Xinyuan Road, Luohu District, Shenzhen, 518001	Guangdong Province	0755-82285197
3	Shenzhen Branch	Securities brokerage branch at Guomao Avenue, Haikou	Level 2, Xianle Garden, No. 63 Guomao Avenue, Longhua District, Haikou, Hainan, 570125	Hainan Province	0898-68550096
4	Shenzhen Branch	Securities brokerage branch at Jinpu Road, Nanning	Rooms 1401, 1402, 1403, 1405 & 1406, 14th Floor, Mingdu Building, No.22 Jinpu Road, Qingxiu District, Nanning, Guangxi, 530021	Guangxi Zhuang Autonomous Region	0771-5305000
5	Shenzhen Branch	Securities brokerage branch at Shennan Avenue, Shenzhen	3rd Floor, Podium Building, Metropolis Sunshine Garden, No. 6017, Shennan Avenue, Futian District, Shenzhen, 518040	Guangdong Province	0755-88308466
6	Shenzhen Branch	Securities brokerage branch at Haide Third Road, Shenzhen	Unit 04, Floor 05, China Resources Building, No. 2666 Keyuan South Road, Yuehai Subdistrict, Nanshan District, Shenzhen, 518057	Guangdong Province	0755-86055273
7	Shenzhen Branch	Securities brokerage branch at Longfu Road, Longgang District, Shenzhen	Unit 06.07, 5th Floor, Building A, Rongchaoyinglong Building, No. 5 Longfu Road, Longcheng Subdistrict, Longgang District, Shenzhen, 518172	Guangdong Province	0755-28370875
8	Shenzhen Branch	Securities brokerage branch at Haitian Road, Shenzhen	Room 1007, Building A, Zhuoyue Baozhong Times Square (Phase 1), No.15-1, Haitian Road, Area N23, Haibin Community, Xin'an Subdistrict, Bao'an District, Shenzhen, 518101	Guangdong Province	0755-29569951

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
9	Shenzhen Branch	Securities brokerage branch at Zhongshan Middle Road, Guilin	No. 4-1, 4th Floor, Nanfang Building, No. 39 Zhongshan Middle Road, Xiufeng District, Guilin, Guangxi, 541000	Guangxi Zhuang Autonomous Region	0773-2881288
10	Shenzhen Branch	Securities brokerage branch at Tanzhong East Road, Liuzhou	Rooms 12-13, Unit 2, Huaxin International Plaza, No. 17 Tanzhong East Road, Chengzhong District, Liuzhou, Guangxi, 545026	Guangxi Zhuang Autonomous Region	0772-2128001
11	Shenzhen Branch	Securities brokerage branch at Renmin North Road, Longhua, Shenzhen	Area B, 1st Floor, Podium Building, Floor 1-3, Building 3 and 4, Yinquan Garden, Minzhi Subdistrict, Longhua New District, Shenzhen, 518109	Guangdong Province	0755-81483239
12	Shenzhen Branch	Securities brokerage branch at Xiangmihu Road, Shenzhen	17D, Building A, New Enterprise Office Building, No. 6011 Shennan Avenue, Tian'an Community, Shatou Subdistrict, Futian District, Shenzhen, 518042	Guangdong Province	0755-82523596
13	Shenzhen Branch	Securities brokerage branch at Heping Road, Shenzhen	Room 1005-1006, 10th Floor, Jintian Building, No. 1199 Heping Road, Nanhu Subdistrict, Luohu District, Shenzhen, 518010	Guangdong Province	0755-82331552
14	Shenzhen Branch	Securities brokerage branch at Menghai Avenue, Shenzhen	Room 2104, Building A, Zhuoyue Qianhaiyihao Building, No.5033 Menghai Avenue, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen, 518052	Guangdong Province	0755-26927926
15	Shenzhen Branch	Securities brokerage branch at Keyuan Road, Shenzhen	No. 03A, 5th Floor, Oriental Science and Technology Building, No. 16 Keyuan Road, Yuehai Subdistrict, Nanshan District, Shenzhen, 518057	Guangdong Province	0755-86707407
16	Guangdong Branch	Securities brokerage branch at Zhujiang New Town, Guangzhou	Unit 11-15, 45F, Yuexiu Financial Building, No. 28 Zhujiang East Road, Zhujiang New Town, Tianhe District, Guangzhou, 510623	Guangdong Province	020-38883525
17	Guangdong Branch	Securities brokerage branch at Donghu Road, Guangzhou	Room 405 & 406, No. 126 Donghu Road, Yuexiu District, Guangzhou, 510000	Guangdong Province	020-37631955
18	Guangdong Branch	Securities brokerage branch at Huadi Avenue, Guangzhou	1st and 2nd floors of Building 5-6, Hongmianyuan North District, Huadi Avenue, Liwan District, Guangzhou, 510370	Guangdong Province	020-81598156
19	Guangdong Branch	Securities brokerage branch at Guangzhou Avenue Middle, Guangzhou	Room 101, 201, 203 & 207, Acquisition and Editing Building, No. 289 Guangzhou Avenue Middle, Yuexiu District, Guangzhou, 510699	Guangdong Province	020-86198353
20	Guangdong Branch	Securities brokerage branch at Daliang, Shunde	3rd Floor, Zhengye Building, No. 101 Fengshan Middle Road, Daliang, Shunde District, Foshan, Guangdong, 528300	Guangdong Province	0757-22381378
21	Guangdong Branch	Securities brokerage branch at Jihua 6th Road, Foshan	Room 07-11, 13th Floor, Building 1, Hengfu Center Office Building, No. 11 Jihua 6th Road, Chancheng District, Foshan, 528000	Guangdong Province	0757-83031618

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
22	Guangdong Branch	Securities brokerage branch at Fazhan Avenue, Jiangmen	4th Floor, 103, Building 1, No. 178 Fazhan Avenue, Pengjiang District, Jiangmen, Guangdong, 529000	Guangdong Province	0750-3166128
23	Guangdong Branch	Securities brokerage branch at Renmin Avenue North, Zhanjiang	Shop No. 1, 1st Floor, Huahe International Hotel, No. 6, Renmin Avenue North, Development Zone, Zhanjiang, 524000	Guangdong Province	0759-2231893
24	Guangdong Branch	Securities brokerage branch at Huishadi, Huizhou	Shop 02, Floor 2, Building 11, Fuchen Huilongwan, No. 68, Huishadi Second Road, Huicheng District, Huizhou, Guangdong, 516000	Guangdong Province	0752-2117318
25	Guangdong Branch	Securities brokerage branch at Machang Road, Guangzhou	Room 1001 & 1009, Building 1, No. 16 Machang Road, Tianhe District, Guangzhou, Guangdong, 510627	Guangdong Province	020-22169000
26	Guangdong Branch	Securities brokerage branch at Lvjing Road, Foshan	Room 01-10, 2nd Floor, Building 1 No. 39 Lvjing 3rd Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0857-83206228
27	Guangdong Branch	Securities brokerage branch at Gangzhou Avenue Middle, Xinhui, Jiangmen	Rooms 1401 & 1501, Building 1, Yongcuihuating, No. 3 Gangzhou Avenue Middle, Huicheng, Xinhui District, Jiangmen, Guangdong, 529100	Guangdong Province	0750-6620166
28	Guangdong Branch	Securities brokerage branch at Danshui, Huizhou	Room 301, 3rd Floor, Tongda Building, No. 148, South Kaicheng Avenue, Danshui Subdistrict, Huiyang District, Huizhou, 516211	Guangdong Province	0752-3725221
29	Guangdong Branch	Securities brokerage branch at Pingshan, Huizhou	3rd Floors, Building 4, Yijingwan, Xizhijiangpan, Pingshan Overseas Chinese Town, Huidong County, Huizhou, 516300	Guangdong Province	0752-8558329
30	Guangdong Branch	Securities brokerage branch at Yifu Road, Beijiao, Shunde, Foshan	Unit 05, 8th Floor and 1T108, 1st Floor, Beijiao International Fortune Center, No. 1 Yifu Road, Beijiao Town, Shunde District, Foshan, Guangdong (subject to domicile declaration), 528311	Guangdong Province	0757-29998118
31	Guangdong Branch	Securities brokerage branch at Haibin South Road, Zhuhai	Unit B, Basement Shopping Mall, Everbright International Trade Center, No. 47 Haibin South Road, Jida, Xiangzhou District, Zhuhai, 519000	Guangdong Province	0756-6868289
32	Guangdong Branch	Securities brokerage branch at Huashan Road, Shantou	2nd Floor, Binhai Building, No. 7 Huashan Road, Longhu District, Shantou, Guangdong, 515041	Guangdong Province	0754-88939393
33	Guangdong Branch	Securities brokerage branch at Huancheng East Road, Panyu, Guangzhou	1st and 2nd Floors, No. 153, Huancheng East Road, Shiqiao, Panyu District, Guangzhou, Guangdong, 511400	Guangdong Province	020-28641199

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
34	Guangdong Branch	Securities brokerage branch at Jiangnandadao Middle Road, Guangzhou	Room 318, No.168 Jiangnandadao Middle Road, Haizhu District, Guangzhou, 510240	Guangdong Province	020-89667701
35	Guangdong Branch	Securities brokerage branch at Qiguan West Road, Zhongshan	2nd floor of Area 5 of the first floor of Xinghuijunting, No. 32 Qiguan West Road, Shiqi District, Zhongshan, 528400	Guangdong Province	0760-87112018
36	Guangdong Branch	Securities brokerage branch at Xinghu Avenue North, Zhaoqing	A6-1, 3rd Floor of Street Shop, S1, Haiyi Peninsula, Xinghu Avenue North, Duanzhou District, Zhaoqing, Guangdong, 526000	Guangdong Province	0758-2312021
37	Guangdong Branch	Securities brokerage branch at Jinyan Avenue, Meizhou	4D, 4th Floor, Baoying International Building, Jinyan Avenue, Sanjiao Town, Meijiang District, Meizhou, Guangdong, 514000	Guangdong Province	0753-2331968
38	Guangdong Branch	Securities brokerage branch at Yonghe East Road, Heyuan	No. 310-12, Yonghe East Road, Yuancheng District, Heyuan, 517000	Guangdong Province	0762-3124333
39	Guangdong Branch	Securities brokerage branch at Guangming Road, Kaiping, Jiangmen	Shops 102 and 103, No. 94 Guangming Road, Sanbu Sub-district Office, Kaiping, Guangdong, 529300	Guangdong Province	0750-2286936
40	Guangdong Branch	Securities brokerage branch at Xiyue South Road, Maoming	Shop 55, 1st Floor, Yard 15, No. 123, Xiyue South Road, Maonan District, Maoming, 525000	Guangdong Province	0668-2156555
41	Guangdong Branch	Securities brokerage branch at Nanzhuang, Foshan	Shop 106, No. 1, Lot "Zhufudaoutang" (Self-edited) of Jili Village Committee, Nanzhuang Town, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-85332737
42	Guangdong Branch	Securities brokerage branch at Country Garden, Beijiao, Shunde, Foshan	1-4 of the 1st Floor, Xiyuanmingcuigu Convenience Store, Country Garden, Beijiao Town, Shunde District, Foshan, Guangdong, 528311	Guangdong Province	0757-26671111
43	Guangdong Branch	Securities brokerage branch at Xincheng Road, Heshan, Jiangmen	3rd Unit of Room 1101, Suihe Building, No. 189 Xincheng Road, Shaping, Heshan, Jiangmen, Guangdong, 529700	Guangdong Province	0750-8202282
44	Guangdong Branch	Securities brokerage branch at Jingang Avenue, Nansha, Guangzhou	Rooms 805 & 806, No. 8 Jingang Avenue, Nansha Subdistrict, Nansha District, Guangzhou, 511458	Guangdong Province	020-39007020
45	Guangdong Branch	Securities brokerage branch at Liyuan Road, Xinxing, Yunfu	1st Floor, Shops 17 & 18, Level 1 (excluding mezzanines and stair area), Building 3, Hupan Huayuan, No. 4 Liyuan Road, Xincheng Town, Xinxing County, Yunfu, Guangdong, 527400	Guangdong Province	0766-2223668
46	Guangdong Branch	Securities brokerage branch at Tianhe North Road, Guangzhou	Room 2706, Everbright Bank Building, No. 689 Tianhe North Road, Tianhe District, Guangzhou, 510620	Guangdong Province	020-31609980

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
47	Guangdong Branch	Securities brokerage branch at, Yingbin Avenue, Huadu, Guangzhou	1F-03, Minggao Mall, No. 123, Yingbin Avenue, Xinhua Subdistrict, Huadu District, Guangzhou, 510801	Guangdong Province	020-36823338
48	Guangdong Branch	Securities brokerage branch at Pazhou, Guangzhou	Room 408 (for office use only), No. 26 Chenyue Road, Haizhu District, Guangzhou, Guangdong, 510000	Guangdong Province	020-31958889
49	Guangdong Branch	Securities brokerage branch at Huanshi East Road, Guangzhou	Room 4301, 4302 and 4303, No.372 Huanshi East Road, Yuexiu District, Guangzhou, 510000	Guangdong Province	020-81808809
50	Zhejiang Branch	Securities brokerage branch at Beichen Plaza, Shengli East Road, Shaoxing	Fifth Floor, Building 1, Beichen Plaza, Shengli East Road, Shaoxing, Zhejiang, 312000	Zhejiang Province	0575-85148800
51	Zhejiang Branch	Securities brokerage branch at Jiefang South Road, Ningbo	No. 67-1 Jiefang South Road, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-83895525
52	Zhejiang Branch	Securities brokerage branch at Danhe East Road, Xiangshan County	Foyer at 1st Floor and 2nd Floor, No. 901 Danhe East Road, Dandong Subdistrict, Xiangshan County, Ningbo, Zhejiang, 315700	Zhejiang Province	0574-65730271
53	Zhejiang Branch	Securities brokerage branch at Binhong Road, Jinhua	Floor 1-2, Kexin Building, No. 959 Binhong Road, Wucheng District, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-83189108
54	Zhejiang Branch	Securities brokerage branch at Huancheng North Road, Ningbo	Rooms 1-6 & 2-6, No. 403 & Room 2-7, No. 401 & Room 2-8, No. 399 Huancheng North Road West Section, Jiangbei District, Ningbo, Zhejiang, 315020	Zhejiang Province	0574-87352299
55	Zhejiang Branch	Securities brokerage branch at Xinqi, Beilun District, Ningbo	No. 945-2, Building 22, No. 945 Minshan Road, Xinqi Subdistrict, Beilun District, Ningbo, Zhejiang, 315800	Zhejiang Province	0574-86884305
56	Zhejiang Branch	Securities brokerage branch at Heyi Road, Ningbo	Shops 19-1 & 19-2, No.168 Heyi Road, Haishu District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87342364
57	Zhejiang Branch	Securities brokerage branch at Chengguan, Zhenhai, Ningbo	No. 85 Yanjiang West Road, Zhenhai District, Ningbo, Zhejiang, 315200	Zhejiang Province	0574-86261936
58	Zhejiang Branch	Securities brokerage branch at Liuting Street, Ningbo	No. 225, Liuting Street, No. 10-2-2 and 10-3, No. 66 Changchun Road, Room 1-4-7, Building 043, No. 54, 56, 58, 60, 62, 64, Changchun Road, Haishu District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87286608
59	Zhejiang Branch	Securities brokerage branch at Zhongshan East Road, Fenghua, Ningbo	Room 201, No. 461 Zhongshan East Road, Fenghua District, Ningbo, Zhejiang, 315500	Zhejiang Province	0574-88516410
60	Zhejiang Branch	Securities brokerage branch at Yuesheng Road, Ningbo	No. 21-6, 21-7, 21-8, 21-9, 21-10, 21-11, Building 007, No. 359 Yuesheng Road and No. 1-9, Building 007, No. 361-363 Yuesheng Road, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87529633

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
61	Zhejiang Branch	Securities brokerage branch at Qixiang North Road, Ninghai	No. 289 Qixiang North Road, Yuelong Subdistrict, Ninghai County, Ningbo, Zhejiang, 315600	Zhejiang Province	0574-65567368
62	Zhejiang Branch	Securities brokerage branch at Sanbei West Street, Cixi	Floor 1-4, No. 201, Sanbei West Street, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63925020
63	Zhejiang Branch	Securities brokerage branch at Yongjiang Avenue, Ningbo	Rooms 13-4, 37-1-1, 37-1-3 & 37-1-4, Building 001, No. 188 Yongjiang Avenue, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87885524
64	Zhejiang Branch	Securities brokerage branch at Yan'an Road, Hangzhou	Room 108 of Building A & 8th Floor of Building B, Yanzhong Building, No. 484 Yan'an Road, Gongshu District, Hangzhou, Zhejiang, 310009	Zhejiang Province	0571-87925588
65	Zhejiang Branch	Securities brokerage branch at Nanlei South Road, Yuyao	Rooms 701, 1701 & 1702, Chamber of Commerce Building, No. 2 Nanlei South Road, Yuyao, Zhejiang, 315400	Zhejiang Province	0574-62855112
66	Zhejiang Branch	Securities brokerage branch at Guanhaiwei, Cixi	No. 15-18, 19 & 21, Jinlong Building, Jinci Plastic, Guanhaiwei Town, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63011207
67	Zhejiang Branch	Securities brokerage branch at Shifu Road, Wenzhou	(Part of) Room 104, 105 and 106, Building 1, Xinyi Building, No. 588-590, Shifu Road, Lucheng District, Wenzhou, Zhejiang, 325000	Zhejiang Province	0577-88900366
68	Zhejiang Branch	Securities brokerage branch at Baohua Street, Ningbo	No. 21, Baohua Street, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87953510
69	Zhejiang Branch	Securities brokerage branch at Wansong East Road, Ruian	Level 2, No. 170 & Levels 1-2, No. 172 Wansong East Road, Anyang Subdistrict, Ruian, Wenzhou, Zhejiang, 325200	Zhejiang Province	0577-66875987
70	Zhejiang Branch	Securities brokerage branch at Qianhu North Road, Ningbo	No. 946 Qianhu North Road, Yinzhou District, Ningbo, Zhejiang, 315100	Zhejiang Province	0574-88214052
71	Zhejiang Branch	Securities brokerage branch at Wangchong Road, Shangyu District, Shaoxing	No. 699 Wangchong Road, Baiguan Subdistrict, Shangyu District, Shaoxing, Zhejiang, 312300	Zhejiang Province	0575-82195525
72	Zhejiang Branch	Securities brokerage branch at Jinkeqiao Avenue, Keqiao, Shaoxing	Room 708, Building 16, World Trade Center (South District), Keqiao District, Shaoxing, Zhejiang, 312030	Zhejiang Province	0575-81167800
73	Zhejiang Branch	Securities brokerage branch at, Tiaoxi West Road, Huzhou	No. 367 and 369 Tiaoxi West Road, Fucheng Commercial Building, Aishan Subdistrict, Wuxing District, Huzhou, Zhejiang, 313000	Zhejiang Province	0572-2795525
74	Zhejiang Branch	Securities brokerage branch at Shifu Avenue, Taizhou	Floor 1, No. 59 Taizhou Shifu Avenue, Baiyun Subdistrict, Taizhou Bay New District, Taizhou, Zhejiang, 318000	Zhejiang Province	0576-88537978
75	Zhejiang Branch	Securities brokerage branch at Dengta Street, Lishui	Rooms 101 & 201, No. 129 Dengta Street, Liandu District, Lishui, Zhejiang, 323000	Zhejiang Province	0578-2538888

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
76	Zhejiang Branch	Securities brokerage branch at Feiyunjiang Road, Hangzhou	Room 2002, No. 3 Zanchengtaihe Plaza, Shangcheng District, Hangzhou, Zhejiang, 310008	Zhejiang Province	0571-87609799
77	Zhejiang Branch	Securities brokerage branch at Wenzong South Road, Haining	No. 6 (2nd Floor) & No. 8 (1st and 2nd Floors) Wenzong South Road, Haizhou Subdistrict, Haining, Jiaxing, Zhejiang, 314400	Zhejiang Province	0573-87327799
78	Zhejiang Branch	Securities brokerage branch at Baiyun Middle Avenue, Quzhou	No. 72 Baiyun Middle Avenue, Kecheng District, Quzhou, Zhejiang, 324000	Zhejiang Province	0570-8061888
79	Zhejiang Branch	Securities brokerage branch at Guanhe South Road, Shengzhou	No. 369-101, Guanhe South Road, Sanjiang Subdistrict, Shengzhou, Shaoxing, Zhejiang, 312400	Zhejiang Province	0575-81391290
80	Zhejiang Branch	Securities brokerage branch at Shixin North Road, Hangzhou	No. 62.66 Shixin North Road, Economic and Technological Development Zone, Xiaoshan District, Hangzhou, Zhejiang, 311200	Zhejiang Province	0571-82671828
81	Zhejiang Branch	Securities brokerage branch at Qingfeng South Road, Tongxiang	No. 79 Qingfeng South Road (South), Wutong Subdistrict, Tongxiang, Jiaxing, Zhejiang, 314500	Zhejiang Province	0573-88276969
82	Zhejiang Branch	Securities brokerage branch at Xuefeng West Road, Yiwu	No. 417 and 419 Xuefeng West Road, Beiyuan Subdistrict, Yiwu, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-85018333
83	Zhejiang Branch	Securities brokerage branch at Xinye Road, Hangzhou	Room 1307, Building 1, Raffles Center, No. 228, Xinye Road, Jianggan District, Hangzhou, Zhejiang, 310016	Zhejiang Province	0571-85075701
84	Zhejiang Branch	Securities brokerage branch at Xueyuan Road, Hangzhou	No. 131-1 Xueyuan Road, Xihu District, Hangzhou, Zhejiang, 310012	Zhejiang Province	0571-88130785
85	Zhejiang Branch	Securities brokerage branch at Caihong North Road, Ningbo	Rooms 20-3 & 20-4, No. 48 Caihong North Road, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87982000
86	Shanghai Branch	Securities brokerage branch at Dong'an Road, Xuhui District, Shanghai	Room 902, No. 562 Dong'an Road, Xuhui District, Shanghai, 200032	Shanghai	021-64279722
87	Shanghai Branch	Securities brokerage branch at Zhongxing Road, Shanghai	No. 1103 Zhongxing Road, Zhabei District, Shanghai, 200070	Shanghai	021-56313344
88	Shanghai Branch	Securities brokerage branch at Huaihai Middle Road, Shanghai	31st Floor, No. 1045 Huaihai Middle Road, Xuhui District, Shanghai, 200031	Shanghai	021-64727070
89	Shanghai Branch	Securities brokerage branch at Xianxia Road, Shanghai	Rooms 108 & 301, No. 333 Xianxia Road, Changning District, Shanghai, 200336	Shanghai	021-32522211
90	Shanghai Branch	Securities brokerage branch at Century Avenue, Shanghai	Floors 1 to 2 of East Section, No. 1118 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	Shanghai	021-20235713
91	Shanghai Branch	Securities brokerage branch at Xizang Middle Road, Huangpu District, Shanghai	Room A, 12th Floor, New Jingqiao Plaza, No. 585 Xizang Middle Road, Huangpu District, Shanghai, 200003	Shanghai	021-53082771
92	Shanghai Branch	Securities brokerage branch at Zhangyang Road, Shanghai	2-6-A & 2-7 No. 111 Songlin Road, Pudong New Area, Shanghai, 200120	Shanghai	021-58778388



## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
93	Shanghai Branch	Securities brokerage branch at Tacheng Road, Shanghai	2nd Floor, Building 3, No. 885 Tacheng Road, Jiading District, Shanghai, 201800	Shanghai	021-69977159
94	Shanghai Branch	Securities brokerage branch at Huahe Road, Baoshan, Shanghai	No. 280 Huahe Road, Baoshan District, Shanghai, 200436	Shanghai	021-36527888
95	Shanghai Branch	Securities brokerage branch at Mudanjiang Road, Shanghai	Rooms 1503 & 1504, No. 1248 Mudanjiang Road, Baoshan District, Shanghai, 200940	Shanghai	021-66593811
96	Shanghai Branch	Securities brokerage branch at Weiqing West Road, Jinshan District, Shanghai	Floor 1-2, No.711 Weiqing West Road, Jinshan District, Shanghai, 200540	Shanghai	021-33691852
97	Shanghai Branch	Securities brokerage branch at Renmin South Road, Fengxian District, Shanghai	1st Floor, No. 333 and 2nd Floor, No. 333-339 Renmin South Road and 2nd Floor, No. 1859 Nanfeng Road, Fengxian District, Shanghai, 201499	Shanghai	021-57197911
98	Shanghai Branch	Securities brokerage branch at Renmin North Road, Shanghai	10th Floor & Room 105 of 1st Floor, Building 1, No. 151 Renmin North Road, Songjiang District, Shanghai, 201699	Shanghai	021-57812328
99	Shanghai Branch	Securities brokerage branch at Fushan Road, Pudong New Area, Shanghai	Unit 1009-1010, 10F, No. 500 Fushan Road, China (Shanghai) Pilot Free Trade Zone, 200120	Shanghai	021-61106352
100	Shanghai Branch	Securities brokerage branch at Jinke Road, Pudong New Area, Shanghai	Room 112, No. 2891 Jinke Road, China (Shanghai) Pilot Free Trade Zone, 201206	Shanghai	021-58950537
101	Shanghai Branch	Securities brokerage branch at Fangdian Road, Shanghai	Room 01, No. 1388 Fangdian Road, Pudong New Area, Shanghai, 201204	Shanghai	021-26120950
102	Shanghai Branch	Securities brokerage branch at Dongdaming Road, Hongkou District, Shanghai	Unit C, 22/F, No. 1158 Dongdaming Road, Hongkou District, Shanghai, 200082	Shanghai	021-65051008
103	Shanghai Branch	Securities brokerage branch at Xinzha Road, Shanghai	Rooms 111, 112, 113, 1st Floor, No. 1518 Xinzha Road, Jing'an District, Shanghai, 200040	Shanghai	021-60191918
104	Shanghai Branch	Securities brokerage branch at Minsheng Road, Shanghai	Room 901, Kaisa Financial Center, No. 1188 Minsheng Road, China (Shanghai) Pilot Free Trade Zone, 200135	Shanghai	021-61659729
105	Shanghai Branch	Securities brokerage branch at Hongbaoshi Road, Changning District, Shanghai	Room 02, 19th Floor, Building 1, No. 500 Hongbaoshi Road, Changning District, Shanghai, 201103	Shanghai	021-52555002
106	Shanghai Branch	Securities brokerage branch at Yaoyuan Road, Shanghai	Room 904-2, Building 3#, No. 58 Yaoyuan Road, China (Shanghai) Pilot Free Trade Zone, 200126	Shanghai	021-50818501
107	Shanghai Branch	Securities brokerage branch at Nanjing West Road, Jing'an District, Shanghai	Room 1005, No. 699, Nanjing West Road, Jing'an District, Shanghai, 200041	Shanghai	021-80198866

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
108	Beijing Branch	Securities brokerage branch at Yuetan North Road, Beijing	2nd, 3rd, 5th Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	Beijing	010-68081286
109	Beijing Branch	Securities brokerage branch at Xiaoying Road, Beijing	Room 701, 7th Floor, Floor -3-25 (101), Building A2, Huixin East Street, Chaoyang District, Beijing, 100101	Beijing	010-84742357
110	Beijing Branch	Securities brokerage branch at Dongzhong Street, Beijing	2nd Floor, Building B, Donghuan Plaza, No. 29 Dongzhong Street, Dongcheng District, Beijing, 100027	Beijing	010-64182499
111	Beijing Branch	Securities brokerage branch at Weidi Road, Tianjin	Street Floor, Building F, Zhonghao Century Yard, Weidi Road, Hexi District, Tianjin, 300201	Tianjin	022-23335777
112	Beijing Branch	Securities brokerage branch at Zhongguancun Road, Beijing	A-C, 2nd Floor, Building A, No. 8 Haidian Street, Haidian District, Beijing, 100080	Beijing	010-82483062
113	Beijing Branch	Securities brokerage branch at Lize Road, Beijing	Room 201-1, 2nd Floor, Building 1, Yard 14, Xisanhuan South Road, Fengtai District, Beijing, 100073	Beijing	010-83067026
114	Beijing Branch	Securities brokerage branch at Guanghua Road, Beijing	Rooms 1506 & 1507, 15th Floor, Building 3, Yard 4, Guanghua Road, Chaoyang District, Beijing, 102218	Beijing	010-85951550
115	Beijing Branch	Securities brokerage branch at West Street, Shijiazhuang	Room 605, Office Building 1, Wufang Building, No. 88 West Street, Chang'an District, Shijiazhuang, Hebei, 50000	Hebei Province	0311-68019169
116	Beijing Branch	Securities brokerage branch at Sanyuanqiao, Beijing	Unit 307, 3rd Floor, Block B, Building 1, No. 18 Xiaguangli, Dongsanhuan North Road, Chaoyang District, Beijing, 100027	Beijing	010-64735885
117	Beijing Branch	Securities brokerage branch at Sijiqing, Beijing	201-202A, Area B, 2nd Floor, No. 12, 14 & 16, Tonghui Road, Haidian District, Beijing, 100195	Beijing	010-58722477
118	Beijing Branch	Securities brokerage branch at Beijing Headquarters Base	Room 410, Floor 4, Floor -1-5 (501), Building 5, Yard 26, Waihuan West Road, Fengtai District, Beijing, 100070	Beijing	010-68787802
119	Beijing Branch	Securities brokerage branch at Chaoyang Road, Beijing	Rooms 918-922, 9th Floor, No. 41 Dongsihuan Middle Road, Chaoyang District, Beijing, 100025	Beijing	010-66066823
120	Beijing Branch	Securities brokerage branch at Xizhimen, Beijing	8C12, 8th Floor, Building 2, Yard 1, Xizhimenwai Street, Xicheng District, Beijing, 100044	Beijing	010-58302858
121	Beijing Branch	Securities brokerage branch at Yonganli, Beijing	1604, 13th Floor, Building 1, Yard A3, Yongandongli, Chaoyang District, Beijing, 100022	Beijing	010-58793155
122	Nanjing Branch	Securities brokerage branch at Zhongshan Road, Nanjing	Room 501, No. 221, Zhongshan Road, Gulou District, Nanjing, Jiangsu, 210008	Jiangsu Province	025-83196903

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Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
123	Nanjing Branch	Securities brokerage branch at Zhongxin Road, Danyang	No. 5 Zhongxin Road, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86571122
124	Nanjing Branch	Securities brokerage branch at Suhui Road, Suzhou	Rooms 301 & 303, 3rd Floor, East Side Building, Guojian Building, No. 98 Suhui Road, Suzhou Industrial Park, Suzhou, Jiangsu, 215000	Jiangsu Province	0512-62986807
125	Nanjing Branch	Securities brokerage branch at Taiping South Road, Nanjing	Room 606, Fenghuangherui Building, No. 389 Taiping South Road, Qinhuai District, Nanjing, 210002	Jiangsu Province	025-84578511
126	Nanjing Branch	Securities brokerage branch at Nanghai Road, Haimen	Room 22111, 1st Floor, Building 2, No. 1399 Nanghai Road, Haimen Subdistrict, Haimen District, Nantong, Jiangsu, 226100	Jiangsu Province	0513-81203128
127	Nanjing Branch	Securities brokerage branch at Dongfang Road, Danyang	Shops 14 & 15, Area A, Newspaper Building, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86950029
128	Nanjing Branch	Securities brokerage branch at Jinshui'an, Changzhou	No. 1-23, 24 & 25, Juning Jinshui'an, Diaojiao Road, Tianning District, Changzhou, Jiangsu, 213161	Jiangsu Province	0519-81081205
129	Nanjing Branch	Securities brokerage branch at Beiyihuan Road, Hefei	Rooms 301 & 304, Tower A, Jinding Plaza, No. 287 Suixi Road, Luyang District, Hefei, Anhui, 230001	Anhui Province	0551-64630800
130	Nanjing Branch	Securities brokerage branch at Wenchang West Road, Yangzhou	No. 221 Wenchang West Road, Yangzhou, Jiangsu, 225009	Jiangsu Province	0514-87912288
131	Nanjing Branch	Securities brokerage branch at Chengde Road, Huaian	Shop 2, Building 8, Huaxia Homeland, No. 81 Chengde Road, Qingjiangpu District, Huaian, Jiangsu, 223001	Jiangsu Province	0517-83505003
132	Nanjing Branch	Securities brokerage branch at Jiefang South Road, Yancheng	Rooms 105 & 106, Building 1, Nanmenhuaifu, No. 15 Jiefang South Road, Tinghu District, Yancheng, Jiangsu, 224001	Jiangsu Province	0515-89885599
133	Nanjing Branch	Securities brokerage branch at Fazhan Avenue, Suqian	Rooms 121, 122 & 123, 1st Floor, Guotai Plaza, Fazhan Avenue, Sucheng District, Suqian, Jiangsu, 223800	Jiangsu Province	0527-82280068
134	Nanjing Branch	Securities brokerage branch at Jinrong First Street, Wuxi	Units 4-405 & 4-406A, 4th Floor, Ping An Fortune Center Office Building, No. 15 Jinrong First Street, Economic Development Zone, Wuxi, Jiangsu, 214000	Jiangsu Province	0510-85183091
135	Nanjing Branch	Securities brokerage branch at Jiyang Road, Jiangyin	5th Floor, No. 20, Jiyang Road, Jiangyin, Jiangsu, 214400	Jiangsu Province	0510-86837803
136	Nanjing Branch	Securities brokerage branch at Jiubin South Road, Yixing	No. 100, Jiubin South Road, Xinjie Subdistrict, Yixing, Jiangsu, 214200	Jiangsu Province	0510-80705397
137	Nanjing Branch	Securities brokerage branch at Gongnong Road, Nantong	2nd Floor, No. 131 Gongnong Road, Nantong, Jiangsu, 226001	Jiangsu Province	0513-55083366
138	Nanjing Branch	Securities brokerage branch at Qianjin East Road, Kunshan	Oriental International Plaza, No. 1239 - 4, Qianjin East Road, Development Zone, Kunshan, Jiangsu, 215300	Jiangsu Province	0512-36691653

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Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
139	Nanjing Branch	Securities brokerage branch at Dengwei Road, Suzhou	Room 1201, Building 2, Runjie Plaza, No. 9 Dengwei Road, High-tech Zone, Suzhou, Jiangsu, 215011	Jiangsu Province	0512-62392600
140	Nanjing Branch	Securities brokerage branch at Wenyuan Road, Suzhou	No. 123, Wenyuan Road, Golden Eagle Commercial Center, No. 151 Wenyuan Road, East Taihu Ecological Travel Resort (Taihu New City), Wujiang District, Suzhou, 215200	Jiangsu Province	0512-63969692
141	Nanjing Branch	Securities brokerage branch at Taiping Road, Taicang	08, Building 6, Yijing South Garden, No. 1, Kangfu Road, Taiping South Road, Taicang, Jiangsu, 215400	Jiangsu Province	0512-53452888
142	Nanjing Branch	Securities brokerage branch at Zhujiang East Road, Changshu	No. 93-7 Zhujiang East Road, Yushan Town, Changshu, Jiangsu, 215500	Jiangsu Province	0512-52977750
143	Nanjing Branch	Securities brokerage branch at Zhongshan Road, Wuxi	3rd Floor, No. 131-135 Zhongshan Road, Wuxi, 214000	Jiangsu Province	0510-82728750
144	Nanjing Branch	Securities brokerage branch at Hexi South Road, Zhangjiagang	No. 37 & 39, Hexi South Road, Building 3, Yushui Shijia, Yangshe Town, Zhangjiagang, Jiangsu, 215600	Jiangsu Province	0512-56307781
145	Nanjing Branch	Securities brokerage branch at Dongjin Road, Taizhou	Room 110, 210, 111 & 211, Building A, No. 6 Dongjin Road, Hailing District, Taizhou, Jiangsu, 225300	Jiangsu Province	0523-86862688
146	Nanjing Branch	Securities brokerage branch at Wenhua Road, Wuhu	1st and 2nd Floors, Yihe Building, No.54 Wenhua Road, Jinghu District, Wuhu, Anhui, 241004	Anhui Province	0553-3872006
147	Nanjing Branch	Securities brokerage branch at Aoti Street, Nanjing	Room 313, No.128 Aoti Street, Jianye District, Nanjing, 210019	Jiangsu Province	025-86555863
148	Nanjing Branch	Securities brokerage branch at Shengtai Road, Nanjing	Room 208, Building 3, (Jiangning Development Zone), No. 99 Shengtai Road, Jiangning District, Nanjing, Jiangsu, 211106	Jiangsu Province	025-86167221
149	Nanjing Branch	Securities brokerage branch at Daxin Street, Zhenjiang	Room 1013, 1014, 1015 & 1016, Floor 1-2, Building c02, Wanda Plaza, Daxin Street, Runzhou District, Zhenjiang, Jiangsu, 212004	Jiangsu Province	0511-88859899
150	Shenyang Branch	Securities brokerage branch at Financial Street, Daqing	South of Weier Road (No. 1 Financial Street), Dongfeng New Village, Saertu District, Daqing, Heilongjiang, 163311	Heilongjiang Province	0459-8178858
151	Shenyang Branch	Securities brokerage branch at Jingwei'erdao Street, Harbin	No. 22 Jingwei'erdao Street, Daoli District, Harbin, Heilongjiang, 150010	Heilongjiang Province	0451-87655603
152	Shenyang Branch	Securities brokerage branch at Jiefang Road, Changchun	3rd Floor, Everbright Building, No. 2677 Jiefang Road, Changchun, Jilin, 130021	Jilin Province	0431-88400506
153	Shenyang Branch	Securities brokerage branch at Longhua Road, Qiqihar	No. 136 Longhua Road, Qiqihar, Heilongjiang, 161000	Heilongjiang Province	0452-6181114

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Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
154	Shenyang Branch	Securities brokerage branch at Shiyiwei Road, Shenyang	No.169 Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110014	Liaoning Province	024-23283000
155	Shenyang Branch	Securities brokerage branch at Renmin East Road, Dalian	Unit 03 and 04, 23rd Floor, Minsheng International Financial Center, No. 52 Renmin East Road, Zhongshan District, Dalian, Liaoning, 116000	Liaoning Province	0411-39852303
156	Shenyang Branch	Securities brokerage branch at Dongxing Road, Heihe	No. 2, Dongxing Road, Aihui District, Heihe, Heilongjiang, 164300	Heilongjiang Province	0456-6107000
157	Shenyang Branch	Securities brokerage branch at Xincheng Road, Fushun	No. 36 Fushuncheng Street, Shuncheng District, Fushun, Liaoning, 113000	Liaoning Province	024-53986116
158	Shenyang Branch	Securities brokerage branch at Chilechuan Street, Hohhot	Room 303, 3rd Floor, Building B, Lanhai, Greenland Central Plaza, No.15 Chilechuan Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, 010020	Inner Mongolia Autonomous Region	0471-4957945
159	Shenyang Branch	Securities brokerage branch at Jiangcheng Street, Dandong	Building No. 137-12, Jiangcheng Street, Yuanbao District, Dandong, Liaoning, 118000	Liaoning Province	0415-2831818
160	Chongqing Branch	Securities brokerage branch at Minquan Road, Chongqing	6th Floor, Unit 1, Hejingjurong Plaza, No. 58 Minquan Road, Yuzhong District, Chongqing, 400010	Chongqing	023-63711970
161	Chongqing Branch	Securities brokerage branch at Yongchuan, Chongqing	3D-1 and 3D-3, Building 3, No. 918, Middle Section, Yuxi Avenue, Yongchuan District, Chongqing, 402160	Chongqing	023-49828717
162	Chongqing Branch	Securities brokerage branch at Dapingzheng Street, Chongqing	Floors 2 & 3, Tianhai Building, No. 108 Dapingzheng Street, Yuzhong District, Chongqing, 400042	Chongqing	023-68808572
163	Chongqing Branch	Securities brokerage branch at Renmin Middle Road, Kunming	No. 26 Renmin Middle Road, Wuhua District, Kunming, Yunnan, 650021	Yunnan Province	0871-63183840
164	Chongqing Branch	Securities brokerage branch at Minzhu Road, Zunyi	6th Floor, Textile Building, No. 2 Minzhu Road, Honghuagang District, Zunyi, Guizhou, 563000	Guizhou Province	0851-28258328
165	Chongqing Branch	Securities brokerage branch at Lijiatuo, Chongqing	No. 5, Mawangpingzheng Street, Lijiatuo, Banan District, Chongqing, 400054	Chongqing	023-62861922
166	Chongqing Branch	Securities brokerage branch at Caifu Avenue, Chongqing	10-1, 10-2 & 10-3, No. 2 Caifu Avenue, Yubei District, Chongqing, 401120	Chongqing	023-66294198
167	Chongqing Branch	Securities brokerage branch at Changling North Road, Guiyang	No.1 (Room 2), 8/F, Unit 1, Building 5, East Tower 5, East Commercial Zone of Financial City, Area B of Zhongtian Exhibition City, Changling North Road, Guanshanhu District, Guiyang, Guizhou, 550081	Guizhou Province	0851-83852751
168	Chongqing Branch	Securities brokerage branch at Cuifeng West Road, Qujing	No. 1-77 Cuifeng West Road, Economic Development Zone, Qujing, Yunnan, 655000	Yunnan Province	0874-3137888
169	Chongqing Branch	Securities brokerage branch at Beixia West Road, Chongqing	2-2, No. 15 Beixia West Road, Beibei District, Chongqing, 400700	Chongqing	023-60306600

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Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
170	Chongqing Branch	Securities brokerage branch at Jinchang Road, Chongqing	1-2, Building 28, No. 7 Jinchang Road, New North Zone, Chongqing, 401122	Chongqing	023-65866354
171	Dongguan Branch	Securities brokerage branch at Hongfu Road, Nancheng, Dongguan	Rooms 30001 and 30002, Unit 2, Building 4, No. 200 Hongfu Road, Nancheng Subdistrict, Dongguan, Guangdong, 523073	Guangdong Province	0769-22229808
172	Dongguan Branch	Securities brokerage branch at Shilong, Dongguan	2nd Floor, Shop No. 5 and Shop No. 1-9, Phase 4, Haoxingyiyuan, Xincheng District, Shilong Town, Dongguan, Guangdong, 523320	Guangdong Province	0769-86620800
173	Dongguan Branch	Securities brokerage branch at Shida Road, Liaobu, Dongguan	411, Yinji Building, Shida Road, Liaobu, Dongguan, Guangdong, 523400	Guangdong Province	0769-83000899
174	Dongguan Branch	Securities brokerage branch at Changfu West Road, Dalang Town, Dongguan	Room 1610, 1611, 1612 & 1613, Building 1, No. 268 Changfu West Road, Qiufu Road, Dalang Town, Dongguan, Guangdong, 523770	Guangdong Province	0769-83111277
175	Dongguan Branch	Securities brokerage branch at Houjie, Dongguan	Ninth Floor, West Tower, Mingfeng Building, Kangle South Road, Houjie Town, Dongguan, Guangdong, 523960	Guangdong Province	0769-85937033
176	Dongguan Branch	Securities brokerage branch at Sanyuan Road, Dongguan	Room 1701B, Yuefeng Building, No. 2 Sanyuan Road, Nancheng Subdistrict, Dongguan, Guangdong, 523000	Guangdong Province	0769-28630008
177	Dongguan Branch	Securities brokerage branch at Humen Avenue, Dongguan	Room 310, No. 142 Humen Revenue, Humen Town, Dongguan, Guangdong, 523000	Guangdong Province	0769-82881168
178	Dongguan Branch	Securities brokerage branch at Xuexing Road, Dongguan	Room 1030, No. 76 Xuexing Road, Dongcheng Subdistrict, Dongguan, Guangdong, 523106	Guangdong Province	0769-21681165
179	Dongguan Branch	Securities brokerage branch at Zongbu 2nd Road, Songshan Lake, Dongguan	Room 103, Block 1, Building 1, District 1, Everbright Digital Home, No. 2 Zongbu 2nd Road, Songshan Lake High-tech Industrial Development Zone, Dongguan, Guangdong, 523000	Guangdong Province	0769-22897922
180	Dongguan Branch	Securities brokerage branch at Dezheng Middle Road, Chang'an Town, Dongguan	Room 113, No. 222 Dezheng Middle Road, Chang'an Town, Dongguan, Guangdong, 523843	Guangdong Province	0769-23660688
181	Dongguan Branch	Securities brokerage branch at Dongjun Road, Dongguan	Shops A205-A209, Phase 1, Dongjunhaoyuan, No. 28 Dongjun Road, Nancheng District, Dongguan, Guangdong, 523000	Guangdong Province	0769-22220811
182	Dongguan Branch	Securities brokerage branch at Changping Avenue, Dongguan	2nd Floor, Building 1, Lianguan Plaza, Changping Avenue, Changping Town, Dongguan, Guangdong, 523560	Guangdong Province	0769-83335253
183	Chengdu Branch	Securities brokerage branch at Hongxing Road, Chengdu	No. 70, Section 2, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610021	Sichuan Province	028-82007711

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
184	Chengdu Branch	Securities brokerage branch at Neijiang Park Street	3rd Floor, Block B, Dijing Commercial Building, No. 150 Gongyuan Street, Shizhong District, Neijiang, Sichuan, 641000	Sichuan Province	0832-2034888
185	Chengdu Branch	Securities brokerage branch at Weiyuan Avenue, Weiyuan County, Neijiang	Room 501, Building 1, No. 253 Weiyuan Avenue, Yanling Town, Weiyuan County, Neijiang, Sichuan, 642450	Sichuan Province	0832-8239403
186	Chengdu Branch	Securities brokerage branch at Mianyuan Street, Deyang	No. 2-1, 2nd Floor, Block B, 102 Life Plaza, No. 276, Section 1, Mianyuan Street, Deyang, Sichuan, 618000	Sichuan Province	0838-2231810
187	Chengdu Branch	Securities brokerage branch at Jin'an Avenue, Guang'an	No. 201 and 202, No. 46, Section 1, Jin'an Avenue, Guang'an District, Guang'an, Sichuan, 638000	Sichuan Province	0826-8089992
188	Chengdu Branch	Securities brokerage branch at Dangui Street, Zigong	2nd Floor, Yingxiang Commercial Building, Group 37, Dangui Street Neighborhood Committee, Ziliujing District, Zigong, Sichuan, 643000	Sichuan Province	0813-8111555
189	Chengdu Branch	Securities brokerage branch at Baituba Road, Nanchong	No. 1, 2, 3, 4, 5 & 6, 2nd Floor, No. 344 Baituba Road, Shunqing District, Nanchong, Sichuan, 637000	Sichuan Province	0817-2163333
190	Chengdu Branch	Securities brokerage branch at Hongxing Road, Meishan	Room 301, 3rd Floor, Building 14, District 10, Rose Garden, No.167, Section 2, Hongxing East Road, Dongpo District, Meishan, Sichuan, 620010	Sichuan Province	028-38299265
191	Chengdu Branch	Securities brokerage branch at Yuejin Road, Mianyang	No. 31-37, 3rd Floor, Building 29, North District, Phase II, Changhong International, No. 6 Yuejin Road, Fucheng District, Mianyang, Sichuan, 621000	Sichuan Province	0816-2829888
192	Chengdu Branch	Securities brokerage branch at Chunxi Road, Chengdu	No. 1205, Office Building 2, International Finance Square, No. 1, Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610017	Sichuan Province	028-82095230
193	Chengdu Branch	Securities brokerage branch at Guanghua Avenue, Chengdu	No. 201, 2nd Floor, Building 11, No. 78 Guanghua East 4th Road, Qingyang District, Chengdu, Sichuan, 610015	Sichuan Province	028-87056421
194	Chengdu Branch	Securities brokerage branch at Chongwen Road, Yibin	No. 2-6, Chongwen Road, Xuzhou District, Yibin, Sichuan, 644600	Sichuan Province	0831-8233666
195	Xi'an Branch	Securities brokerage branch at Jiefang Road, Taiyuan	No. 139 Jiefang Road, Xinghualing District, Taiyuan, Shanxi, 030002	Shanxi Province	0351-3020076
196	Xi'an Branch	Securities brokerage branch at Minzhu Road, Urumqi	No. 137, Minzhu Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region, 830002	Xinjiang Uygur Autonomous Region	0991-6298767
197	Xi'an Branch	Securities brokerage branch at Xingqing Road, Xi'an	3rd and 4th floor, No. 98 Xingqing Road, Beilin District, Xi'an, Shaanxi, 710048	Shaanxi Province	029-83280088

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
198	Xi'an Branch	Securities brokerage branch at Wusi Street, Xining	No. 48, Wusi Street, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-6109421
199	Xi'an Branch	Securities brokerage branch at Huanghe Road, Xining	Level 5 & Level 6, Building 1, No. 154 Huanghe Road, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-8214543
200	Xi'an Branch	Securities brokerage branch at Jianguo Street, Xining	No. 26 Jianguo Street, Chengdong District, Xining, Qinghai, 810000	Qinghai Province	0971-8163866
201	Xi'an Branch	Securities brokerage branch at East Street, Hanzhong	No. 8 East Street, Hantai District, Hanzhong, Shaanxi, 723000	Shaanxi Province	0916-2530229
202	Xi'an Branch	Securities brokerage branch at Donggang West Road, Lanzhou	No. 555 Donggang West Road, Chengguan District, Lanzhou, Gansu, 730000	Gansu Province	0931-8729955
203	Xi'an Branch	Securities brokerage branch at Fenghuang North Street, Yinchuan	Business Room 25-109, Zhongying Yujing, Fenghuang North Street, Xingqing District, Yinchuan, Ningxia, 750001	Ningxia Hui Autonomous Region	0951-2130676
204	Xi'an Branch	Securities brokerage branch at Yingbin Avenue, Karamay	No. 75-13-1 Yingbin Avenue, Karamay District, Karamay, Xinjiang Uygur Autonomous Region, 834000	Xinjiang Uygur Autonomous Region	0990-6609961
205	Xi'an Branch	Securities brokerage branch at Tangyan Road, Xi'an	Unit 70113, L1 Floor, Mall Block D, Hesheng Jinguang Centre (T11), No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi, 710065	Shaanxi Province	029-89833633
206	Xi'an Branch	Securities brokerage branch at Wenjing Road, Economic Development Zone, Xi'an	Room 207, Building D, Baihualin International Business Plaza, South to Fengcheng 3rd Road, Wenjing Road, Economic and Technological Development Zone, Xi'an, Shaanxi, 710021	Shaanxi Province	029-89820100
207	Wuhan Branch	Securities brokerage branch at Xinhua Road, Wuhan	1st & 3rd Floors, Xinhua Xi Meilin Mansion, No. 485 Xinhua Road, Jiangnan District, Wuhan, Hubei, 430015	Hubei Province	027-85784820
208	Wuhan Branch	Securities brokerage branch at Furong Middle Road, Changsha	(13th Floor, News Building) No. 469, Section 1, Furong Middle Road, Kaifu District, Changsha, Hunan, 410005	Hunan Province	0731-84895525
209	Wuhan Branch	Securities brokerage branch at Jingnan Avenue, Wuhan	Unit 4901-4906, Wuhan Henglong Plaza Office Building, No. 688 Jingnan Avenue, Qiaokou District, Wuhan, Hubei, 430030	Hubei Province	027-88068067
210	Wuhan Branch	Securities brokerage branch at Binjiang Road, Changsha	2502, Yinjian Building, No.195 Binjiang Road, Yuelu District, Changsha, Hunan, 410023	Hunan Province	0731-88658868
211	Wuhan Branch	Securities brokerage branch at Beijing North Road, Shiyan	No. 35-40, 11th Floor, Building A, Wanda Plaza, No. 99 Beijing North Road, Hanjiang Street Office, Zhangwan District, Shiyan, Hubei, 442000	Hubei Province	0719-8681908



## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
212	Wuhan Branch	Securities brokerage branch at Xiangshan Avenue, Jingmen	Room 1049-1056, Block C, No. 38 Xiangshan Avenue South End (Wanda Plaza), Duodao District, Jingmen, Hubei, 448000	Hubei Province	0724-4267130
213	Wuhan Branch	Securities brokerage branch at Zhongbei Road, Wuhan	20th Floor, Building T2, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, Hubei, 430071	Hubei Province	027-87839209
214	Wuhan Branch	Securities brokerage branch at Hanjiang North Road, Xiangyang	North Hall of 1st Floor and 11th Floor East, Xiangyang Huakang Ruicheng Office Building, No. 117 Hanjiang North Road, Fancheng District, Xiangyang, 441057	Hubei Province	0710-3796818
215	Wuhan Branch	Securities brokerage branch at Guanshan Avenue, Wuhan	Room 02-03, 7th Floor, Fanyue City Tower 2, No. 21 Guanshan Avenue, Donghu New Technology Development Zone, Wuhan (Wuhan Area of the Hubei Pilot FTZ), 430079	Hubei Province	027-63496288
216	Shandong Branch	Securities brokerage branch at Jingshi Road, Jinan	Room A106 and A Zone of 3rd Floor, Huate Plaza, No. 17703 Jingshi Road, Lixia District, Jinan, 250016	Shandong Province	0531-66599161
217	Shandong Branch	Securities brokerage branch at Jinhua Street, Yantai	No. 65, 67 & 69, Jinhua Street, Zhifu District, Yantai, Shandong, 264000	Shandong Province	0535-6632666
218	Shandong Branch	Securities brokerage branch at Hong Kong West Road, Qingdao	19th Floor, Everbright International Finance Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, Shandong, 266071	Shandong Province	0532-83891123
219	Shandong Branch	Securities brokerage branch at Jinshui Road, Zhengzhou	No. 125-1 Jinshui Road, Jinshui District, Zhengzhou, Henan, 450003	Henan Province	0371-66762911
220	Shandong Branch	Securities brokerage branch at Liuquan Road, Zibo	1st Floor, No. 272 Liuquan Road, Hightech Zone, Zibo, Shandong, 255000	Shandong Province	0533-3153788
221	Shandong Branch	Securities brokerage branch at Zhoushan Road, Luoyang	No. 408, 409 & 411, Zhongtai Mansion, Zhoushan Road, Jianxi District, Luoyang, Henan, 471003	Henan Province	0379-60672166
222	Shandong Branch	Securities brokerage branch at Wanfu Road, Laiwu	No. 1 Wanfu North Road, Laicheng District, Laiwu, Shandong, 271100	Shandong Province	0634-5626676
223	Shandong Branch	Securities brokerage branch at Dongchang West Road, Liaocheng	Shop 8, Building 1, Shuicheng Jiayuan Community, No. 113 Dongchang West Road, Dongchangfu District, Liaocheng, Shandong, 252000	Shandong Province	0635-2112166
224	Shandong Branch	Securities brokerage branch at Taibai Road, Jining	Rooms 1901 & 1902, Unit 1, Jining Suning Project, No. 10 Taibai Road, Rencheng District, Jining, Shandong, 272000	Shandong Province	0537-7979558
225	Shandong Branch	Securities brokerage branch at Dongfeng East Street, Weifang	Rooms 2105, 2106 & 2109-2111, Complex 2, Shenghuayuan Community, No. 5922, Beihai Community, Xincheng Street, HiTech Industrial Development Zone, Weifang, Shandong, 261000	Shandong Province	0536-8795525

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
226	Shandong Branch	Securities brokerage branch at Fuqian Street, Dongying	Rooms 1306 & 1307, 13/F, No. 82 Fuqian Street, Development Zone, Dongying, Shandong, 257000	Shandong Province	0546-7761700
227	Shandong Branch	Securities brokerage branch at Yaodian Avenue, Pingdingshan	Rooms 105, 205 & 110, Floor 1-2, Separate Building, Yingcheng Mingzuo, North Side of Yaodian Avenue Middle Section, Zhanhe District, Pingdingshan, Henan, 467000	Henan Province	0375-2226178
228	Shandong Branch	Securities brokerage branch at Tongan Road, Qingdao	Room 1101, Building 1, Rongbai Fortune Building, No. 886 Tongan Road, Laoshan District, Qingdao, Shandong, 266000	Shandong Province	0532-88700307
229	Shandong Branch	Securities brokerage branch at Finance Island, Zhengzhou	Southwest corner of 1st Floor, China Everbright Center, No. 22 Middle Ring Road, Finance Island, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone, 450000	Henan Province	0371-88928992
230	Shandong Branch	Securities brokerage branch at Longao West Road, Jinan	204 and 205, 2nd Floor, Building 3, Yinfeng Fortune Plaza, No. 1 Longao West Road, Lixia District, Jinan, Shandong, 250102	Shandong Province	0531-82395525
231	Fujian Branch	Securities brokerage branch at Wuyi North Road, Fuzhou	7th Floor, 1#, Zhengxiang Center, East Side, No. 153 Wuyi North Road, Shuibu Subdistrict, Gulou District, Fuzhou, 350001	Fujian Province	0591-87810343
232	Fujian Branch	Securities brokerage branch at Tian'an Road, Quanzhou	3rd Floor, Youth Building, No. 288 Tian'an North Road, Fengze District, Quanzhou, Fujian, 362000	Fujian Province	0595-28281788
233	Fujian Branch	Securities brokerage branch at Guangchang South Road, Nanchang	Building 17, Hengmao Huacheng, No. 205 Guangchang South Road, Xihu District, Nanchang, Jiangxi, 330003	Jiangxi Province	0791-86665000
234	Fujian Branch	Securities brokerage branch at Financial Center Building, Zhanhong Road, Xiamen	Unit 01, 02 & 03A, 34th Floor, No. 82 Zhanhong Road, Siming District, Xiamen, 361000	Fujian Province	0592-7797779
235	Fujian Branch	Securities brokerage branch at Haojiang Road, Shishi	10th Floor, Zhonghe International Building, Haojiang Road, Shishi, Fujian, 362700	Fujian Province	0595-83995525
236	Fujian Branch	Securities brokerage branch at Qingchang Avenue, Fuqing	105, 1st floor, 13#, Qiaorong Garden, Yinxi Subdistrict, Fuqing, Fujian, 350300	Fujian Province	0591-85250366
237	Fujian Branch	Securities brokerage branch at Nanchang Middle Road, Zhangzhou	No. D16, Building 6, Liyuan Plaza, No. 31 Nanchang Middle Road, Xiangcheng District, Zhangzhou, Fujian, 363000	Fujian Province	0596-2990528
238	Fujian Branch	Securities brokerage branch at Gaoshi Road, Yichun	No. 1-201, 2nd Floor, Building 1, No. 981 Gaoshi Road, Yuanzhou District, Yichun, Jiangxi, 336000	Jiangxi Province	0795-3563333

## APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Number	Branch	Securities brokerage branch	Domicile (business address)	Province (autonomous region, municipality) of its location	Customer service or complaint hotline
239	Fujian Branch	Securities brokerage branch at Xingguo Road, Ganzhou	Shops A204# & A228#, Building A, Ganzhou Book Center, Caizhi Plaza, No. 18 Xingguo Road, Zhanggong District, Ganzhou, Jiangxi, 341000	Jiangxi Province	0797-8102710
240	Fujian Branch	Securities brokerage branch at Xueyuan Middle Street, Putian	Room 201, No. 60/66/88 Xueyuan Middle Street, Fenghuangshan Subdistrict, Chengxiang District, Putian, Fujian, 351100	Fujian Province	0594-2022666
241	Fujian Branch	Securities brokerage branch at Hubin East Road, Xiamen	Unit 01, 29th Floor, Building A, China Resources Building, No. 93 Hubin East Road, Siming District, Xiamen, 361005	Fujian Province	0592-5883155
242	Branch directly under the headquarters	Securities brokerage branch at Kaixuan Road, Changning District, Shanghai	Room 301, Building 1, No. 399 Kaixuan Road, Changning District, Shanghai, 200050	Shanghai	021-62160279